



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

September 2015



A Message From The President

Ronald D. Powell



Ronald D. Powell

Inside this Issue

Chapter News	2
President's Message (continued)	3
Ratable Service Contracts	3
Identity Protection Services	3
Inside NCSA	4-5
Highway Act	6
Corporate Taxes	6
NSA Tax Practitioners Bill of Rights	7
PTI	attached

TEAMWORK—Empathy & Awareness. Connect to the person before a crisis. Coach team members not to criticize. Understand that we work for the people—our clients—not for companies or the tax agencies. Have double vision. We don't follow titles across the desert, we follow ties, those relationships we have forged. "Change is the only thing that stays the same; it's our response to that change that dictates our success," Chief Alan Burnacini, Phoenix Fire Department. The success of NCSA has been the members and our relationships. I am amazed each week as we work through this year how a member has seen a need arise and stepped up to meet that need. We are successful because of TEAMWORK. Each of us brings strength or a skill which makes us the only Society in North Carolina protecting the rights of accountants and tax professionals.

The NSA Annual Meeting in Vancouver, BC, was an exciting event. North Carolina was represented by Margie Strider and her sister, Louise Pistole and her sister, Linda Barbee, and my wife, Latefa, and me. We won 2015 ASO of the Year; this has not happened since 2008. Curt Lee earned the 2015 NSA State Director of the Year and won his election as NSA Secretary-Treasurer. NCSA also was recognized for monitoring our state board of accountancy. These efforts spearheaded by Curt Lee and Jim Holmes allows us to stay abreast of any proposed changes affecting our rights to practice in North Carolina.

Mark your calendars now for September 24-25 at the Sheraton Four Seasons for our Fall Professional Accounting Seminar. GearUp will be presenting SSARS 21 Reporting Requirements and Practice Management. This will be a 16-hour continuing education seminar approved by NASBA. **Anyone who prepares an Income Statement or Balance Sheet for a client needs to attend. The standards have been clarified, and there are some changes everyone needs to make in their practice.**

October 23 is our annual meeting with local tax agency representatives. Peggy Bartsch, Practitioners' Forum Committee Chair, is planning this event and welcomes your feedback on questions to present to the IRS, NC Department of Revenue, and NC Division of Employment Security. Contact Candace Cansler if you want to register. The fee is just \$65 and includes your lunch. Details are on the website; click on "Events."

We welcome new members Linda Barnette (Taylorsville), Mike Board (Greenville), Kenneth Cornelius (Louisville), and Krissy Mustard (Sharpsburg). Tammy Baxter (High Point) upgraded her membership to Full. Find their information in the Membership Directory and welcome them to NCSA!

We need your feedback on some issues for planning NCSA's future. As you are aware, SSARS 21 changes the way we provide information to our clients, and, with this, there could be changes to practice rights. If you could take a moment to reflect on these topics and let me or any Board member know your thoughts. Discuss these at your chapter meetings as well.

We have had Quality Assurance Review for many years thank to David Hooker and others. It always has been a voluntary program. With changes coming in other state laws, could that change happen here? Do we need to make it mandatory to have the review? If **so, do we phase** it in over a few years?

(continues on page 3)



Chapter News

September is upon us and soon leaves will be changing and nights will be getting cooler. Football is the sport of the season, and many Friday nights will be spent at games supporting our local high school athletes. At the same time we are all trying to get those final extended returns done, and get in some CE classes. Don't forget your chapter meeting this month. Many exciting meetings are taking place across our state. Read on to learn more!

Burlington

The Burlington Chapter met on Thursday, August 27th at Kimbers in Gibsonville. **James Upton** was on hand speaking on Health Savings Accounts. The Burlington chapter normally meets on the 4th Thursday of each month. For more information about the Burlington chapter contact Jim Holmes at jholmes.acct@yahoo.com

Cape Fear

The Cape Fear chapter met on Monday, August 17th at Sammio's in Fayetteville. Eleven were in attendance to hear NCSA Past President **Cheryl Hudson** speak on Political Contributions and the various rules and regulations surrounding. The chapter normally meets the 1st Monday after the 15th each month. For more information contact Merry Arnett at mparnett@embarqmail.com

Central

The Central Chapter met on Monday, August 24th at Sagebrush Steakhouse in Asheboro. **Greta Lint** gave a great presentation "Are you Ready for Social Media?". Next month the meeting on September 28th will feature NCSA and NSA Past President **Paul Bumgarner**, speaking on the ACA and Employers. Central Chapter meets on the 4th Monday of each month. For more information contact Kevin Robinson at kevro@triad.rr.com

Charlotte

The Charlotte Chapter met on Thursday, August 27th at Captains Cove (was Captains Galley) in Matthews. **Debora Fikes** of the US Dept of Homeland Security spoke on Employee Identity Verification. The Charlotte Chapter normally meets on the 4th Thursday of each month. For more information contact Louise Pistole at pistole9@windstream.net

Eastern

The Eastern Chapter met at H&R Block in Greenville. The chapter welcomed NCSA Past President **J.R. Lawson** speaking on Business Valuations. Next month will feature a presentation from **Paul Bumgarner** on ACA for Employers. The Eastern chapter meets on the 4th Tuesday each month at H&R Block in Greenville. For more information contact Ronald Powell at ron@powellaccounting.com

Hickory

The Hickory Chapter met on Monday, August 31st at O'Charley's in Hickory. **Marsha Wheeler**, Chapter Promotions Chair, spoke on her committee and having a better chapter. 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, August 25th at Sagebrush Steakhouse in Kernersville. NCSA Past President **J.R. Lawson** spoke on Business Valuations. Piedmont Chapter normally meets on the last Thursday of each month. For more information contact Carol Smith at clstax-es@bellsouth.net

Raleigh

The Raleigh Chapter met Tuesday, August 25th at Manchesters in North Raleigh. NCSA Board Member **Robert Pia** and NSA Secretary=**Treasurer Curt Lee** spoke on the in-depth the workings of NCSA. Lauren Benbow of the Secretary of State's office will speak at the next meeting. The Raleigh Chapter meets on the 4th Tuesday of each month. For more information contact Stephen Metelits at metelits@usa.net

Sandhills-Sanford

The Sandhills-Sanford Chapter met on Thursday, August 27th at Ironwood Cafe in Pinehurst. **Paul Bumgarner** was on hand to speak on ACA for Employers. The chapter meeting had 13 in attendance. For more information contact Gaye Saunders at gaye@saundersaccounting.org

Western

The Western Chapter met on Tuesday, August 25th at Gondolier Restaurant in Asheville. **Bill Gilliland**, Action Coach spoke on "How to Build the Perfect Team". For more information contact Beth Evans at precisionacct@mindspring.com.

Wilmington

The Wilmington Chapter met on Monday, August 24th at McAllisters Deli in Wilmington. **James Upton** spoke to the chapter on Rental Income Issues. Contact Chapter President Marie Izzo for more information at marie@johnizzocpa.com

We cannot compile this report without your information. If you have news of your chapter or its members including photos or interesting things that happened at your chapter meeting please email James Upton at jamesupton@rtmc.net or call (336) 873-7690.

When Do Our Chapters Normally Meet?

1 st Monday after the 15 th	Last Monday	4 th Monday	4 th Tuesday	Last Thursday	4 th Thursday
Cape Fear	Hickory	Central	Western	Piedmont	Burlington
		Wilmington	Raleigh		Charlotte
			Eastern		Sandhills-Sanford

A Message From The President

(continued from page 1)

We now have many tools available through our website in the "Members Only" section to aid membership growth. I hope you and your chapters are taking advantage of "Membership Resources" tools. What is next? Where could we start another chapter?

I spoke with several states where they have done a name change or rebranding and have had success in growing their organizations. What are your thoughts? Should we change our name to NC Society of Accountants & Tax Professionals? Or Accountants & Tax Professionals of North Carolina? Would a simple change to the by-laws work where we accept accountants and tax professionals (without a privilege license)? What about a new logo?

We already have started to strengthen chapters by developing a section of the *AP Manual* specifically for the chapters. Our website was updated to provide more templates and guidance for the chapters. Leadership Day the last two years focused specifically on networking for chapter officers. What else do we need to do? What is working to strengthen your chapter?

Ratable Service Contracts

Rev. Proc. 2015-39 provides a safe harbor under which a taxpayer using an accrual method of accounting may treat economic performance as occurring on a ratable basis for certain service contracts. This revenue procedure also provides procedures for obtaining the automatic consent of the Commissioner to change the method of accounting described below.

This revenue procedure applies to an accrual method taxpayer that wants to change its method of accounting for liabilities arising out of the provision of services to the taxpayer under a Ratable Service Contract. A contract is a Ratable Service Contract if:

1. The contract provides for similar services to be provided on a regular basis;
2. Each occurrence of the service provides independent value, such that the benefits of receiving each occurrence of the service is not dependent on the receipt of any previous or subsequent occurrence of the service; and
3. The term of the contract does not exceed 12 months (contract renewal provisions are not considered in determining whether a contract exceeds 12 months).

A change must be made in the treatment of Ratable Service Contracts to conform to the safe harbor method provided by the method of accounting. This change applies to an accrual method taxpayer that wants to change its treatment of Ratable Service Contracts to conform to the safe harbor method provided by Rev. Proc. 2015-39. The designated accounting method change number for changes in methods of accounting in Rev. Proc. 2015-14 section 19.12 is "220."

Identity Protection Services

Many businesses, government agencies, and other organizations often provide credit reporting and monitoring services, identity theft policies, identity restoration services, or other similar services to the customers, employees, or other individuals whose personal information has been compromised. Are these benefits taxable?

There is a hole in existing law, so the IRS has jumped in with Announcement 2015-22 which provides wishy-washy answers. The IRS will *not* assert that an individual whose personal information may have been compromised in a data breach must include in gross income the value of the identity theft protection services provided. Additionally, the IRS will *not* assert that an employer providing identity protection service to employees whose personal information may have been compromised in a data breach must include such services in gross income and wages. The IRS also will *not* assert that these amounts must be reported on an information return.

This announcement does *not* apply to cash received in lieu of identity protection services. This announcement also does *not* apply to proceeds received under an identity theft insurance policy.

Inside NCSA

Julie McNeill

Where interesting facts and overheard stories are told.

Be careful what you say it might just show up here!

Congratulations to all of you as NCSA received the NSA Affiliated State Organization of the Year Award. Thanks goes to **Margie Strider** for writing a wonderful recommendation.

CONGRATULATIONS



Congratulations to **Curt Lee** on being named NSA State Director of the Year and being installed as NSA Secretary-Treasurer for 2015-2016.

Congratulations to **Louise Pistole** on being named NSA State Director.



Congratulations to **Peggy Bartsch** as her son Zachary Bartsch and Rhiannon Moore were united in matrimony on Saturday, August 22 with a ceremony at Belltower Chapel in Fort Worth, TX

Susan Corliss-Bland is still homeless, but they are making progress.



Ronald D. Powell, Margie Strider, and Louise Pistole and their significant others were jet setting their way to and from Vancouver where they attended the National Society of Accountants Convention during the month of August.



Kevin Robinson and his wife Sandra traveled on a cruise and land tour to Alaska and took in many sights while there. He shared on one of their trips they met the husband of Susan Butcher, a champion American dog musher and four-time winner of the Iditarod Trail Sled Dog Race. Check out Kevin's Facebook page to see more of his pictures from their trip.



shutterstock - 50547577

Our deepest sympathy is extended to **Linda Barbee** on the death of her friend Sammy Morrow. Sammy has attended several NCSA events with Linda through the years.



Please remember **Catherine Williams** and **Ersell York** in prayer as they both recover from surgeries during August.

(continued on page 5)

(continued from page 4)

Inside NCSA

Julie McNeill

Where interesting facts and overheard stories are told.

Be careful what you say it might just show up here!

Recently I asked some of our members if they would share their fondest memory of school, most embarrassing moment in school, and favorite subject in school. Here is what a few of them had to say!



John Blanton shared that school was so long ago, it is hard to remember, but he did recollect having to walk 5 miles uphill both ways in the snow just to get to school. At least he was tall enough to see if the snow got too deep! His favorite subjects in school were History and English, most embarrassing moment was scoring a basket for the opposing team (fortunately his team won anyway) and his proudest moment was walking the stage to receive his diploma and heading to Myrtle Beach for Senior Week!



Rhonda Levy said she almost won the spelling bee one year, and banana's dipped in chocolate fondue – fondest. Her most embarrassing moment was one time when her mom burnt the pintos in the crock pot one night and she had to get on the bus the next morning with stinking clothes, and on top of it all she was a freshman. Burnt pintos were on everything in the house and there was no escaping it. Math, of course was her most favorite subject.



Carole Owenby said she has been out of school way too long to remember much but she did share her fondest memory of school was graduation day! Her favorite subject in school was Lit classes – American Lit in high school, English Lit in college. Her favorite high school teacher was Mrs. Thornberg who was a short, red-headed, fireball who just knew how to excite the students. Her favorite college teacher obviously loved her subject, as she is a published author, and was absolutely one of the best teachers she had the pleasure of knowing. She shared she didn't know how she ended up an accountant since Lit classes were her favorite but she says she is certainly not a writer.

Ronald D. Powell shared that it was more of a question of where he would be for the next school year. His father, **Wade Powell**, was in the military so change was always on the horizon. In third grade he changed schools three times. His schooling started with him in attendance at Hillcrest Elementary in Sumter, SC and graduating from high school at Yokota High School in Tokyo, Japan. Needless to say he is well traveled.



Highway Act

The *Surface Transportation and Veterans Health Care Choice Improvement Act of 2015*, to save space, the Highway Act, makes several changes to tax laws. Most of the changes are for tax returns for 2016 and later.

Due dates for tax returns

- For most C corporations, tax returns are due on the 15th day of the fourth month after the end of their year.
- For C corporations with a June 30 year end, the tax return is due on September 15 until after tax years beginning after December 31, 2025.
- Partnership tax returns are due on the 15th day of the third month after year end.
- S corporation tax returns are due on the 15th day of the third month after year end.

Extensions for tax years after December 31, 2015:

- 5 months for C corporations for calendar year filers until tax year 2026.
- 5½ months for calendar year trusts.
- 6 months for partnerships and S corporations.
- 6 months for calendar year Form 990 non-profits.
- 6 months for C corporations with taxable years ending on days other than June 30 or December 31.
- 7 months for C corporations with taxable years ending on June 30 for tax years beginning before January 1, 2026.

The Highway Act for Form 1098 starting in 2017 requires it to include the outstanding principle at the beginning of the year, the original date of the mortgage, and the address of the property which is mortgaged.

For estate tax Form 706, the fair market value used to determine the basis of assets acquired from a decedent must be consistent. Executors required to file Form 706 must furnish a statement to the IRS and the beneficiaries informing them of the value of each interest reported on Form 706. An underpayment of tax resulting from an understatement of basis is subject to a 20% accuracy-related penalty. Fortunately, in Notice 2015-57, put a hold on filing statements to be filed with the IRS or furnished to beneficiaries before February 29, 2016, until that date so that the IRS has time to issue guidance on this issue.

Corporate Taxes

The state got enough revenue to satisfy the two-year old tax law. Starting January 1, 2016, the corporate tax rate sinks to 4%.





The NSA Tax Practitioners Bill of Rights

1. THE RIGHT TO HAVE TAX LAWS AND RULES PASSED IN A TIMELY MANNER, INCLUDING:

- a. The right to have tax laws affecting the current tax year enacted no later than September 1 of that year.
- b. The right to have IRS forms reflecting any new tax laws for the current year available no later than October 1 of that year.

2. THE RIGHT TO QUALITY SERVICE FROM THE IRS, INCLUDING:

- a. The right to have telephone calls answered within 15 minutes, on a practitioner-only hotline, staffed by competent/knowledgeable employees.
- b. The right to have taxpayer correspondence answered within 20 days.
- c. The right to have any collection action on the taxpayer's account frozen while the IRS is considering a taxpayer's timely filed response to IRS collection activity.
- d. The right to have one IRS representative deal with a tax issue from start to finish until the issue is resolved.
- e. The right to request a supervisor be involved in resolving a matter if the initiating IRS representative is unwilling or unable to resolve an issue.
- f. The right for practitioners with Practitioner Tax Identification Numbers (PTINs) to communicate electronically with the IRS on taxpayer matters in a secure manner.

3. THE RIGHT TO PRACTICE WITHOUT UNDUE IRS DEMANDS DURING TAX FILING SEASON, INCLUDING:

- a. The right to have an IRS audit moratorium during the three weeks immediately before major tax deadlines such as March 15, April 15, September 15, October 15 of each year.
- b. The right to have an IRS moratorium on collection actions or collection information requests during the three weeks immediately before major tax deadlines such as March 15, April 15, September 15, October 15 of each year.
- c. The right to have an IRS moratorium on planned software maintenance and computer downtime periods during the three weeks immediately before major tax deadlines such as March 15, April 15, September 15, October 15 of each year.

Sign the Petition!

<http://www.ipetitions.com/petition/nsa-bill>



National Society of Accountants
800-966-6679; www.nsacct.org; members@nsa



NCSA Schedule of Events

2015

September 24-25—**New SSARS Requirements & Practice Management**, Sheraton Four Seasons, Greensboro, 8 am-4 :30 pm

October 6-7—**NCSU S Corporations**, McKimmon Center, 8:30 am to 4:45 pm

October 23—**Practitioner's Forum**, Holiday Inn Airport, Greensboro, 9 am-4 pm

November 17—**Board of Directors Meeting**, Sheraton Four Seasons, Greensboro, 4:30 pm

November 17-18—**PTI**, Sheraton Four Seasons, Greensboro

November 18-19—**PTI**, Doubletree, Charlotte Airport

November 19-20—**PTI**, Ocean Reef Resort, Myrtle Beach

December 1-2—**NCSU Intermediate**, Asheville Renaissance Hotel, Asheville

December 1-2—**NCSU Intermediate & Advanced**, Holiday Inn, Fayetteville

December 3-4—**NCSU Intermediate**, The Hawthorne Inn, Winston-Salem

December 3-4—**NCSU Intermediate & Advanced**, Greensboro Coliseum, Greensboro

December 8-9—**NCSU Intermediate**, Hilton, Greenville

December 8-9—**NCSU Intermediate & Advanced**, The Blake Hotel, Charlotte

December 10-11—**NCSU Intermediate**, Hilton Riverside, Wilmington

December 10-11—**NCSU Intermediate & Advanced**, McKimmon Center, Raleigh

2015-2016 OFFICERS

PRESIDENT – RONALD D. POWELL

350 South Cox Street, Ste. A
Asheboro, NC 27205
336-625-1427
ron@powellaccounting.com

PRESIDENT-ELECT – JAMES L HOLMES

519 Truitt Drive
Elon, NC 27244
336-226-5195 x205
jholmes.acct@yahoo.com

SECRETARY – MARY A. FULLER

3209 Guess Road Suite 104
Durham, NC 27705
919-479-9300
fullerwm@cs.com

TREASURER – JOHN BLANTON

Post Office Box 6
Randleman, NC 27317
336-495-0056
jblanton1948@gmail.com

IMMEDIATE PAST PRESIDENT –

MARGIE H. STRIDER

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