



*California Society of Enrolled Agents*

**Supporting the CSEA Education Foundation**

**Annual Internet Auction Now Online**

The CSEA Education Foundation was formed in January 2008 as a 501(c)(3) entity; this is a separate organization from the California Society of Enrolled Agents, but they assist each other and share a common commitment to the EA designation and the taxpaying public. The Foundation awards scholarships, both to Enrolled Agents and non-EAs.

One of the main fundraisers for the Foundation is the Internet Auction, running now through November 30. More than a dozen exciting offers are currently offered through the auction, with many more to come over the next several weeks. Here's just a few of the items already posted and open for bidding; pictures and descriptions are available at the auction site (click the CSEA Education Foundation logo).

A twin-size heavy flannel **Ragtime Quilt** from brilliant old-world artistry in warm, outdoorsy colors, bedecked with ducks, camouflage, and a beautiful "CSEA" patch to make this quilt unique.

One of the most respected and popular speakers in the tax business, **Vicki Mulak, EA**, offers two full hours of top-notch CPE (from her list of available topics).

Once again this year, CSEA contributes a cover of **California Enrolled Agent** magazine. Your professional tax office on the cover of an upcoming issue, PLUS a one-page article inside on you or your practice PLUS 50 copies of the magazine for your very own! Editorial guidelines will apply. This particular auction item is ONLY open to CSEA or NAEA Members or CSEA Associates/Affiliates.

The one and only original **CSEA surfboard!** This custom-built 9 ft. board, patterned after the legendary John Peck "Penetrator" model, was the hit of the 2009 Annual Meeting and is now available for one lucky winner. The board was individually built and shaped by Jim Seixas in his totally tubular surfboard shop in San Pedro, CA.

Take document scanning to a whole new level with the **ScanSnap S300** mobile scanning solution, designed to provide best-in-class performance inside or outside of the home or office.

Visit the auction site for many more items! ◀

**Next Board Meeting**

The next meeting of the CSEA Board of Directors will be January 10-11, 2010 at the Holiday Inn Capitol Plaza, Sacramento, CA.

If you would like to attend the Board/committee meetings, contact your Chapter's Director or the CSEA office.

**Non-EAs**

California residents not currently or previously licensed under Circular 230 are eligible to apply for scholarships for tuition, registration fees, and books for courses in the field of taxation, finance, or accounting, particularly courses specifically designed for Special Enrollment Examination preparation.

**EAs**

California EAs who wish to broaden their knowledge in the field of taxation are eligible to apply for a scholarship for appropriate courses, including Tax Court, NTPI, C-STAR, and other education offerings. Scholarships are NOT awarded for courses necessary to maintain CPE hour requirements.

Scholarships are typically considered for award three times per year, in January, July, and October, with submission deadlines on the last day of the previous month.

**More information about the Foundation, its Scholarship and other programs, and scholarship applications for both EAs and non-EAs, can be found online at [www.cseaeducationfoundation.org](http://www.cseaeducationfoundation.org).**



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CSEA BEAcon is a publication of the California Society of Enrolled Agents.

**CONTRIBUTIONS TO THE CSEA EDUCATION FOUNDATION AUCTION ARE TAX-DEDUCTIBLE, AND ALL PROCEEDS GO TO THE CSEA EDUCATION FOUNDATION. CLICK [HERE](#) FOR A DONATION FORM, AND THANK YOU!**

## CSEA Board Meeting Update

**Led by President David Shaw, EA, the CSEA Board of Directors convened at 8:00 a.m. on Saturday, September 26, 2009.**

After opening remarks and a motion for three dues waivers, the Board moved into what would prove to be a very aggressive strategic planning session. During the course of the two days of meetings, First Vice President Kim Kastl, EA facilitated the Board and guests in three strategic planning discussions:

- (1) Branding of CSEA and the EA designation;
- (2) The Society's position on federal tax preparer regulations; and
- (3) Recommendations for Super Seminar

All of the topics elicited useful information that will be helpful in designing and implementing a successful course of action beneficial to CSEA and its Members.

Of all of the strategic planning discussions, the issue of the federal tax preparer regulations presented the most notable outcome. After completion of the discussion Karen Hawkins, Director of the Office of Professional Responsibility (OPR), joined us on a conference call. Ms. Kastl requested that we consider the following questions as we deliberated within our groups prior to our phone conference with Ms. Hawkins:

- How do we want to see the new preparer regulation?
- What are our concerns regarding disclosure and testing?
- Who should be the regulatory agency?

The clear consensus was that there should be some form of competency testing and that there should be a clear distinction of the limitations on the new regulated tax preparer as to what types of returns they would be able to file with their licensing. It was also felt that this should come with full disclosure to the taxpayer promulgated by the IRS. There seemed to be unanimous, albeit not surprising, agreement that Enrolled Agents should be exempt from the new regulations - EAs, of course, have already exhibited a higher degree of tax law understanding and competence through the SEE and under Circular 230.

In Karen Hawkins' opening remarks she addressed all of our concerns leaving First Vice President Kastl with few, if any, remaining questions. This clearly demonstrated that we were on the same page with OPR and indicated with we have an ally in Ms. Hawkins.

Although Ms. Hawkins could make no guarantees as to how the regulations would unfold, those in attendance were left with the feeling of confidence that the positions and concerns of CSEA and Enrolled Agents were regarded in a positive light.

Throughout the course of the meeting, the Board voted on a total of 13 motions covering various aspects of the operations of CSEA; the minutes of the meeting, with further information, are posted online at [www.csea.org](http://www.csea.org).

Two motions that you should be especially aware of for future planning are the hosting of the 2011 and 2012 Annual Meetings. San Gabriel Valley Chapter won approval to host in 2011 and Far Northern California will host for 2012.

Respectfully submitted,  
Gregory D. Cash, EA, MST  
CSEA Secretary

### IRS NEWS

The Internal Revenue Service has provided guidance for retirement plan administrators, plan participants and retirees regarding recent legislation affecting required minimum distributions. The Worker, Retiree, and Employer Recovery Act of 2008 waives required minimum distributions for 2009 from certain retirement plans.

Generally, a required minimum distribution is the smallest annual amount that must be withdrawn from an IRA or an employer's plan beginning with the year the account owner reaches age 70½. The 2008 law waives required minimum distributions for 2009 for IRAs and defined contribution plans (such as 401(k)s) and allows certain amounts distributed as 2009 required minimum distributions to be rolled over into an IRA or another retirement plan.

**Notice 2009-82** provides relief for people who have already received a 2009 required minimum distribution this year. Individuals generally have until the later of Nov. 30, 2009, or 60 days after the date the distribution was received, to roll over the distribution.

The notice also provides guidance for retirement plan sponsors. It contains two sample plan amendments that plan sponsors may adopt or use to amend their plans to either stop or continue 2009 required minimum distributions. Both sample amendments provide that participants and beneficiaries can choose to receive or not to receive 2009 required minimum distributions. Also, both sample amendments allow the employer to offer direct rollover options of certain 2009 required minimum distributions.

Plan sponsors may need to tailor the sample amendment to their plan's particular terms and administration procedures and must adopt the amendment no later than the last day of the first plan year beginning on or after Jan. 1, 2011 (Jan. 1, 2012 for governmental plans).

Log in and...

Follow CSEA on FACEBOOK!

## Inside *California Enrolled Agent Magazine*

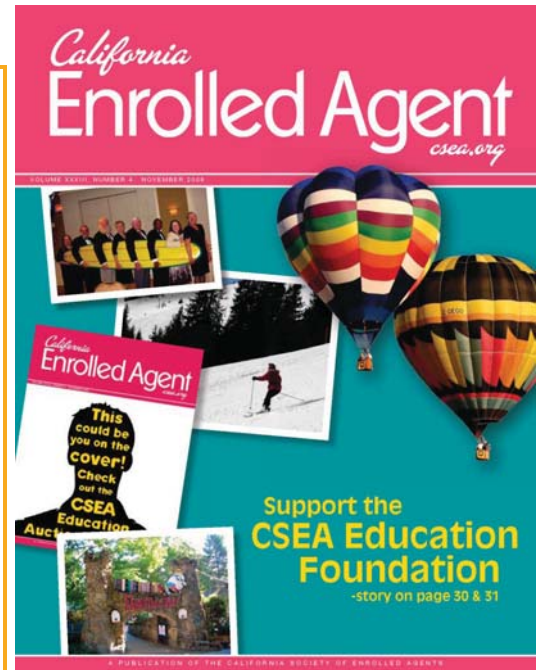
### November Issue

The latest issue of *California Enrolled Agent* magazine will be in your mailbox soon. Therein you'll find...

- *The Paradox of Mutual Funds*, an article by Doug Thorburn, EA, CFP®, gives some odd examples of financial transactions, such as how you can buy for a little money, sell for a lot of money, and end up with a loss for tax purposes.
- What do you do when a pair of married clients tells you their getting divorced? Just as important, what SHOULDN'T you do? Don Stacy, EA, CMA, MBA, tells you in an informative article, including a sample disclosure letter.
- Andy S. Rogers, EA contributes an interesting article about retirement plan contributions for sole-owner S Corporations.

- One of our favorite authors, CSEA Past President Jennifer MacMillan, EA, offers a fascinating look at how CSEA and NAEA provide a 1-2 punch in legislative advocacy.
- Plus the latest from the Legislative front, news about the 2010 Annual Meeting hosted by North Bay Chapter; the CSEA General Store; If YOU Were the Judge; upcoming education events, including digiTAX; and much, much more.

We are always on the lookout for interesting articles that would benefit our Members' knowledge, practice, and professionalism. If you're interested in making submissions to the magazine, or to advise us of educational events, please email [cweimer@csea.org](mailto:cweimer@csea.org).



### California Enrolled Agent Magazine is Online!

Each issue is posted in the Resources section at [www.csea.org](http://www.csea.org).

## FTB News

### **Thousands of Businesses Need to File State Tax Returns, Franchise Tax Board Says.**

The FTB has announced that in September, it began the arduous task of contacting more than 35,000 companies that did business in California in 2007, but failed to file a state tax return for that year.

According to the FTB, they annually review more than 5 million income records from government agencies and financial institutions, and match them against tax records filed to determine whether some businesses have yet to file. As part of this annual effort, FTB collected approximately \$31 million last year from businesses that failed to file tax returns.

Businesses contacted by FTB will have 30 days to file their delinquent tax return or show why one is not due. If no action is taken, FTB will issue a tax assessment that may include penalties and fees. With the state's automatic seven-month extension, companies doing business in California are provided up to 10 and one half months to file their California state tax return on a timely basis.

Failure to file tax returns is one part of the tax gap that is defined as the difference between taxes owed and taxes paid. California estimates its annual tax gap to be \$6.5 billion per year.

If you or one of your clients receives a notice, call 866/204-7902. Be prepared to provide the 15 digit notice number.

### More from the FTB...

Effective January 1, 2010, the FTB will be implementing changes for withholding forms and payments. According to the Board, the new process will result in fast, accurate processing of withholding forms and payments. All California taxpayers and professionals must use the updated forms and procedures to report and pay amounts you have withheld on California source income.

More information at [ftb.ca.gov](http://ftb.ca.gov).

Effective January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service are also required to withhold and remit to the Franchise Tax Board (FTB). In July 2009, Assembly Bill X4 18 added Revenue and Taxation Code Section 18664.

Payers must withhold and remit 7 percent of a reportable payment when performing federal backup withholding (with certain limited exceptions).

More information at [ftb.ca.gov](http://ftb.ca.gov).



## California Society of Enrolled Agents

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**“To Assist Members as they Protect and Serve Taxpayers.”**

[www.csea.org](http://www.csea.org)

For all Society events and happenings visit  
<http://www.csea.org/events>.

For meeting and education information visit  
<http://www.csea.org/InsideCSEA/Chapters/tabid/61/Default.aspx>.

### Upcoming Events

#### CSEA ANNUAL MEETING 2010



**Doubletree Inn  
Sonoma Wine Country  
Rohnert Park, CA  
June 22-27, 2010**

#### OCTOBER 2009

- 9 New EA Workshop (Southern California)
- 22-23 Fall Tax Practice Seminar (Central Coast), Morro Bay, CA
- 23 New EA Workshop (Northern California)

#### NOVEMBER 2009

- 2 Deadline for January issue of *California Enrolled Agent*
- 4 digiTAX Education: *Improved Communication: Increase Your Value (Ethics)* (McKinsey)
- 4-6 East Bay Tax Talk 2009, Dublin, CA
- 5-6 Far Northern Chapter's Gear-Up Seminar, Redding, CA
- 9-10 North Bay Chapter's Wine Country Seminar, Petaluma, CA
- 11 Veterans Day - CSEA office closed
- 12-14 Golden Gate Chapter's 2009 Fall Seminar, Burlingame, CA
- 26-27 Thanksgiving; CSEA office closed

#### DECEMBER 2009

- 1 Deadline for February/March issue of *California Enrolled Agent*
- 2 digiTAX Education: *Research with the IRS*
- 24 Christmas Eve; CSEA office closes at noon
- 25 Christmas Day; CSEA office closed
- 31 New Year's Eve; CSEA office closes at noon

### CSEA Political Action Fund 2010 Raffle Underway

This year, there are two fabulous prizes!

- First prize: One week in a 2-bedroom condo (at your choice of worldwide locations) plus spending cash!
- Second prize: Two roundtrip tickets on Southwest Airlines to anywhere they fly!

Tickets are \$10 each or three for \$25 and are available from the CSEA office or at your local Chapter meetings. THE CSEA PAC, a bi-partisan political action committee founded in 1985, supports legislators who serve on the key committees that make critical decisions of importance to Enrolled Agents and our practice.

Thank you for your support of the PAC Fund!

#### NEW ENROLLED AGENT WORKSHOPS

Gain valuable knowledge and earn 6 hours of CPE! If you're a new EA, make sure that you're maximizing the benefits of your professional designation. If you're thinking about becoming an EA, you're welcome, too - we've got a lot of information about how it benefits you and your practice to pass the Special Enrollment Examination.

Two great locations!

Oct. 9 at the IRS Building in Laguna Niguel, Oct. 23 at Elihu M. Harris State Building in Oakland. Only \$75 for Members, \$95 for non-Members.

More information or to register: [www.csea.org](http://www.csea.org).

**The LAST WORD...** Tax news, advice, links, and every once in a while a bit of FUN, too. Follow the **California Society of Enrolled Agents** on Twitter! Click the link to see all the action! It's *Twitteriffic!*

**CSEA on TWITTER!**