



# Mid-Willamette Chapter

<http://oatc-oregon.org/Mid-Willamette>

September 2009

## Meetings

Starting in September through December the meetings will be in **CORVALLIS**

*No-Host dinner beginning at 5:45. Business meeting at 6:30. Education will begin at 7:00.*

**September Meeting is in CORVALLIS At King Tin 1857 NW 9th St 541-752-1722**

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**GROUP SERVICES**  
*Order form is attached to email - hard copies will be available at the Sept 1st meeting.*

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

Hello Readers,  
Welcome to the September edition of the Mid-Willamette Chapter of OATC newsletter.

I am President Bill McKinney and am delighted to share a few moments with you today.

As many of you are aware we are expecting a few changes to the tax code this year and I personally am looking forward to the upcoming education. I am watching all the time for interesting tidbits. Did you hear or see today's information on the proposed Pet Exemption? There was a blog attached to the link I found and there were sure a lot of interesting comments being made, Pro and Con. I think many of you would have found it entertaining as well. This was at [MSN.com](http://MSN.com)



Although I don't believe this particular proposed law will actually survive, there are many changes that will be impacting our practices and our clients. Brian Wozniak and Alice from Bend have been keeping us abreast of some of the current talk and there are likely more changes yet to be revealed.

I know at this time, in a somewhat suppressed economy it is hard to afford and attend all the necessary, recommended, and such badly needed education. So many people are cutting back on what they can afford and many of the educators are also cutting back on what is being offered due to low class turnouts. This is where our Chapter education has an opportunity to shine. With the cost of our monthly education being included in the cost of our Annual membership it can really help us all. On top of the education, in our small group settings we have the ability to network with other professionals, and this is another benefit.

Our next meeting is in Corvallis and I recommend you find the announcement for time and location.

On another topic, we are planning to discuss the possibility of changing the day of the month that our Chapter is meeting. During the business meeting before the scheduled education we will be looking at the attendance over the last couple of years to see the level of participation and how it may have been changing. I welcome your input, suggestions, recommendations, and presence as we strive to bring greater benefit to all of our membership. Please join us if you can. If you cannot join us due to unavoidable circumstances, please send me your thoughts via email and I will have them included in the meeting as well. My email address is [mckinneybill\\_ea@hotmail.com](mailto:mckinneybill_ea@hotmail.com). ( there is an underscore where the blank appears ) If you are reading this electronically, the link should be "hot".

Please do not send attachments, but instead include your comments in the body of your email itself.

Thank you all for your time and I look forward to seeing you at one of our upcoming meetings soon.

Sincerely,

Bill McKinney  
Chapter President



September's Education (Tuesday, 9/1) will be Mortgage Interest and the Schedule L. The presenter will be Shirley Warner. Shirley is an Enrolled Agent, Oregon Licensed Tax Consultant and a Graduate Fellow of the National Tax Practice Institute. From 1979-1984 Shirley taught the Intermediate Tax continuing education class at Clackamas Community College. Shirley has been preparing taxes since 1976, first as a part-time activity operation from her home in Oregon City, OR, until January, 1988 when a full-time tax office opened in North Portland.

Currently she divides her time between Portland and Winnemucca, NV, where she and her husband, Don, have a home. When not in Portland, she can be reached at Winnemucca by dialing her Portland phone number.

Professional affiliations: National Association of Enrolled Agents, Nevada Society of Enrolled Agents, California Society of Enrolled Agents.

If you have any suggestions for upcoming education please let Kari know - and if you know of someone who has an education presentation that would be of interest to our chapter please pass that information along to Kari also. Kari is always on the look-out for new presenters and topics of interest.

#### Newsletter Contact

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**Deadline:** Please submit information by the first week of the month

### *News from the Newsletter Editor*

This month's newsletter is going out with three attachments. The first is the GROUP SERVICES Order Form - yes it is that time all ready! Where has the time gone? You need to get your order in and paid to Cathy Baker no later than Sept. 30. Our Chapter will receive \$1.00 for each of the Quickfinder and Tax Book products. We can collect orders from non-members but remember they are required to pay an additional 20% on purchases **OTHER THAN** "Quickfinder" and "Tax Book" products.

The second attachment is the OATC 2009 Basics & Beyond Seminar Registration Form. There are six dates/locations to choose from - the cost is only \$35 for OATC members and you get 6 hours of CPE. The seminar topic is Pub 17 ½ and is being taught by our own Debra McKinney.

The third is a flyer on the OSTC Fall seminar being held in Albany on Sept 26. Topic is Corporations and it is being taught by Sandra J Collins - and it too is 6 hours of CPE.

Be sure and check the OATC website [www.oatc-oregon.org](http://www.oatc-oregon.org) - this is also a very good source for upcoming education opportunities - everything being offered by all chapters is listed here.

### **News from the ODR**

**Oregon Tax Amnesty Program** - from Ron Wagner, Executive Director, Oregon State Board of Tax Practitioners

The 2009 Oregon Legislature has passed Senate Bill 880 creating a Tax Amnesty Program for Oregon taxpayers.

The Oregon Department of Revenue has created a new Web site dedicated to the Tax Amnesty program which can be found at: [www.oregontaxamnesty.com](http://www.oregontaxamnesty.com)

This website contains valuable information about the Tax Amnesty Program, including links to Senate Bill 880, Common Questions, Contact Information and the period the Program is available. We have worked with the Department of Revenue and were able to have them include information at the bottom of the home page explaining that if you pay someone to help you with your taxes to be sure they are a CPA, attorney, or licensed as a tax preparer or tax consultant. A link is provided to the Board of Tax Practitioners' Web site page "Licensed Tax Consultants in Your Area."

You may want to save this new tax amnesty Web site to your favorites on your Web browser for easy access to updates about the Tax Amnesty Program.

## News from the ODR (continued)

COMPLIANCE FOCUS AREAS - Each biennium the Personal Income Tax Compliance Section of ODR concentrates its resources on particular types of enforcement activities. For the '09-'11 biennium, their focus areas will be: (1) *Partnerships, LLC's filing as partnerships and related partners/members*. And (2) *Self-employed trades people* (examples of "trades" are occupations requiring manual or mechanical skills, e.g., Plumbers, landscapers, repair & maintenance people, etc.

The focus on Partnerships started last biennium and will continue. Auditors will devote their time to items such as income and expenses, property sales, large charitable contributions, losses in excess of basis, transactions between partnerships and partners just to name a few of the top concerns.

Examinations of Self-employed trades people will focus on returns filed in 07 and 08 and the scope of these audits will also be expanded to include not only personal income tax returns, but compliance with payroll tax and other programs as well (workers, compensation, unemployment tax, etc.) They will be looking at the obvious areas of omitted income and overstated deductions and pursuing self-employed individuals who have not filed tax returns.

## News from the Tax Board

Save This Date: September 23rd - Annual Licensee Luncheon - This year being held in Ontario, OR. For registration go to:

[http://www.oregon.gov/OTPB/docs/Licensee\\_Dinner/Licensee\\_Dinner\\_Registration\\_Form.pdf](http://www.oregon.gov/OTPB/docs/Licensee_Dinner/Licensee_Dinner_Registration_Form.pdf)

From Monica Walker, Compliance Specialist/Investigator

Changes were made to Oregon Administrative Rule (OAR) 80-010-0040(2) - effective 2/5/09: It is now only necessary to include the state license number of the licensee preparing the return. It is no longer necessary to also include the responsible consultants license number on the return.

## News from the IRS

Beware of First-Time Homebuyer Credit Fraud

The IRS announced its first successful prosecution related to fraud involving the first-time homebuyer credit. Beware of this type of scheme because the IRS is vigorously pursuing anyone who falsely tries to claim this credit. To date, the IRS has executed seven search warrants and currently has 24 open cases in potential instances of fraud involving the first-time homebuyer credit. The full news release is available on the IRS website.

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And now a note from Kari regarding the scanner and software she mentioned at our last meeting : The company name is "The Neat Company" (formerly NeatReceipts) - their website is: [Http://www.neatco.com](http://www.neatco.com) and they are having a terrific sale right now - \$99.00, and they have a coupon code for free shipping (FSAUG09) they are calling it a "Back-To-School" sale but as Kari pointed out this software would save our clients a lot of time and effort in tracking their expenses - invaluable for truckers and one who must track expenses. Here is a way to give your clients "value added" service - direct them to software that will make their life (and yours!) easier.

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*A Funny from one of our members that hits close to home: "Wisdom of a Retiree" - Often asked "What do you old folks do now that you're retired? ... The answer: well I'm fortunate to have a chemical engineering background and one of things I enjoy most is turning, beer, wine, Scotch and margarita's into urine."*

## **COMPLIANCE FOCUS AREAS MATERIAL FOR PRACTITIONER GROUPS**

Each biennium the Personal Income Tax Compliance Section of the Oregon Department of Revenue concentrates its resources on particular types of enforcement activities. For the '09 – '11 biennium, our focus areas will be:

1. Partnerships, LLCs filing as partnerships and related partners/members.

We began an audit focus in this area during the current biennium and will extend the project into next biennium. Auditors will devote their time to a variety of partnership related items, such as income and expenses and “issue” audits (e.g., property sales or large charitable contributions), losses in excess of basis, apportionment and nexus, distributions, liquidations and transactions between partnerships and partners. They will also do filing enforcement of delinquent partnerships and partners, as necessary.

2. The second audit focus area for the next biennium involves auditing and pursuing filing enforcement of self-employed trades<sup>1</sup> people.

Based on IRS research and our own audit experience, we're aware that cash-based businesses account for many filing errors as well as omitted income and overstated deductions. We also know that when some people don't pay their taxes or misreport their income and expenses, it creates an unfair advantage over those taxpayers “playing by the rules.” The scope of these audits will also be expanded to include not only personal income tax returns, but compliance with payroll tax and other programs, as well<sup>2</sup>. These examinations will include review of both income and expense items. We'll focus our review on returns filed for both the 2007 and 2008 tax years. This is much earlier than in past years. We believe this will reduce the burden on taxpayers, avoiding problems with faded memories and lost records.

Our staff will also be pursuing self-employed trades individuals who have not filed tax returns. We'll provide assistance if taxpayers come forward and want to file true returns; otherwise, we'll make an estimate of their tax based on the best information available and move to collecting it. This means you might see more self-employed individuals coming to you for return preparation services.

By sharing our audit focus areas with you now, you'll be able to provide timely information and advice to your clients about our audit focus areas while preparing their 2008 and 2009 returns.

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<sup>1</sup>Examples of “trades” are occupations requiring manual or mechanical skills, e.g., plumbers, landscapers, repair & maintenance people, etc.

<sup>2</sup> Payroll/withholding, transit taxes, worker's compensation, unemployment tax, etc.



Mid-Willamette Valley Chapter  
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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

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