



# Mid-Willamette Chapter

Volume 8: Issue 3

June 2007

## Meetings

July Meeting will be 7/18 in Lebanon - at Bing's 2416 Santiam Hwy

Our July Monthly meeting will be at Bing's restaurant in Lebanon. Come early for a no-host dinner beginning at 5:45. Business meeting will follow at 6:30. Education will begin at 7:00.

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### Newsletter Contact

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541-981-0631 / fax 541-369-2411  
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**Deadline:** Please submit information by the first week of the month

## President's Corner *Message from the President*

Well summer is here -- remember when you wished it would warm up---IT'S HERE!!

The annual OATC Convention at Seaside is over and if you weren't there you missed a lot of fun, fellowship, networking, and very good education. But don't cry if you missed it - just start planning on going to the 2008 convention in Cayonville next year.

I know its summer but one night a month for our meeting is not to much to ask so please come out--good food--better education--and you have already paid for the education.

I would recommend that everyone be on two e-mail lists. The first is: Brian.wozniak@irs.gov for IRS for IRS News, releases and Headliners. This is a very good source email and results in only one or two e-mails a month. There are easy to use links which will take you to expanded information if you want. The second one is: revenews@listmart.osl.state.or.us - this one is Oregon Department of revenues way of keeping us informed of changes or other information we need. They only send something when needed --very good.

While talking about e-mail etc I hope that you are getting this newsletter by e-mail. Also be aware of NSTC's web page: www.natctax.org . This is an excellent source for tax information, education, etc. A calendar is available showing available education for all of Oregon, Washington, etc. Also our newsletter, as well as all other chapters newsletters, are available here. Do check out this site.

I will see you at the meeting next Wednesday, the 18th. We will be voting in a new board member to replace Nancy Kelly whose term has expired.

Ave



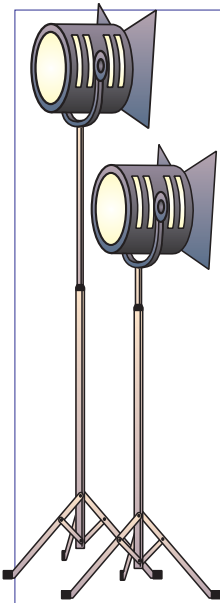
This month's education will be in Lebanon at Bing's. Education will be 2 parts - first we will have a representative from AFLAC and REI Insurance speaking on the tax consequences of HSA's and other insurance benefit programs and the 2nd hour will be Kari Laswell doing a presentation on AMT. August will be Kay Dee Cole from the Corvallis Edward Jones office speaking on Oregon 529 plans and other financial planning issues.

Kari needs to get feedback from you the members on what other items our group would like to hear. Please provide her with feedback - she is always open to suggestions - her email address is: mom@thelasswells.com All meetings will be at Bing's in Lebanon for the months of May - Aug. Kari is looking for a suitable meeting location in Corvallis for the months of Sept - Dec. let her know if you have any ideas.

# Convention Pictures

*Pearls by the Sea*

2007 OATC Convention – June 13-16, 2007



**Bingo**



**Dancing**



**Karaoke**



**Karaoke**



**Dancing**



We will be including a copy of the previous month's General Business Meeting Minutes in the newsletter so that those of you who can't make it to the meetings have the opportunity to keep yourselves informed.

**Mid-Willamette Chapter  
Oregon Association of Tax Consultants  
General Business Meeting  
Wed. June 20, 2007**

**Location:** Bing's Restaurant, Lebanon, OR

The meeting was called to order by President Ave Giddings at 6:23 pm

Minutes of the last meeting were in the newsletter. Minutes were approved.

**The Treasurer's Report was presented and approved**

Total checking/savings \$2133.12

Total in CD \$8,149.65

Total Script \$112.14

There were 18 members present

**Education:**

Upcoming Education:

**July**--Aflac on HSA benefits and Kari Lasswell on AMT

**August**--Katie Cob on 529 plans and specifics for Oregon Plan

Convention: June 13 - 16 in Seaside, OR - Sharon Starr gave a short description of the time at convention. The ongoing theme was a Bed & Breakfast with attached entities. As always, the convention was enjoyed by all. Next year's convention is June 25 - 28 in Canyonville, OR.

NATC convention will be with the IRS forum in Las Vegas. August 21-23, 2007.

**Unfinished business:** None reported

**New Business:**

If you have any June expenses that you need reimbursed for please get them to Tom Dundas ASAP

Debbie McKinney has been awarded the Margaret Sills Award by OATC. Kari Lasswell has a small congratulation gift for her.

Our Chapter won the Large Chapter Newsletter Award, Large Chapter Membership Award, and Large Chapter Education Award.

There being no further business the meeting adjourned at 6:51pm.

The education was *Ethics* presented by Duane Hunter, Executive Director at the State Tax Board.

Respectfully submitted,

Brandie Stucky - Secretary

**News From the Editor**



Have you signed up for the e-mail version of the newsletter yet? If not please do so this month and help your club save the cost of postage!

If you have anything you would like to have published in the newsletter please email it to me -- if it is of interest to you it most likely will be of interest to the rest of the membership.

My e-mail address is:

[joanne@libertytax.com](mailto:joanne@libertytax.com).

**News From The**

**IRS**



**Summer Tips - Parents Can Get Credit for Sending Kids to Day Camp** (from IRS Summertime Tax Tip 2007-04)

Here's a tax break for the busy summer. Many working parents must arrange for care of their children under 13 years of age during the school vacation period. A popular solution -- with a tax benefit -- is a day camp program.

The cost of day camp can count as an expense towards the child and dependent care credit. Expenses for overnight camps do not qualify. If your childcare provider is a sitter at your home you'll get some tax benefit if you qualify for the credit.

The credit is generally 20% to 35% of non-reimbursed expenses; up to \$3000 in expenses for one child and up to \$6000 for two or more children. The actual credit is also based on your income.

You figure the credit on up to \$3000 of expenses for one child, \$6000 for two or more children. The credit ranges from 20% to 35% of expenses, depending on your income. The 35% rate applies if your income is under \$15000; the 20% rate, if your income is over \$43,000.

For more information check out IRS Publication 503, Child and Dependent Care Expenses.

**THE BOARD OF TAX PRACTITIONERS**

Taken from: [http://www.oregon.gov/OTPB/Meet\\_Contact\\_Board\\_Members.shtml](http://www.oregon.gov/OTPB/Meet_Contact_Board_Members.shtml)

**BOARD OPENINGS**

There is a current board member vacancy for a Licensed Tax Consultant.

The Board of Tax Practitioners would like to provide all constituents with information on how to make application if interested in becoming a board member.

The Board consists of seven members who are appointed by the Governor. Of the members of the Board, six are Licensed Tax Consultants and one member is a member of the general public. The qualifications for becoming a board member are as follows:

- **Licensed Tax Consultant** - to qualify for this position on the Board per ORS 673.725(3)(a), you must be a currently licensed tax consultant and have been engaged in the preparation of personal income tax returns for valuable consideration for no less than five years.

If you would like to apply for the position or if you know someone who may be interested in applying for an opening on the Board, please direct them to the following URL:

<http://governor.oregon.gov/Gov/pdf/for,s/Interestform.doc>

The Board encourages all tax consultants to apply for the licensed tax consultants position.

The Board meets approximately 10 days per year. Board members are paid expenses, including meals, mileage and lodging, plus a \$30.00 stipend for each day worked. Each term is for three years with a maximum of three terms served.

If you have any questions, please contact the board office at: (503)378-4034.

News From The

**IRS**

More tax tips from

IRS Summertime Tax Tip 2007-06

***Deduction "Other" Business Expenses***

The mysterious "other." Some tax deductions are not mentioned by name on a tax form but can still be quite valuable to a taxpayer. If you own a trade or business, you can deduct a number of expenses under the broad category of "other."

In general, taxpayers may deduct ordinary and necessary expenses incurred in the conducting of a trade or business. An ordinary expense is common and accepted in the taxpayer's trade or business. A necessary expense is appropriate for the business.

Although many common expenses are deducted on designated lines of the tax schedule, some expenses may not fit into a particular category. Tax payers can deduct these as "other" expenses. A breakdown of "other" expenses must be

listed on line 48 of Form 1040 Schedule C. The total is then entered on line 27.

Examples of "other" expenses include:

- Amortization of certain costs, such as pollution-control facilities, research and experimentation, and intangibles including goodwill.
- Bad debts. Business bad debts must be directly related to sales or services provided by the business, must have been previously included in income and must be worthless (non-recoverable). If a taxpayer deducts a bad debt expense and later recovers it, the amount must be included in income in the year collected.
- Business start-up costs. These costs related to creating an active trade or business, or investigation the creation or acquisition of an active trade or business. Generally these costs are amortized. However, taxpayers who started a business in 2006 may elect to deduct up to \$5,000 of certain start up costs, subject to limitations. Refer to chapter 7 of publication 535, Business Expenses, for more information.

Personal, living, and family expenses, do not qualify as deductible "other" business expenses.



## **Reporting Farm Income and Expenses**

FS-2007-20, June 2007

To educate taxpayers about their filing obligations, this fact sheet, the thirteenth in a series, highlights some income sources and deductible business expenses of farmers. Incorrect reporting of farm income and expenses accounts for part of the estimated \$345 billion per year in unpaid taxes, according to IRS estimates.

### **Income Sources**

Farmers may receive income from many sources, but the most common source is the sale of livestock, produce, grains, and other products raised or bought for resale. The entire amount a farmer receives, including money and the fair market value of any property or services, is reported on IRS [Schedule F](#), Profit or Loss From Farming.

Bartering is another income source for farmers. Bartering occurs when farm products are traded for other farm products, property, someone else's labor or personal items. For example, if a farmer helps another farmer build a barn and receives a cow for his work, the recipient of the cow must report its fair market value as ordinary income. If the farmer uses this cow for business purposes, he may be able to claim depreciation over its useful life as well as deduct the expenses incurred for the cow. However, if the cow is for personal use, no depreciation or expenses for the cow would be deductible.

Other income sources include:

- Cooperative distributions
- Agricultural program payments
- Commodity Credit Corporation (CCC) loans
- Crop insurance proceeds and federal crop disaster payments
- Custom hire (machine work) income

### **Deductible Expenses**

The ordinary and necessary costs of operating a farm for profit are deductible business expenses. An ordinary expense is an expense that is common and accepted in the business. A necessary expense is one that is appropriate for the business.

Among the deductible expenses are amounts paid to farm labor. If a farmer pays his child to do farm work and a true employer-employee relationship exists, reasonable wages or other compensation paid to the child is deductible. The wages are included in the child's income, and the child may have to file an income tax return. These wages may also be subject to social security and Medicare taxes if the child is age 18 or older.

Another deductible expense is depreciation. Farmers can depreciate most types of tangible property ?? except land ?? such as buildings, machinery, equipment, vehicles, certain livestock and furniture. Farmers can also depreciate certain intangible property, such as copyrights, patents, and computer software. To be depreciable, the property must

- Be property the farmer owns
- Be used in the farmer's business or income-producing activity
- Have a determinable life
- Have a useful life that extends substantially beyond the year placed in service

Some expenses paid during the tax year may be partly personal and partly business. Examples include gasoline, oil, fuel, water, rent, electricity, telephone, automobile upkeep, repairs, insurance, interest and taxes. Farmers must allocate these expenses between their business and personal parts. Generally, the personal part of these expenses is not deductible.

For example, a farmer paid \$1,500 for electricity during the tax year. He used one-third of the electricity for personal purposes and two-thirds for farming. Under these circumstances, two-thirds of the electricity expense, or \$1,000, is deductible as a farm business expense. Records must be maintained to document the business portion of the expense.

Information about other deductible expenses and reporting requirements can be found in [IRS Publication 225](#), Farmer's Tax Guide.



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Return Service Requested

***Contains Dated  
Material***

**DISCLAIMER:** *All material enclosed in this newsletter is as accurate and reliable as we can provide, but the possibility of human or mechanical error does exist. All persons using this information are cautioned to use all sources of information to arrive at a decision of tax law.*

### Association Officers

<u>Office</u>	<u>NATC</u>	<u>OATC</u>	<u>MW Valley Chapter</u>
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<i>2nd VP:</i>		Neil Gibson 503-232-9050	Kari Lasswell 541760-0124
<i>3rd VP:</i>		Eric Arnoldus 541-963-8304	
<i>Secretary:</i>	Barbara Culver 253-859-8567	Marie Dunkeson 541-884-1219	Brandie Stucky 541-541-8299
<i>Treasurer:</i>	Michael Graves 360-588-8077	Janet Dotson 541-343-6502	Tom Dundas 541-258-5600
<i>Board Members:</i>			Linda Harding Bill McKinney Nancy Kelley
<i>Past President:</i>	Linda Mussen 503-292-6252	Dave Kim 503-291-2570	Cynthia Clark 541-466-3144