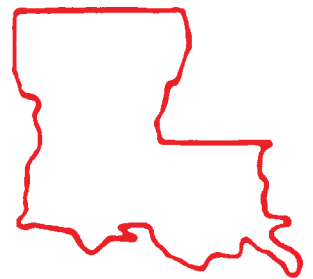




# The Louisiana



# Independent Accountant

Official Publication of the Louisiana Society of Independent Accountants

October 2010

VOLUME 9, NO. 4

## President's Message

~ Lloyd Doré III, EA, ATA, ATP

After attending this month's NCPE Corporate/Partnership seminar a famous movie quote came to mind about the coming tax season. To misquote Bette Davis in the film *All About Eve* (1950): "Hold on to your hats, it's going to be a bumpy ride (night)."

There are many changes in tax laws, some of which are phased in. Tax simplification does not appear to be in the vocabulary of Congress. There is also a strong possibility that additional changes will be made, but not until after the November elections.

Items we will all have to become knowledgeable in are the new and proposed legislations -- such as the Patient Protection & Affordable Care Act of 2010, Hiring Incentive to Restore Employment (HIRE) Act, the American Jobs & Closing Loopholes Act of 2010, along with expanded Form 1099 issuance rules, new preparer penalties and rules governing paid preparers.

Of significant importance are the new IRS regulations that must be met in order to **continue preparing tax returns**.

1. ALL preparers\* (see definition below) will have to register with the IRS and get a PTIN, even if you already have one. The IRS will require you to begin using your PTIN after Dec. 31, 2010.

The IRS will conduct compliance checks on selected return preparers who apply for a PTIN. Also, preparers who do not provide their PTIN on a return or claim for refund will be subject to penalty.

You must apply for a PTIN and pay an associated fee,

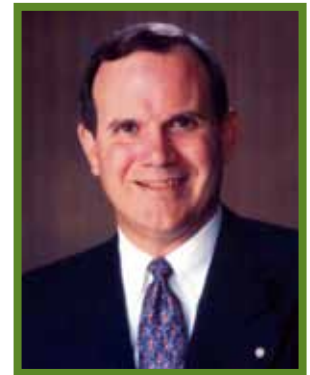
which is \$64.25.

Renewal will be annual. Enrolled agents will have to pay the full registration fee, on top of what you paid for your enrolled agent credential. But the IRS states it will cut your credential fee in the future.

2. All preparers\* (except CPAs, EAs, and attorneys) will have to take a minimum of 15 hours of continuing professional education each year, including three hours of federal tax law updates, two hours of tax ethics, and 10 hours of other federal tax law topics. This begins in 2011. Currently, The IRS intends to have paid preparers self-certify completion during registration renewal.

3. All preparers\* (except CPAs, EAs, and attorneys) will have to pass a competency test (created by the IRS and administered by a third-party, not yet determined) in order to be certified by the IRS to continue preparing returns. Initially, the IRS will offer two tests - one covering wage and non-business income and 1040 returns, and the other covering wage and small business income (Schedules C, E and F).

There will be a fee, but the amount is not set yet. The testing will be phased in. Once the testing has been implemented, you will be given three years (end of 2013) to pass the required exam(s). If you fail, you can retake it, but you will have to pay the testing fee each time. IRS



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- Greetings from your NSA District VIII Governor, pg. 4
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# 2010-11 Calendar of Events and Member Information

## SEMINAR INFORMATION

*Corp/Ptr.*

9/23 & 24/2010

Thurs-Fri

Kenner-Radisson, N.O. Airport  
504-467-3111 or 800-333-3333

*Corp/Ptr.*

10/7 & 8/2010

Thurs-Fri

B.R. Embassy Suites  
225-924-6566

*1040 Workshop*

11/4 & 5/2010

Thurs-Fri

Holidome, Lafayette, LA  
(2032 NE Evangeline Thruway)  
337-233-5815

*1040 Workshop*

11/18 & 19/2010

Thurs-Fri

Kenner-Radisson, N.O. Airport  
504-467-3111 or 800-333-3333

*Gear Up*

12/2 & 3/2010

Thurs-Fri

Kenner-Radisson, N.O. Airport  
504-467-3111 or 800-333-3333

*Annual 1040 Individual*

1/3 & 4/2011

B.R. Embassy Suites  
225-924-6566

## Local Chapter News

For information on  
**THE ACADIANA CHAPTER**  
contact L.J. Olivier at (337) 234-2202

**THE BATON ROUGE CHAPTER**  
meets the first Tuesday of every other month.  
For more information call Marjorie Moore at  
(225) 654-7024.

**THE CENLA CHAPTER**  
meets the third Tuesday of every month. For more  
information about the meetings, please contact  
Leonard Harris at (318) 445-9207.

**THE NEW ORLEANS METRO CHAPTER** meets the  
second Monday of every month. For more information  
about the meetings, please contact Venessa Caldwell at  
(504) 454-0999.

For information on  
**THE SHREVEPORT/BOSSIER CITY  
CHAPTER**, contact Jerry Kutz at (318) 742-8843.

**HOUMA/THIBODAUX CHAPTER** meets at  
Piccadilly the fourth Monday every other month.  
Contact Hayes Babin at (985) 580-2020 or  
Glenda Spoon at (985) 876-4024

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"The Louisiana Independent Accountant" is the official publication of LSIA. It is published six times annually. To have an article or information included in a newsletter, it must be received by the 15th of the month before the month of publication. Please send all articles and information to Larry Mouton via email at [larrym@lsia.com](mailto:larrym@lsia.com).

## President's Message

*continued from page 1*

vendor selection and implementation are still TBD. Once testing is available, ID numbers will be issued only to those who pass a test.

**Preparer defined:** The proposed regulation defines a tax return preparer as an individual who is compensated for preparing or assisting in the preparation of all or substantially all of a tax return or claim for refund of tax. The emphasis is on the work done in completing the return, not who signs the return. Factors to consider in that determination include: a) complexity of work performed by the individual relative to complexity of overall return; b) the amount of the tax item attributable to the work performed by the individual compared to the total of similar items on the return; and c) the amount of tax or credit attributable to the work performed by the individual relative to the correct tax liability for the return.

Examples in the proposed regulation indicate that an individual providing only clerical assistance or incidental services is not a preparer; one who provides substantial assistance on a return but does not sign the return is a preparer; and one who provides consulting services on a specific tax issue, but is not involved in the preparation of the return, is not a preparer.

This New Year brings a slew of tax law changes, but can also bring new opportunities for tax professionals (i.e. the new Form 1099 rules). However, more responsibility is being placed on our profession by the IRS, making it more imperative that we continue to educate ourselves so that we can provide better service to our clients.

LSIA will continue to represent our member's interest. We will continue to sponsor seminars which provide timely and up-to-date information that is useful for our practices and clients.

LSIA was formed on October 17, 1951. Plans are currently being made for the 60th LSIA annual state convention in June 2011.

If there is a member service or seminar content you think should be added, please let Larry Mouton or me know.

As we continue this 2010-2011 year, please remember to get involved as this is YOUR organization. Your input and support will pave the way for a better LSIA tomorrow.

I leave you with a quote I heard from the late Mark Twain autobiography, "Suppose you were an idiot. And suppose you were a member of Congress. But I repeat myself."

10/13 & 17/2010  
LFD III



## Did You Know?

Some of you may not be aware of the SBET program. If you would go back to the August 2009 newsletter you can find some information on it.

We have some members who have made use of the program, but a majority of you who may not read the newsletter are missing out on the benefits of the program.

You may read where a CPA, EA or Attorney doesn't have to take 15 hours of credit or pass the upcoming test with the IRS. The reason is that more hours of CPE are needed each year by holders of those credentials plus a test was already taken to become a CPA, EA or Attorney.

NCPE has plans to offer a seminar on the material for the required test, and to offer a seminar on preparing for the Enrolled Agent test.

I don't have all the information as of now, but when I find out more I will send out emails letting everyone know the details of when and where.

Any questions you can call me.

Larry J Mouton

Email: [larrym@lsia.com](mailto:larrym@lsia.com) or telephone 800-847-6276

## Congratulations!

Kelly Breaux of Youngsville should be congratulated on passing the CPA exam. If you see Kelly at one of the LSIA seminars do congratulate him. Kelly is the son of Kenneth Breaux who also is a CPA.

## VENDORS AT THE LSIA SEMINAR IN BATON ROUGE, LA ON OCT 7 & 8, 2010

### Employer Resource Center, Inc.

10985 N. Harrell's Ferry Road Suite A

Baton Rouge, La. 70816

Telephone Number 225-925-2662

Contact: Stephanie Harrison

*Company offers payroll services.*

For those of you who do not have time to do your clients payroll services this service is offered by The Employer Resource Center, Inc.

### Red Gear Technologies

1265 Sportsplex Drive

Kaysville, Ut 84037

Telephone Number 800-230-2322, Ext 4079

Contact: Jacob Hawley

*Company sells Tax Works Software.*

Call and Jacob will send you a demo of his tax software.

# Greetings from your District VIII Governor



**Peggy Johnson, EA, CPA, ABA, ATA, ARA**

Now that the final extension deadline is past, many of us turn our thoughts to practice management. What can we do differently to save time, to save money, to better serve our clients, and to reduce the stress? This is the time of year that we look back and ask ourselves, “What have we done well?” and “What could we do better?”

NSA offers many member benefits to help us better manage our practices. One of the newer benefits is group rates on credit card processing. NSA has partnered with Midwest Transaction Group (MTG) to offer members the most competitive pricing and unparalleled client support. With Midwest Transaction Group, you have access to one of the most cost-effective credit card processing programs in the industry. Their qualified processing rate of 1.69% + 20¢ is available to any member of the National Society of Accountants regardless of the number of transactions you process. There are no monthly minimums to meet and supplies are even free. It is easy to get started or switch and save with Midwest Transaction Group. Simply call 888.599.2209 and let them know you are a member of the National Society of Accountants or go to [www.midtrans.com](http://www.midtrans.com). Tell them you are an NSA member to qualify for preferred member discounts and pricing.

Achieving “best practices” for our businesses is a moving target. No matter how much experience we have, or how well we manage our practices, there is always something new and there is always room

for improvement. NSA is offering two practice management webinars this fall that you may want to consider:

## **Best Practices for Your Tax Practice**

November 11, 2010 at 2:30 PM EST, 1:30 PM CST, 12:30 PM MST, 11:30 AM PST

*Answers questions as to how to retain a high level of professionalism, fulfill client needs, deal with stressful situations, and more.*

CPE: 1 Hour/Ethics

## **Financial Management of an Accounting Practice**

December 7, 2010 at 2:30 PM EST, 1:30 PM CST, 12:30 PM MST, 11:30 AM PST

*Discusses ways to streamline*

*the financial management of your own practice.*

CPE: 1 Hour/Business Management & Organization

Group rates on credit card processing and practice management webinars are just two NSA member benefits that can help you manage your business. Excellent insurance programs, discounts on products and supplies, client communications, marketing tools, sample engagement letters, and many more are available. Go to NSA’s web site, log in, and check out the “Members Only” tab. Save time, save money, serve your clients better, and reduce your stress by taking advantage of the tools that NSA offers just for you!

Wishing you a happy and productive “off-season,”

**Peggy Johnson, EA, CPA, ABA, ATA, ARA**  
**NSA Governor District VIII**

**Would you like to be a hero to some of your clients by helping them to significantly reduce their credit card processing fees? Many of your clients may also qualify for this service because of your membership!**



*from Your*  
**NSA STATE DIRECTOR**

**DEXTER DUHON, EA, CPA**

Greetings,

Are you a member of NSA? If you are a member, CONGRATULATIONS. If you are not a member & you have not checked out the NSA website, you are missing out on lots of useful & important information. I will summarize some of that information in the following paragraphs.

- More than 50% of all malpractice claims against accountants are the result of tax services. However, only 50% of all tax preparers carry professional liability insurance. Many of the claims related to tax services are not the result of errors on the tax return. They are the result of incorrect advice, failure to give advice, miscommunication, an angry client, or just plain bad luck. If you do not have insurance BEWARE, just one claim can bankrupt you.

- Tax season this year will once again feature visits by the IRS to tax preparers. Last year, in the middle of tax season, IRS visited thousands of tax professionals to provide education about the rules & responsibilities of preparing tax returns for others. This year's visits will be different; education will give way to enforcement. Up to 10000 letters will be sent to selected tax preparers by IRS requesting an appointment to discuss tax return preparation. This will be an audit or the process used when preparing our tax returns. It can include such things as signing the return, using an appropriate ID#, etc.

- IRS has delayed until further notice the renewal period for enrolled agents with social security numbers or tax identification numbers ending in 4, 5 or 6. Announcement 2010-81 said that since IRS is currently in the midst of implementing regulations related to the new tax preparer registration system & that fees for enrolled agents are likely to be substantially reduced. IRS wants to make sure that the reduction is effective before the start of the renewal period. When a date for the renewal period is determined, IRS will publish a schedule in Internal Revenue Bulletin & on the Office of Professional Responsibility website.

- With regard to health care cost reporting on Form W -2, the IRS has released a draft of the W-2 for 2011. IRS has also announced that it will defer the new requirement for employers to report the cost of coverage under an employer sponsored group health plan, making the reporting by employers optional in 2011.

The above information was obtained from NSA sources. Being an NSA member will give you complete access to much more of this kind of information.



## **1040 Individual Income Tax Update – 2010** **NCPE is always on the cutting edge**

**Attendance at a NCPE Individual Income Tax Seminar is a must! Why?**  
The **Tax Professional** will be on the front line of administering the new law changes, determining compliance and preparing the necessary forms with the IRS enforcing the changes!

### **Small Business Jobs Act of 2010 (signed September 27, 2010)**

Major changes

Section 179 – increased and expanded to qualify Real Property

Expansion of 1099 reporting and increased penalties

Cell Phones Delisted

Health Insurance reduces S/E Tax

### **2010 Health Care Reform**

Many provisions take effect in 2010 for individuals and businesses  
A Must Know and Attend!

Dependent coverage until age 26

Nineteen new taxes and penalties

New employer responsibilities

Impact on Form W-2 Reporting

Expansion of Form 1099 Reporting

How to compute the new credit for small employer health insurance premiums effective  
January 1, 2010

## **Is it wise to convert to a Roth IRA?**

2010 is the key year

## **Enterprise Wide Employment Tax Audit Program (EWETP)**

What is the IRS looking for?

Attack on Schedule Cs

## **Education Tax Benefits**

Hope, Lifetime Learning Credit and Section 529 Plan Strategies

## **Mandatory Preparer Registration**

New Form W-12

Learn the new requirements and receive Ethics Credit

IRS Questions and Answers- 15 pages

## **Short Sales, Foreclosures & Abandonments**

The where to and how to of Forms 1099A & C

## **Divorce – Key Tax Strategies**

### **NOLs**

Should you carry back or carry forward?

### **Basis**

2010 is a unique year

How and where to find Basis

### **Hire Act**

Wide application – don't miss out on these two new credits

Self-employed workers as well as minors are eligible

## **Much More!**



## New Return Preparer Regulations - Overview

**Important!** Paid preparers should apply for or renew their PTINs before January 1, 2011.

**SIGN UP NOW >>**

[Información en Español](#)

New regulations for paid preparers will roll out in three phases:

- **Phase 1:** Apply for or renew your PTIN. **NOTE:** You may also be required to e-file.
- **Phase 2:** Pass a proficiency exam
- **Phase 3:** Complete Continuing Education Credits

### Phase 1: Apply For or Renew Your PTIN (required by January 1, 2011)

Beginning January 1, 2011, all paid preparers must have a Preparer Tax Identification Number. If you already have a PTIN, you must renew it. You can sign up for or renew your PTIN now. It costs \$64.25 per year.

To get your PTIN, just follow four easy steps:

- **Create Your Account**—First, you must create an account by providing your name, email address and security question information. The system will then email your temporary password, which you will change when you go back to enter your information in the PTIN application.
- **Apply for Your PTIN**—You will complete the online application by providing personal information, information about your previous year's tax return, professional credentials, and more. See a [checklist](#) of what you need before you start.
- **Pay Your Fee**—The application will transfer you to our partner bank where you will make your payment by credit card or direct debit.
- **Get Your PTIN**—After the bank confirms your payment, your PTIN is provided online. If you already have a PTIN, you will retain the same number in most cases. You will also receive a welcome letter providing additional guidance.

It only takes about 15 minutes to sign up online and receive your PTIN. If you opt to use the paper application, [Form W-12](#), IRS Paid Preparer Tax Identification Number (PTIN) Application, it will take 4-6 weeks to process.

### Phase 2: Pass IRS Competency Exam (begins mid-2011)

In mid-2011, the second phase of the paid preparer oversight program is scheduled to begin. You must pass an exam to demonstrate your competency to prepare federal tax returns. Once you pass the exam, you will become an IRS Registered Tax Return Preparer.

**Exception**—if you are an attorney, CPA or Enrolled Agent (and are active and in good standing with your licensing agency) you are exempt from the test requirement.

We expect to have the exam available in mid-2011. If you register and get your new PTIN before the competency exam is available, you will have until the end of 2013 to take and pass the exam. If you delay getting your PTIN until after the online exam is available, you will have to pass the exam before you can get your PTIN and start preparing federal tax returns.

### Phase 3: Take Continuing Education Courses (start date not yet determined)

In addition to a competency exam, IRS Registered Tax Return Preparers must take continuing education annually. The start date for continuing education courses has not been determined. You will be given further instructions through your PTIN account once more guidance is available.

**Exception**—if you are an attorney, CPA or Enrolled Agent (and are active and in good standing with your licensing agency) you are exempt from the continuing education requirement. These professional accreditations generally already have continuing education requirements.

### PTIN Application Checklist: What you need to get started

**Important!** Paid preparers should apply for or renew their PTINs before January 1, 2011.

**SIGN UP NOW >>**

Before you begin your PTIN application, be sure you have the following available:

- Social Security Number
- Personal information (name, mailing address, date of birth)
- Business information (name, mailing address, telephone number)
- Previous year's individual tax return (name, address, filing status) <sup>1</sup>
- Explanations for any felony convictions <sup>2</sup>
- Explanations for problems with your U.S. individual or corporate tax obligations <sup>2</sup>
- Credit or debit card for the \$64.25 PTIN user fee
- If applicable, any U.S.-based professional certification information (CPA, attorney, enrolled agent, enrolled retirement plan agent, enrolled actuary, certified acceptance agent, or state license) including certification number and state of issuance

After you obtain your PTIN, you will receive information about next steps including testing and continuing education requirements (if applicable).

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