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The Magazine Of The Pennsylvania Society of Public Accountants

***Highlights of the
58th Annual Meeting***

State Tax Update



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A Message From The President



I wish to extend a special thank you to the Buxmont Chapter for hosting the 58th Annual Meeting, with special appreciation for the commitment and hours of planning by the Annual Meeting Committee and our Executive Director Sherry DeAgostino and Administrative Assistant Bonnie Hackman.

When I joined PSPA, I never envisioned that I would one day be installed as President of the organization. In fact, up until a couple of years ago my involvement in PSPA had been limited to the local chapter where I served on the chapter's board of directors, chaired the education committee, served as chapter treasurer, vice-president and president. The first Annual Meeting that I attended was a mere six years ago, but I have not missed one since then, and there are many members who have been attending the PSPA Annual Meeting for more years than I have been an accountant. What is it about PSPA that engenders such loyalty?

Giving something back to your profession is a noble endeavor. As many of you have, I have also been involved in many business and professional organizations, but none compares to the value that I have received by volunteering my time at the local and state level of PSPA. The CPAs, Public Accountants, Enrolled Agents and unlicensed practitioners that I have come to know through PSPA are professionals who will generously share their knowledge, time and energy for the betterment of their profession; this is what sets PSPA apart from other organizations. PSPA offers me a forum to exchange ideas with other practitioners who face the same challenges that I do as a sole practitioner. I am proud to assume the Presidency of an organization truly vested in protecting and preserving the practice rights of small accounting firms, because without PSPA we'd have no voice.

As your President, I look forward to continuing the initiatives of my mentors, President Brasch and the many past presidents, who generously continue to provide leadership and guidance to the PSPA. As small practitioners, we face many challenges in today's business and regulatory environment. I ask for your help. Value your PSPA membership by getting involved and encouraging others to get involved. We must be proactive in determining the future direction of our profession.

Respectfully Submitted
Linda M. Roth, CPA
PSPA President



Newly Elected PSPA President Linda M. Roth CPA receives plaque from outgoing president Richard Brasch, Jr., CPA.

Don't Miss Out on Valuable Benefits... Renew Your PSPA Membership Today!



And the Winner is...



The 2004-2005 Membership Sweepstakes winners were announced at the 58th Annual Meeting. Mr. Adam Greene, CPA, of the Buxmont Chapter (recruited Barbara Graham of the Buxmont Chapter) was the winner of a Dell Inspiron 9300 laptop computer and Mr. Bernard A. Deverson, CPA of the Western PA Chapter (recruited Robert Flowers, Thomas Ostrowski and Tracy Deverson all of the Western Pennsylvania Chapter) won a Canon Powershot A95 digital camera. The names of twenty-nine PSPA members were entered into a drawing for successfully recruiting a prospective member to join the PSPA. We invite you to play Membership Sweepstakes... you could be a winner too. Look for information on the 2005-2006 Membership Sweepstakes program in a September membership mailer.



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New at the PSPA Website: Members Only Password



PSPA members are encouraged to log on to www.pspa-state.org and click on the 'Members Only' link on the left side of the home-page. This link will take you to the 'Members Only' registration page for the PSPA website. You will need to do the following:

1. Enter your PSPA Membership ID number (Your ID number appears on the mailing label of this Magazine immediately above your name)
2. Enter your password. Each member has been assigned a new password (a randomly generated number). In order to obtain your new password you must enter your email address and hit the 'Send Info' button on this page. You will automatically be sent your new password via email and there will be instructions on how to change your password to a word or number that you can remember.
3. Once in the 'members only area' you can update your database information online, or access the PSPA membership list.
4. The Members Only area will now be used to communicate information to the membership that will not be displayed to the public, so be sure to log on frequently.

2005-2006 PSPA Leadership



*Irving Braunstein, EA, Secretary;
Michael H. Agin, CPA, Treasurer;
Sherry L. DeAgostino, Executive Director;
Linda M. Roth, CPA, President;
Daniel J. Vecchio, CPA, President-Elect; Gerald L. Brenneman, CPA, First Vice President;
Randy L. Brandt, CPA, Second Vice President*

Outgoing President's Message



I thank those PSPA members who attended the 58th Annual Meeting in Plymouth Meeting. I would like to extend special thanks to the 58th Annual Meeting Committee for the countless hours spent planning the event, and offer thanks to the Buxmont Chapter for hosting this year's event.

When you reach the end of the year, it is inevitable that three things happen: first, you speed up; second, you tally the results; and lastly you pass the gavel. It seems like only yesterday that I was given the opportunity to carry on the great traditions established by my predecessors. It has been an honor to serve as President, and I want to thank my fellow members for allowing me that privilege. When I joined PSPA, the furthest thing from my mind was serving as an elected officer, but the truth is, PSPA has become an extension of my family.

For PSPA, 2004-2005 has been a year of progress and growth, challenge and change. In the past five years, our membership has grown a staggering 26%. In the past year we added 100 new members, the single biggest net increase in our history. This growth is the result of great teamwork. I want to extend my gratitude for our success to the tireless efforts of our staff, the board of directors and all of our committee chairpersons. They're second to none.

PSPA continues to receive many challenges, as special interest groups attempt to advance their legislative agendas. This year's Day at the Capitol, our Legislator Appreciation Nights and the tremendous networking on the part of our members with their state legislators has helped PSPA to meet these challenges and continue our focus to protect the practice rights of the small practitioner.

The biggest change this year was PSPA's agreement to accept PNC Bank as our Corporate Sponsor. PSPA agreed to promote PNC's Small Business Banking Program in exchange for monetary support. This agreement has blossomed into a mutual relationship of trust that I believe has far exceeded what either party conceived under terms of the original agreement, and the friendships derived have surely set the tone for a lasting relationship.

One thing that has not changed is the critical role that our leadership plays in our success. I feel confident that we have selected the right individuals to continue to advance the goals of PSPA. Volunteerism will ask a lot of us, but I know based on our past history that we will be equal to the task. I want to assure you that as the gavel is passed, I pledge my continued dedication to PSPA, and ask our fellow members to join me in supporting our new team.

On a personal note, I dedicate the 58th Annual Meeting to the memory of Bob Zaleski. It is my feeling that no one person had quite the impact that he had on this organization and his absence leaves quite a gap. One thing for sure, there won't be any shortage of memories. We will all remember Bob for being principled and straight-forward. We will all remember his 'pull no punches' approach at meetings. We will all remember him for not being afraid to ask the hard questions. Most of all, we'll remember him for being a great person. I teased him a hundred times about being my mentor, or as I often corrected, my tormentor, but one thing is for sure, I miss him.

Respectfully Submitted

Richard Brasch, Jr., CPA
Past President

The following PSPA members in attendance at the 58th Annual Meeting in Plymouth Meeting were recognized on Saturday, June 25, 2005 at the President's Installation Dinner for over 25 years of membership in the PSPA:

Bernard A. Deverson, CPA
(Western Pennsylvania Chapter)

James S. Frederick, PA
(West Central Chapter)

Robert G. Frey, CPA
(Lehigh Valley Chapter)

John P. Hassler, PA
(South Central Chapter)

Jacob B. Himmelstein, PA
(Buxmont Chapter)

Joyce P. Huttman, PA
(Philadelphia Chapter)

Marvin R. Huttman, CPA
(Philadelphia Chapter)

M. Michael Lerner, PA
(Buxmont Chapter)

H. Richard Neidermyer, CPA
(Central Chapter)

Clement P. Piscitelli, PA
(Buxmont Chapter)

Marc L. Slavin, PA
(Buxmont Chapter)

Judith A. Stanz, PA
(Lehigh Valley Chapter)

Neil C. Trama, Jr., PA
(Northeast Chapter)

M. Steven Weinstein, PA
(Philadelphia Chapter)



Outgoing PSPA President Richard Brasch Jr., CPA and National Society of Accountants, Governor District II, Robert Sommer of New Jersey. PSPA voted to recommend Richard Brasch to serve as the NSA's State Director. He will be elected at the NSA's State Convention in Las Vegas in August.



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New Law Changes Highway Use Tax Rules: Installment Payment Option Eliminated

Truckers and other owners of heavy highway vehicles will no longer be able to use the installment option for paying the federal highway use tax. This change was included in the American Jobs Creation Act of 2004 and applies to filers of Form 2290, Heavy Highway Vehicle Use Tax Return.

Beginning with the Form 2290 for the tax year that begins on July 1, 2005 and ends on June 30, 2006, the balance due shown on the form must be paid in full by the due date of the return. In most cases, the deadline for filing the return and paying any tax due is August 31, 2005. Payment can be made by check, money order or electronically through the Electronic Federal Tax Payment System (EFTPS).

In previous years, taxpayers who timely filed Form 2290 could choose to pay the tax in up to four equal installments. Ordinarily, these installment payments were due on the last day of August, December, March and June. IRS has indicated that about 148,000 taxpayers chose this option last year.

In general, the highway use tax applies to trucks, truck tractors and buses with a gross taxable weight of 55,000 pounds or more. Ordinarily, vans, pick-ups and panel trucks are not taxable because they fall below the 55,000-pound threshold.

For trucks and other taxable vehicles in use during July, the Form 2290 and payment are due on August 31. The tax is based on weight and normally ranges from

\$100 to \$550 per vehicle. A variety of special rules, discussed in the instructions for Form 2290, apply to vehicles with minimal road use, logging or agricultural vehicles, vehicles transferred during the year and those first used on the road after July.

State governments are required to receive proof of payment of the federal highway use tax as a condition of vehicle registration. Schedule 1 of the Form 2290 is stamped and returned to filers for this purpose. This process remains unchanged.

The Jobs Act also eliminated reduced tax rates for vehicles registered in Canada and Mexico. For vehicles with a base registration in either country, the tax rate was 25% below the regular rate.

In addition, the Jobs Act made electronic filing mandatory for taxpayers who file highway use tax returns for 25 or more vehicles. The availability of electronic filing for Forms 2290 is pending. Taxpayers should continue to file paper returns. The IRS will notify taxpayers when the electronic filing program is available.

The electronic payment option continues to be available, and the IRS urges taxpayers to enroll in EFTPS and pay their tax obligations this way.

The new Form 2290 and its instructions are now available on www.irs.gov, the tax agency's Web site. The form and instructions will be mailed automatically to taxpayers who filed last year.

Vehicles Qualifying for Clean Fuel Vehicle Deduction

The original purchaser of a qualifying hybrid gas-electric car may deduct \$2,000 for the year the vehicle is first

used, if that year is before 2006. In 2006, the deduction is scheduled to drop to \$500. No deduction is allowed after 2006. These vehicles qualify for the clean-fuel vehicle deduction:

- Toyota Highlander Hybrid - Model Year 2006
- Lexus RX 400h - Model Year 2006
- Ford Escape Hybrid - Model Year 2005
- Toyota Prius - Model Years 2001 through 2005
- Honda Insight - Model Years 2000 through 2005
- Honda Civic Hybrid - Model Years 2003 and 2005
- Honda Accord Hybrid - Model Year 2005

Package X — Soon to be Obsolete

Package X (PKG X), which is a compilation of Federal tax forms and instructions, was created as a reference set for tax professionals. In the past tax professionals ordered and received one free copy from the IRS. To reduce mailing costs, IRS allowed each tax professional firm to order multiple copies of Package X to provide one for each employee within the firm.

To reduce costs (\$1.8 million in printing and mailing) and to support the IRS transition to electronic media and communications, PKG X will be obsolete in the summer of 2005. In calendar year 2006, IRS plans to eliminate the Tax Professional Mailing List (TPML) because with the obsolescence of PKG X, IRS will no longer have a need to maintain a mailing list.

Individual tax products are available on-line at www.irs.gov and from

other commercial and government sources. Publication 1796, IRS Tax Products (a CD-ROM equivalent to PKG X), is sold by both the Superintendent of Documents under the Government Printing Office (GPO) and the National Technical Information System (NTIS) under the US Department of Commerce. In late summer 2005, IRS will mail one final copy of Publication 1045, Tax Professionals Guide to Federal Tax Products. This last version will contain order blanks from the two government agencies cited above, as well as communications from various IRS stakeholders and a listing of current web site addresses. Through the early summer of 2006, IRS will collect and update mailing list data (including email addresses) and provide the TPML to GPO and NTIS one last time for future communications and marketing regarding published products.

Businesses Must include Grants for Disaster Relief in Gross Income

Under Sec. 139(a) an individual may exclude qualified disaster relief payments from gross income. But that's not true for businesses. In Rev. Rul. 2005-46 (IRB 2005-30) the IRS provided guidance with respect to the taxability of a grant a qualifying business receives under a state's program to reimburse losses that any qualifying business incurred for damage or destruction of real and personal property on account of a disaster. The Service held that the amount was not excludable from income, but any gain could be deferred if the taxpayer purchases other property similar or related in service or use to the converted property. The result is similar to that when a business receives insurance proceeds to compensate it for property destroyed or lost as the result of a casualty.

Major Ohio Tax Law Changes

Governor Bob Taft has approved of Am. Sub. H.B. 66, the biennial budget bill, and starting July 1, 2005, a new commercial activity tax applies in Ohio as well as significant changes to several existing taxes. The Ohio Department of Taxation will be issuing future information releases providing more specific details of the tax changes.

Tax Changes: Effective July 1, 2005

SALES TAX:

The state sales tax rate will decrease from 6.0% to 5.5%. The vendor discount will remain .9% for timely filed and paid returns.

CIGARETTE EXCISE TAX:

The state excise tax on cigarettes will increase from \$.55 per pack (of 20 cigarettes) to a \$1.25 per pack.

ALERT:

Wholesale and Retail Cigarette Dealers: previously taxed but unsold cigarettes held in inventory will be subject to a Floor Tax of \$.70 per pack based on existing inventory at the end of business on June 30, 2005.

NEW - COMMERCIAL ACTIVITY TAX (CAT) -

Most companies doing business in Ohio will be subject to the commercial activity tax, a broad-based, low rate business privilege tax measured by gross receipts. The CAT - when fully phased-in* after five years - will be levied at a rate of 0.26% on gross receipts in excess of one million dollars. Businesses with receipts of \$150,000 - \$1 million will pay a minimum tax of \$150. Businesses with receipts of less than \$150,000 are not subject to the CAT.

REGISTRATION:

Ohio businesses (including sole proprietors with taxable gross receipts of \$150,000 or more) must register by November 15, 2005 and pay a one-time fee of \$15 or \$20 for most taxpayers. Note - the CAT will be applied to gross receipts received on and after July 1, 2005. Additional registration information will be available shortly.

Other Tax Changes: Effective with Enactment of Am. Sub. H.B. 66

INCOME TAX:

The rate will be cut 4.2% for all tax brackets for tax year 2005 and an additional 4.2% (from 2004 rates) in each of the years 2006-09 for a total rate cut of 21%. The tax on trust income has been made permanent.

CORPORATION FRANCHISE TAX:

This tax is being phased-out over five years at a rate of approximately 20% per year starting in Tax Year 2006 (taxable year 2005).

TANGIBLE PERSONAL PROPERTY TAX (TPP):

This tax will begin a four-year phase-out starting in tax year 2006 and ending with no tax due in 2009. This phase-out applies to most businesses and includes furniture & fixtures, machinery & equipment, and inventory. New manufacturing machinery & equipment first reportable on the 2006 and subsequent return(s) is not subject to the TPP.

REAL PROPERTY:

The 10% rollback is eliminated for certain real property used in business (the 10% rollback remains for residential and agricultural real property).

ESTATE TAX:

Ohio's additional estate tax (sponge tax) is eliminated. The Ohio basic estate tax remains in effect.



Arlan Christ (Lehigh Valley Chapter) and wife Pat enjoy the Mardi Gras Welcome Reception provided by PNC Bank.

Expanding the Definition of Medical Expenses for Special Needs Individuals

Written by:

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As the number of children diagnosed with autism, Asperger's syndrome, and other neurological disorders skyrockets, parents and their advisers need to carefully understand and plan for their medical care. In recent issues of *Time*, *Newsweek*, the *New York Times*, and other national magazines and newspapers, "more than one million Americans" are said to have an autism spectrum disorder, "and the number of new cases is exploding" (*Time*, May 6, 2002). Unlike the traditional notion of a medical expense, the Internal Revenue Code and the Internal Revenue Service have a broader definition of medical expenses for individuals with special needs which includes "special schooling" and "institutional care" (e.g., see "Understanding Medical Expenses for Special Needs Individuals" in the *Journal of Financial Services Professionals* in November of 2002 by your author).

Medical Conferences and Seminars

Rev. Rul. 2000-24, 2000-19 I.R.B. 963 allows a medical deduction for the amount paid by a taxpayer for admission and transportation to a medical conference related to the chronic disease of a dependent. The Service concluded that the expenses were incurred by the taxpayer primarily for and essential to their dependent's medical care. The conference at issue was recommended by the dependent's physician to enable the taxpayer to obtain med-

ical information in assisting their dependent. The ruling however, did not extend medical care deductibility to any meals and/or lodging costs incurred while attending the conference.

Since it is not uncommon for parents of special needs children to attend these conferences, the Service's ruling allows parents to deduct both the registration fees and travel expenses as a medical deduction. However, parents should obtain the recommendation of their child's doctor to insure their medical deduction.

Education as a Medical Expense

Planners need to exercise caution in advising their clients with regard to tax deductible education as a medical expense deduction. Ordinary education will not qualify as medical care. If the primary reason for attendance at an institution is not medically motivated (i.e., the alleviation of a physical or mental handicap), but special services are provided to the student, only the amount paid for special services is considered medical care and deductible as a medical expense. Furthermore, if lump sum fees are paid to a learning institution, they are generally not deductible as a medical expense. However, if the institution provides a breakdown of the tuition, only the portion of tuition that is attributed to medical care will be allowed as a medical expense deduction. Finally, unless proven to the contrary, medical care provided by a school not considered a special school is not deductible.

As illustrated by *Time* magazine and other major publications, the number of individuals with special needs is escalating at unprecedented rates in our society. These increased numbers are already beginning to impact state and local governmentally funded programs as they face shortfalls; forcing parents to absorb more of their children's medical care. Planners should possess a working knowledge of the basics of medical care deductibility in this area. Advisers and their clients need to carefully examine the facts regarding medical expense deductions in facilities that are

primarily educational and not special schools. In summary, distinguishing between deductible medical care expenditures and ordinary educational expenditures may require some examination.

Junk Fax Prevention Act

On June 28, 2005, the U.S. Senate and House of Representatives passed the Junk Fax Prevention Act of 2005. This legislation effectively reverses regulations originally issued by the Federal Communications Commission (FCC) in July, 2003. Implementation previously had been postponed three times; the final stay was to expire July 1.

The regulation would have made it unlawful for any business or person to send any unsolicited "advertisement" to any U.S. fax machine unless the recipient has granted the sender prior express written and signed permission.

The new legislation will preserve the "established business relationship" exception to the long-standing ban on the sending of unsolicited commercial or advertising faxes. This exception allows associations and companies to send unsolicited faxes to their members and clients.

In addition to restoring the "established business relationship" language, the fax bill requires that all unsolicited commercial faxes include an opt-out provision on the first page of the fax, providing a cost-free, 24-hour means for the recipient to request to be removed from the fax distribution list; requires that fax numbers be obtained either directly from the recipient or from a public source to which the recipient gave the number for publication and "grandfathers" in fax numbers in the possession of the sender at the time of enactment. We update you further once the Act is finalized.



With Steve Ramsey of Focal Tech, Inc.

One of the questions I get asked the most when talking with business owners who do not have a website is "Why do I need one?" It used to be that many businesses didn't feel the need to have a website. But now, as more and more people are becoming comfortable with the web, they are using it as their first resource when looking for companies to do business with. Websites have gone beyond pure marketing and in many cases have become a vital tool in the business process. I've been told by a number of people they will not do business with a company that does not have a website. Potential customers will feel less pressured when viewing your information over the web as opposed to an in person meeting. I am not saying that a website will eliminate the need for the personal touch to selling your services, but it could make a potential customer feel better about your business before they make the initial call. If you don't have a presence on the web, you'll miss out on this potentially large group of customers.

Once you make the commitment to have a website, it needs to be planned in such a way that it is a direct reflection of your business. It is important that any marketing material developed for your

business looks like your website or that your website looks like your marketing material, depending on which came first. The key is to present a consistent, uniform message that doesn't confuse a customer when they go to your site. The website should also provide more detailed information as a backup to your marketing materials. A common and effective technique is to develop a brochure that refers to the company website which provides more detailed information on the product or service that is being described.

Having your own website domain name and email addresses is an important step in the process of creating your web presence. I have seen a number of businesses that have their own website domain name but continue to use email addresses from other providers (AOL, Hotmail, MSN, Yahoo, Juno, etc.). Not taking the extra step to have email addresses associated with your domain name could be damaging to your business. I've been approached by businesses that will point me to their website. I'll then ask them to follow up by sending additional information via email and they send me something from a Hotmail or Yahoo account. When this happens, I usually question if this person really works for the company they are representing or if it is some type of scam. You can easily avoid these issues and concerns by taking the time to setup email with your domain. It really does not cost that much more to have domain email addresses.

That brings us to the most important factor that most business owners look at when deciding on having a website: cost. The one question I get asked quite often is how much will it cost to have a website designed? My response is typically something along the lines of the cost is directly associated with the specifications and needs of the site. A 5 page site could be considerably cheaper than a 50 page site. Ongoing costs include monthly hosting fees that are paid to the company that hosts your website and email addresses. Businesses that don't have the money or the need for a com-

pletely custom website solution can look to a template based solution. With a template solution, the look and feel is pre-defined and you have options to choose from when adding the content to your site. A template based solution can be much more cost effective in that the upfront costs are drastically reduced and you can get up and running in a matter of days instead of months. I would only recommend a template based solution to a business if it met their needs and the web provider allowed them to use their own domain name for site access.

In the end, there is a website and hosting solution that could work for any business out there. The critical part is coming up with a solution and a partner that will meet your needs.

Steve Ramsey is a Partner with Focal Tech, Inc. located in State College, PA. He can be reached at 814-272-0391 or sramsey@focaltechinc.com. Focal Tech's website is www.focaltechinc.com.



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	F/Time:	P/Time*:
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4 years:	_____	_____
3 years:	_____	_____
2 years:	_____	_____
1 year:	_____	_____
<1 year:	_____	_____
Total:	_____	_____

*Average of 25 hours per week or less

In the past three years, how many firm members attended a loss control seminar _____
 On what date was the firm established _____

Within the past 5 years:

Has the firm provided services to a client that is engaged in the issuance, offering, registration or sale of securities or bonds; or provided clients with forecasts or projections for inclusion in sales literature, etc., of any securities or bonds?
 YES NO

Has any member of the firm provided services or acted as a director/officer/committee member for any financial institution? YES NO

Has any member of the firm had an accounting license or authority to practice accounting revoked, or been subject to disciplinary action, fine reprimand, or criminal penalty related to performance of professional services? YES NO

Renewal: ___/___/___ Insurer: _____ Limit: \$ _____ Deductible: \$ _____ Premium: \$ _____
 What is the retroactive date on your current policy ___/___/___ None N/A

Approximately percentage of income received from the following activities for the last annual period:

Activity	%
Audit: Public Companies**	
Audit: Other	
Review	
Compilation	
Bookkeeping	
Tax	
Business Valuation	
Computer Consulting	
Litigation Support	

Activity	%
Litigation Support	
Management Advisory Services	
Assurance Services	
Financial Planning	
Asset Management	
Sale of Mutual Funds	
SEC/Sarbanes Oxley Related Services**	
Other*	
Total	100%

••Calls for a supplement

CLAIMS HISTORY (within the past five years):

Date claim(s) Reported	One: ___/___/19 _____	Two: ___/___/19 _____	Three: ___/___/19 _____
Amount Paid, including	\$ _____	\$ _____	\$ _____
Defense Expenses (if	\$ _____	\$ _____	\$ _____
closed)			
Reserve amount	\$ _____	\$ _____	\$ _____
(if open)			

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Chapter Meeting Dates

Buxmont Chapter

All meetings are held on the fourth Tuesday of the month at Williamson's Restaurant in Willow Grove unless otherwise noted.

SEPTEMBER 27, 2005

TOPIC: Elder Law

SPEAKER: Larry Scott Auerbach, Esq.

CPE: 2 Hours Other

OCTOBER 25, 2005

TOPIC: FASB Update

SPEAKER: John D. Rossi, III MBA, CPA

CPE: 2 Hours A&A

NOVEMBER 22, 2005

TOPIC: IRS Ethics & Tax Update

SPEAKER: Richard G. Furlong, Jr., Senior ISRS Tax Specialist

CPE: 2 Hours Ethics (Circular 230), 2 Hours Tax

DECEMBER 20, 2005

Lehigh Valley Chapter

Meetings are held the third Tuesday of the month at the Holiday Inn Bethlehem, Route 22 & 512 unless otherwise noted. Meetings begin at 6:00 P.M. (Dinner), 7:00-9:00 P.M.

CPE Program unless otherwise noted. Fees are \$30 (members)/\$40 (nonmembers) unless otherwise noted.

JULY 19, 2005

PA Local Earned Income Tax Update

SPEAKER: Michael Hill, Central Tax Bureau

CPE: 2 Hours Tax

AUGUST 2, 2005

Breakfast Meeting 8:00-10:00 A.M.

New Medicare Part D Prescription Drug Benefit

SPEAKER: Mary Lou Primiano, MSW/MPA

VNA Hospice of Monroe County

CPE: 2 Hours Other

AUGUST 16, 2005

Legislator Appreciation Night

SEPTEMBER 20, 2005 TBA

OCTOBER 18, 2005 TBA

NOVEMBER 15, 2005 TBA

Northeast Chapter

OCTOBER 19, 2005

TOPIC: Ethics

SPEAKER: Richard G. Furlong, Jr., Senior IRS Tax Specialist

CPE: 2 Hours Ethics (Circular 230)

DECEMBER 9, 2005

Holiday Party - Sibio's Restaurant

Philadelphia Chapter

McCall's Meeting & Conference Center, Upper Darby

AUGUST 16, 2005

TOPIC: Medicare and Social Security

SPEAKER: Dana Breslin & Nan Rosner

CPE: 2 Hours Other

SEPTEMBER 12, 2005

TOPIC: Uncover Financial Needs of Clients from Form 1040

SPEAKER: Paul Buffy

CPE: 2 Hours Other

OCTOBER 19, 2005

TOPIC: Mini Seminar: Federal/State Tax Update
Legislator Appreciation Night

SPEAKER: Jefery Creveling - PA Department of
Revenue/IRS Representatives

CPE: 6 Hours Tax

Southeast Chapter

Third Wednesday of the month at the Townhouse
Restaurant, Media

JULY 20, 2005 TBA

AUGUST 17, 2005 TBA

SEPTEMBER 21, 2005 TBA

OCTOBER 19, 2005 TBA

DECEMBER 21, 2005 TBA

Western Pennsylvania Chapter

Meetings are held at the Edgewood Country Club

SEPTEMBER 21, 2005

TOPIC: Trusts - Who Needs Them, How to Read Them;
also, Retirement Plans "What is best for you"

SPEAKER: Linda Bleil and Group

CPE: 3 Tax, 1 Other

OCTOBER 26, 2005

TOPIC: K-1 Oil Gas Workshop. Bring your laptops to work
on your problems.

SPEAKER: Kevin Matschner, EA

CPE: 1.5 Tax

TOPIC: Business Law with an emphasis on
Bars/Restaurants and Human Relations with emphasis
on Hiring/Firing

SPEAKER: Attorney Lawrence N. Paper

CPE: 2 Other

NOVEMBER 16, 2005

TOPIC: Small Business Cash Flow Statements and Cash
Transaction Reporting

SPEAKER: PNC

CPE: 2 Accounting

TOPIC: Accounting / Ethics

SPEAKER: TBD

CPE: 2 Accounting

Seminar Dates

Gear Up Accounting Seminar

SEPTEMBER 30, 2005

LOCATION: Holiday Inn, Bethlehem
SPONSORED BY: Lehigh Valley Chapter
CPE: 8 Hours A&A

DECEMBER 12, 2005

LOCATION: Springfield Country Club
SPONSORED BY: Philadelphia Chapter
CPE: 8 Hours A&A

Gear Up Estates & Trusts Seminar

SEPTEMBER 19, 2005

LOCATION: Radisson Hotel, Trevoise
SPONSORED BY: Buxmont Chapter
CPE: 8 Hours Tax

Gear Up Business Entities Seminar

SEPTEMBER 21, 2005

LOCATION: Springfield Country Club, Springfield
SPONSORED BY: Philadelphia Chapter
CPE: 8 Hours Tax

SEPTEMBER 22, 2005

LOCATION: Clarion Hotel, Scranton
SPONSORED BY: Northeast Chapter
CPE: 8 Hours Tax

SEPTEMBER 26 & 27, 2005

LOCATION: Radisson Penn Harris, Camp Hill
SPONSORED BY: Joint Education Committee
CPE: 16 Hours Tax

OCTOBER 19, 2005

LOCATION: Edgewood County Club
SPONSORED BY: Western PA Chapter
CPE: 8 Hours Tax

OCTOBER 20 & 21, 2005

LOCATION: Radisson Trevoise
SPONSORED BY: Buxmont Chapter
CPE: 16 Hours Tax

PA Department of Revenue Seminar

SEPTEMBER 29, 2005

LOCATION: Holiday Inn Bethlehem
SPONSORED BY: Lehigh Valley Chapter
CPE: 8 Hours Tax

Gear UP 1040 Tax Seminars

OCTOBER 31 & NOVEMBER 1, 2005

LOCATION: Wyndham Hotel, Harrisburg
SPONSORED BY: Joint Education Committee
CPE: 16 Hours Tax

NOVEMBER 2 & 3, 2005

LOCATION: Woodlands Resort, Wilkes Barre
SPONSORED BY: Northeast Chapter
CPE: 16 Hours Tax

NOVEMBER 3 & 4, 2005

LOCATION: Days Inn Conference Center, State College
SPONSORED BY: PSPA Education Committee
CPE: 16 Hours Tax

NOVEMBER 14 & 15, 2005

LOCATION: Springfield Country Club, Springfield
SPONSORED BY: Philadelphia & Southeast Chapters
CPE: 16 Hours Tax

NOVEMBER 21 & 22, 2005

LOCATION: Wyndham Hotel, Harrisburg
SPONSORED BY: Joint Education Committee
CPE: 16 Hours Tax

NOVEMBER 21 & 22, 2005

LOCATION: Holiday Inn, Bethlehem
SPONSORED BY: Lehigh Valley Chapter
CPE: 16 Hours Tax

DECEMBER 8 & 9, 2005

LOCATION: Radisson, Trevoise
SPONSORED BY: Buxmont Chapter
CPE: 16 Hours Tax

DECEMBER 15 & 16, 2005

LOCATION: Radisson, Monroeville
SPONSORED BY: Western PA Chapter
CPE: 16 Hours Tax

Highlights of the 58th Annual Meeting

June 23-26, 2005

Doubletree Inn & Guest Suites, Plymouth Meeting





PSPA and PNC Bank alliance enhances PSPA member benefits

PSPA and PNC Bank have been teaming together to bring financial products, services and banking-made-easier ideas to PSPA members and their clients.

This well-suited alliance has already resulted in numerous co-sponsored Continuing Professional Education Seminars where PNC has provided speakers and financial support. The latest shared development was just launched in July 2005 on the PSPA website www.pspa-state.org when a new section was added to the website's left navigational bar called PNC Advantages.

Within PNC Advantages, PSPA members will find links to unique financial solutions and tools selected with your clients, your firm, your staff and you in mind. Topics on these new pages will include not only business products and services offered by PNC Bank, but also informational articles that can help make running a business even easier.

PNC Advantages consists of three pages that introduce topics and link back to pncbank.com for more details:

PNC Advantage for Accountants – A financial services program that provides value-added opportunities and services for your business clients, as well as practical benefits for your firm and you. Also included are links of interest to PSPA members such as Investor News, Why PNC Bank for you or your clients, online newsletters and magazines produced by PNC Bank.

Economic News – PNC surveys business owners located within its own marketplace and nationally on a twice a year basis to obtain their economic expectations for the near future. This page links to the overview and regional summaries of the most recent survey results on pncbank.com. Additional links are provided, which connect the reader to up-to-date economic expectations of PNC's Chief Economist

Stuart Hoffman, and other relevant PNC web pages.

PNC Perspectives – This rotating topic page will feature a series of articles of interest to accountants and their clients about financial products, services, or business management tools. The first topic of interest for this page is PNC's Pennsylvania Working Capital Growth FundSM, an innovative loan program co-created by PNC Bank and the State of Pennsylvania to provide low interest rate lines of credit to small businesses in Pennsylvania for working capital needs. Summary information about this exciting credit opportunity for your clients is available below and by visiting the PSPA website, www.pspa-state.org.

PNC's PA Working Capital Growth FundSM now available to PA Businesses

At a recent press conference in Philadelphia, Commonwealth of Pennsylvania Governor Edward G. Rendell and The PNC Financial Services Group, Inc. Chairman Jim Rohr, jointly announced a cooperative lending program for PA businesses to obtain working capital credit.

PNC's Pennsylvania Working Capital Growth FundSM is designed to provide up to \$100 million in low interest rate working capital financing to small/medium-sized businesses in the Commonwealth of Pennsylvania. This program, available through December 31, 2006, offers a variety of PNC Bank revolving line of credit products with amounts ranging from \$10,000 to \$2 million.

This program is unique among the PA state-endorsed business credit programs because it is positioned as a line of credit, not a term loan, it offers lower minimum loan amounts, and it can be used for working capital financing while other programs are geared toward project financing and term funding.

Program Guidelines:

- Revolving lines of credit for working capital. Funds can be used to add or maintain staff, increase inventory, grow sales, etc.
- Fixed interest rates set equal to the Prime Rate¹ or below for the first year of the line.
- Variable interest rates that float at levels below PNC's standard interest rates after the first year.
- Financing available between \$10,000 and \$2 million.
- Line of credit terms from one to seven years.
- Program accepts newer, emerging businesses often excluded from other bank programs.
- Applications accepted through PNC's National Financial Services Center. Loans will be closed in a PNC Bank branch.

Eligibility:

- Business should have a plan to add/retain jobs or grow revenue in Pennsylvania.
- Borrowers must operate in one of Pennsylvania's key growth sectors - manufacturing, life sciences business, hospitality and tourism, day care, industrial enterprise, food processing, research and development, defense, computer related services, recycling enterprises, advanced technology, construction, warehousing and distribution terminals.
- Business may have annual sales up to \$30 million.
- Borrowers must do business in Pennsylvania.
- Current and prospective PNC business customers are eligible, however, proceeds may not be used to refinance existing PNC debt.
- Borrower's primary business checking account must be maintained at PNC Bank.

continued on next page

To learn more about PNC's
Pennsylvania Working Capital Growth
FundSM:

- Various state economic and business development agencies will distribute brochures and identify candidates as they work with small businesses throughout the state.
- Program information and application procedures are available on www.pncbank.com/paworkingcapfund and www.newpa.com.
- Applications and inquiries should be made to PNC's Pennsylvania Working Capital Growth FundSM hotline at 1-800-PNC-7660. Applications are not available at PNC Bank branches.

¹ "Prime Rate" means the highest prime rate published in the "Money Rates" section of The Wall Street Journal for the last day of the preceding calendar month.

All loans subject to credit approval by PNC Bank, National Association. Program may be modified or discontinued at any time. Origination and/or annual fees may apply.



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in the Know...

WHO IS WATCHING YOUR FIRM'S BACK? ENGAGEMENT LETTERS ARE A MUST

For years, Professional Liability insurers have been asking you to use engagement letters as a regular part of your practice. Those efforts derive from an overwhelming belief that a material number of claims can be avoided or more successfully defended if the terms of your engagement are carefully memorialized in advance in a written agreement with your client. Despite a natural resistance to undertaking a task as tedious and uncomfortable as obtaining clients' signatures on precisely-worded documents before rendering services, the accounting community has gradually come to consider ENGAGEMENT LETTERS as essential risk management tools. The PSPA encourages the use of engagement letters. Should you need additional information on the tailoring of engagement letters for your clients, contact Custom Brokers Insurance for a practical guide in the use of engagement letters.

Contact

Brett Novak, bsnovak@iob-cbi.com
or
Rose DiTomaso, rose@iob-cbi.com

Phone: 800-969-7475

Fax: 216-831-6819

Does Your Firm Need a Peer Review?

The following PSPA members have undergone the AICPA review course and conduct peer reviews:

Philip Francois, CPA
215-345-8905
Kowalski & Francois
302 Hyde Park
Doylestown, PA 18901

James H. Hess, CPA
717-564-9407
2410 Derry Street
Harrisburg, PA 17111

David Klein, CPA
215-635-4066
8033 Old York Road, Suite 209
Elkins Park, PA 19027

John Kowalski, CPA
215-345-8905
Kowalski & Francois
302 Hyde Park
Doylestown, PA 18901

Lois Maulo, CPA
215-692-0910
Maulo & Co. Ltd.
27 South High Street
West Chester, PA 19382

Rowland Smith III, CPA
215-947-2100
1800 Byberry Road, Suite 1100
Huntingdon Valley, PA 19006

Legislative CORNER

PSPA Members Gather in Harrisburg for 2nd Annual Day at the Capitol

PSPA members from across the state gathered in Harrisburg on May 10, 2005 for the annual Day at the Capitol. In its second year, the event once again provided an effective opportunity for PSPA members to meet with local legislators to discuss the issues that affect them and their small business clients.

The day began with a Legislative Workshop at the Harrisburg Hilton and Towers.

Guest speakers from the Pennsylvania Department of Revenue, including Secretary of Revenue Gregory C. Fajt, and Deputy Secretary of Taxation Joseph Breen reviewed the Governor's budget proposal, and the findings of the Business Tax Reform Commission as well as provided a detailed synopsis of the past tax season. Georgia Earp, Policy Specialist for the Governor's Center for Local Government Services, reviewed the Center's position on consolidating the collection system for earned income tax.

Following the morning Legislative Workshop, attendees proceeded to the Capitol Building where they met with legislators regarding SB 251.



Georgia Earp, Policy Specialist for the Governor's Center for Local Government Services addresses attendees with a power point presentation.

PSPA Position Statement - SB 251

150 Hour Requirement

Simple Majority Ownership of CPA/PA Firms

The PSPA opposes a mandated 150 Hour Requirement for the following reasons:

1. Mandating an additional thirty hours of post graduate education will increase the cost of entry level accounting positions, placing an economic burden on small accounting firms who are trying to compete with larger firms in hiring these employees. Smaller firms could face a situation where they could not afford to hire professionals without significantly restructuring their prices or their workflow.
2. The thirty additional hours of education will not necessarily increase proficiency as there is no specification for the hours to be in accounting and/or business related courses.
3. The experience requirement to obtain the CPA certificate will be diminished from 2 years (current) to one year of practical experience. CPA candidates will forgo an entire year of relevant, practical experience in exchange for an additional thirty hours of unrelated coursework. This is not an equitable trade for the students, employers or the public.
4. The 150 Hour Requirement will limit an already declining entry into the accounting profession as students are faced with the cost of an additional year of education. Nontraditional students in particular are affected as they already take a longer period of time to earn a bachelor's degree; this time is further lengthened by the 150 Hour Requirement. The increased costs of the 150 Hour Requirement may further discourage nontraditional students from choosing accounting.
5. Many small firms do not practice across state borders. This measure is aimed to benefit large accounting firms. The 150 Hour Requirement is already a part of the Pennsylvania CPA Law in a voluntary capacity.

PSPA also opposes a simple majority ownership NACPA/PA Firm

Senate Bill 251 would require CPAs to hold only a simple majority (51%) equity interest in a CPA firm. CPA's, prior to the passage of Act 140 of 1996, were required to maintain 100% of the equity interest of a CPA firm. Act 140 of 1996 loosened this requirement and required that CPAs maintain a 2/3 equity interest in a CPA firm. There is no demonstrated need to further diminish a CPAs equity interest in a CPA firm. There are currently existing business structures in place that allow CPAs to work among other professionals to perform related professional services - Act 140 of 1996 offered this opportunity. Allowing simple majority ownership in a CPA firm would not be in the best interests of the public. Non-CPAs do not necessarily understand the ethical and regulatory requirements of the accounting profession. Public protection would be further decreased without their knowledge.

Note: SB 251 passed the Senate in recent weeks. The bill has been referred to the House Professional Licensure Committee. We strongly urge PSPA members can go to the 'Members Only' section of the PSPA website to view a sample opposition letter to SB 251. If your local house member serves on the Professional Licensure Committee, please consider sending a letter of opposition.

PENNSYLVANIA TAX UPDATE

by Sharon R. Paxton

PA Budget Includes Few Major Tax Changes

Pennsylvania's 2005-06 budget will be known more for tax changes not made than for changes made. On July 6th - six days after the annual budget deadline - Pennsylvania's General Assembly adopted House Bill 176, which was signed by Governor Rendell on July 7. The main provisions of House Bill 176 include:

Maintains the Capital Stock and Franchise Tax phase-out in current law, reducing the tax from 5.99 mills to 4.99 mills for tax years beginning in 2006, with further annual 1 mill reductions to completely eliminate the tax for tax years beginning after December 31, 2010.

Legislatively reverses the Commonwealth Court's 2004 Ignatz/Peabody decisions holding that Pennsylvania Personal Income Tax is due at the time of deferral under unfunded nonqualified deferred compensation plans. HB 176 adopts Federal constructive receipt rules for the taxation of such plans, so that taxation will generally occur at the time of distribution, effective for tax

years beginning after December 31, 2002. Eliminates the one-year use limitation for payment of Sales & Use Tax on fair rental value of demonstrator vehicles.

Retroactively excludes nonprofit, nonstock commodity or stock exchanges from Corporate Net Income and Franchise taxation.

Conforms the local Realty Transfer Tax ("RTT") base to the state base; provides for state determination, collection, etc. of underreported local RTT; extends the period for assessment of RTT under certain circumstances; and, makes other generally non-substantive changes.

Makes technical changes to the Film Production Tax Credit and limits the total of such credits to \$10 million annually. Provides for reimbursement by taxpayers of out-of-pocket tax collection costs, including collection agency commissions, incurred by the Department of Revenue and the Office of Attorney General.

Efforts by business interests to lift the \$2 million annual cap on PA NOL's, accelerate the Capital Stock and Franchise Tax phase-

out, and reduce the Corporate Net Income Tax rate came up short. In a year when a Medical Assistance funding shortfall of hundreds of millions of dollars forced coverage cutbacks and across-the-board belt tightening within state government, money just wasn't available to fund business tax cuts.

The General Assembly also did not adopt Governor Rendell's proposals to combine Corporate Net Income Tax rate reduction with: (a) mandatory unitary combined reporting; (b) single sales factor apportionment in lieu of the current triple-weighted sales formula; (c) market-based sourcing for the sales factor; (d) standardized tax assessment terminology and appeal periods; and (e) replacement of the current informal appeals process at the Board of Finance and Revenue with an expensive formal record hearing process.

Tax Exclusion for Health Savings Accounts

Effective for the 2005 tax year, House Bill 107 provides an exclusion from Personal Income Tax for the income of Health Savings Accounts ("HSA"), as defined under IRC § 223, and amounts paid or distributed from an HSA and used exclusively to pay or reimburse qualified medical expenses of the HSA beneficiary.

PA Broadens Anti-SUTA Dumping Provisions

On June 15, Governor Rendell signed Act 5 of 2005, to bring Pennsylvania Unemployment Compensation ("UC") law into compliance with the Federal "SUTA Dumping Prevention Act of 2004" and close existing "loopholes" that had allowed employers to artificially reduce their UC tax rates by transferring their operations or workforce to another entity.

Prior to Act 5 of 2005, Pennsylvania's UC law required the Department of Labor and Industry ("L&I") to transfer an employer's unemployment "experience rating" - upon which UC tax rates are primarily based - to a commonly owned or controlled successor company in cases of business transfers or changes in legal structure. Despite these measures, some employers were still able to

continued on next page



circumvent poor UC experience ratings by transferring only their workforce to a successor company or by using employee leasing arrangements. Act 5 closes these "loopholes" by allowing, and in some cases requiring, the transfer of an employer's UC experience rating to an entity that acquires the employer's workforce. However, the transfer of a predecessor employer's UC history is prohibited if L&I determines that an acquisition was made primarily to reduce the successor's UC tax rate.

With respect to employee leasing arrangements, Act 5 provides that the client, or entity leasing employees from an employee leasing company, is deemed the employer of leased employees for UC tax purposes. Accordingly, leased employee wages must be reported on the client's UC tax account and contributions must be paid on these wages at the client's tax rate. For calendar quarters beginning on or after July 1, 2005, employee leasing companies must file quarterly reports with L&I disclosing all employee leasing arrangements. (Temporary help services are not considered employee leasing arrangements under Act 5.)

Business Income Cannot Be Considered in Determining Real Estate Valuation

In two recent court cases, involving HERSHEY PARK and the Penn National Race Track, the Commonwealth Court ruled that, when determining the fair market value of commercial real estate for tax purposes, taxing authorities must look to the value of the real estate itself, and not the value of the business that uses the real estate. In these cases, the taxing authorities had tried to "back" into a valuation of real estate from a determination of the profitability of the business operating on the real estate. The taxing authorities' methodology was (1) to value the entire going concern of the taxpayer's business using the taxpayer's actual income and expenses, (2) to subtract an estimate of the "business enterprise value" using assumptions of industry profitability, (3) to subtract the value of furniture, fixtures and equipment, and (4) to assume that what was left over was the value of the real estate.

The Court, relying on the Pennsylvania Supreme Court's 1992 decision in Schaeffer Brewing v. Lehigh County, rejected the tax-

ing authorities' methodology as impermissibly based on the "value-in-use" of the real estate. Schaeffer Brewing held that value-in-use represents the value to a specific user and does not represent fair market value. The Schaeffer Brewing decision explains that there is a distinction between use value and market value, particularly as use value can depend upon internal management skill and external factors that can change the business value.

In the HERSHEY PARK and Penn National cases, the taxing authorities tried to get around Schaeffer Brewing by arguing that the case did not apply if you were using an "income" approach to determining the fair market value of the real estate. The Court rejected this argument, making clear that the income approach is appropriate when the real estate itself generates income (such as the leasing of office or apartment buildings). In such cases, the sales price of the building would reflect the income that the buyer could make in rent. But when the income comes from the business operated by the taxpayer on the property (such as an amusement park, a race track or even the manufacture and sale of widgets), using that income results in an improper value-in-use analysis.

In short, when taxing real estate, local taxing authorities must look to the value of the real estate itself, and not the value of the business that uses the real estate.

Data-Transport Services Purchased by Independent ISP are Taxable "Telecommunications Services"

In Concentric Network Corporation v. Commonwealth, the Commonwealth Court ruled on April 4, 2005 that an independent Internet service provider's ("ISP") purchases of data transport services from telecommunications carriers are subject to Pennsylvania Sales and Use Tax as "telecommunications services." The data transport services at issue consisted of data lines used to transmit customer data between a telecommunications carrier's network and the location of equipment used by Concentric to provide Internet access.

Township May Not Tax Extraterritorial Receipts

In an unreported opinion, the Commonwealth Court recently ruled in John Dek-

lewa & Sons, Inc. v. Township of Collier that the Township's tax ordinance did not authorize the imposition of Business Privilege Tax on receipts earned outside the territorial limits of the Township by a business located in the Township. The Court followed its 2004 decision in J & K Trash Removal, Inc. v. City of Chester and found that the plain language of the Township's ordinance (which imposed tax on "business transacted" in the Township) restricted its applicability to receipts earned within the territorial limits of the Township. The Court rejected the Township's argument that all of the taxpayer's receipts were derived from "business transacted" in the Township because it managed and directed all of its business from its Township office.

New Jersey Second Injury Fund Subject to Retaliation

In an unreported opinion, the Commonwealth Court recently held in Home Insurance Company v. Commonwealth that a New Jersey insurance company doing business in Pennsylvania was required to include hypothetical New Jersey Second Injury Fund ("SIF") assessments in its Pennsylvania retaliatory calculations for the years 1986 through 1988. The Company is expected to file a further appeal with the Pennsylvania Supreme Court.

During the period at issue, New Jersey's SIF was funded by assessments on workers' compensation insurers and self-insured employers. (Since 1989, the SIF has been funded by assessments on employers rather than insurers.) The Commonwealth Court concluded that New Jersey's SIF assessment was in the nature of a license "fee" for the privilege of conducting workers' compensation insurance business in New Jersey and, as such, was appropriately included by the Pennsylvania Department of Revenue in its retaliatory calculations. The Court rejected Home Insurance Company's argument that Pennsylvania should be precluded from including the SIF assessments in its retaliatory calculations because the assessments are not included in the calculation of New Jersey retaliatory charges.

Sharon R. Paxton is a member of McNees Wallace & Nurick LLC's State and Local Tax Group. Additional Pennsylvania tax information may be obtained at the firm's "Pennsylvania Tax Page" on the Internet at: www.mwn.com.

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The Pennsylvania Society of Public Accountants will once again partner with Business Professionals' Network, Inc. to bring you highly relevant, interactive, world-class CPE in the most convenient and economical way possible.

BPN is in the seventh year of producing continuing professional education for state CPA societies through its Accounting Professional Education Network (ACPEN). Each year, BPN produces between eight and twelve, full-day programs that provide eight CPE credit hours (400 minutes) in the form of live, interactive video. These programs are beamed by satellite to between 90 and 100 satellite downlinks in approximately 20 states, sponsored locally by the state accounting society with which BPN has a working agreement. Licensees gather at these downlinks and watch the live program and ask questions of panelists by calling in or faxing questions, which are responded to by panelists. Join the thousands of CPAs across the country who have a reserved seat to one of the most fascinating ways to earn CPE credits available anywhere!

What is it like to attend the satellite broadcasts and webcasts? Each ACPEN broadcast is delivered to public sites by satellite technology. Each site location (listed on page 23) is a classroom setting similar to those with which you are familiar. Attendees will receive a course book and evaluation form upon arrival. The program will be presented on one or more large television monitors or, at some sites, large screen TVs. ACPEN courses deliver a unique educational bonus! Instead of a single Discussion Leader, each ACPEN course will give you the insight of a whole panel of anywhere from three to a dozen national experts, regulators and practitioners.

ACPEN broadcasts are truly interactive. The ACPEN Network wants you to join in and make the most of the national expertise assembled for you at the broadcast. You can do this by emailing

questions before, during & after the broadcast too. ACPEN.Questions@BusinessProfessionals.net. Bring your cell phone to the class and call in at the 800 number provided at the seminar.

Each ACPEN program provides eight CPE credit hours. ACPEN is on NASBA's National Registry of Approved CPE Sponsors. PSPA is approved by the PA State Board of Accountancy as an Approved CPE Sponsor: #PX000501L. CPE Credits from both the satellite and webcast programs are recognized as group study just as if you attend a seminar with a live speaker.

Additional Formats for Even More Convenience. ACPEN courses are also available as live webcasts (Pennsylvania CPA Learn), for full CPE credit, through internet video streaming technology. Participants, using their own computer, can join the rest of the thousands of accountants and other financial and tax professionals as an attendee through [Pennsylvania CPA Learn](http://PennsylvaniaCPALearn.com). You are able to watch the broadcast, download the

written materials and interact with speakers, live, during the program. A certificate documenting either full credit or some lesser amount is based on the Attendance Verification Code provided by the student at the end of the program. It will be sent as an email. Business Professionals' Network, Inc. is an accredited member of the NASBA National Registry of CPE Sponsors. You can register for a live webcast at www.pspa-state.org, click on the button for 'Webcast CPE'.

Link your practice and your professional growth to PSPA and the Accounting Continuing Professional Education Network.

PROGRAM SCHEDULE

Registration:	9:30-10:00 A.M.
Class Begins:	10:00 A.M.
Lunch Break:	1:30-2:30 P.M.
Afternoon Session:	2:30-6:00 P.M.

SATELLITE CPE REGISTRATION FORM

Please mail or fax the Registration Form with full payment to:
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Course Code	Program Title	Location Code	Price
1.			
2.			
3.			
4.			
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Cardholder Signature: _____

GO TO www.pspa-state.org to REGISTER ONLINE

**2005 SATELLITE & WEBCAST
COURSE SCHEDULE**

August 17, 2005

Effective Controllershship Skills

CPE: 8 Hours A&A Course Code: 81705

September 21, 2005

Accounting & Auditing Update

CPE: 8 Hours A&A Course Code: 92105

October 19, 2005

Understanding and Responding to Business

Fraud: Practical Skills for Controllers &

Auditors

CPE: 8 Hours A&A Course Code: 10195

November 16, 2005

Effective Handling of Tax Audits and Appeals

CPE: 8 Hours Tax Course Code: 11165

December 7, 2005

Annual Tax Update

CPE: 8 Hours Tax Course Code: 12705

SATELLITE LOCATIONS:

Edinboro University of PA (EU) Porreco Center, Barn Classroom #9 2951 W. 38th Street, Erie, PA 16506
www.edinboro.edu for driving directions

Community College of Allegheny County (CCAC) Boyce Campus, W413 & W415 West Wing 595 Beatty Road,
Monroeville, PA 15146 www.ccac.edu for driving directions

Saint Francis University (SFU) Business Resource Center 117 Evergreen Drive, Loretto, PA 15940
www.francis.edu for driving directions

Penn State Dubois (PSD) Quiet Lounge, College Place, Dubois, PA 15801 www.ds.psu.edu for driving directions

Harrisburg Area Community College (HACC) Ted Lick Wildwood Conference Center, Mumma Hall One
HACC Drive, Harrisburg, PA 17110 www.hacc.edu for driving directions

De Sales University—Allentown (DSU) Gates Distance Learning Center 2755 Station Avenue, Center Valley,
PA 18034-9568 www.desales.edu for driving directions

Reading Area Community College, (RCC)
Berks Hall, Ten South Second Street Reading, PA 19603 www.racc.edu for driving directions

Pennsylvania Institute of Technology (PIT) 800 Manchester Road, Media, PA 19063
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