

President's Message

Rosemary C. McMahon, EA, CPA



Dear fellow members of VASEA.

The United States electronic tax system began in 1986 under the auspicious name – Zap Tax. The name didn't stick, but the idea sure did. I was fortunate to be in the right place at the right time in 1986. The Department of Treasury decided to use U.S. Army soldiers as guinea pigs for the new Zap Tax. I was a volunteer at the Army Community Services when an announcement was made that a VITA program was being started to train tax preparers at Fort Lewis, WA. We didn't know at the time that we would be participating in the first electronic filing system in the country. After a few weeks preparing federal tax returns for electronic filing on a computer, someone got wind that I could prepare state tax returns. I was relegated to the back room carrying my pencil and calculator with my head down and my tail between my legs.

e-Filing

We've come a long way in the past 24 years. There aren't many of us preparing returns for paper filing anymore. Here are the IRS e-file mandates for the next two years:

Congress recently approved a federal e-file mandate for tax return preparers, based on recommendations from the IRS, the Treasury Inspector General for Tax Administration and the Electronic Tax Administration Advisory Council.

The requirement will be phased in over two years. As a result of the new rules, preparers will be required to start using IRS e-file beginning:

- **January 1, 2011**— for those of you who anticipate preparing **100 or more** federal individual or trust tax returns during the year; or

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VASEA Leadership

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Vice President	Steve Rue, EA, CTRS
Secretary	Kenneth Whitley, Sr., EA
Treasurer	Gerald Machek, EA

Directors

Diane Beverly, EA	Jim Lam, Sr., EA
Jeffrey Bruce, EA	Barbara Taylor Roe, EA
Julie Compton, EA	George Walsh, EA
Edward Griffing, EA	

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Blue Ridge	William Barbour, EA, ATA, ATP
Fredericksburg	Gerald Machek, EA
Hampton Roads	George Walsh, EA
Northern Virginia	Anne Uno, EA, CFP
Richmond	Jeffrey Bruce, EA

- **January 1, 2012**— for those of you who anticipate preparing **11 or more** federal individual or trust tax returns during the year.

Virginia's e-filing mandate states: If a tax professional prepares 100 or more individual income tax returns he/she is required to file electronically.

e-Services

If you haven't registered for IRS e-Services, I strongly recommend that you do so. I've had many members complain to me about the e-Services website. I've been using e-Services for 10 years and the website has significantly improved over the years.

e-Services is a suite of web-based products that allows tax professionals to conduct business with the IRS electronically. These services are available 24 hours a day, 7 days a week via the internet.

e-Services is not available to the general public. Only approved IRS business partners are eligible to participate in e-Services.

All **tax professionals** who register are eligible to use the following e-Services:
Registration
Online *e-file* Application

Electronic Return Originators (ERO) who have e-filed five or more accepted returns are eligible to use these incentive products:
Disclosure Authorization (DA)
Electronic Account Resolution (EAR)
Transcript Delivery System (TDS)

Powers of Attorney can be filed in about 10 minutes. Once your Power of Attorney is on file, you can access tax return transcripts immediately and resolve tax problems electronically. It's been a real time-saver in my practice.

EFTPS

If you haven't heard, the IRS is planning to discontinue the use of Federal Tax Deposit Coupons for the payment of payroll taxes at the end of this year. The proposed regulations (REG 153340-09) would eliminate the rules for making federal tax deposits by paper coupon because the paper coupon system will no longer be maintained by the Treasury Department after Dec. 31, 2010. The proposed regulations generally maintain existing rules for depositing federal taxes through the Electronic Federal Tax Payment System (EFTPS).

If you have business clients who are using FTD Coupons, you need to have them apply for EFTPS soon. It takes a few weeks to get the login information by mail.

New Preparer Regulations

Last but not least – the topic that is on everyone's mind. All tax preparers need to re-register their PTIN on the IRS website sometime in late September (hopefully by the time you read this newsletter.)

The annual fee for the PTIN will be \$64.25. The IRS is recalculating the \$125 enrolled agent renewal fee. A reduced fee for enrolled agents will be announced in the future.

Please visit www.irs.gov/taxpros to find out more about the new preparer regulations. All tax preparers will need to register for a PTIN, even if they do not sign tax returns. If you have people in your office who assist in the preparation of tax returns, they will need to apply for a PTIN also.

VASEA has sent out emails requesting feedback on the new preparer regulations. If you had a comment, I hope you had an opportunity to respond. We are working with NAEA on our joint response for the public hearing scheduled for October 8, 2010 in Washington DC.

Rosemary C. McMahon, EA, CPA
VASEA President



Speakers Bureau Update

Rosemary C. McMahon, EA, CPA

I would like to announce a new member to our team – Anna Falkenstein from IRS Stakeholder Liaison – Field (SL) Section. You will have an opportunity to meet Anna at the VASEA Current Tax Issues Seminar in October.

Ley Mills and Anna Falkenstein have been actively contacting and working with Small Business Development Centers, SCORE organizations, and Economic Development Corporations around the Commonwealth of Virginia. Their goal is to bring the “Leveraged Small Business Tax Workshops” to every small business owner in the state. As their relationships grow, we need our team members to be available to assist in presenting the Workshops to the public.

The first year of the Speakers Bureau has been a great success. We have presented the Small Business Tax Workshops to many small business owners in the state. There are usually 8 to 16 attendees at each workshop. The main topics are record keeping, how to report income and expenses, tax obligations, and where to find additional information on operating a small business.

For members who have already signed up for the Speakers Bureau, expect a call from Ley Mills soon with an update. If you have not signed up to be a presenter for the Bureau, you may contact Ley Mills directly at (703) 647-5591 or herbert.mills@irs.gov.

Strategic Planning Committee Update

George Walsh, EA, Chair

Hello all, I am a new director for the Virginia Society as of a June 2, 2010 membership vote. There were only a few votes against me, so you may need to be sure your representatives are paying close attention. At the request of our incredible President Rosemary my job assignment is “strategic planning.” Hmm, I may have to think beyond my capacity to do this but here is what you get for this quarter.

I think the essence of the Society should be twofold. The first job is the continuing education of our members, all EAs and indeed the entire tax practitioner community towards the best preparation of tax returns and representation before the variety of tax audit and collection agencies. The second job of our society needs to be education of the public as to what we are and why we are the best choice in many tax situations. I feel we are doing a very good job in our self education. We have multiple committees and groups that do great work in developing seminars and meetings to expand and reinforce our tax expertise.

The education of the public is challenging. There is a long tradition of the public considering tax attorneys and CPAs the tax experts. Indeed I know that lots of us are called CPAs by our clients on a regular basis. And I know that sometimes for me, I don't even rate that high and am called the bookkeeper. For a major long term objective we need to educate the public that EAs are the tax experts. We are federally, not state licensed. We spend our time on tax issues almost exclusively. **WE ARE THE TAX EXPERTS!** In every instance, we need to represent ourselves as EAs, and we need to correct those that say otherwise. We need to teach those we interact with that EAs are the full time, most tested, most continuously educated group of tax professionals. It is our duty to do our best for our clients and let them know that EAs are the professionals to ask for. In marketing, shorter is easier to implant in people's minds, EA is shorter than CPA. Let's go!

If you have any strategic planning suggestions for VASEA, please feel free to contact me or Heather Greenwell, Society Administrator.

Take care all and believe in yourself. George Walsh, EA that's EA, Enrolled Agent!!!

Message from Al Thomson, EA, CFP

NAEA Secretary Treasurer

My name is Al Thomson, current NAEA Secretary/Treasurer. I have been unanimously selected by the 2010 Nominating Committee as the nominee for President-Elect of NAEA.

I am proud of our association, what we have accomplished for our members and the advancements we have made for our profession. I would be honored to continue to serve our members.

I have spent a lot of time over the past three years traveling around the country, at my own expense, (not as a paid speaker) talking to our members at state society conventions and functions. Recently, New Mexico became the 14th Society gathering that I have attended. Why have I been doing this? Not everything can be explained or heard when the NAEA Board meets, so I have undertaken this journey to listen and answer questions from our members.

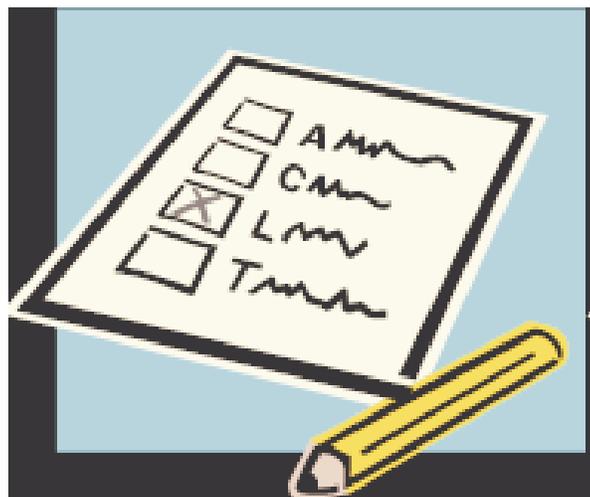
During the past two years, the NAEA leadership team has made constant progress in our strategic plan, and in recent months has seen several specific accomplishments. These include: the expansion of NTPI, resulting in record participation; creation of a new NAEA Academic Associate membership; and the establishment of a professional liability program exclusively for enrolled agents. Efforts to increase visibility of EA's include participation in all six IRS Forums, partnering with Tax Analysis and Tax.com to bring back *Tax Talk Today*, and launching social networking links with Facebook and Twitter as well creating an "EA Corner" micro-site on the AccountingWEB.com website.

While maintaining the financial integrity of the association, we have updated our governance documents; launched an aggressive new membership campaign with a newly designed brochure; provided more CPE opportunities through the EA Journal and had record setting participation in our on-line SEE Prep course. We have increased participation in the Affiliate Presidents Exchange (APEX), and continue to provide critical, timely information to our entire membership weekly through the E@lert. All of this while, and most importantly, protecting and representing enrolled agents before the IRS and Congress.

NAEA is at a crossroads as we face significant challenges in our profession. While the IRS implements regulation of all paid preparers, Congress attempts to close the tax-gap, and the tax code continues to grow in complexity, we must be united in these consequential times. All enrolled agents, and our association, have an important role to play in bringing a better, more competent tax profession to the American people.

We are poised to catapult to national prominence. We need to prepare, both internally and externally, for the future. If elected as your President-Elect, I will:

- enthusiastically support continued implementation of the Strategic Plan;
- conduct all meetings, deliberations and activities of NAEA with openness, honesty and integrity;
- promote proactive efforts with Congress and the IRS to keep NAEA at the forefront of regulatory and legislative initiatives;
- aggressively represent enrolled agents as regulation of all paid return preparers is implemented;
- increase recognition and promotion of EA's through coordinated outreach, public relations efforts, and personal visits to a dozen, or more, State Societies;



**Be sure to VOTE in the NAEA Election
DECEMBER 1-15, 2010**

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- support a greater voice for the Affiliate President's Exchange (APEX) in shaping the future of NAEA through regular on-going communications; and
- keep NAEA moving forward with transparency and professionalism.

Those who ignore history are doomed to repeat it. It is easy to sit on the sideline and criticize, but look at where we are now. Today, NAEA offers more educational opportunities to our members, is financially sound, provides more services, and has established substantial credibility with the IRS and Congress. NAEA has grown and improved in every way during the last few years. It is time to ***leave the past behind us. NAEA is about the future.***

NAEA exists to serve the needs and interests of our members. I am committed to creating more opportunities for member participation and promoting a spirit of unity in NAEA.

I pledge to increase transparency and openness in the management and leadership of our association, and will represent our members and state leaders to the best of my ability. By working together we can make NAEA even better. I ask for your vote and hope you will support me in this effort.

Al Thomson, EA, CFP
Al@ThomsonManagement.com

Hampton Roads Chapter Update

George Walsh, EA, Chair

Well this is my first try at a VASEA newsletter update so hopefully this will suit all of you. I have been President of the Hampton Roads Chapter since fall of 2007. I feel as though the biggest news of the chapter is always the educational programs, so that's where I'll start.

For October the 20th monthly meeting (7:30 breakfast/8:00 program) we have a special treat. Ley Mills the current Stakeholder Liaison from IRS will do a 2 hour ethics program that fulfills the EA annual continuing education in ethics as required by Circular 230. This is a great way to complete this requirement for only \$16 with a good breakfast included. In November, on Wednesday the 17th we will have the North Carolina Department of Taxation present updates on their tax activities in our normal 1 hour program format. December the 15th brings our annual Christmas party and the Commissioners of the Revenue representatives from several of the local municipalities where they will give us updates on Virginia income taxes for 2010 preparation.

All of these meeting are held at the Hilton Airport, 1500 North Military Highway, Norfolk, Virginia 23502.

In other news, the Gear Up Virginia Beach 1040 education conference is at Holiday Inn Virginia Beach, 5655 Greenwich Road, 23462. As you know I hope, Gear Up has partnered our state VASEA society and provides discounts to participants from the society and contributions to the society for you participation. I'm going to switch from many years at Virginia Tech's program to try them out this year. Hopefully I will see you there.

The only other item I will bring up now is that we need a new chapter board member to assist Kathleen Stasulis, EA in the membership area with the particular job of inviting new EAs in the area and potential associates to our meetings as well as greeting new members.

EAs are the best tax representatives, believe it, tell people you are an EA and do your best for your clients by keeping sharp with your continuing education.

VASEA Comments to Proposed Preparer Regulations

Pat Inman, EA, Education Committee Chair

In late August, the Virginia Society of Enrolled Agents requested input from its members on the proposed changes to the regulations governing practice before the IRS. VASEA Education Chair, Pat Inman, EA, coordinated and compiled the input from members into the following letter that was sent from VASEA to the IRS:

October 7, 2010

Internal Revenue Service
CC:PA:LPD:RP (REG-138637-07), Room 5205
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Re: Comments to Proposed modifications to regulations governing practice before the Internal Revenue Service (31 CFR Part 10)

The following comments are provided on behalf of the Virginia Society of Enrolled Agents, which appreciates the opportunity to help shape the rules governing practice before the Internal Revenue Service.

1. Competency exam for preparation of tax returns other than Form 1040 series returns, to include Non-Profit (Form 990), Estates and Trusts (Forms 1041 and 706), Business Entities (Forms 1120, 1120S and 1065) and Payroll Tax Returns (Forms 940 and 941) – The Service requested comments on the need for competency testing for tax preparers who solely prepare tax returns other than Form 1040 series returns. We believe competency testing is critical for these types of returns, as their preparation requires a greater level of expertise than the preparation of Form 1040 returns. We recommend that unenrolled preparers be required to pass the Special Enrollment Exam and earn the designation of enrolled agent before they are allowed to prepare tax returns other than Form 1040 series returns.
2. Costs of implementing proposed regulatory changes (PTIN application and renewal, competency exam, continuing education) – The Service requested comments on the benefits and costs associated with implementing the new requirements for unenrolled preparers. While we fully support competency examinations and continuing education for all tax return preparers, we are concerned about the costs outlined in the proposed regulations. These additional costs may have an adverse economic impact on enrolled agents, especially those who employ unenrolled preparers to assist in tax preparation. We do not understand the requirement to renew the PTIN annually and pay the associated fee. In the past the PTIN has been provided to us at no cost. We recommend the Service consider a three year renewal period in lieu of an annual renewal.
3. Differences between the enrolled agent and registered tax return preparer – The proposed regulations do very little to explain the special qualifications of an enrolled agent. In many instances, enrolled agents are not even mentioned. For example, page 24 states “attorneys, certified public accountants, and other specified tax professionals, regulated under Circular 230”, but does not mention enrolled agents. Similarly, page 25 states “attorneys, certified public accountants or others currently authorized to practice before the IRS” but again does not mention enrolled agents. On page 52, an enrolled agent is described as “an applicant who demonstrates special competence in tax matters by written examination”, and a registered tax return preparer is described as “an applicant (who) demonstrates competence in Federal tax return preparation matters by written examination”. On pages 62 and 63, the description of qualifying continuing education courses for enrolled agents and registered tax return preparers are identical.

We urge the Service to maintain enrolled agent parity with our fellow full-service practitioners (e.g., use “attorneys, certified public accountants and enrolled agents” rather than “attorneys, certified public accountants and/or others authorized to practice”). We also urge the service to explain in the proposed

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regulations the unique qualifications and higher level of expertise of enrolled agents compared to the formerly unenrolled preparers.

Thank you again for providing us the opportunity to comment on these proposed regulations. We look forward to working with the Internal Revenue Service to improve the overall quality of tax preparation services provided to the public.

Respectfully submitted,

Patricia A. Inman, EA
Education Committee Chair
Virginia Society of Enrolled Agents

Job Opening

TAX PREPARER : Rue & Associates, Inc. is a growing Mechanicsville accounting firm which is seeking an full-time experienced individual to prepare individual and corporate tax returns. Excellent benefits. **MUST HAVE AT LEAST THREE YEARS IN PREPARATION OF TAX RETURNS.** CCH Prosystem software knowledge a plus. Please submit your resume for consideration to Randi Power, PO Box 640, Mechanicsville, VA 23111.



VASEA Calendar of Events

Wednesday-Thursday, October 20-21, 2010

Gear Up 2-Day 1040 Seminar (16 hours CPE), Dulles, Virginia

Tuesday, October 26, 2010

IRS/VTAX/VEC Current Tax Issues Seminar (8 hours CPE)
Crowne Plaza Richmond Downtown, Richmond, Virginia

Thursday-Friday, October 28-29, 2010

Gear Up 2-Day 1040 Seminar (16 hours CPE), Roanoke, Virginia

Thursday-Friday, November 4-5, 2010

Gear Up 2-Day 1040 Seminar (16 hours CPE), Virginia Beach, Virginia

Thursday-Friday, November 18-19, 2010

Gear Up 2-Day 1040 Seminar (16 hours CPE), Fredericksburg, Virginia

Tuesday, November 30, 2010

Gear Up Federal Tax Update Seminar (8 hours CPE), Fairfax, Virginia

Thursday-Friday, December 16-17, 2010

Gear Up 2-Day 1040 Seminar (16 hours CPE), Reston, Virginia

Wednesday, June 1, 2011

VASEA Board Meeting, Fredericksburg, Virginia

Thursday-Saturday, June 2-4, 2011

Annual Spring Seminar (22 hours CPE), Fredericksburg, Virginia



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