



The Accountant

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of the North Carolina Society of Accountants

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September 2016



A Message From The President

James L. Holmes



James L. Holmes

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PTI Brochure

When you read this message the summer of 2016 will be over. What a year it has been, and it only has been 2 months for me as President of the NCSA. I have had the pleasure this year of installing officers in the Piedmont Chapter, the Cape Fear Chapter, and the Western Chapter.

I attended the National Society of Accountants annual convention in Tampa, FL, and am happy to say that North Carolina was well represented by Margie Strider, Curt Lee, and myself. We all had a good time, and there was plenty of education for anyone who wanted to attend. North Carolina again won the Keith Billings Award for *The Accountant* thanks to Stephen Metelits and his committee. I will be presenting this award to Steve at the November board meeting. (I guess now it won't be a surprise.)

The North Carolina Society of Accountants is fortunate to have Curt Lee as Secretary-Treasurer of NSA. Curt is doing a great job for NSA and is representing us well. We also have Louise Pistole representing us as our State Director, and she is doing an outstanding job for us. In addition to these two we have Margie Strider and myself on NSA committees. Yes, North Carolina is represented well.

This year really has been busy for me as I am a speaker at the IRS National Tax Forums in Chicago, IL, National Harbor, MD, and am going to the Orlando, FL forum in the morning. I have learned a lot at the Forums and have met a lot of nice people. I have been glad to see many NCSA members at the various forums.

Yvette Horne and Florence Black have been working hard to put together our Fall PAS. This accounting seminar will be held Friday September 16 with John Ayers, MBA, CPA as the speaker. John is a renowned speaker and will cover several topics: Engagements Where the Accountant Prepares Financial Statements for Clients, Personal Financial Statements, and Responses to Questions Clients Ask. The six hour seminar will be held at the Pinewood Country Club. The cost is \$95.00 includes lunch. Wow, what a deal.

Be sure to put our Practitioners' Tax Forum on your calendars for October 21st at the Holiday Inn Airport in Greensboro.

Well I'm going to cut this off now as I have to get up at 4:00 am in the morning to get to the airport. I look forward to seeing all of you at the Fall PAS on the 16th.



Chapter News

Wow! The second tax season has been a bear! Get those final returns done and get ready for cooler weather and the education season. Read on to see how our chapters are keeping up to date.

Burlington

The Burlington Chapter met Thursday, August 25th at Kimbers in Gibsonville. Chapter Promotions Chair **Marsha Wheeler** was on hand to discuss NCSA membership, chapter participation and our Scholarship Foundation. 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 22nd at Sammio's in Fayetteville. Chapter Promotions Chair **Marsha Wheeler** was on hand to discuss NCSA membership, chapter participation and our Scholarship Foundation. The chapter meets the 1st Monday after the 15th each month. For more information, contact Marsha Wheeler at mwheeler14@nc.rr.com

Central

Chapter met on Thursday, August 25th at Pinewood Country Club with **Curt Lee** on hand to discuss our Right to Practice and his work with NSA. The chapter meeting will return to Monday on September 26th at CJ's Olde Towne Restaurant in Asheboro, NCSA President **Jim Holmes** will speak on Transportation Industry issues. Please note the change to Thursday for this one meeting. Central Chapter meets on the 4th Monday of each month. For more information contact Kevin Robinson at kev-rob@triad.rr.com

Charlotte

The Charlotte Chapter met Tuesday, August 30th at Golden Corral in Matthews. **Paul Bumgarner** spoke regarding up-to-date information on the Affordable Care Act. September 27th's meeting will feature NCSA President Elect **James Upton**. James will have a presentation on Installment Payment Agreements along with a BONUS of Other Tax Topics from This Past Tax Season. 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 the H&R Block office located at 629 Red Banks Road in Greenville at 6 pm. Following dinner and our business meeting, **Dennis Beaudet** presented us with a lot of valuable information on "Small Business Retirement Plans". Dennis discussed the different types of retirement plans that are available for small businesses; eligibility rules and funding requirements of the different plans; and contribution limits of the plans. Our next meeting will be on September 27, 2016, at 6 pm at H&R Block, 629 Red Banks Road, Greenville. The Eastern chapter meets on the 4th Tuesday each month at H&R Block in Greenville. For more information contact Karen Spruill at karen.spruill@hrblock.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, August 25th at Sagebrush in Kernersville. Chapter Vice President **JR Lawson** gave a presentation on the new overtime law. Piedmont Chapter normally meets on the last Thursday of each month. For more information, contact David L. Hooker at dlhacct@triad.rr.com

Raleigh

The Raleigh Chapter met on Tuesday, August 23rd at Manchesters. **Larry Grossman** revealed the membership recruiting plan. 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 Thursday, August 25th at Table on the Green in Pinehurst. **Justin Bradford**, Director of Retirement Plan Services and Founder of Bradford Wealth Management in Pinehurst, who spoke to us about different retirement plan options. For more information, contact April Eads at angelicape@aol.com

Western

The Western Chapter met on Tuesday, August 30th at Gondolier Restaurant in Oteen. **Cynthia Anderson** with A-B Tech spoke on FAFSA. Western Chapter normally meets the 4th Tuesday of each month. For more information contact Beth Evans at Beth.evans@precisionacct.com

Wilmington

The Wilmington Chapter met on Monday, August 26th at McAllister's Deli on College Rd in Wilmington. Our speaker this month was **Rhonda High** with the NC Department of Revenue. She spoke on the latest developments and clarification of changes to the NC Sales and Use Tax. Contact Chapter President Susan Corliss Bland for more information at susan@intrstar.net

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.

Personal Notes

Julie McNeill

Get well wishes to **David Hooker's** 96-year-old mother who has suffered some recent health issues. Also remember **James Upton** who broke his left wrist and had surgery to repair the damage, but he is on the mend after 2 plates, a bone graft and some screws. Needless to say he will light up a metal detector now!

Installment Agreement Fees

In IRS Newsletter IR-2016-108, the IRS proposed fees for installment agreements effective January 1, 2017. The fees favor on-line applications and direct debit payments.

The revised fees of up to \$225 would be higher for some taxpayers than those currently in effect, which can be up to \$120. However, under the revised schedule any affected taxpayer could qualify for a reduced fee by making their request on-line using the on-line payment agreement application on IRS.gov. Moreover, there would be no change to the current \$43 rate that applies to the approximately one in three taxpayer requests that qualify under low-income guidelines. These guidelines, which change with family size, would enable a family of four with total income of around \$60,000 or less to qualify for the lower fee.

For the first time, any taxpayer regardless of income would qualify for a new low \$31 rate by requesting an installment agreement on-line and choosing to pay what they owe through direct debit.

The top rate of \$225 applies to taxpayers who enter into an installment agreement in person, over the phone, by mail, or by filing Form 9465. But a taxpayer who establishes an agreement in this manner can substantially cut the fee to just \$107 by choosing to make their monthly payments by direct debit from their bank account.

Alternatively, a taxpayer who chooses to set up an installment agreement using the IRS on-line payment agreement application will pay a fee of \$149. Similarly, they can cut this amount to just \$31 by also choosing direct debit.

Has Your Computer Been Hacked?

News release IR-2016-119 announces if you are reporting a suspected data breach, Eugenia Tabon (our Stakeholder Liaison) will be asked to provide the date of the incident, how the incident was identified, your name, your EIN, your PTIN, the name of your firm, and possibly a listing of EFINs issued to your firm. In addition, practitioners should be prepared to secure and provide the following client information to either Stakeholder Liaison or Criminal Investigation:

- A complete listing of *all* client SSNs.
- A complete listing of business client EINs.

Stakeholder Liaison simultaneously will notify Criminal Investigation Division and Return Integrity and Compliance Services.

This information should be sent by fax or e-fax.

Affordable Care Act Tax Provisions

Individuals

The 0.9% **Additional Medicare Tax** applies to wages and self-employment income that exceeds \$250,000 joint, \$125,000 separate, and \$200,000 for all others. Employers must withhold from wages over \$200,000 in a year.

For tax years 2012 and later, the **Adoption Credit** is non-refundable with a maximum amount of \$12,650.

The *Expatriate Health Coverage Clarification Act of 2014* provides that the ACA provisions do not apply to expatriate health plans or insurance.

Health coverage for an employee's **children** under age 27 now generally is tax free to the employee.

The cost of **over-the-counter** drugs without a prescription is not deductible under an FSA, HSA, or MSA. This does not apply to insulin, glasses, contact lenses, and medical devices.

The individual **shared responsibility** provision requires that each individual to have minimum essential coverage, exemption, or make a payment with the tax return.

Deduction for **medical expenses** is over 10% AGI except for 2016 for over 65 is 7.5%.

There is a **Premium Tax Credit**.

Employers

Certain employers (50 full-time or equivalent employees) must offer **health benefits** to their employees or pay a **shared responsibility payment**.

Small employers cannot **reimburse or pay** employees to get their own health insurance.

After December 31, 2019, employers will be charge a 40% **excise tax** on the cost of employer-sponsored health care coverage over a statutory amount revised annually.

An employer-sponsored plan must provide **minimum value** coverage

Employers must report provided health coverage in box 12 of Form **W-2**.

A 10% excise tax on indoor UV **tanning services**.

Miscellaneous

Tax return preparers cannot disclose or use client information without client's permission.

Sales Tax

Effective October 1, the local rate of sales and use tax in Cherokee and Jackson Counties is 2.25%, the state rate is 4.75%, bringing the total sales and use tax in those two counties up to 7%. The tax applies to personal property, taxable service contracts, taxable gross receipts derived from admission charges to an entertainment activity, certain digital property, sales price or taxable gross receipts derived from repair, maintenance, and installation services, and certain other items subject to the general state rate of sales and user tax.

Phishing for Tax Professionals

IRS newsletter IR-2016-103 alerts tax professionals to an emerging phishing e-mail scam that pretends to be from tax software providers and tries to trick recipients into clicking on a bogus link. In the new scheme identified as part of the IRS Security Summit process, tax professionals are receiving e-mails pretending to be from tax software companies.

The e-mail scheme requests the recipient to download and install an important software update via a link included in the e-mail. Once recipients click on the embedded link, they are directed to a website prompting them to download a file appearing to be an update of their software package. The file has a naming convention that uses the actual name of their software followed by an “.exe extension.”

Upon completion, tax professionals believe they have downloaded a software update when in fact they have loaded a program designed to track their key strokes, which is a common tactic used by cyber thieves to steal login information, passwords, and other sensitive data.

The IRS urges all tax professionals to take the following steps:

- Be alert for phishing scams; do not click on links or open attachments contained in e-mails and always utilize a software provider's main webpage for connecting to them.
- Run a security check “deep scan” to search for viruses and malware.
- Strengthen passwords for both computer access and software access; make sure your password is a minimum of 8-digits long (more is better) with a mix of numbers, letters, and special characters.
- Educate all staff members about the dangers of phishing scams in the form of e-mails texts, and calls.
- Review any software that your employees use to remotely access your network and/or your IT support vendor uses to remotely troubleshoot technical problems and support your system.

Corporate Taxes

The state got enough revenue to satisfy the three-year old tax law. Starting January 1, 2017, the corporate tax rate sinks to 3%.

Reduce Risk of ID Theft

Take these easy steps:

- Minimize personal information in your wallet.
- Don't give personal data unless you know who is asking.
- Don't click on Internet links sent to you unsolicited.
- Check your [annual credit report](#).

NCSA Schedule of Events

2016

September 16–**Fall PAS**,
Pinewood Country Club, 9 am–4 pm

October 21–**Practitioners' Forum**,
Airport Holiday Inn, Greensboro, 9 am

November 15–16–**PTI**,
Sheraton Four Seasons, Greensboro

November 15–**Board of Directors**,
Sheraton Four Seasons, Greensboro, 6 pm

November 16–17–**PTI**,
Double Tree Airport, Charlotte

November 17–18–**PTI**,
Ocean Reef, Myrtle Beach, SC

November 28–29–**NCSU Advanced & Intermediate**,
Double Tree, Fayetteville, 8:30 am–4:45 pm

November 28–29–**NCSU Intermediate**,
Four Points, Asheville, 8:30 am–4:45 pm

November 30–December 1–**NCSU Advanced & Intermediate**,
Cabarrus Arena, Charlotte, 8:30 am–4:45 pm

November 30–December 1–**NCSU Intermediate**,
Village Inn, Winston-Salem, 8:30 am–4:45 pm

December 5–6–**NCSU Advanced & Intermediate**,
Greensboro Marriot, Greensboro, 8:30am–4:45 pm

December 5–6–**NCSU Intermediate**,
Holiday Inn, Greenville, 8:30 am–4:45 pm

December 7–8–**NCSU Advanced & Intermediate**,
McKimmon Center, 8:30 am–4:45 pm

December 7–8–**NCSU Intermediate**,
Holiday Inn, Wrightsville Beach, 8:30 am–4:45 pm

2017

June 22–23–**Convention**,
Grandover, Greensboro

2016-2017 OFFICERS

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Fees/Hotel Info

Registration Fees Include: Participation in all educational sessions, continental breakfast, attendance at all lectures and educational sessions, written material and refreshment breaks. We encourage early registration to ensure an adequate supply of seats and books. We reserve the right to close enrollment when the facilities are filled. Don't be left out! **(Lunch not included.)**

All registrations should be mailed to Manhattan, Kansas.

The fees are:	\$360 by	\$400 after
[1] Greensboro	11/1	11/1
[2] Charlotte	11/2	11/2
[3] Myrtle Beach	11/3	11/3

These conferences will be held on

- [1] Tuesday & Wednesday, Nov. 15th & 16th** at the Sheraton Greensboro at Four Seasons, 3121 West Gate City Blvd., Greensboro, NC 27407-4615. Phone (336) 292-9161. Rates: \$136.00 + tax **Room Rate Cut-off Date: Oct. 15.** Reference "PTI" when making room reservations
- [2] Wednesday & Thursday, Nov. 16th & 17th** at the Doubletree Hotel Charlotte Airport, 2600 Yorkmont Road, Charlotte, NC 28208. Phone (800) 222-8733. Rates: \$135.00 + tax. **Room Rate Cut-off Date: Nov. 1.** Reference "PTI" when making room reservations.
- [3] Thursday & Friday, Nov. 17th & 18th** at the Ocean Reef, 7100 N Ocean Boulevard, Myrtle Beach, SC 29572. Phone (855) 542-0048. Rates: \$60.00-\$75.00 + tax. **Room Rate Cut-off Date: Oct. 17.** Reference "PTI" when making room reservations

Who May Enroll: Enrollment is open to all CPAs, EAs, attorneys, accountants, CLUs and trust officers, regardless of years in practice or experience level.

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PTI has entered into an agreement with the Office of Director of Practice, Internal Revenue Service (**Sponsor No 82**), to meet the requirements of 31 Code of Federal Regulations, section 10.6(g), covering maintenance of attendance records, retention of program outlines, qualifications of instructors and length of class hours. This agreement does not constitute an endorsement by the Director of Practice as to the quality of the program or its contribution to the professional competence of the enrolled individual.

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2016 Topics

- **New Developments**
Bipartisan Budget Act
ACA Update
- **Individual Taxpayer Issues**
Innocent / Injured Spouses
AMT
- **IRS Update**
Identity Theft / Compromise
Withholding Agent Responsibility
- **S Corp Shareholder Issues**
Shareholder Expenses
The Three Loss Limitations
- **Retirement**
Multiple Retirement Plans
Social Security Planning
- **Amended Returns**
Reasons to Amend
How to Amend
- **Trust (Intermediate)**
Completed Forms and Examples
- **S Corporation (Entity)**
Health Insurance and Benefits (ACA) to W-2
Passive Investment Tax
Step-Up Basis to Heirs
- **Small Business Issues**
Accountable Plans
Repairs vs Capitalization Update
- **Wealth Accumulation and Preservation**
Planning: High Income as Special Event
Disposition of Passive Activities
- **AND much more ...**

PRACTITIONER to PRACTITIONER

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GREENSBORO, NC
Nov. 15 & 16, 2016
Sheraton Greensboro at Four Seasons

CHARLOTTE, NC
Nov. 16 & 17, 2016
Doubletree Hotel Charlotte Airport

MYRTLE BEACH, SC
Nov. 17 & 18, 2016
Ocean Reef Resort

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FROM COAST TO COAST

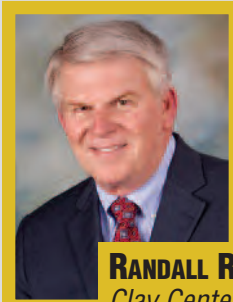
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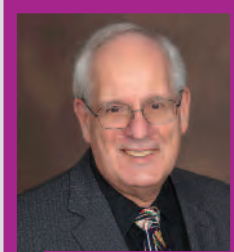
Meet the PTI Team

MEET THE PTI SPEAKERS

PTI Conference speakers present our diverse subject matter in an informative, entertaining manner. If you are tired of presenters that merely read out of the book, then give PTI a try. With a combined 157 years of tax practice experience, we truly understand practitioners' needs when it comes to continuing education.



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Professional Tax Institutes, Inc

Time Schedule

Period	Time		CPE Min.	Break Min.
Day One				
	7:00	8:00	Registration & Coffee	
#1	8:00	9:40	Randal R. Carlson	100
	9:40	9:50	Break	10
#2	9:50	11:30	Dick A. Minot	100
	11:30	12:30	Lunch on Own	60
#3	12:30	2:10	Randall R. Carlson	100
	2:10	2:20	Break	
#4	2:20	4:00	Dick A. Minot	100
	4:00		Conclusion - 1st day	80
Day Two				
	7:00	8:00	Registration & Coffee	
#1	8:00	9:40	Stephen F. Valentine	100
	9:40	9:50	Break	10
#2	9:50	11:30	Paul C. Bumgarner	100
	11:30	12:30	Lunch on Own	60
#3	12:30	2:10	Stephen F. Valentine	100
	2:10	2:20	Break	
#4	2:20	4:00	Paul C. Bumgarner	100
	4:00		Conclusion - 2nd day	80
Total Conference			800	160

For the consideration of others, please turn all cellular phones to off or set to vibrate, and no recording of any type is allowed during the presentation.

Register Today!



By Phone

Call us today at:
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By Mail

Mail the completed form to:
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Manhattan, KS 66505-0728



By FAX

FAX the completed form to:
1-785-539-4609

Or Via the Internet

Access our Website at: www.ptitax.com

INFORMATION FOR REGISTRANTS

Cancellations 30 days or more in advance will receive a refund of 75%. Cancellations 10 – 30 days prior to the conference will receive a refund of 50%. Cancellations less than 10 days prior to the conference will receive a refund of 25%.

The content of the 1040 continuing education conferences include both tax law update and accounting issues. The conferences are prepared as an update to improve taxation skills for attendees with intermediate to advanced technical knowledge. The teaching method used in the course is the "group-live" format. Prerequisites for the two day 16 CPE credit hour course are a basic working knowledge in the areas of taxation and accounting.

38th Annual Conference

PTI CONFERENCE REGISTRATION



Phone: Call us today at:
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ADDITIONAL ATTENDEES: _____

Please register me/us for the Conference in:

Location: _____
Number of registrations: _____ @ Fee of: \$ _____ each = \$ _____

Less **Early Bird Discount of \$15** each (received and paid from July 1st - August 15th)

Number of registrations: _____ @ (\$15) = _____

Less **Four or More Discount:** Four or more people attending from any one firm will qualify for a reduction in registration of **\$15.00 each**.

Number of registrations: _____ @ (\$20) = _____

GRAND TOTAL = \$ _____

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Check enclosed to cover the full fee

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