



The Accountant

Official Publication

of the North Carolina Society of Accountants

Post Office Box 1126, Conover, NC 28613

828-695-2520 or 866-755-NCSA FAX: 828-695-2522

February 2014



A Message From The President

M. Louise Pistole



M. Louise Pistole

Inside this Issue

Chapter News 2

Practice Management Seminar 3

Preparer Penalty 3

Transcripts 3

Taxpayers Advocate's Report 3

User Fees 3

Sales & Use Tax 3

NCSA Convention Registration Brochure attached

Please join me in welcoming our newest NCSA members Brenda Hadley, June Laverne Wilhelm Brown, and Duane Long! I am honored to share with you that we have had new members every month for the last seven months for a total of 15 new members this fiscal year! Congratulations to our Go-Getters!

I want to personally thank our members who worked registration and membership tables at PTI and the NC State schools in November and December. We offer a special round of applause to Jense Creighton who has worked for 25 consecutive years at the NC State School in Charlotte! I also offer a special thanks to our members who served as instructors at these schools.....Paul Bumgarner, Curt Lee, and Jim Holmes.

The hard work of all of these members gives NCSA a presence at these schools. This year, volunteers talked to the attendees, passed around rosters indicating interest, gathered business cards, and now they are following up with these potential members.

At the school in Greenville, Ron Powell met with seventeen participants at the end of the first day to discuss revitalizing the Eastern Chapter.

The Wilmington school also brought out more people eager to participate in reviving that local chapter. They now have had three well-attended meetings.

Both the Eastern and Wilmington Chapters have great potential to become active and thriving groups much like the Sandhills Chapter which has recently reorganized and proven to be a valuable asset to NCSA.

Many of our chapters will hold round table discussions for their February and March meetings. I encourage you to support your chapter during tax season and the balance of the year. We now have twelve chapters across the state, and they are the front door to NCSA. Many of our members had their first encounter with NCSA through an invitation to a chapter meeting.

We must continue to spread the word and let more accountants know the value of being a member of NCSA!

Now, we must turn our attention toward our upcoming Convention in June. The registration brochure is attached and the room block is ready. Last month, I had several members contact me with questions once they read the brochure. If you, also, have questions, please contact me at pistole9@windstream.net.

Thanking each of you for your support and your membership in the North Carolina Society of Accountants!



Chapter News

The mad rush has begun! Are you mainlining caffeine and living on the adrenaline rush of your clients howling for bigger and faster refunds!?!? Tax season is our Super Bowl, the time we all live for. Love it or hate it; it sustains our practices through the summer and fall when we all like to take at least a little relaxation. Don't stress too much and remember that your NCSA network is here to support you. Take an evening for your chapter meeting and reconnect with your colleagues. Read on to see what's been going on across our frozen state!

Burlington

The Burlington Chapter met on Thursday, January 23rd at Kimbers in Gibsonville. For more information about the Burlington chapter contact Jim Holmes at jholmes.acct@yahoo.com

Cape Fear

The Cape Fear Chapter met January 20th at The Brass Lantern in Dunn with 20 in attendance. Michael Soos was the speaker of the hour discussing Social Security Strategies. The chapter will return to The Brass Lantern on February 17th for another session with speaker to be announced. For more information contact Yvette Horne at yvettehorne@ncrrbiz.com

Central

The Central Chapter met on Monday, January 27th at Sagebrush in Asheboro. Twenty Six were in attendance to hear NCDOR's Jeremy Coble discussing the changes to NC Tax Law and answering questions related to sales tax on service contracts. The chapter will meet on Monday, February 24th for a Tax Season Roundtable. Central Chapter meets on the 4th Monday of each month. For more information contact James Upton at jamesupton@rtmc.net

Charlotte

The Charlotte Chapter met on Thursday, January 23rd at Captains Galley on US Hwy 74, with NCDOR's Jeremy Coble presenting new NC Tax Law updates. For more information contact Louise Pistole at pistole9@windstream.net

Eastern

The Eastern Chapter met on January 21st at Parkers BBQ in Greenville. The meeting was led by the chapter facilitator Ronald D. Powell who presented NCDOR's Jeremy Coble's program on NC Tax Law Updates. The meeting had to adjourn early due to the weather conditions. The chapter will meet again on February 25th at Parkers BBQ at 6pm. The Eastern chapter meets on the 4th Tuesday each month. For more information contact Ronald Powell at ron@powellaccounting.com

Hickory

The Hickory Chapter normally meets the last Monday of each month. For more information contact Susan Dale Moore at susan@dalesaccounting.com

Piedmont

The Piedmont Chapter met on Thursday, January 30th at Sagebrush on Kernersville. NCDOR's Jeremy Coble spoke on the new NC Tax Changes relating to Sales Tax. Piedmont Chapter meets on the last Thursday of each month. For more information contact Larry Matthews at larry@LKM1040.com

Raleigh

The Raleigh Chapter cancelled their chapter meeting for January due to inclement weather. The Raleigh Chapter meets on the 4th Tuesday of each month. For more information contact Stephen Metelits at metelits@usa.net

Sandhills

The Sandhills Chapter rescheduled their January meeting to Tuesday, February 4th at 6:30pm at Table on the Green. Paul Bumgarner addressed the chapter on the Affordable Care Act, Employer Mandate. The chapter normally meets the last Tuesday of the month. For more information contact Mark Bouchier at mbouchier@mabaccounting.net

Sanford

The Sanford Chapter meets monthly at Elizabeth Kelly's office on Steele Street in Sanford. For more information contact Elizabeth Kelly's office at (919) 774-9436.

Western

The Western Chapter cancelled their January meeting due to bad weather. The chapter will not meet in February or March. Jeffrey Porter will be the speaker for the meeting to be held on April 29th, more details to be announced. For more information contact John McKinney at johnm@accuraaccounting.com.

Wilmington

The Wilmington Chapter met January 23rd at 6pm at McAllisters, on College Rd in Wilmington. Paul Bumgarner was on hand to discuss the Affordable Care Act. The next meeting will be on April 24th with Howard Michael of the NC Division of Employment Security on hand to discuss House Bill 4 and changes to the Unemployment law. Contact Louise Pistole for more information at pistole9@windstream.net

Did you know that your chapter has a webpage on www.ncsa1947.org? This page can be a place for your chapter to give meeting information or post information that is helpful and useful to your members. Each chapter has a webpage administrator designated already with access just a few clicks away. Contact Web Master David Rollins to learn more about getting the word out about your chapter using NCSA's website.

Share news of your chapter with *The Accountant*, contact James Upton at jamesupton@rtmc.net or by fax to (336) 873-7650. We can only report what we have been told, so get those tongues wagging!

Practice Management Seminar

M Louise Pistole

Many of you have been asking about our Convention CPE. The brochure with all the details is in the works. So you can begin to make your plans now, you will find a listing below of the topics to be presented. I look forward to seeing each of you at this 8 hour Professional Accounting Seminar on **Thursday, June 26** in Concord, NC!

- 1 hour - **Using Social Media for your accounting practice**
- 1 hour - **Preparing your accounting practice for sale** – Presented by a local broker who only works with accounting practices
- 2 hours - **Fraud's Hidden Cost** – How fraud affects you and your clients
- 2 hours - **Technology for the Everyday Accountant** - Includes the following info:
 - Cloud computing – is it for you?
 - Websites – driving your clients to it - security of data and documents
 - PC, Smartphone, or Tablet – which do you need?
 - Getting the most out of email and possibly dumping the fax
 - Accounting, payroll, and tax software – stand alone or integrated
- 1 hour - **QuickBooks Technology Update**
- 1 hour - **Protecting your Internet Identity** – an Accountant's Data Obligation – Presented by one of the most respected attorneys in the privacy and data security field. Door prizes will be copies of the book he has written on Protecting Your Internet Identity.

Preparer Penalty

In Rev. Proc. 2014-15, the IRS identified circumstances under which the disclosure on a taxpayer's return with respect to an item or position is adequate for the purposes of reducing the understatement of income tax (relating to understatement aspect of the accuracy-related penalty) and for the purpose of avoiding the preparer penalty. This revenue procedure applies to any income tax return filed on 2013 forms.

- Additional disclosure of facts relevant to, or positions taken with respect to, issues involving any of the items below is unnecessary for purposes of reducing any understatement of tax provided that the forms and attachments are completed in a clear manner and in accordance with their instructions.
- The money amounts entered on the forms must be verifiable. A number is verifiable if, on audit, the taxpayer can prove the origin of the amount and can show good faith in entering that number on the applicable form.
- The disclosure of an amount is not adequate when the understatement arises from a transaction between related parties. Such a transaction and the relationship must be disclosed on Form 8275 or Form 8275-R.
- When the amount is on a line without a preprinted description, the taxpayer must identify clearly the item's description on that line.
- Although a taxpayer literally may meet the disclosure requirements, the disclosure will have no effect for purposes of the accuracy-related penalty if the item or position on the return:
 - a. Does not have a reasonable basis;
 - b. Is attributable to a tax-shelter item; or
 - c. Is not properly substantiated or the taxpayer failed to keep adequate records with respect to this item.
- Disclosure also will have no effect as applicable to the preparer penalty if the position is with respect to a tax shelter.

Transcripts

The IRS has launched the "get transcript" application which gives taxpayers the ability to view, print, and download tax return transcripts directly from the IRS. After answering security questions, taxpayers can download three years worth of tax information.

Go to the IRS website at www.irs.gov, use the "Order a Return or Account Transcript" under "Tools" link.



Taxpayer Advocate's Report

IR-2014-3 reports that Nina Olson, National Taxpayer Advocate (NTA), released her annual report to Congress, urging the IRS to adopt comprehensive Tax Payer Bill of Rights. The report emphasizes that the tax system is built on voluntary compliance. 98% of all tax revenue is paid timely and voluntarily. Only 2% results from IRS enforcement actions. For the taxpayer, voluntary compliance means not having to face IRS enforcement. For the government, voluntary compliance is cheapest because enforced compliance requires the IRS to devote resources to detecting and collecting amounts that are not voluntarily reported or paid. The report calls on the IRS to take the taxpayer rights that already exist in the complex tax laws and group them into 10 broad categories.

The Advocate also expressed deep concern that the IRS is not adequately funded to serve taxpayers. Each year, more than 100 million taxpayers call the IRS for help, and millions more visit IRS walk-in sites or send correspondence. The agency increasingly is unable to keep up with taxpayers' demands for help in complying with their tax obligations. The report says the IRS's workload has increased over the past decade, and, since FY2010, IRS funding and staffing have been cut by 8%.

- Last year, the IRS could answer only 61% of calls from taxpayers seeking to talk with a customer service representative. That's down from 87% ten years earlier. In FY2013, 39% of calls (20 million) simply did not get through.
- Taxpayers who did get through had to wait on hold approximately 17.6 minutes. That's up from 2.6 minutes ten years earlier.
- The IRS historically has prepared tax returns for taxpayers seeking its help, particularly for low income, elderly, and disable taxpayers. Ten years ago it prepared some 476,000 returns. That number declined significantly, and the IRS recently announced it no longer will prepare returns at all.
- Last year the IRS received about 8.4 million letters from taxpayers responding to proposed adjustments to their tax liabilities. As of the end of the fiscal year, 53% of taxpayer letters in the inventory were considered "over age" (more than 45 days old). That compares with "over age" of 12% ten years ago and 28% in FY2010.
- The IRS recently announced it only will answer "basic" tax law questions on its telephone lines and in its walk-in sites during the upcoming filing season, and it will not answer any tax law questions after the filing season, including questions from the millions of taxpayers filing extensions.

Olson made clear that the deficiencies in taxpayer service are attributable primarily to lack of resources. She wrote, "It is a sad state of affairs when the government writes tax laws as complex as ours—and then is unable to answer questions beyond "basic" ones from baffled citizens who are doing their best to comply."

In 2011, the IRS began implementing regulations to register, test, and require continuing education for unenrolled preparers. In 2013, a US District Court invalidated regulations governing the IRS's testing and continuing education requirements. If the district court's decision is upheld on appeal, the Advocate urges the IRS to adopt a multi-pronged strategy to protect taxpayers by pursuing education and enforcement options that are unambiguously within its purview. The Advocate recommends that the IRS give unenrolled preparers an opportunity to earn a voluntary testing and continuing education certificate and limit the ability of unenrolled preparers who do not earn the certificate to represent taxpayers in audits of returns they prepare. The Advocate also recommends Congress enact legislation to clarify that the IRS may regulate unenrolled paid preparers directly.

User Fees

In Rev. Proc. 2014-8, the IRS listed user fees. Most of them haven't changed this year. Some that have gone up the most are opinion letters on master and prototype plans and advisory letters on volume submitter plans. For more information, see Internal Revenue Bulletin 2014-1.

Sales & Use Tax

As noted in a previous issue, effective January 1 the state imposes a 4.75% general sales tax and the applicable local rate of sales and use tax to the sales price of a service contract sold at retail by a retailer. Effective January 1, NC defines a service contract as a warranty agreement, a maintenance agreement, a repair contract, or a similar agreement or contract by which the seller agrees to maintain or repair tangible personal property. This includes prewritten computer software.

In order to accommodate a number of business practices and arrangements in the service contract industry, the Secretary of DOR will acknowledge and authorize any sales and use taxes collected and remitted by a salesperson, agent, or other person as taxes properly collected and paid on behalf of the retailer. The salesperson, agent, or other person that enters into or executes a service contract on behalf of a retailer should give notice to the retailer of its intent to collect the applicable sales and use taxes on such transactions.

A retailer that enters into an agreement or contract or otherwise authorizes another person to sell or enter into a service contract sourced to NC on the retailer's behalf is engaged in business as a retailer in NC. Such retailer is liable for the 4.75% general state and applicable local and transit rates of sales and use tax on the sales price of a service contract, notwithstanding that the salesperson, agent, or other person may receive payment, in full or in part, on behalf of the retailer on behalf of the retailer from a purchaser. The retailer will be allowed a credit by the Secretary upon examination or other documentation that certifies the amount of sales and use taxes collected and remitted on the sales price of a service contract.

Questions can be directed to the Taxpayer Assistance and Collection Center at (877) 252-3052.

NCSA Schedule of Events

2014

June 25–**Board of Directors meeting**, Embassy Suites, Concord
June 26–**Accounting Seminar**, Embassy Suites, Concord
June 27–**NCSA Convention**, Embassy Suites, Concord
July 1-3–**IRS Nationwide Tax Forum**, Chicago
July 15-17–**IRS Nationwide Tax Forum**, San Diego
July 18–**Leadership & Committee Day**,
Pinewood Club, Asheboro
July 22-24–**IRS Nationwide Tax Forum**, New Orleans
August 19-21–**IRS Nationwide Tax Forum**, DC
August 20-23–**NSA Meeting & Expo**,
Hyatt Regency, Baltimore, MD
August 25-27–**Carolinas Tax Professionals Seminar**,
Hilton University, Charlotte
August 26-28–**IRS Nationwide Tax Forum**, Orlando

2013-2014 OFFICERS

PRESIDENT – M. LOUISE PISTOLE

Post Office Box 72
Matthews, NC 28106
704-847-8275
pistole9@windstream.net

PRESIDENT-ELECT – MARGIE H. STRIDER

Post Office Box 1186
Asheboro, NC 27204
336-629-6695
margiestrider@embarqmail.com

SECRETARY – JAMES P. UPTON, III

508 N. Broad St.
Seagrove, NC 27341
336-873-7690
jamesupton@rtmc.net

TREASURER – JOHN MCKINNEY

3035B US 221 North
Marion, NC 28752
828-652-8444
johnm@accuraaccounting.com

IMMEDIATE PAST PRESIDENT –

CHERYL C. HUDSON

3856 Dunn Road
Eastover, NC 28312
910-223-0200
cherylhudson@nc.rr.com

ASSOCIATION OFFICE

Candace Cansler, Executive Director
P.O. Box 1126
Conover, NC 28613
866-755-NCSA(6272) toll-free
828-695-2520 (v) 828-695-2522 (f)
candace@ncsa1947.org

THE ACCOUNTANT EDITOR – STEPHEN METELITS

metelits@usa.net

The Accountant is distributed with the understanding the publisher is not engaged in rendering tax, legal, accounting, or any other professional advice and assumes no liability or responsibility whatsoever in connection with its use. You are urged to do research before acting upon any information appearing in this publication. Opinions expressed in The Accountant are those of the editor and contributors. The Accountant is published monthly by the North Carolina Society of Accountants, Post Office Box 1126, Conover, NC 28613.



Fellow NCSA members,

I want to personally invite each of you to join me at the 67th Annual NCSA Convention in Concord, NC. The hotel is closely

located to lots of shopping, including Concord Mills, and many restaurants.

I especially want to invite all of our members who have never attended one of our conventions. I hope this will be the year you attend and take advantage of your \$50 first timer discount.

This has been a grand year and many exciting things have happened for NCSA! Now, it's time to relax and reflect on our accomplishments of the year.

Looking forward to seeing each of you at Convention!

M Louise Pistole

NCSA President 2013-2014

PRACTICE MANAGEMENT
Register for Summer PAS
(See separate registration form)

NCSA is honored to provide 8 hours of accounting CPE on Practice Management. We have a professional group of speakers with in-depth knowledge on an array of topics to assist you with achieving top performance in your accounting practice. You don't want to miss this informative seminar on Practice Management.

The Agenda

Wednesday, June 25th

4:30 p.m. Officers Meeting
5:00 p.m. Board of Directors Meeting
Free Evening

Thursday, June 26th

7:00 a.m. CPE & Convention Registration
(CPE Registration & Payment is on a separate registration form)
8:00 a.m. 4 Hours CPE
12:00 p.m. Lunch Provided
1:00 p.m. 4 Hours CPE
6:30 p.m. **President's Reception**
7:30 p.m. **President's Dinner**
9:00 p.m. Nominating Committee Meeting
9:00 p.m. Scholarship Bingo

Friday, June 27th

67th Annual Convention
8:30 a.m. Devotional
9:00 a.m. Business Session
12:00 p.m. **Past President's Luncheon**
1:30 p.m. Business Session
Resumes
6:00 p.m. Cocktail Hour
7:00 p.m. Installation Banquet

Saturday, June 28th

9:00 a.m. Board of Directors Meeting

Your full registration includes, **President's Reception, President's Dinner on Thursday, Past President's Luncheon, General Business Session, and Installation Banquet on Friday.**

Call the hotel Directly at 704-455-8200 or go online to www.embassysuitesconcord.com to make your reservations. The group code is SOA and the group rate is \$145.00 per night. The room block expires **May 25th**. Reservations made after May 25th will be charged a higher rate and are not guaranteed to be available.



For additional information or questions contact:

Candace Cansler, Executive Director
NC Society of Accountants, Inc.
P.O. Box 1126, Conover, NC 28613
866-755-6272 or candace@ncsa1947.org

North Carolina Society of Accountants, Inc.

67th Annual Convention



EMBASSY SUITES®

Charlotte - Concord/Golf Resort & Spa

June 26-27, 2014

Embassy Suites

5400 John Q. Hammons Dr., NW
Concord, NC 28027

Reservations

(704)455-8200

or

www.embassysuitesconcord.com

Group Code: SOA



NCSA 2014 CONVENTION REGISTRATION FORM

PLEASE PRINT LEGIBLY TO AVOID ERRORS AND DELAYS ON-SITE

Name (To appear on Badge) _____

Spouse/Guest Name _____

Children's Names _____

Street Address _____

Address should be the billing address of your credit card, if you decide to pay by credit card.

City/State/ZIP _____

Phone _____ **Fax** _____

E-mail _____

Cancellation Policy: Registration fees are non-refundable after May 25th. Refunds approved by the NCSA Board prior to issue. All refunds subject to a \$50 service charge.

****Registration Fees Include ONLY Convention Events.
CPE registration and hotel reservation must be made separately****

Registration Fees*	Number Attending	Registration (Prior to May 25th)	Registration (After May 25th)	Total
Members	_____	\$200.00	\$250.00	_____
First Timer Discount	_____	<Deduct \$50.00>	<Deduct \$50.00>	_____
Spouse/Guest/Children (16 & older)	_____	\$150.00	\$175.00	_____

INDIVIDUAL SESSION REGISTRATION: FOR THOSE WHO ARE UNABLE TO ATTEND THE ENTIRE CONVENTION

Separately Paid Items

Presidents' Reception & Dinner	_____	\$ 70.00	\$ 75.00	_____
Business Session	_____	\$ 50.00	\$ 75.00	_____
Luncheon Honoring Past Presidents	_____	\$ 50.00	\$ 60.00	_____
Installation Banquet	_____	\$ 75.00	\$ 85.00	_____

TOTAL REGISTRATION FEES SUBMITTED: \$ _____

Special Meal Requests

Menus including beef, pork and chicken are planned for convention meals. If you or your guest have special dietary needs please advise the NCSA office at the time of registration for meal substitutions.

Dress Code

President's Reception & Dinner—Casual
Business Sessions—Business
Installation Banquet—Business

TOTAL AMOUNT SUBMITTED:

\$ _____

(SEPARATE REGISTRATION REQUIRED FOR CPE)

PAYMENT METHODS:

Online at : www.ncsa1947.org

Check # _____

Make checks payable to NCSA:

Post Office Box 1126, Conover, NC 28613

Or for your convenience credit cards are accepted **(indicate your preference below)**

Visa _____ MC _____ Disc _____

Credit Card

Exp. Date _____ Security Code _____

Signature