

OREGON NEWS

and your Chapter News

President's Message

Congratulations to everyone for surviving another tax season! Now that the insane hours have abated and we are back to a more normal schedule I hope you are enjoying time with family and friends again. We can all look forward to seeing our tax professional friends again this year at the June convention in Canyonville. If you have not made your reservation yet, please do so now because it is rapidly approaching. This is a nice time for a break and a great opportunity to get education hours at an affordable price. You might also check with your chapter officers to see if your local chapter helps to pay for part of the cost. A benefit of serving as Chapter President is reimbursement for travel

(continued on page 2)

2nd Vice President's Message

Our State Education Committee has been hard at work. There are new hearing devices available for hearing impaired members of our education audience. Vickie Hull is Education Chair for our 2008 education opportunities.

Conventions are scheduled for Seven Feathers at Canyonville for June 25–28, 2008 and Hood River Inn for June 17–20, 2009. Convention Chairs are Jan Wyss for 2008 and Jo Datke for 2009. Lee Reams has accepted the position of Convention Chair for 2010. If you are not involved in planning the conventions, and would like to help, please feel free to contact the Convention Chairpersons.

Our next activity is the convention at Seven Feathers Casino in Canyonville on June 25–28. Our Convention Chair Jan Wyss, Carol Moore, and I looked over the facility. It is very nice. If you are not into gambling, there is no reason to go into that part of the facility. Our convention area and hotel rooms both have outside access. The food is good and we plan to have some fun things to do as well as outstanding education. I am including our scenario for this year's convention. We will follow the scenario by discussing entity choices at our Headstart Seminar on Wednesday. Steve Cyr will be our instructor. For Thursday, Friday, and Saturday, we will consider some of the everyday issues that the tax practitioners in the scenario face. As a matter of fact, those

(continued on page 2)

In This Issue:

President's Message	1
2nd Vice President's Message	1
Convention Information	2–3
IRS E-Services Enrollment	3
Thank You from Carol Moore	3
Education News	4
Super Star Seminar	5
IRS News	6
Scam Alert	7
Individual Development Accounts Initiative	7
More IRS News	8
Looking Ahead—Tax Year 2008	9
Foreign Reporting	9
Resources & Tidbits	10–11
Officers	12

Disclaimer

We endeavor to provide accurate and reliable material in this newsletter; however, the possibility of error exists. The editor and/or OATC will not be held responsible for any misinformation. All persons using any information contained herein are encouraged to use all sources of information to arrive at a tax law decision. OATC does not specifically endorse any services or products contained in paid advertising.

President's Message continued from page 1 . . .

and lodging for required meetings. This is a small but important way for OATC to say thank you for volunteering your time and talent. Please refer to the officer manual or call Carol Moore at the office for more information.

On January 30 of this year we met at the OATC office with representatives from the General Accounting Office from Washington, D.C. Crystal Barnard, Dave Lewis, and James Cook traveled from the capitol on direction from the Senate Finance Committee to prepare a report to the committee regarding the proposed licensing legislation. The representatives were interested in our opinion about the economic impact of the licensing law, and how we perceived the benefits. Judy Krussow, Carol Moore, and I represented OATC. Also present were members of OSTC, EA, and OAIA. Additional stops on the agenda included a visit to the state office for the tax board, and a meeting with representatives from the big chain offices. Reports back from Washington, D.C. included rave reviews about Derek's (Carol's husband) homemade apple pie. According to Dave Lewis, "they know how to treat people!"

The GAO was originally scheduled to present their report in April but it was pushed back to July because of pending identity theft legislation. When the report is ready for publication we will put the link information in the newsletter and on the website.

This is an important reminder of the value of OATC and organizations like ours. One voice may not get much attention, but a thousand can create a roar. Throw in a little apple pie and you have a friend for life. Each one of you makes a difference, just by being a member!

Susan High

2nd Vice President's Message continued from page 1 . . .

are some of the thorny issues we all face. We will include two hours of ethics to take care of the EA education obligations. It is a class that is important for all of us. We will also provide some extra education from some of our vendors.

In the fall, we will present a Super Star Seminar on Wednesday and Thursday, October 29 and 30. Judi Krussow and Steve Cyr will give us six hours of education each day on Estates and Trusts. This will be held at the Holiday Inn at Wilsonville.

Come join us,
Beverley Diercks

2008 Convention Scenario

One day in late April, three members of an OATC Chapter got together to finalize the nominations for their Chapter's Officers.

As they visited, they began discussing the increase in expenses and found they all were concerned over the cost of their office space, tax programs, and clerical help. The discussion led to considering combining their businesses or their office space and duplication of equipment, employees, and software.

Their first concern was what kind of entity they should have. Let me tell you something about each of these people to help you see all the sides of this situation.

There is Audrey, who is a lady in her early 50s. She has a husband who is employed by one of the leading investment firms. Their children are both married and on their own. Audrey has a practice that deals mostly with estates and trusts. However, she does do other tax returns. They, of course, have a rather nice portfolio.

Ben's preference in tax returns is business returns. He does many corporations, both S and Cs, partnerships and LLCs. His wife, Lucille, has worked part time in his office and is familiar with the processing, scheduling, and book-keeping. She is feeling the need to go to work full time, as their last child will graduate from high school in June and will be off to college in another state.

Candy is the youngest of the three, and her favorite tax returns are the individuals that have small businesses or farms. She also likes the challenge of the 1099s that we so often see from sales of stock, real estate, etc. Her husband works for a local real estate firm and their children are in middle school. Candy and her husband own a small industrial facility and several homes. All of these are rentals.

Let's consider the various entities and decide what is best for these tax practitioners. I think we should talk to an attorney . . .

Convention Notes

In addition to our full schedule of education classes, our convention in Canyonville will also provide some interesting sidelights.

The Wildlife Safari Bus Tour on Tuesday, June 24, is the kickoff event for our convention entertainment. Be ready for an adventure as we tour the Winston Wildlife Safari “after hours,” a time when the wildlife might be more active. The current plan is to meet at the Winston Wildlife Safari by 4:30 p.m. to begin our tour.

You might preview this adventure by visiting the website at <http://www.wildlifesafari.org>. The following information was taken from that website.

Wildlife Safari is a non-profit AZA accredited Zoological Park dedicated to conservation, education, and research since its inception in 1972.

Wildlife Safari is a fun-filled family destination where you can view over 500 animals in their natural habitat, roaming freely as they do in the wild! Visitors to the park drive through a 4.5-mile trek to see animals from Africa, Asia, and the Americas. This unique setting offers many opportunities to get up close and personal with animals large and small.

Wildlife Safari, 1790 Safari Road, Winston, OR 97496, phone (541) 679-6761

Directions: From Interstate 5 (N or S) take Exit 119 west toward Winston. Follow Highway 42/99 approximately 2 miles, turn right on Lookingglass Road, follow the signs on the right.

We will also have opportunities to play Bingo for cash and prizes, to sing our hearts out at Karaoke Fun Night, and to play in the Pinochle Tournament.

IRS E-Services Enrollment

If you are an attorney, CPA, or Enrolled Agent eligible to practice before the IRS, you can now enroll in e-services without having to join the e-file program.

You get unlimited access to e-Services’ three products—electronic Disclosure Authorization, Transcript Delivery System, and Electronic Account Resolution—all without having to file a single electronic return.

If you are a current e-Services user, do nothing and continue enjoying the convenience and security e-Services provide. Visit <http://www.IRS.gov> and type “e-services” in the search box if you have questions or wish to begin the enrollment process.

Thank You

As my time here at the OATC office comes to a close, I want to say thank you for all the nice things that have happened over these 14 years. I plan to retire July 1 of this year. It has been a most pleasant job. I have made many friends, learned more than I ever wanted to know about taxes, and made a good living.

As I was trained by Pat Shaver, I was so concerned I wouldn’t “get it all” in the overwhelming job of thousands of little details. Since then, my duties have been added to: 1) Scholarship Secretary, 2) Group Services Chair, 3) Education locations for Metro West classes, 4) Convention Liaison, 5) NATC Office, 6) Building Committee, 7) Office Mover, 8) Board meeting meals, 9) Fund Raiser, and 10) anything that doesn’t get done by our hard working volunteers.

This position was a perfect fit for someone who likes to lead and can still take directions. For someone who likes to cook, and goes to meetings for a hobby. You taught me how to post dues, deposit funds in a myriad of accounts, and balance (to the penny) a business account. I appreciate your patience, understanding, and listening to my ideas.

I made three goals that haven’t been accomplished (yet). The fundraiser of an OATC Cookbook—still in the works. Buy a building as a hedge against inflation. (Hasn’t inflation in property just shot out of sight?) The third was to reduce our Executive Council. (I don’t think that will ever happen.)

I have had a wide variety of bosses as each President took office; I started over with new directions and goals. Each experience left me with a great respect for the ladies and gentlemen who have completed the task of leading this great Professional Association. It is with fond memories, profound respect for Tax Professionals and great affection I say, GOODBYE.

Sincerely, Carol Moore

News Flash: Free Seminar

What: Free CCH Summer Seminar

Where: The Benson in Portland

When: June 19, 2008; 9:00 a.m. to 12:00 noon

CCH Summer Seminar promises to give a free, three-hour presentation of information, tools, tips, and strategies for addressing the business challenges of tax and accounting professionals. Of course, they will “pitch” their products too.

All Attendees receive:

3 FREE CPE credits

A FREE USB flash drive

A 30-day FREE trial of Tax Research Consultant

To learn more or to register for a **FREE** CCH Summer Seminar in a city near you, please go to **CCHGroup.com/SummerSeminars**, or call **1-866-458-5121** and speak to a CCH representative.

Education Footnotes

2007 Super Star Seminar

Super Star Seminars are a valuable part of our education program. The October 2007 seminar on S-Corporations was very successful. There were 205 attendees on Friday and 176 on Saturday. Mark Pierce did his usual excellent job of teaching and his textbook was outstanding! In addition, 10 people joined OATC, either by signing up at the seminar or paying the membership fee with their registration. Of those attending the seminar, 41% were non-members.

2008 Safety Net

The Safety Net Seminar during May was an excellent education opportunity. Our presenters, Kathleen Thomsen and Debra McKinney, did a great job! A limited number of the course textbooks for “Starting a Business” are available for \$12.00 each. Contact the OATC office for information.

Yamhill County Chapter has textbooks for Timber Tax/Passive Activity Losses. Contact Vicki Hall at 503-472-8020 for more information.

Education News

Headstart & Annual Convention—Canyonville, Oregon —“Your Gateway Back to Nature”

Topic: Beginning a New Business—Choice of Entities

Presenters: Steven M. Cyr, attorney; Marilyn Johnston, LTC, EA; Cynthia L. Watts, LTC, EA; Lori Brock Collett, LTC, EA; Kathy Tavares, ODR; Brian Wozniak, IRS; and Dee Brinlee, ODR

Seminar Schedule:

Headstart June 25, 2008

Convention June 26–28, 2008

Registration: The registration forms have been mailed. Complete your form, make checks payable to the OATC 2008 Convention, and mail to: OATC, 709 NE 102nd, Portland, OR 97220 if you don’t have a registration form, contact the OATC office as soon as possible at 503-261-0878 or 800-478-4943.

2008 Basics & Beyond—Statewide

Topic: Personal Residence Issues—

Bankruptcy and Repossession

Sale of residence that has been used for
business purposes

Presenter: Marilyn Johnston, LTC, EA

Seminar Schedule:

Metro West Sept 16

Eugene Sept 17

Bend Sept 19

LaGrande Sept 20

Medford Sept 24

Klamath Falls Sept 25

Metro East Sept 27

Registration: Brochures will be mailed later in the summer.

Super Star Seminar—Wilsonville Oregon

Topic: Estates and Trusts

Presenters: Judith Krussow, LTC, EA; and Steven M. Cyr, Attorney

Seminar Schedule: October 29–30, 2008

Registration: Brochures will be mailed September 15, 2008.

Education

The 2008 Super Star Seminar will give us 12 hours of education on Estates and Trusts along with Oregon Inheritance and Tax Planning Issues. See below for the details and mark your calendars. Watch for the brochure to be mailed in September.

OREGON ASSOCIATION OF TAX CONSULTANTS

Super Star Seminar Wilsonville, Oregon

12 Hours of Education

Date: Wednesday & Thursday, October 29 & 30, 2008

Time: 9:00 – 4:00 (Registration at 8:30)
Lunch is included

Location: Holiday Inn Wilsonville
I-5 Exit 286 – west side of I-5
24525 SW 95th Ave., Wilsonville, Oregon

Price:	OATC Member	Other Professionals
Both Days	\$190.00	\$220.00
Single Day	\$105.00	\$135.00

Topic: Estates & Trusts – 6 hours each day
Oregon Inheritance & Tax Planning Issues

Speaker: Judith Krussow & Steven Cyr

Brochures will be mailed approximately
September 15th, 2008. If you don't receive one,
please contact the OATC Office at
503-261-0878 or 1-800-478-4943

Internal Revenue Service United States Department of the Treasury

IR-2008-68, April 30, 2008—Relief for Stimulus Payments Deposited to IRAs

Economic stimulus payments directly deposited into IRAs and other tax-favored accounts may be withdrawn tax-free and penalty-free. This relief is designed to help taxpayers who may have been unaware that by choosing direct deposit for their entire regular tax refund, they were also choosing to have their stimulus payment directly deposited as well. If a taxpayer elected a split refund, however, their stimulus payment will be paid by a paper check.

This relief is available for amounts withdrawn from these tax-favored accounts that are less than or equal to a taxpayer's directly deposited stimulus payment.

To qualify for this relief, funds must be taken out by April 15, 2009, in most cases. Without this relief, taxes, penalties and other special rules would apply to amounts removed from these accounts. Regular refunds are not eligible for this relief.

Eligible tax-favored accounts include traditional and Roth IRAs, health savings accounts (HSAs), Archer MSAs, Coverdell education savings accounts (ESAs) and qualified tuition programs, also known as QTPs or 529 plans. Thus, for example, a taxpayer whose \$1,200 stimulus payment is directly deposited into his or her IRA can take out anywhere up to \$1,200 from the IRA, tax-free and penalty-free.

In general, the deadline for these withdrawals is the due date or extended due date for filing a 2008 return. This means April 15, 2009, for most taxpayers, or Oct. 15, 2009, for those who obtain tax-filing extensions.

Details on reporting these withdrawals and claiming relief will be included in tax forms and instructions for 2008. Other details are in Announcement 2008-44 on this Web site <<http://www.irs.gov/pub/irs-drop/a-08-44.pdf>>.

Internal Revenue Service United States Department of the Treasury

IR-2008-58, April 11, 2008—IRS Guidance on Special 50-Percent Depreciation Allowance

The IRS will issue guidance for businesses on how the special 50 percent depreciation allowance that was included in the Economic Stimulus Act of 2008 can be used to make capital investments this year. Until the guidance is issued, businesses may rely on Treas. Reg. Sec. 1.168(k)-1 for purposes of the bonus depreciation provision of the Economic Stimulus Act of 2008.

The Economic Stimulus Act of 2008 provided a significant tax incentive for businesses to make capital investments by adding a special 50 percent depreciation allowance for qualifying purchases. This special "bonus depreciation" allowance is available to all businesses and applies to most types of tangible personal property and computer software acquired and placed in service in 2008. It allows taxpayers to deduct 50 percent of the cost of qualifying property in addition to the regular depreciation allowance that is normally available.

The upcoming guidance will also cover the new increased limits that businesses can expense under the Economic Stimulus Act of 2008. Generally, the new law set a limit of \$250,000 that a business can expense during 2008, up from the limit previously set for 2008 of \$128,000.

A detailed description of the business provisions contained in the Economic Stimulus Act of 2008 is available in IRS Publication 553, Highlights of 2007 Tax Changes <<http://www.irs.gov/pub/irs-pdf/p553.pdf>>.

Businesses and tax professionals may e-mail their input to the IRS at Notice.Comments@irs.counsel.treas.gov regarding guidance related to the business provisions of the Economic Stimulus Act of 2008. They should include "IR-2008-58" in the subject line of the e-mail.

Where's My Stimulus Payment?

The IRS now has a website for taxpayers to check to see the status of their stimulus payment under the *Economic Stimulus Act of 2008*. The website asks for the taxpayer's social security number, filing status, and the total number of exemptions as shown on the taxpayer's 2007 tax return. The website can be found at the following address: <<https://sa2.www4.irs.gov/irfof/IRServlet?app=IRACTC>>. Alternately, you can follow the links from <<http://www.irs.gov>>.

Scam Alert

April 1, 2008—

Worldwide Scam Using Fake ODOT Checks

Patrick Cooney ODOT Public Affairs Office:
(503) 986-3455

Lieutenant Gregg Hastings Public Information Officer
Office: (503) 731-3020 ext. 247

Altered checks purportedly issued by the Oregon Department of Transportation (ODOT) are being used as part of an international money laundering scheme. Citizens are contacted through the Internet and asked by email to represent a Dr. David Owen in the United States. The contact promises to arrange for checks to be sent to the person, who in turn will cash them, keep ten percent, and wire transfer the balance according to further instructions.

Several phony ODOT checks actually have been cashed; checks have shown up in North Carolina, Florida, New York, California, Minnesota, and Michigan. These are not stolen or real checks, said Clay Flowers, ODOT acting Financial Operations Manager. It looks like someone took an old check and cut and pasted, while keeping some elements the same. The amounts on the phony checks vary from \$45,787.20 to \$145,787.20 and have former deputy director Mike Marsh as the authorizing official. The word “Capitol” in the address is misspelled (Capiitaol) and there are other alterations, including the spelling of “checque,” the date, the absence of the department logo, altered security wording and the removal of the ODOT Financial Services telephone number.

Financial institutions should be aware of this scam and report attempts to cash the checks to law enforcement. The Oregon Department of Justice (DOJ) warns Oregonians that participation in this scheme could cause them to be liable for repaying the financial institution. In some cases, they could be charged criminally for possession of a counterfeit check.

International Money Transfer Schemes is number three on the DOJ Top 10 Consumer Complaint List for 2007 with more than 800 Oregon residents reporting the scam. DOJ investigators suggest that those receiving the proposals inform the suspects by email that they are turning over the matter to law enforcement. DOJ adds that any contact with the suspects should be made by email only and not by calling overseas telephone numbers with expensive toll charges

connected to them. Official checks from the Oregon Department of Transportation have a number of security features, including watermarks. The fake checks do not. Anyone can easily verify the validity of an ODOT check by calling 503-986-3900, Flowers said.

Individual Development Accounts Initiative

Individual Development Accounts, or IDAs, a matched savings program, help Oregonians gain greater financial security. Donor contributions make this program possible. The IDA Tax Credit is one of Oregon’s most generous tax credits available.

The Neighborhood Partnership Fund, an Oregon-based 501(c)(3) nonprofit, has been designated by the state as the fiscal agent for this program. For every dollar (up to \$100,000) contributed to the Neighborhood Partnership Fund, the taxpayer receives a 75% state tax credit. An amount equal to the entire contribution is made available to low income Oregonians to purchase long-term assets, such as a first home or a small business.

Many taxpayers, particularly those with significant one-time state tax liabilities, may benefit tremendously from this program. This is a unique tax credit strategy. The IDA tax credit program is capped at \$8 million for 2008. The credits may “sellout” quickly, but credits can be reserved for a short period of time. The Neighborhood Partnership Fund has details.

You can get more information about the credits by writing to The Neighborhood Partnership Fund at 1020 Southwest Taylor, Suite 680, Portland, OR 97205; by telephoning 503-226-3001; or by visiting their website at <<http://ida.tnfpf.org>>. Details are also available at the website <<http://www.oregontaxcredits.com>>.

2008 IRS Nationwide Tax Forum Registration is Open!

Plans are underway for the 2008 IRS Nationwide Tax Forums that will be held in six cities across the nation during July, August, and September of 2008. The Tax Forums offer three full days of seminars with the latest word from the IRS leadership and experts in the fields of tax law, compliance, and ethics. Attendees can earn up to 18 continuing professional education (CPE) credits, learn about the latest IRS e-Services products, and schedule a visit to the Practitioner Case Resolution Room. The forums also feature a two-day expo with representatives from the IRS, business, finance, and tax software companies offering their products, services, and expertise.

Registration is now open!

Dates and locations for 2008 are:

July 1–3	Hilton Atlanta, Atlanta, GA
July 22–24	Hyatt Regency Chicago, Chicago, IL
August 5–7	Orlando World Center Orlando, FL
August 19–21	Rio All Suites Hotel, Las Vegas, NV
August 26–28	Hilton New York, New York, NY
September 9–11	Town and Country, San Diego, CA

Information on online registration, seminars and schedules, exhibitor listings, and more information on the 2008 tax forum season will be updated on the IRS website in the upcoming months.

IRS Nationwide Tax Forums Online (NTFO)— www.irstaxforumsonline.com

Professional tax information is provided straight from the speakers at the IRS Nationwide Tax Forums held throughout the U.S. This site also offers a current video with the latest information for tax professionals, and the related transcript, on the AMT Patch, Mortgage Debt Relief and Form 990-N, the TEGE e-postcard. Each seminar is approximately 50 minutes long and is available online whenever you need it. At this time, there is no cost and there are no CPE credits. Contact the IRS Nationwide Tax Forums Online by e-mail at TaxForums@irs.gov with questions or comments.

IRS Issues Interim Relief

Notice 2008–13 IRS Issues Interim Relief on More-Likely-Than-Not Penalties

Among other critical information of which you need to be aware, the IRS has provided Interim Penalty Compliance Rules containing an alternative approach to comply with the **section 6694** reporting standards for a position for which there is substantial authority, but for which you do not have a reasonable belief that the position would more likely than not be sustained on the merits. In such a situation, you can comply by advising your client of the difference between the tax preparer standards under new **section 6694** and the taxpayer penalty standards under **section 6662** and contemporaneously documenting that advice, rather than by preparing a **Form 8275** disclosure with respect to the position.

Introduction

On December 31, 2007, the IRS issued Notice 2008–13 offering interim guidance regarding the implementation of the May 2007 changes to the **section 6694** preparer penalty provisions and Notice 2008–11 clarifying prior transitional relief granted with respect to those changes. In addition, it issued Notice 2008–12 providing interim guidance regarding **section 6695** return preparer signature requirements. The guidance in these notices alleviates certain tax return preparer issues about the filing season.

Practice Management: Tech Tips

Microsoft recently released Service Pack 3 for Windows XP, a more than 300 megabyte patch that includes all of the patches and cumulative updates that have been released for the operating system since 2004, in addition to several new ones. The release of Service Pack 3 should extend the life of Windows XP for several years. Meanwhile, Microsoft plans to begin phasing out the operating system beginning in June. You can manually download Service Pack 3 from <http://www.microsoft.com/> downloads or <http://www.microsoft.com/downloads/details.aspx?FamilyID=68C48DAD-BC34-40BE-8D85-6BB4F56F5110&displaylang=en> or wait for the series of automatic updates to be released over the summer.

Looking Ahead—Tax Year 2008

Zero Percent Capital Gains Rate

For 2007, taxpayers in the 25% bracket or above paid tax on net capital gain at a 15% rate, while the capital gains rate was just 5% for taxpayers in lower brackets. However, for 2008 through 2010, the rate for lower-bracket taxpayers will be 0%—that is **zero percent**—tax-free capital gains.

Rev. Proc. 2007–66 includes the following adjustments:

Kiddie Tax Expansion

Increase in age of children whose investment income is taxed at parent's rate. The rules regarding the age of a child whose investment income may be taxed at the parent's tax rate will change for 2008. These rules will continue to apply to a child under age 18 at the end of the year but, beginning in 2008, will also apply to a child who is age 18 at the end of the year, or a student under age 24 at the end of the year, whose earned income is not more than half of the child's support.

A child, subject to the kiddie tax, pays tax at his or her parents' rate on unearned income over \$1,700. Thus, if the parents pay capital gains tax at a 15% rate, that rate will also apply to the child's gains—even if the child would ordinarily pay capital gains tax at a lower rate.

Under certain circumstances, parents may elect to include a child's gross income in their own gross income and to calculate the "kiddie tax." A child's gross income for 2008 must be more than \$900 but less than \$9,000 to qualify for the election.

This expansion of the kiddie tax may adversely affect families who have been planning to cash in on a child's capital gain property to pay college expenses.

Alternative Minimum Tax Exemption for a Child Subject to the "Kiddie Tax"

For taxable years, beginning in 2008, for a child to whom the "kiddie tax" applies, the exemption amount for purposes of the alternative minimum tax may not exceed the sum of (1) the child's earned income for the taxable year, plus (2) \$6,400.

Section 179 Expense—New Limits for the Expense Election of Certain Depreciable Assets

For taxable years beginning in 2008, under § 179(b)(1) the aggregate cost of any § 179 property a taxpayer may elect to treat as an expense cannot exceed \$128,000. Under § 179(b)(2), the \$128,000 limitation is reduced (but not below zero)

by the amount by which the cost of § 179 property placed in service during the 2008 taxable year exceeds \$510,000.

Adoption Credit

For taxable years beginning in 2008, under § 23(a)(3) the credit allowed for an adoption of a child with special needs is \$11,650. For taxable years beginning in 2008, under § 23(b)(1) the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to \$11,650. The available adoption credit begins to phase out under § 23(b)(2)(A) for taxpayers with modified adjusted gross income in excess of \$174,730 and is completely phased out for taxpayers with modified adjusted gross income of \$214,730 or more. (See section 3.15 of this revenue procedure for the adjusted items relating to adoption assistance programs.)

Hope Credits

For taxable years beginning in 2008, the maximum Hope Scholarship Credit allowable under § 25A(b)(1) is \$1,800.

Foreign Reporting

Foreign Financial Accounts Reporting Requirements—Schedule B Part III Has Questions Leading to TD F 90–22.1.

Any U.S. person having an interest in a foreign financial account which had an aggregate value exceeding \$10,000 at any time during the 2007 calendar year is required to file a Report of Foreign Bank and Financial Accounts (TD F 90-22.1), commonly referred to as an FBAR, by **June 30, 2008**. The fact that the compliance rate on this Form is less than 30% clearly indicates the need to educate the practitioner community of the filing and recordkeeping requirements of the FBAR.

Results of civil and criminal penalty assessments involving FBAR compliance, shown below is the statistics for the 2007 calendar year:

- ▶ In 2007, 1,032 civil FBAR examinations were opened during the year or were in process at the start of the year. Of these cases, 653 were closed, \$2.9 million in penalties were assessed, and \$1.3 million was collected.
- ▶ There were six criminal cases initiated in '07 resulting in convictions for criminal FBAR violations . . . three of these cases also included tax violations.
- ▶ The Bank Secrecy Act Program completed a project that resulted in a total of 147 delinquent FBARs being secured . . . with a second project resulting in the securing of 30 more delinquent FBARs.

The Small Business Resource Guide— Order CD-ROM or Download CD

The 2008 Small Business Resource Guide (SBRG) CD-ROM is a handy, interactive CD designed to equip small business owners with the skills and knowledge needed to successfully manage a business. The CD covers a wide range of topics, from starting a business to retirement plan options.

The CD includes business tax forms, instructions, and publications along with all of the tax law changes for 2008. In addition to providing a wealth of tax-related information, the CD contains a wide variety of Web links to various government agencies, business associations, and IRS organizations.

See for yourself why thousands of small business owners and tax practitioners ordered copies of the SBRG CD in 2007. To order a copy of the 2008 SBRG CD, visit the SB/SE ordering page on the Internet at <http://www.irs.gov/businesses/small/page/0,,id=7128,00.html> or call (800) 829-3676.

Why wait for your copy to arrive? The complete CD is available online on our IRS partners site at Missouri Business Development Program <http://www.missouribusiness.net/irs/index.asp>.

As an added benefit to our customers, the SBRG Updates page provides links to newly released tax products and highlights recent tax law changes that might impact the small business community.

For information go to <http://www.irs.gov/businesses/small/index.html>.

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in the next newsletter, call the
OATC office at 503-261-0878 or
800-478-4943.

Tax Practice Tidbits

SBA offers free online training course on franchising. This information could be helpful for clients exploring the business opportunities of franchising.

Entrepreneurs considering franchising can now access a new online course from the U.S. Small Business Administration and FranNet to help them navigate the competitive franchise industry.

The introduction to franchising course, Franchising Basics, is a free online seminar that provides three key sections that examine more than 10 essential areas relating to franchising, including, “Is Franchising Right for You?” and “How to Choose the Right Franchise.” The course also covers franchising options, strategies for growth, and pitfalls to avoid. Course participants will better understand franchising and decide if it is the best small business option for them.

The Franchising Basics course can be accessed from the SBA Web site <http://www.sba.gov> under the Free Online Training icon, by selecting “Franchising Basics” in the “Starting a Business” section. The course can be reviewed at the learner’s own pace, and a certificate of completion will be provided to participants who finish the course.

It may be time to evaluate your tax preparation software. An informative article written by Mark Washburn may be accessed at http://www.cpa2biz.com/Content/media/PRODUCER_CONTENT/Newsletters/Articles_2008/Tax/evaluate.jsp.

Tax Provision Important to CPAs Is Approved By U.S. House Ways and Means Committee

The AICPA is pleased the House Ways and Means Committee approved language the accounting profession has strongly urged Congress to adopt that would equalize the tax return reporting standards for tax preparers and taxpayers. The provision is included in H.R. 6049, the “Energy, and Tax Extenders Act of 2008,” approved by the Ways and Means Committee. This legislation would correct the flawed law passed by Congress in May 2007 that raised the tax return reporting standards for tax return preparers to a level higher than that required of taxpayers.

New Form 4562-FY for Fiscal Year Filers

Form 4562-FY and instructions. The *Economic Stimulus Act of 2008* contains provisions for the return of the 50% bonus depreciation for qualified property placed in service in 2008, and an increased Section 179 expensing limit. Fiscal tax year filers determine these limits based on the date the property is placed in service. Since fiscal tax year returns starting in 2007 and ending in 2008 generally require using 2007 IRS forms and instructions, the IRS has come out with a new 2007 Form 4562-FY, *Depreciation and Amortization*, to accommodate fiscal year taxpayers who wish to take advantage of these new rules.

Looking Ahead—Tax Year 2009

The IRS has issued Rev. Proc. 2008-29, which contains the 2009 contribution limits to a health savings account (HSA).

For calendar year 2009, the annual limitation on deductions for an individual with self-only coverage under a high deductible health plan is \$3,000. For an individual with family coverage under a high deductible health plan, the limit is \$5,950.

Stay “tuned in,” we will have many changes before the 2010 tax filing season!

Ways to Avoid “Spam”

Preventing your e-mail address from becoming a target to spammers should be high on your “To Do” list. This is the short list of techniques to try—for an expanded discussion of ways to minimize “Spam” e-mails go to the McAfee website. Spam is a fact of Internet life. According to recent figures from the security software industry, more than 80 percent of e-mail traffic is made up of spam. To fight the spam menace, McAfee has published the following suggestions <http://www.mcafee.com/us/threat_center/anti_spam/spam_tips.html> to help:

- 1) Do not post your e-mail address in an unobfuscated (not encrypted or “obscured”) form on the Internet.
- 2) Check to see if your e-mail address is visible to spammers by typing it into a Web search engine such as <<http://www.google.com>>. If your e-mail address is posted to any Web sites or newsgroups, remove it, if possible, to help reduce the amount of spam you receive.
- 3) Set up two e-mail addresses, one for personal e-mail to friends and colleagues, and use the other for subscribing to newsletters or posting on forums and other public locations.
- 4) If spam filtering is available, use it. Report missed spam to your ISP, as it helps reduce how much spam you and other members of the same ISP receive.
- 5) Never respond to spam—you will be confirming your address.
- 6) Do not open spam messages whenever possible.
- 7) Do not click on the links in spam messages, including unsubscribe links.
- 8) If you have an e-mail address that receives a very large amount of spam, consider replacing it with a new address and informing your contacts of the new address.
- 9) Update your anti-virus software. Many viruses and Trojans scan the hard disk for e-mail addresses to send spam and viruses.
- 10) Do not respond to e-mail requests to validate or confirm any of your account details. Any legitimate business already has your account details, why “validate” them in an e-mail?

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