

the **Pennsylvania** Winter 2012
Accountant



The Magazine Of The Pennsylvania Society of Public Accountants



- ✓ Order Your RIA Federal Tax Handbook, Quickfinder Handbook, Tax Book – Order Forms Enclosed*
- ✓ Save With PSPA's Verizon Wireless Discount*
- ✓ Pennsylvania Revenue Answers Your Questions – Page 11*

Visit us at www.pspa-state.org

PSPA Officers

Lamont B. Anderson, PA - President
Francis J. Cellini, EA, ABA, ATA, ATP
- President-Elect
Irving Braunstein, EA – First Vice President
Neil C. Trama, PA – Second Vice President
Frank H. Kelly, EA - Secretary
Brenda L. Milovich, CPA - Treasurer

Board of Directors

Lamont B. Anderson, PA
Randy L. Brandt, CPA
Richard Brasch, Jr., CPA
Irving Braunstein, EA
Gerald L. Brenneman, CPA
W. Raymond Bucks, CPA
Paul J. Cannataro, CPA, MST
M. Stephen Caskey
Francis J. Cellini, EA
Maureen Christy, CPA
Bernard A. Deverson, CPA
Dawn L. Douglas
Debra S. Eremus, ATP
David E. Fleck, PA
James S. Frederick, PA
William C. Graham, PA
John P. Hassler, PA
Joann Y. Hauer, CPA
Elliot Hershman, CPA
Joyce P. Huttman, PA
Marvin R. Huttman, CPA, CFP, MST
Joseph P. Ianni
Ricky Kauffman, EA
Mary Lew Kehm, CPA
Frank H. Kelly, EA
Richard B. Kelly, CPA
M. Michael Lerner, PA
Barry L. Meyer, PA, EA
Brenda Milovich, CPA
H. Richard Neidermyer, CPA
Thomas E. Ostrowski, CPA
Howard Pachter, PA
Lorraine A. Palka, CPA
Aaron R. Perriello
Norma J. Ridder, CPA
Linda M. Roth, CPA
Clare M. Shaw, CPA
Timothy Sundstrom, CPA
Barbara M. Thomas, CPA
James F. Tice
Neil C. Trama, Jr., PA
Daniel J. Vecchio, CPA

Sherry L. DeAgostino,
Executive Director

Pa. Society of Public Accountants
20 Erford Road, Suite 200A
Lemoyne, PA 17043
1(717) 737-4439
1(800) 270-3352

A Message From The President



Dear Fellow Members

I tried to visit each of the chapters early in the Fall before the snow flew, but mother nature had other thoughts... SNOW in October? Despite the inclement weath I very much enjoyed my chapter visits and I thank the chapter leaders and membership for their hospitality.

PSPA has been actively representing our membership before various governmental agencies as well as the Pennsylvania Legislature. I would like to personally thank Neil C. Trama (PSPA 2nd VP – Northeast Chapter) and Irving Braunstein (PSPA 1st VP – Buxmont Chapter) for representing the organization before the House Finance Committee and delivering our testimony regarding Pennsylvania Inheritance Tax. Because the elimination of the state inheritance tax is not revenue neutral it is highly unlikely that these bills will be reported out of committee any time soon.

PSPA hosted the IRS Liaison meeting in Harrisburg on October 18th. This meeting allows representatives of the various stakeholders (of which PSPA is one) to come together and meet with IRS in an effort to address issues/problems that the tax practitioner community is experiencing. Marvin Huttman, CPA has served as the Chairman of this committee for many years and he represents us well. A portion of the meeting transcript is contained in this issue. Then on November 29th PSPA met with the PA Department of Revenue for our annual Q&A session. The answers to these questions will be posted to the PSPA website upon receipt.

PSPA once again had a very successful seminar season, providing practitioners with practical, affordable CPE. Our membership numbers have hit an all-time high. During this tough economic time I am happy to report that PSPA is growing by leaps and bounds. It seems that others are discovering what all of us already know: PSPA represents the independent practitioner and smaller sized public accounting firm better than any organization out there. We do it through CPE, we do it through our legislative priorities, we do it through our membership benefit programs. If you haven't taken advantage of some of the wonderful things that PSPA offers I encourage you to. Enclosed in this publication are order forms for many of your favorite tax season resources; you should really take a look at them. The Verizon Wireless discount program has been a huge success with members saving from \$10 to \$120 a month.

I wish you every success in the New Year as you prepare for another tax season.

Respectfully Submitted

Lamont B. Anderson PA

PSPA President



**Small Employer Act 32
Checklist Now Available**

In an effort to assist your clients with ACT 32 compliance, we've developed a simple checklist that can be used to help guide your clients through the process. Thank you to PSPA member, Mary Lew Kehm, CPA (Lehigh Valley Chapter) for her efforts in the development of this form. The checklist is applicable for employers who have only one location in Pennsylvania and the location of the business is NOT Philadelphia. A copy of the checklist is posted in the 'members only' area of the PSPA website under the 'documents' tab. Please contact the PSPA Executive Office if you need assistance in accessing the form.

**Verizon Wireless - Another Great Reason
to be a Member of PSPA!**

PSPA is pleased to offer PSPA members an extreme cost-savings discount through Verizon Enterprise Center (VEC) for Verizon Wireless services. Through a unique partnership, this program will make available to PSPA members a corporate discount that is normally reserved for large corporations and government agencies. The discount is available for both current and new Verizon Wireless customers, and it includes a 15% monthly discount for data and voice service, a 25% discounts on Verizon Wireless accessories as well as immediate rebate offers. Please send an



email to: info@pspa-state.org to request information on how you can begin saving money on your Verizon Wireless service or contact us at 1-800-270-3352.

Save the Date

PSPA 65th Annual Meeting

June 21-24, 2012

Radisson Hotel Philadelphia
Northeast – Trevoise

Host Chapter: Buxmont

**In This
Issue ...**

**A Message From The
President..... 2**

**News You Can Use From PA
Department Of Revenue 4**

Pennsylvania Tax Update 6

**PA Department of Revenue
Answers Your Questions –
Q&A Transcript from the November
29, 2011 Meeting 11**

Practitioner's Corner20

NSA State Director's Message22

Classified Ads.....20

The PA Accountant is published four times annually by the Pennsylvania Society of Public Accountants, 20 Erford Road, Suite 200A, Lemoyne, PA 17043. All editorial correspondence, manuscripts, etc, should be sent to: PSPA, 20 Erford Road, Suite 200A, Lemoyne, PA 17043. This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. The publication is not engaged in rendering legal, accounting or other professional services.

Editor's Note:

If you would like to submit an article for publication please contact the PSPA Executive Office at 1-800-270-3352 or (717) 737-4439 for submission deadlines and for a copy of the author guidelines.



News you can Use

From Pa Department Of Revenue

The Pennsylvania Society of Public Accountant's Committee on Cooperation with the PA Department of Revenue held its annual meeting with Revenue officials on November 29th at the PA Department of Revenue's Strawberry Square office in Harrisburg. Representing PSPA were: H. Richard Neidermeyer (Chairman), Sherry L. DeAgostino (Executive Director), Lamont B. Anderson (PSPA President – Buxmont Chapter), Irving Braunstein (PSPA First Vice President – Buxmont Chapter), Henry Dobbs (South Central Chapter), Frank H. Kelly (PSPA Secretary – South Central Chapter), Aaron Perriello (Western Pennsylvania Chapter), Joseph Pinnelli (Philadelphia Tri-County Chapter), Neil C. Trama Jr. (PSPA Second Vice President – Northeast Chapter), Raymond A. Wolownik (Central Chapter).

The Q&A from the meeting has been reprinted here on page 11. The information is also available on the PSPA website at: www.pspa-state.org.

Pennsylvania's Practitioner Email Hotline Offers Secure Information Transmission

Throughout the past several years practitioners have voiced frustration in communications with the Department and the practitioner's inability to ensure that the Department is in receipt of various information that practitioners may send on a client's behalf. PSPA has long been a proponent of a practitioner telephone hotline, but state economic issues have thwarted progress in this area.

Earlier this year, the Department of Revenue established a practitioner email hotline in an effort to improve communication and issue resolution.

It was pointed out at our meeting that the new practitioner email hotline is a secure transmission line for documents and that each email is assigned an incident log that in affect can serve as a confirmation. PA Revenue will be including an article regarding the email hotline in their next tax update.

The e-hotline is accessible through the Online Customer Service Center at www.revenue.state.pa.us.

Practitioners simply need to select "Submit a Question" and register for an account to access the system. Once registered, correspondence can be submitted by returning to the "Submit a Question" tab, then selecting "Tax Practitioners" from the bottom of the "Tax Category" drop-down menu appearing at the top of the message window.

Department representatives will respond to Tax Practitioner email submissions within two business days. Electronic attachments can be included with emails through a secure line and each email will be assigned an incident number. Subsequent inquiries may be submitted similar to back-and-forth email threads and practitioners seeking to speak to a representative by phone can make such a request via the dedicated email system. To request such a call-back, a practitioner should access the e-hotline, selecting the "Tax Practitioner" option from the drop-down menu, then provide a name, telephone number, reason for the call and time of day that would be convenient for a representative to contact the practitioner by phone.

The Department continues to welcome your input regarding the hotline from practitioners and taxpayers. If you have any comments

please forward them to the PSPA Committee on Cooperation with the Pennsylvania Department of Revenue at: info@pspa-state.org.

Pennsylvania Department of Revenue Mandates Electronic Filing of Corporate Tax Reports - Opt-Outs to be Granted Liberally for the 2011 Tax Year Only

As you are most likely aware, the PA Department of Revenue has issued an electronic filing mandate of corporate tax reports – RCT 101 for the 2011 tax year. All preparers who file 50 or more Pennsylvania Corporate Tax Reports are subject to the mandate.

PSPA has been further advised that for Pennsylvania corporate reporting purposes, SMLLCs and LLCs are defined as "corporations" and are required to annually file the PA Corporate Tax Form RCT-101. Unless the entity type is specifically exempted by PA statute not to be a corporation by definition, SMLLCs/LLCs are to be INCLUDED and counted toward measuring 50 corporate report filings. The penalty for failure to follow the mandate is 1% of the tax due, with a \$500 maximum penalty. Practitioners should refer to the Pennsylvania Bulletin No. 11-4725 for additional information regarding this mandate.

The Pennsylvania Department of Revenue will liberally grant "opt-outs" for employers who can show undue burden/hardship as a result of the new mandate. However, PA Revenue cautions that this approach will be for the 2011 tax year only. Employers are expected to take the necessary steps to comply with the efile mandate in future tax years; opt-outs will not be liberally granted in subsequent years.

PA Department of Revenue Issues Erroneous SP Notices

PA Revenue recently issued erroneous SP letters to taxpayers disallowing prior year SP credits. The letters were sent as a result of Act 46 audits currently being

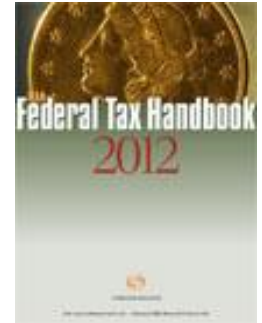
Continued on page 8

RIA FEDERAL TAX HANDBOOK, 2012 Edition

Place Your Order Today and Pay Just \$35! (List \$84.95)

The *RIA Federal Tax Handbook* continues to be the premier source for today's federal tax law.

The *Handbook* continues to be the premier source for today's federal tax law. This year's book is more extensive than ever, providing you with the precise explanations of tax changes affecting your business. But it's more than just a comprehensive tax resource written in terms you know and use.



USE THE HANDBOOK AS A VALUED RESOURCE FOR YOUR STAFF!

Put this insightful advice and guidance on the latest tax topics and changes right at your employees' fingertips. The *Handbook* offers:

- Detailed coverage of the latest tax legislation
- Current and future income tax rates, current estate, gift and excise tax rates, and Social Security tax thresholds
- Guidance on which forms to use to report transactions
- Extensive professional guidance based on the experience of RIA's expert editorial team

Whether it's used as a resource for your employees or a quality premium for your clients, the *RIA Federal Tax Handbook* is the only tax resource for all of your day-to-day tax questions.

NAME _____ FIRM _____

ADDRESS _____ CITY _____ STATE _____ ZIP _____

PHONE () _____ EMAIL _____

RIA FEDERAL TAX HANDBOOK Quantity _____ @ \$35 = _____ Total (includes shipping)

6% Sales Tax (\$2.10 per book) _____

GRAND TOTAL: \$ _____

Method of Payment:

Check Enclosed (Please Make Check Payable to PSPA)

VISA Card Number _____ Exp _____ CV CODE _____

Mastercard Card Number _____ Exp _____ CV CODE _____

Signature: _____

**PSPA Executive Office
ATTN: RIA ORDER
20 Erford Road, Suite 200A
Lemoyne, PA 17043
FAX: 717-736-6847**



PENNSYLVANIA TAX UPDATE

By Sharon R. Paxton

COMPROMISES TO BE PERMITTED AT BOARD OF APPEALS: MAJOR ANNOUNCEMENT ALTERS DECADES-LONG PRACTICE

The Pennsylvania Department of Revenue has announced a change in tax appeals procedure potentially offering taxpayers much quicker resolution of tax disputes, but requiring thorough preparations by taxpayers and their representatives at the first administrative appeal level.

In a bulletin issued November 16, 2011, the Department announced that, effective immediately, the Board of Appeals will have the power to implement compromises of most types of tax appeals filed with the Board (including Corporate Net Income Tax, Capital Stock/Franchise Tax, Personal Income Tax, Sales and Use Tax and Gross Receipts Tax appeals). Miscellaneous Tax Bulletin 2011-02. The stated goal for the Department's implementation of compromise procedures at the Board of Appeals is to provide an "impartial, timely and inexpensive resolution of tax disputes." There will be two bases for compromise: (1) doubt as to liability; and/or (2) the promotion of effective tax administration.

Under the previous system, taxpayers were not able to negotiate settlements of state tax liabilities until after the filing of an appeal with the Commonwealth Court, which meant that taxpayers had to pursue appeals before two administrative boards (the Department of Revenue's Board of Appeals and the Board of Finance and Revenue) before they had any chance to resolve an appeal by negotiated settlement. However, one of the advantages of the prior system was the involvement of the Attorney General's Office in negotiations at the court level. While the AG's Office represented the Commonwealth's interest, they brought a fresh viewpoint to the table, not colored by being

involved in making the Department's initial determination on an issue. The AG's Office will not be involved in negotiations at the Board of Appeals level but, presumably, if an agreement is not reached at the Board level and further appeals are taken, negotiations with the AG's Office may ensue after appeal to court.

While the Board of Appeals' hearing officers will be authorized to conduct informal settlement conferences to facilitate settlement discussions, the Department may be represented in those conferences. And, any compromise involving less than \$50,000 of relief will require approval by a Deputy Chief Counsel of the Department while any settlement providing more than \$50,000 of relief will require the approval of the Department's Chief Counsel and a designee for the Secretary of Revenue.

If negotiations under the prior system are any indication, one may expect the Revenue Department's participant in negotiations at the Board of Appeals level often to take aggressive positions on legal issues. Obtaining a reasonable settlement will require taxpayers and their representatives to have a complete understanding of the legal arguments applicable to the facts of their cases and to have a full sense of the strengths and weaknesses of their position. Negotiations may require extensive back and forth about the merits of the arguments advanced by both sides.

The Department's initiative represents a major improvement in the Commonwealth's appeals process because it will provide taxpayers with the possibility of negotiating early in the appeals process. However, taxpayers and their representatives will have to be prepared to evaluate whether an early settlement makes sense in a particular case based on the terms on which the Department is willing to settle the appeal at the

Board level. (The Department will require a waiver of appeal rights by a taxpayer who obtains a "compromise" at the Board of Appeals level. Also, the Department has indicated that taxpayers will not be permitted to compromise certain issues and to further appeal other issues. That is, the compromise will be an "all or nothing" proposition.)

"CHEP" PALLETS EXEMPT FROM SALES TAX AS WRAPPING SUPPLIES

A three-judge panel of the Commonwealth Court ruled, in *Procter & Gamble Paper Products Co. v. Commonwealth*, 786 F.R. 2009 (October 13, 2011), that "CHEP" pallets are not "containers" and qualify as "wrapping supplies" which are exempt from tax under 72 P.S. § 7204(13). Exceptions filed by the Commonwealth were denied by the court on November 15, 2011, and the Commonwealth filed a Notice of Appeal with the Pennsylvania Supreme Court on December 7, 2011. Companies that have paid Pennsylvania Sales and Use Tax on CHEP pallets should consider filing refund claims, which may then be held pending final resolution of the *P&G Paper* appeal.

P&G Paper rents pallets from CHEP USA. Following use, the pallets are returned to CHEP, which reconditions and then reissues the pallets. The Department of Revenue's Board of Appeals and the Board of Finance and Revenue had rejected the company's claim that the pallets are exempt "wrapping supplies" on the basis that the pallets are "returnable containers." (The Department's regulations specifically exclude "returnable containers" from the definition of "wrapping supplies.") However, the Commonwealth Court endorsed P&G Paper's argument that the pallets, themselves, are not "containers" and constitute exempt "wrapping supplies."

Continued on page 8

Quickfinder®

2011 TAX YEAR PRODUCTS

Pennsylvania Society of Public Accountants

Please use your association discount code on every order!

DISCOUNT CODE ➔ **Q760** Customer Number.....(if known)

Mail Check to: Quickfinder
36786 Treasury Center
Chicago, IL 60694-6700

Phone: 800-510-8997
Fax: 817-877-3694

Company Name

Payment Enclosed: Check Money Order

Name.....

Credit Card Account # Visa MasterCard Discover AMEX

Address..... (If P.O. Box, please include physical address for UPS)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

City, State, Zip

Expiration Date

Month	Year		

Cardholder's Name

Email(Required for order confirmation)

Cardholder's Signature

Day Phone (.....)

CC Payments—Note: Our policy is to charge your credit card at the time of order.

Quickfinder Products	Quantity/Number of Units		Unit Price (see below)	Total
	Print	CD		
Handbooks				
NEW! Guide to 2010 and Spring 2011 Tax Acts				
Premium Handbook ¹				
All States Handbook ²				
1040 Handbook				
Small Business Handbook				
Individuals—Special Tax Situations Handbook				
Depreciation Handbook				
Social Security and Medicare Handbook				
IRA and Retirement Handbook				
Tax Planning for Individuals Handbook				
Tax Planning for Businesses Handbook				
Accounting and Bookkeeping Handbook				
California Tax Handbook				
Other Products				
Tax Tips Newsletter (one year/12 months)		-----	\$50 + \$4 S/H	
Package QF-X (Individual or Business)		-----	\$9 + \$3 S/H	
Laminated Tax Tables (Individual or Business)		-----	\$9 + \$3 S/H	
Client Quick Reference Tax & Wealth Schedules		-----	\$11 + \$3 S/H	
Wall Calendar		-----	\$9 + \$3 S/H	
CPE Product Code _____		-----		

IRA and Retirement Quickfinder Handbook



Get all the quick answers you need about IRAs and retirement plans in one handy source, as only Quickfinder can provide. In addition to concise discussions of important topics, you'll get loads of quick reference tables, charts, checklists, worksheets, examples and other useful information.

Also Introducing

- **Social Security and Medicare Quickfinder Handbook**
- **Quickfinder's Guide to the 2010 and Spring 2011 Tax Acts**

Questions? Visit Quickfinder.com or call 800.510.8997

Your association receives a donation for each product purchased under this special discount code—and you receive a discounted price on every product! Prices and donation amounts are listed on order form.

Order Subtotal	
Shipping & Handling (see below)	
Sales Tax (apply your rate)	
TOTAL	

Quickfinder Product Pricing Guide	1 unit	2 – 10 units	11 – 20 units	21+ units
¹ Premium Handbook	\$63	\$60	\$58	\$56
² All States Handbook	\$71	\$67	\$63	\$58
All Other Handbooks	\$40	\$38	\$35	\$33
Shipping for all Handbooks	Print - \$4 each	CDs and Other Products - \$3 each per unit		

Discounts: The highest discount will be applied to your order; Cannot combine discounts & special offers. **Qty Discounts:** Combined quantities of the SAME TITLE are eligible for a qty discount (e.g., buy six 1040 Handbooks & pay \$38 ea., instead of \$40 ea.). Discount does not apply when purchasing different titles (e.g., buy two 1040s & three Small Business Handbooks). **CD Discounts:** 20% off each CD when purchased with print version. **S/H and Sales Tax:** Applicable state & local sales tax & shipping/handling charges will be added at time of order.

FOB Shipping Point



THOMSON REUTERS™

Pennsylvania Tax Update

continued from page 6

As the term “container” is not defined in the statute, the court looked to the common meaning of the term and determined that a wooden pallet is not a “container” because it does not provide a “receptacle nor a covering for the products placed upon the pallet.”

The court distinguished the Pennsylvania Supreme Court’s decision in *Commonwealth v. Yorktowne Paper Mills, Inc.*, 426 Pa. 18, 231 A.2d 287 (1967). In *Yorktowne*, a case in which non-returnable pallets were treated as tax-exempt wrapping supplies, the Pennsylvania Supreme Court had referred to pallets as “containers.” The rationale used to distinguish *Yorktowne* was that, when the *Yorktowne* court referred to pallets as “containers,” it was referring to the “entire unit” (the pallet with the metal bands securing the product) and the pallets are only a part of the “containers.”

COMMONWEALTH COURT TO CONSIDER FAILURE TO COMPLY WITH IFTA DOCUMENTATION REQUIREMENTS

The Commonwealth Court heard oral argument on November 14 (Pittsburgh), in *R & R Express v. Commonwealth*, No. 533 F.R. 2007. The case deals with the tax impact of a motor carrier’s failure to comply with IFTA mileage and fuel documentation requirements.

R & R Express is a brokerage company that uses owner/operators to haul steel and other commodities throughout the United States. All fuel used in the company’s motor carrier operations is purchased at retail locations. An IFTA audit conducted by the PA Department of Revenue resulted in a liability of over \$300,000 in tax, plus interest. The company’s owner/operators did not consistently turn in trip reports and fuel receipts for their activity. Since the company did not maintain adequate mileage and

fuel records, the auditor increased the company’s reported mileage, imposed the statutory 4.0 m.p.g. factor for at least some vehicles and disallowed credit claimed for reported tax-paid fuel purchases.

R & R Express contends that (1) the audit deficiency should be stricken because the methodology used by the Department of Revenue improperly allows the state to collect tax twice on the same gallons of fuel, first at the time of purchase and again at audit, and (2) in the alternative, the company should be permitted to have its tax for the audit period recomputed based on data from reporting periods subsequent to the audit period. In its brief, the company argues that, since its recordkeeping procedures improved after the audit, the data from later reporting periods represents the “best information available” to compute its additional tax due for the audit period.

The Commonwealth, on the other hand, asserts that Pennsylvania is not at liberty to compromise the recordkeeping requirements that the IFTA Agreement imposes on member states and licensees, and that granting

the requested relief would place Pennsylvania out of compliance with the Agreement. The Commonwealth argues that double taxation does not exist because the two taxes imposed on the company apply to different objects – the tax paid at the retail fueling station is imposed on the sale of the fuel and the second tax is imposed on the consumption of the fuel on public highways. Furthermore, the two taxes imposed on a motor carrier might not be imposed by the same taxing jurisdiction since the fuel could be purchased in one jurisdiction and “consumed” in another jurisdiction. With respect to the taxpayer’s second argument, the Commonwealth argues that the IFTA Audit Manual requires the base jurisdiction to use a 4.0 m.p.g. factor in the absence of the required documentation.

The decision issued by the court in this case could have far-reaching effects on the resolution of IFTA audit appeals for Pennsylvania-based motor carriers.

Sharon R. Paxton is a member of McNeese Wallace & Nurick LLC’s State and Local Tax Group.

News You Can Use From the Department of Revenue

continued from page 4

conducted by the Department where the state is comparing income information from the federal return.

The PA Department of Revenue has indicated that practitioners/taxpayers must respond to the erroneous notices in order to resolve the issue. **DO NOT IGNORE THESE NOTICES.** The PA Department of Revenue has issued this statement to the PSPA:

Recently, the Pennsylvania Department of Revenue has issued notices to taxpayers concerning Special Poverty (SP) Tax Forgiveness credits. If you or your client received one of these notices and feel it is incorrect, please respond to the notice (by mail or by fax; see the notice for details) and include copies of the Federal 1040, the PA Schedule W-2S and/or the original Form 1099 document(s) to support the SP eligibility income reported on the PA-40.

Be Sure to Visit www.pspa-state.org for a Complete List of PA Department of Revenue Key Personnel – This is a Great Tax Season Resource!

THE TAX BOOK™

Real Answers. Real Fast!

www.thetaxbook.com
Toll Free: 866-919-5277

**SPECIAL
PRICING
FOR**

Pennsylvania Society
of Public Accountants

\$5 donation to PSPA
for every copy of
The Tax Book™ purchased
using code 395.

For Discounts
Mention Code:

395

Order By Mail,
Online or Phone!

2011 QUANTITY DISCOUNT ORDER FORM... the more you order, the more you save on each item!

STEP 1 Enter Quantity and Calculate Cost for Each Item

<i>The Tax Book Series</i> Fast-Answer Tax Books	Quantity	Price	Cost
Deluxe Edition	x	\$71 \$67	= \$
Deluxe Edition <i>Plus</i>	x	\$79 \$75	= \$
1040 Edition	x	\$45 \$42	= \$
1040 Edition <i>Plus</i>	x	\$53 \$50	= \$
Small Business Edition	x	\$45 \$42	= \$
All States Edition	x	\$78 \$73	= \$
Planning Strategies Edition	x	\$45 \$42	= \$
<i>The Tax Book</i> CD (1040 & SB)	x	\$89 \$84	= \$
<i>The Tax Book</i> Binder and Paper	x	\$19 \$16	= \$

<i>The Tax Library Series</i> Online Tax Research Library	Quantity	Price	Cost
WebPortal (1st User)	x	\$99 \$92	= \$
WebPortal (Add Users)	x	\$45 \$41	= \$
WebPortal <i>Plus</i> (1st User)	x	\$179 \$169	= \$
WebPortal <i>Plus</i> (Add Users)	x	\$59 \$54	= \$
All States Add-On (Per User)	x	\$42 \$37	= \$

<i>The Tax Authority Series</i> Tax Research Publications	Quantity	Price	Cost
Health Care Reform 2nd Ed.	x	\$37 \$34	= \$
What's New 2011 & Beyond	x	\$37 \$34	= \$

<i>The Tax Review Series</i> Self-Study CPE Courses	Quantity	Price	Cost
New Tax Law	x	\$42 \$39	= \$
Income, Deductions, Credits	x	\$42 \$39	= \$
Self-Employed/Rental Activities	x	\$42 \$39	= \$
Business Entities	x	\$42 \$39	= \$
Advanced Business Topics	x	\$42 \$39	= \$
Circular 230 Ethics	x	\$34 \$31	= \$
Avoid Ethical Violations	x	\$34 \$31	= \$
Understanding Health Care	x	\$42 \$39	= \$
Clients With Children	x	\$42 \$39	= \$

<i>FastTaxFacts Series</i> Tax Reference Charts	Quantity	Price	Cost
1040 and Small Business	x	\$16 \$13	= \$
Clients With Children	x	\$16 \$13	= \$
W-2/1099 Roadmap	x	\$16 \$13	= \$
Starting a Business	x	\$16 \$13	= \$
Employee Benefits	x	\$16 \$13	= \$
Depreciation	x	\$16 \$13	= \$
Military	x	\$16 \$13	= \$

<i>ClientTaxTools Series</i> Client Booklets (30 pack)	Quantity	Price	Cost
Pocket Calendars	x	\$46 \$41	= \$
Donation Trackers	x	\$46 \$41	= \$
Social Security/Medicare	x	\$46 \$41	= \$

STEP 2 Total Quantity and Cost Columns

Total Quantity of All Items	A	Total Cost	B
-----------------------------	----------	------------	----------

Calculate Your Quantity Discount Here

STEP 3 Calculate Quantity Discount (Total Quantity × Quantity Discount Per Item)

Total Quantity of All Items (from STEP 2)	Quantity Discount Per Item						Quantity Discount
	1 Item	2 Items	3-5 Items	6-10 Items	11-20 Items	21+ Items	
A (items) ×	\$0.00/ item	\$3.00/ item	\$4.00/ item	\$5.00/ item	\$6.00/ item	\$7.00/ item	= \$ C

STEP 4 Calculate Shipping & Handling Charge (Total Quantity × S&H Charge Per Item)

Total Quantity of All Items (from STEP 2)	Shipping & Handling (S&H) Charge Per Item						Shipping & Handling Charge*
	1 Item	2 Items	3-5 Items	6-10 Items	11-20 Items	21+ Items	
A (items) ×	\$5.75/ item	\$4.75/ item	\$4.25/ item	\$3.75/ item	\$3.25/ item	\$2.25/ item	= \$ D

*Exclude *The Tax Library* Products. Please call for international orders.

STEP 5 Calculate Order Cost (Total Cost – Quantity Discount + S&H Charge)

Total Cost (from STEP 2)	Quantity Discount (from STEP 3)	Shipping & Handling Charge (from STEP 4)	Order Cost
B	- C	+ D	= \$

STEP 6 Finalize Your Order

Sales Tax	MN residents add 7.275% (Order Cost from STEP 5 × 0.07275)	= \$
Order Total	Order Cost (from STEP 5) + Sales Tax	= \$

2011 ORDER FORM

MAIL CODE

3 9 5

Customer # _____

Company Name _____

Name _____

Address _____
(If P.O. Box, please include physical address)

City, State, Zip _____

Email _____
(Needed for order and shipping confirmation)

Day Phone _____ Billing Zip _____
(If different, needed for credit card orders)

PAYMENT OPTIONS Remember to include credit card number & expiration date.

Credit Card: MasterCard Discover Visa American Express Expiration Date _____

3-Digit Security Code (optional) _____
AmEx (4 digits) _____

Your credit card will be charged separately for each shipment. Cardholder's Signature _____
 Check or Money Order payable to: Tax Materials, Inc.

Orders are shipped first-in, first-out starting on the start ship date of the product.

Tax Materials, Inc.

Tax Materials, Inc.
15105 Minnetonka Ind. Rd.
Suite 221
Minnetonka, MN 55345

www.thetaxbook.com
Email: info@thetaxbook.com
Toll Free: 866-919-5277
Local: 952-746-5276
Fax: 952-746-5278

SAVE up to **80%**

100%
GUARANTEED!

Premium Quality Ink Toner Cartridges

Why pay more? Shop Ink Toner Store!

We offer a complete line of high quality remanufactured or compatible ink toner cartridges. Our products are from ISO 9001/14001 certified manufacturing facilities. They meet or exceed OEM standards.

Compatible Part #	Compatible Printer Model	Regular Price	Our Price
TN360	Brother MFC-7340, 7440N, 7840W, DCP-7030, 7040, HL-2140, 2170W	\$.71.99	\$35.99
TN350	Brother MFC-7220, 7420, 7820N, DCP-7020, Intellifax 2820, 2910, HL-2040, 2070N	\$.65.49	\$32.99
310-6640	Dell® 1100, 1110	\$.69.99	\$36.99
Q2612A	HP LaserJet 1010, 1012, 1018, 1020, 1022, 3015, 3020, 3030, 3050, 3052, 3055	\$.77.99	\$22.99
36A	HP LaserJet M1522n Series, LaserJet P1505 Series	\$.77.99	\$33.99
Q6000/6001 /6002/6003A	HP Color LaserJet 1600, 2600N, 2605 Series, CM1015mfp, CM1017mfp	\$.91.99	\$48.99
#02 single	HP Photosmart 3110, 8230, C5180, C6180, C7180, C7250, C8180, D7145, D7260, D7360	\$.10.99	\$6.99
#02 pack		\$.48.99/5 pk	\$35/6 pk

Free Shipping to continental US for any orders over \$50!

InkTonerStore

Call us today!

Toll Free: 1-888-720-7888

www.inktonerstore.com

1045 Andrew Dr. Suite C1
West Chester, PA 19380

Tel: 610-431-7800

Fax: 610-431-1300



PA Department of Revenue Answers Your Questions – Q&A Transcript from the November 29, 2011 Meeting

ADMINISTRATIVE

1. Revenue made a key punch error by entering the date of 10-01 instead of the correct date provided of 01-01 on the RCT 101. The practitioner contacted the Department of Revenue and was told that it could not be changed unless the client waived his rights of appeal. The practitioner had to send a petition to the Board of Finance and Revenue to resolve the issue. Why was this unable to be corrected when the error was made by the Department? The error resulted in more than 2 hours of time for the practitioner and also required more time of the Department of Revenue due to the filing of the petition.

ANSWER

This issue was handled in a manner that is not consistent with the Department's procedure for correction. If identifying account information is provided to the Department, the Department will investigate the breach in procedure in this instance and, if appropriate, implement any necessary changes.

2. As you may recall, PSPA has annually requested establishing a practitioner's hotline; we've given testimony to the Legislature regarding the same. We are appreciative that you've taken the first step in that direction with the creation of a dedicated practitioner's email hotline. Can you please give us an update on how the email hotline has been received by the practitioner community and any statistics you may have on its usage? While we are encouraged by this implementation we continue to push for a telephone hotline as a means of swift issue resolution.

ANSWER

While the usage of the email "hotline" has been limited, there has been positive feedback from those who are using this method to communicate with the Department. We anticipate the usage of this service will increase during the peak PIT processing season.

The availability of resources continues to be a hindrance to creating a dedicated practitioner's telephone hotline. However, the Department continues to make improvements in customer service that will hopefully reduce the number of calls needed to be made to the Department as well as improve the average response time for all callers, particularly during the peak periods. The Department also continues to encourage the use of electronic communications and services whenever possible.

3. Can you please provide an update on the status of the modernization project?

ANSWER - Integrated Tax System Update

Project Goals

- Provide users with a holistic, integrated view of a taxpayer's data (eliminate stovepipes)
- Leverage common best practices and processes across Department
- Increase availability of information and analytics
- Provide increased case management capabilities
- Provide ability to easily establish/modify business rules to meet legislative changes
- Implement process improvement and streamline processing
- Transition off the mainframe through the leveraging of off the shelf technology reducing server costs

Currently in Detailed Design / Stage 2 – Corporation Taxes

1. Business Process Designs (BPD)
 - a. Over 97% of BPDs have been completed
 - b. Target completion was early October. It flowed into in November
 2. Functional Design (FD) RICEFW (custom objects)
 - a. Interfaces / tax forms are underway
 - b. Original Plan Complete was November – Current Plan is early February
 3. Significant Investment in SAP Base Configuration – Maximized use of out-of-the-box will facilitate Downstream Progress
 4. Resource update
 - a. Accenture still onboarding new personnel as they become available
 - b. Working with SAP Leadership to obtain additional resources for critical areas
4. As software vendors are approved for the filing of PA returns, is it possible for the Department to post them on E-tides?

ANSWER

We currently do this on the portal now. The bureaus send us the updates to post. We have lists for Corporation Tax, Pass Through Business and Personal Income tax.

(CT) http://www.portal.state.pa.us/portal/server.pt/community/corporation_taxes/11420/electronic_filing_software/580930

(PTBO) http://www.portal.state.pa.us/portal/server.pt/community/partnerships_s_corporations_limited_liability_companies/14504/electronic_filing_software/580936
(PIT) http://www.portal.state.pa.us/portal/server.pt/community/e-file/13793/electronic_filing_software_list/580569

[The information is located on the main Revenue site and is not located in the E-Services Center independently. Additionally, just for clarification, the e-Services Center is the informational site regarding our electronic options within the Department. E-TIDES is the Department's web-filing application for business taxes located within the e-Services Center.]

- 5.** Although this issue has been raised many times before, we are compelled to once again raise the issue of the Department's failure to communicate back to practitioners upon receipt of documentation. This issue continues to be a systemic problem based on our member feedback.

Can you provide guidance on how to navigate this issue to ensure that our client's appeal rights are preserved? When sending requested documentation to the Department is it advisable to file an automatic appeal to preserve this right? Will the upgrade to the infrastructure provide the ability to upload pdf's to be submitted to the Department? Eliminating the need to fax information to the Department will help to keep information from becoming lost or detached.

ANSWER

At the meeting, it was clarified that this question deals with correspondence to the various taxing bureaus. Due to the large volume of correspondence

received by the Department, it is not possible to acknowledge receipt of the correspondence. If a record of receipt is desired, practitioners have the option of submitting correspondence via a secure Tax Practitioner email available through the Department's Online Customer Service Center. When questions or correspondence are submitted through this method, an incident number is assigned to the message and can be used to track your submission. The incident number can be used as confirmation that the Department received the correspondence; however, it is not confirmation that the correspondence was processed.

The Department will make every effort to review all correspondence received. Please be aware, however, that the appeal period will not be tolled because correspondence has been sent to the taxing bureau or the assessment is being discussed verbally or in writing with a taxing bureau or the Taxpayer Service & Information Center. If a practitioner believes that the appeal period is about to expire or has expired, the best practice is to file a petition with the Board of Appeals and provide any copies of correspondence that may have been sent to the taxing bureau during the appeal period. If the Board can corroborate that the Department received correspondence regarding the assessment within the appeal period, the Board will review the correspondence to determine if it is a misdirected appeal and if so, will accept the date the Department received that letter as the date of the filing of the appeal.

In addition to correspondence regarding an assessment, an amended return requesting a refund may have been submitted to the Department. The general rule regarding a request for

a refund is that the request is required to be filed three years from the payment date of the tax unless an exception applies i.e. audit assessment, monies paid as a result of an assessment or shares tax. The filing of an amended return/application for refund is most appropriate when the request involves the correction of income or the request does not involve factual, legal or policy issues and it is no more than two years from the date of payment. The filing of a petition for refund is the method which ensures that a taxpayer's rights to due process and appeal rights are protected. Accordingly, a petition for refund is most appropriate when the discovery of the error is made close to the time limitation to file a petition for refund (either the three year limitation or the six month limitation involving one of the exceptions). Since the Department is not obligated to act upon an amended return, the taxpayer risks losing appeal rights if the petition for refund is not filed. A petition for refund is also appropriate when the petition involves factual, legal or policy issues or where further documentation may be required to support the request for a refund.

In conclusion, if there is any question regarding an assessment or a request for a refund, the best practice is to file an appeal directly with the Board of Appeals because proceedings before the Board of Appeals are inexpensive (no filing fees) and not adversarial. The proceeding before the Board of Appeals also ensures that you clients appeal rights are adequately protected.

- 6.** Is there a way to verify that electronic and/or telephone communication originating from the Department is legitimate?

ANSWER

If you are concerned about a



Special Offer for PSPA Members*:

ADP gives you the choice of doing business in a way that best fits your firm. Whether you want to refer your clients' payroll to ADP or process it yourself, ADP provides world-class payroll and beyond payroll services, so you can focus on what matters most: growing your business and helping your clients be successful. In addition, your state society membership means that the following special benefits are available to you:

- Payroll for your firm — FREE for up to 49 employees with discounted solutions to meet the needs of larger businesses
- Special discounts for your firm's clients
- Free access to our Accountant HR Helpdesk
- Free Master Tax Guides from CCH, a Wolters Kluwer business
- 30% discount on all CCH tax and accounting publications



ADP is a Preferred Partner of the PSPA - call 215.283.4128 today!
For valuable tools and resources for accountants, visit www.accountant.adp.com.

*Discount/free payroll applies to companies with 1 to 49 employees that sign complete ADP sales order and to all features of standard payroll processing invoiced on client's regular processing cycle and does not include additional non-payroll services; excludes pass through costs, courier and other delivery fees, including off cycle fees, hardware, or penalty and interest fees. Only available to new ADP Clients using EasyPaySM or RUN Powered by ADP[®] in the continental U.S. Must be set-up for direct debit of fees ("DDF") as the payment method.

© 2011 ADP, Inc. The ADP Logo and ADP are registered trademarks of ADP, Inc. EasyPay is a service mark and RUN Powered by ADP is a registered service mark of ADP, Inc. All other trademarks are the property of their respective owners.



potentially fraudulent contact by an individual or an organization representing him/her/itself as being from the Pennsylvania Department of Revenue, please contact the Taxpayer Service and Information Center. For Personal Income Tax inquiries call (717) 787-8201, for Business Tax inquiries call (717) 787-1064. An authorized Pennsylvania Department of Revenue staff member will be able to determine if the contact received was legitimate. This information can also be found on our web site at: <http://www.portal.state.pa.us/portal/server.pt?open=514&objID=580838&mode=2>.

7. Can you please provide an updated key contact sheet for Revenue personnel?

ANSWER

The updated key contact sheet was provided at the meeting.

1. **ELECTRONIC FILING**

Please explain the electronic filing initiative, specifically what circumstances allow for an employer to opt-out for the filing of PA returns? When will the state be able to accept electronically filed corporate returns?

ANSWER

Employer Withholding Tax perspective: While we **strongly** encourage employers to file their returns and deposits electronically via e-TIDES, Telefile or file uploads, a mandate does not exist that requires employers to e-file. The department discontinued the printing of coupon booklets over six years ago to promote e-filing which increases reporting accuracy, reduces processing cost and printing costs by not producing coupon booklets for taxpayers' use. The acceptance of electronic filing is supported by the fact that 98 percent of our employers use

e-filing methods.

1. **PERSONAL INCOME TAX**

Are there any plans to add a limited POA signature block to the PA-40 (similar to page 2 of the Federal 1040) allowing practitioners to speak to Revenue on the taxpayer's behalf?

ANSWER

Not at this time. There is currently little or no space available for adding an additional line to the PA-40 without going to a three or four page form. The department is not considering this due to the allocation of computer programming resources necessary to add the additional page(s) now that the conversion to the ITS has begun.

2. Can you please address the possibility of another tax amnesty period? If so, in order to maximize the help and support of the practitioner community, please consider a timeframe outside of the tax filing season.

ANSWER

There are no discussions of providing another tax amnesty period.

3. Practitioner was advised by the PA Department of Revenue that the PA-8879 did not need a client signature if the Federal 8879 was signed by the client. Please clarify if the signature is required in this circumstance.

ANSWER

The PA-8879 must be signed if the taxpayer authorizes to enter his/her self-select PIN.

4. When will the PA Department of Revenue allow preparers to see clients recorded estimated payments for the current tax year through e-services? It is more beneficial for preparers to see current estimates than previous

year estimates so they can properly reflect them when filing the current year's PA-40. This would save unnecessary correspondence.

ANSWER

Currently, the department's Office of Chief Counsel does not permit the Power of Attorney indicator to cover the current (unfiled) tax return year. Alternatives to obtaining it via the practitioner's portal include calling the 1-888-PATAxes (1-888-728-2937). The taxpayer's SSN and amount of the first estimated payment made must be provided (a carryover credit is not considered a payment in this instance).

5. Please explain how the 1099-G's will be electronically accessible to practitioners during 2012?

ANSWER

The Department is currently finalizing plans for the language and links on our homepage. However, you will be able to access the information via the tax practitioner portal, which can be accessed via either the Online Services for Tax Professionals or Tax Professional e-Services links on our website. When you have accessed your practitioner account there will be a link on the left hand side to view 1099-Gs.

6. Regarding foreign tax paid on dividends – If you take the full amount of foreign tax paid as a credit on the federal tax return are you still able to take a credit on the PA return?

ANSWER

Yes. The credit can be taken on the income but only if taxes were paid on the income. If no tax is paid on the foreign dividend income from a particular company or on a class of income from a company where they have both dividend income and gains, the

credit cannot be claimed on the income that is not taxed and should not be added to the income on which the foreign tax was paid.

- 7.** When will the PA Department of Revenue allow ERO's to request electronic funds withdrawal of estimated payments for the next tax year at the same time the current year's PA-40 is electronically filed instead of having to go to e-tides and enter each estimated payment request?

ANSWER

The new MeF platform will permit this feature as long as the software you purchase supports the feature.

- 8.** Practitioner has several investment partnership K-1s that report "swap income" under other income. How is this income reported for PA PIT?

ANSWER

SWAP income/loss is generally reported on PA Schedule D. A K-1 matrix and corresponding examples are available on the PSPA website at www.pspa-state.org.

- 9.** The Pennsylvania UE-1 requires taxpayers to use actual expenses as opposed to per diems. Can you please discuss the statutory change that allows this?

ANSWER

There has been no change to PA PIT law with respect to Unreimbursed Business Expenses. The law and instructions for determining what amounts are allowable for PIT purposes have remained constant for many years. In order to be an allowable unreimbursed business expense, the expense must be:

- Ordinary, customary, and accepted in the industry or occupation in which the taxpayer works; and
- Actually incurred while performing the duties of the

taxpayer's employment; and

- Reasonable in amount and not excessive; and
- Necessary to enable the taxpayer to properly perform the duties of his or her employment; and
- Directly related to performing the duties of the taxpayer's occupation or employment.

The department has noticed that many taxpayers are not following the second attribute that the expenses must be actually incurred. By using a per diem rate, the taxpayer is using an estimate of the expenses that could be incurred by an individual. It is not the actual expense.

The department has found that many times taxpayers don't incur any of the expenses or actually incur only a fraction of the amount of the per diem rate. As a result, individuals have then taken the reasonableness factor out of the requirement by claiming expenses that exceed what a normal person would incur to be employed. We see instances in which a person's take home pay (after tax withholdings and expenses claimed) would hardly be enough to sustain them or their family.

Furthermore, allowable employee business expenses for Pennsylvania purposes are similar to, but not the same as, federal expenses. Pennsylvania DOR is not bound by law to accept or allow a federal per diem rate as an allowable Pennsylvania employee business expense.

CORPORATE TAX

- 1.** Can the Department of Revenue streamline the process through which a practitioner can obtain a client's corporate box number (for the purposes of e-filing) without requiring a telephone call or a written request on company letterhead? This process would be much less complicated if the Department used the EIN instead of the CBN for this purpose.

ANSWER

When an inquiry is made via telephone, the Department cannot confirm the person making the request has the authority to act on behalf of the taxpayer. Due to confidentiality concerns, the Department will not provide the corporate box number over the phone, but instead will reissue the "Welcome to PA" letter to the address of record. The current procedure is in place to protect the taxpayer.

- 2.** Has any thought been given to consolidating the identifying numbers for businesses? Pennsylvania could use any one of the following numbers depending on the type of organization and type of tax: Federal EIN, the PA corporate box number, eight digit number for payroll taxes, sales tax number, individual social security number, or the PAUC number.

ANSWER

Yes, the Department of Revenue has given considerable thought to a common identifying number for each business both in the past and currently as the Department moves closer to implementing a new integrated tax system.

A common number to identify an entity across tax types has been one of most significant challenges to the Department over the years. The obvious choices have always been Federally-assigned numbers (FEIN and SSN). Even though requested by the Department, taxpayers do not always supply these numbers. Therefore, our efforts to join all accounts related to the same entity have never been comprehensive.

As the Department continues to develop its integrated tax system, the importance of the accuracy of taxpayer account information cannot be overstated.

FRANK CELLINI / OWNER
CHADDS FORD ACCOUNTING PROFESSIONALS
ACCOUNTING AND TAX SPECIALISTS
CHADDS FORD, PA
SINCE 1957 8 EMPLOYEES

NO SMALL ACHIEVEMENT: KEEPING FAMILY IN THE FAMILY BUSINESS

CHALLENGE: When Frank started running the family business, he was eager to take things to the next level. But before he could build on his father's success, he needed to get his cash flow in order.

SOLUTION: Frank had the Cash Flow Conversation with his PNC banker, who used his detailed knowledge of the accounting industry to better meet Frank's specific needs. Working together, they tailored a line of credit to help solidify Frank's cash flow — so he could stay focused on his clients' numbers instead of worrying about his own.

ACHIEVEMENT: Chadds Ford Accounting Professionals continues to welcome new clients to the family, and Frank now has the working capital to keep business moving forward.

WATCH FRANK'S FULL STORY at pnc.com/cfo and see how *The PNC Advantage for Professional Services* can help solve your business challenges, too. Call 1-877-535-6316 or visit a PNC branch to start your own Cash Flow Conversation today.

PNC | CFO
Cash Flow Options

ACCELERATE RECEIVABLES
IMPROVE PAYMENT PRACTICES
INVEST EXCESS CASH
LEVERAGE ONLINE TECHNOLOGY
ENSURE ACCESS TO CREDIT



PNC BANK

for the **ACHIEVER** in us allSM



The person pictured is an actual PNC customer, who agreed to participate in this advertisement. Chadds Ford Accounting Professionals' success was due to a number of factors, and PNC is proud of its role in helping the company achieve its goals. All loans are subject to credit approval and may require automatic payment deduction from a PNC Bank Business Checking account. Origination and/or other fees may apply. PNC is a registered mark of The PNC Financial Services Group, Inc. ("PNC"). BBK-5862 ©2011 The PNC Financial Services Group, Inc. All rights reserved. PNC Bank, National Association. **Member FDIC**

Taxpayers and tax practitioners are encouraged to carefully review correspondence from the Department throughout the next year to ensure the Department has on record accurate employer identification numbers, social security numbers, addresses and contact information. Business taxpayers are encouraged to verify and update account information electronically through e-TIDES. Additionally, trust fund tax taxpayers may use form REV-1705R and corporate taxpayers may change account information using form REV-854R. The accuracy of this data will facilitate the appropriate linking of taxpayer accounts. As various tax types and taxpayer accounts are implemented in the new system, the potential to provide a common identifying number for all of a taxpayer's accounts, perhaps even beyond the Federally-assigned numbers, will be possible.

- 3.** Are there plans to allow an online option to delete, cancel or change a return that has not been processed on e-tides (i.e. withholding or sales tax)? Practitioners must currently call the Department. Will the modernization project allow for this to be accomplished online?

ANSWER

In conjunction with the Revenue Modernization Project, the Department is also planning on upgrading our existing interface applications, including e-TIDES. Providing users the ability to change the status of a recently submitted e-TIDES transaction has been discussed with our Bureau of Information Systems and we are hopeful to eventually make this feature available.

- 4.** Is it possible to modify the PA-100 to exclude UC *account creation* in the case of spousal employment

where a worker's compensation exemption is taken? It seems that if a business is taking the exemption there ought to be a way to prevent the creation of the account. This requires the extra step of contacting the field office to cancel the unemployment compensation account.

ANSWER

The issue of UC liability is not determined by the answers to the questions relating to Workers Compensation.

Spousal employment alone is not always exempt. There are additional variables that determine whether it would be considered exempt. On occasion, we do have to delete an account due to non-liability; however it is rare that this would be due solely to spousal employment.

It is a good suggestion, however due to budget constraints, it is not cost effective to proceed with a revision to the PA-100 at this time since this specific issue happens very infrequently. In the future when the PA-100 is reviewed for revisions, we could certainly revisit this suggestion and perhaps a suggestion for the revision of the question in Section 9 #1 would be:

DOES THIS ESTABLISHMENT EMPLOY INDIVIDUALS WHO WORK IN PENNSYLVANIA (EXCLUDE WORKERS SPECIFICALLY EXEMPTED BY THE PA UC LAW)? IF YES, INDICATE:

1. SALES & USE TAX

- (a) With the addition of line 25, Use Tax on the PA-40 please discuss the role the Department of Revenue expects practitioners to have in its collection. Will there be news releases or public service announcements to address use tax and when it is applicable?

ANSWER

The reporting on the PA-40

in 2012 is for use tax owed by individuals for taxable purchases made in 2011 for which applicable sales taxes were not paid at the time of purchase. The Department expects practitioners to inform their clients regarding the use tax obligation generally. You will note the instructions indicate that purchases of greater than \$1,000 are to be individually reported with the exact amount of tax due paid. Tax on all purchases made by the individual under \$1,000 may be calculated using the provided income table.

- (b) Some clients have received use tax notices. Can you please explain to whom these are being distributed? One former business owner has been retired for 17-19 years and received a use tax notice.

ANSWER

The business use tax compliance initiative has covered a wide range of business activity. The department has a strategy in place to insure that all businesses that have not reported and paid use tax receive information notices explaining the use tax obligation and requesting a review of business records and reporting of use tax.

Taxpayers and their representatives who have specific questions about the notice or general questions about use tax are referred to the Bureau of Enforcement Planning, Analysis and Discovery (EPAD) call center at phone number 717-214-7287. The notice also refers to use tax information, including newly highlighted material, available at the department's website www.revenue.state.pa.us.

Recently, the department has addressed use tax obligations with Pennsylvania residents who rent real property (landlords) as evidenced by the filing of a Schedule E. Individuals renting real property to others is a

the Pennsylvania Accountant

specific industry segment that was identified at the beginning of this program because of potential non-compliance. These entities have potential business use tax exposure through their purchases of such things as repairs materials, supplies, tools, office equipment, computer software or any other taxable items they use or consume in Pennsylvania as part of their rental property business.

- 2.** A client who sells solar panels and windmills was told by the Department that she would need to pay sales tax when she purchased the items. Sales tax in this case would not be charged to the customer upon installation since it is a permanent fixture. The client has received solicitations from other accounting firms which advise her that she should

not be paying sales tax on these items because there is a sales tax exemption for contractors who purchase solar panels and windmills that are installed on commercial or agricultural properties. Please advise if such an exclusion exists.

ANSWER- Sale and Tax Bulletin 10-01 provides as follows:

In order to qualify as being engaged in the business of manufacturing electricity, the following must apply:

- (1) The electricity production is conducted in an independent, separate and distinct location, utilizing independent, separate and distinct machinery and supplies devoted predominantly to electricity producing activities.
- (2) The electricity production is the responsibility of employees

assigned to the job of electricity production and whose duties are predominately related to electricity production.

(3) Separate accounting or interdepartmental billing is provided to reflect the cost of operating electricity production activities and to charge these costs against any other business activities conducted by the electricity producer.

(4) The electricity production activities are separate and distinct from any other business activities of the electricity producer.

(5) Electricity production activities are of sufficient size, scope and character that they could be conducted on a commercially viable basis separate and distinct from any other business activities of the electricity producer.





Custom Brokers Insurance
 3659 Green Road Suite 209 Beachwood, OH 44122-5754
 Toll-Free: 800-969-7475 Fax: 216-831-6819

**Get your most competitive
 NO OBLIGATION premium
 estimate from the only
 endorsed professional
 liability agent of the**



Firm:		Contact:	
Address:			
City:		State:	Zip:
Phone:	Fax:		Email:

Annual Fees: \$ _____ **Yr. End:** _____

Number of billable employees (with years of experience):

	F/Time:	P/Time*:
5+ years:	_____	_____
4 years:	_____	_____
3 years:	_____	_____
2 years:	_____	_____
1 years:	_____	_____
<1 years:	_____	_____
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 percentages 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%

** Call for a supplement

CLAIMS HISTORY (within the past five years): None

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

Please return to Custom Brokers Insurance, 3659 Green Road Suite 209, Beachwood, OH 44122
 Tel: 216-831-0333 · Fax: 216-831-6819 · Email: jnovak@cbioh.com · http:www.cbioh.com



IRS Practitioner Liaison Meeting - October 18, 2011

The Pennsylvania Society of Public Accountants participated in the expanded IRS Practitioner Liaison Meeting held on October 18th in Camp Hill, PA. The PSPA hosted the meeting and was one of several stakeholder organizations to participate. Representing the PSPA were: Marvin R. Huttman, CPA (Chairman), Lamont B. Anderson, PA (PSPA President) Francis J. Cellini, EA (PSPA President Elect), Sherry L. DeAgostino (Executive Director). A complete transcript of the meeting minutes are available on the homepage of the PSPA website.

Marvin R. Huttman, CPA was honored with a certificate of the appreciation by the IRS for his long and valued participation on this committee.

The following topics were discussed at the meeting. Read more at: www.pspa-state.org :

- Overview of the Return Preparer Program and Office of Professional Responsibility
- Issue Management Resolution System and GAO/TIGTA – top three issues are: CP 2000's, correspondence audits and delays in processing Form 2848's.
- Collections. An overview of the Collection Fresh Start Initiative was presented whereby the goal is to help individuals and businesses meet their tax obligations without adding unnecessary burden to taxpayers. Read more about the Collection Fresh Start Initiative at: <http://www.irs.gov/newsroom/article/0,,id=236540,00.html>

Examination

- Hiring Challenges, there is currently a hiring freeze and 60% of the workforces will eligible to retire within 5 years.
- OVDI – Offshore Voluntary Disclosure Initiative, working cases of individuals who have voluntarily disclosed ownership of a Foreign Bank Accounts that were previously undisclosed.
- Non Filers Strategy – High Income Non Filers (income of 100,000.00 or more for five years).
- CIP's – Compliance Initiative Projects – Central Area Examination will be working on the following Initiatives: Schedule A and Schedule C duplicate interest deductions; Mortgage Interest Deductions; Schedule C income but no S/E Tax.

Disclosure - Overview of Freedom of Information Act (FOIA) requests

For general disclosure questions, please contact

the Disclosure Help Desk at 1-866-591-0860 or email: SBSEOfficeofDisclosure@irs.gov

Taxpayer Advocate Service

Due to the ever increasing case load and resource issues TAS criteria has been temporarily changed. TAS will generally no longer accept cases that only involve processing delays for the following issues: Original Returns; Unpostable/Reject Returns; Amended Returns; and Injured Spouse Claims.

IRS Announces 2012 Standard Mileage Rates, Most Rates Are the Same as in July

The Internal Revenue Service issued the 2012 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2012, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 55.5 cents per mile for business miles driven
- 23 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The rate for business miles driven is unchanged from the mid-year adjustment that became effective on July 1, 2011. The medical and moving rate has been reduced by 0.5 cents per mile.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs as determined by the same study. Independent contractor Runzheimer International conducted the study.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle. In addition, the business standard mileage rate cannot be used for more than four vehicles used simultaneously.

These and other requirements for a taxpayer to use a standard mileage rate to calculate the amount of a deductible business, moving, medical or charitable expense are in Rev. Proc. 2010-51.

Notice 2012-01 contains the standard mileage rates,

the amount a taxpayer must use in calculating reductions to basis for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that a taxpayer may use in computing the allowance under a fixed and variable rate plan.

Final Regs Issued for Employers' Annual Federal Tax Program

The IRS has issued final regulations (T.D. 9566) relating to the Employers' Annual Federal Tax Program (the Form 944 Program) and the requirements for depositing social security, Medicare, and withheld Federal income taxes (collectively "employment taxes"). These final regulations allow certain employers to file a Form 944, "Employer's ANNUAL Federal Tax Return," rather than Forms 941, "Employer's QUARTERLY Federal Tax Return." Additionally, these final regulations provide guidance related to the lookback periods and deposit requirements for employers required to file Forms 941 and Form 944.

Temporary Relief to IRA Owners With Signed Indemnification Agreements

Announcement 2011-81 (IRB 2011-52) provides temporary relief with respect to Individual Retirement Accounts (IRAs) in circumstances in which the IRAs' owners have signed certain indemnification agreements or granted certain security interests in accounts that may have an effect on their IRAs. In October the DOL issued Advisory Opinion 2011-09A regarding circumstances under which an individual IRA owner's agreement to indemnify a broker in order to cover indebtedness of, or arising from, the individual's IRA with the broker would be an impermissible "extension of credit," and whether, in such cases, any prohibited transaction would be covered by DOL class exemption PTE 80-26. Subsequent to the issuance of that advisory, similar issues have been raised regarding the IRA owner's grant of a security interest among the non-IRA accounts and the IRA (referred to collectively as cross-collateralization agreements) with a broker or other financial institution. Previously, the DOL issued Advisory Opinion 2009-03A, holding that the grant by an individual to a broker of a security interest in the individual's non-IRA accounts with the broker would be an impermissible extension of credit to the individual's IRA, as described in Sec. 4975(c)(1)(B) of the Code.

Managing Your Practice

Not every employee a team player . . . Managers would like to think that all the employees are team players. But there's often one or more in a department or small company who just don't fit in. Fred just doesn't want to go to out for a drink

to celebrate finishing the project. That doesn't mean they're not good employees. It may be a personality issue, they're taking care of a sick spouse or parent, or it's just their nature. They may be, and often are, very productive workers, but they prefer to work by themselves. A good manager will accept their differences, work with them and make sure they're accepted by other employees.

Price increases and customers . . . Few customers welcome a price increase. But some increases will be accepted easier than others. A large bank that added a \$5 monthly fee to accounts felt the wrath of the consumer. Same for a 75-cent increase in the price of gas. But while there may be some grumbling, few consumers will realize that prices at the grocery store have probably gone up significantly in the past year. Part of the difference has to do with how justified we believe the increase is. Most people realize that there are a host of factors that increase food prices. On the other hand, the \$5 fee by the bank was probably seen as price gouging. There are ways to take the sting out of an increase and take the heat off your business. Changing the formulation along with the price increase, explaining that you're passing along costs (provide facts to back it up), etc. And do some testing. It's more than likely the bank with the \$5 fee either didn't test or ignored it.

Good managers don't micromanage... Whether it's the entire business or just a project, micromanaging is wrong for a number of reasons. First, a manager's time is better spent elsewhere. Second, your employees will resent it, often to the point they'll want to leave. Third, if you have to micromanage, it means you've hired the wrong employees or you're not doing your job. If you are micromanaging, get some outside advice. Just because you've got educational credentials doesn't automatically make you a good manager. Best advice? Hire good people, steer them in the right direction, and just monitor the results.

No holiday party? . . . If it's been a bad year, having a holiday party may be an expense you really can't afford. But if the party is a tradition, skipping it entirely is probably a bad move. Consider your options. Before dropping the party, see if you can get away cheaper without looking too cheap. If you've gone high-end in the past, saving money and still having a party is pretty easy. But if you've always been frugal, it's more of a challenge. You can still maintain an atmosphere by putting up the decorations. You don't have to pay for all the food—ask employees to bring something. Chances are they know the company needs to conserve cash. It's certainly better than canceling. Just don't tell everyone you won't be around for two weeks because you're taking your family to Hawaii.

NSA State Director's Message



Gerald L. Brenneeman,
NSA State Director

Tax Season is just around the corner—are you ready?

Join NSA as an Active or Associate Member for just \$199 Now & Get These Special Bonuses:

- Bonus #1: Your Choice of a FREE 2011 Tax Year 1040 or Small Business Quickfinder...or a FREE 1 year subscription to TheTaxLibrary—Up to an \$89 Value!**
- Bonus #2: A FREE Thomson Reuters Checkpoint Learning Series Online CPE Course of Your Choice—some courses have over 20 hours of CPE credit, valued at up to \$300**
- Bonus #3: Your FREE Online Subscription to NSA/CCH “What’s New in Tax” featuring 18 CCH publications, tax updates, alerts, commentary, and more**
- Bonus #4: Access to the NSA 2011 Income and Fees Survey**
Hurry, this offer ends December 31, 2011!

Join NSA online & immediately access NSA member-exclusive benefits. Use the promotion code **QFTLNSA11** to get your FREE Quickfinder or TheTaxLibrary subscription, your free online CPE course and access to CCH and the fee study online.

<http://connect.nsacct.org/resources/viewdocument/?DocumentKey=e771d1d1-baec-44d9-905f-4fc9f5d696d1>

If you need further assistance, please contact NSA Member Services toll-free at 1-800-966-6679.

MobileNSA Membership App

For those of us that like to stay connected when out of the office, The National Society of Accountants has recently released MobileNSA, its new mobile membership app.

The app, available for BlackBerry, Android, iPhone, iPad, and iPod Touch, allows you to find and network with other NSA members, stay up to date with news and information, and view NSA events and happenings from the convenience of your phone or other mobile device.

Download Instructions

1. Visit your mobile device’s application store and search for the app named “**Mobile Membership**” by Dub, Inc. Save time! Use the customized QR codes on the MobileNSA screen and access a link to download the app directly from your mobile device using a barcode scanner, available free in any device app store.
2. Once downloaded, launch the application and search for “National Society of Accountants”
3. Login using your NSA MemberConnect login

NSA Networking Conference

Representatives from Districts I, II, and III met on November 5th and 6th in Bethlehem, PA to discuss a multitude of items that are of concern to practitioners located from Maine to Virginia. This was the seventh (and

largest) annual district conference held to date and included first time participation from representatives of Maine, Massachusetts and West Virginia. The conference was co-chaired by District Governors W. Raymond Bucks (District II-PA) and William Silzer (District III-VA) and guests included NSA Second Vice-President Steven Hanson (MN), ASO Executive Director Sherry DeAgostino (PA) and ASO Executive Director Sandy Steinwedel (MD). Participants from each State ASO were polled as to their operating procedures and opinions on topics ranging from

state conventions to additional services that NSA could offer. While all ASO’s agreed that NSA could give them the most help with legislative support, VP Hanson pointed out that NSA’s position has been one of neutrality unless specifically asked by the ASO for help. **(Case in point: At the request of the California ASO, NSA Executive Director John Ams has recently provided testimony before the California State Board of Accountancy concerning changes to their requirement**

that unlicensed practitioners preparing non-attest statements attach a disclosure statement recommending the services of a licensed practitioner.)

Improvements in communications between NSA and the ASO’s was cited as an overall goal along with possible management services available from NSA for smaller ASO’s. On the second day, Steinwedel provided a demonstration of a CPE monitoring



the Pennsylvania Accountant

program (APEC PLUS) using scanner technology which was followed by Q&A. Each State Director was asked to submit a State ASO budget for year 2011-2012 as a first step in obtaining future funding for membership recruitment. The general consensus was that the conference gave useful insight into how NSA and the ASO's can work better together.

NSA'S 67th Annual Meeting

Registration for NSA's 67th Annual Meeting and Expo, August 22-25, 2012, in Maui, Hawaii is available online on the NSA website. NSA was able to negotiate very favorable room rates at the Hyatt Maui (beginning at \$169) which do not require an advance purchase or deposit.

In order to allow as many members

as possible the opportunity to take advantage of these exceptional rates, hotel reservations will be available *only to members who register and pay the full early bird registration fee of \$579*. Even then, the member will be initially limited to reserving two rooms. NSA may make additional rooms available at a later date, subject to availability. In accordance with NSA policy, the NSA registration fee is refundable (less a \$75 per registration administration fee) until August 1, 2012 should someone's plans change. In that event, any room reservation you have made will also be cancelled.

Registration forms are currently available online or you may call:
Sandra (Sandy) E. Herring
Assistant Director of Membership Services
Email: sherring@nsacct.org

Toll free 1-800-966-6679 ext 1311

Website: <http://www.nsaacct.org>

Best wishes to everyone for a successful and profitable tax season.

Any questions or comments that you may have can be sent to me at ger@glbcpa.com

Respectfully submitted
Gerald L. Brenneman, CPA
NSA State Director-Pennsylvania



We Go To Work For You.



Go with the biggest in the industry.

We are North America's leader in marketing accounting and tax practices because we understand the value of your firm, know how to market it and have hundreds of buyers in Pennsylvania who want a practice. Our biggest concern is you. Our wealth of experience culminates to make sure your comfort level is met, your questions are answered and everything is being done to sell your firm.

Give us a call today so that we may **go to work for you** and produce the results you desire.

1-888-847-1040

www.AccountingPracticeSales.com

Free Registration For Buyers



the Pennsylvania Accountant

P.S.P.A. • 20 ERFORD ROAD • SUITE 200A • LEMOYNE, PA 17043

PRSR STD
U.S. Postage
PAID
Permit No. 557
Harrisburg, PA

Return Service Requested

JOIN US ON:



CLASSIFIED ADS

*Please note: the following advertisements are abbreviated, please go to the PSPA homepage at:
www.pspa-state.org to view the complete advertisement*

POSITIONS AVAILABLE

Tax Preparer

Individual needed for busy tax office. Preparation of Individual and Business tax returns. Experience required. Contact Dan at 610-282-2618

Senior Accountant

Requirements: 4 year degree in accounting, 3-5 yrs exp., Quickbooks & other accounting software. Competitive salary & benefits. Cover letter, resume & salary requirements to: jimarmstrong@comcast.net OR mail to James S. Armstrong Associates, PO Box 247, Williamsport, PA 17703-0247

Tax Consultant

NE Philadelphia CPA/tax office needs part-time seas. tax consultant with exp. Preparing indiv. & bus. Tax returns, Quickbooks exp. and good communication skills. Submit resume to: daletaxservice@aol.com

CPA/CPA Candidate

3+ years exp in tax, acctg. and audit – advisory capacity. Exp. with Creative Solutions, Quickbooks and MS Office. Please send qualifications and resume to careers.kfg@gmail.com

Tax Preparer

Seeking per diem tax preparer Jan-April. Please reply with qualifications to careers.kfg@gmail.com

BUYING/SELLING

Wants to Buy a Practice – Bucks, Mont, Chester

CPA in her 40ies wants to buy a practice in Bucks, Montgomery or Chester Counties. If you are planning to retire in 2-3 years respond to: gladia_1984@yahoo.com

Wants to Buy a Practice

CPA in Plymouth Meeting wants to buy or merge your practice to sell within the next two years. Please contact cpaplymouthmeeting@gmail.com

Wants to Buy a Practice – Mechanicsburg area

Looking for retirement minded professionals or outright purchase. Send email to careers.kfg@gmail.com

POSITIONS WANTED

Per Diem – Wanted

Exp. CPA seeks year round per diem: attest, tax prep, bus. & indiv. acctg. Paperless, Quickbooks, Prosystem FX, Lacerte, Ultra Tax, Drake, Go System. Please contact Eileen Gruber, egruber@grubercpa.com.

Per Diem – Wanted

Public Accountant with 40 years exp. seeks per diem work in the Harrisburg area. Please call John R. Raudenbush at 717-576-9844.