August 2018

**NEXT MEETING:** Wed., August 15, 2018

**Place:** Dublin Holiday Inn
6680 Regional St., Dublin, CA 94568
(go to http://www.holidayinn.com/hotels/us/en/dublin/dubrm/hoteldetail#Directions), or take BART!

**4:30** Board Meeting
**5:30** Meet & Greet on the Patio
**6:45** Dinner Buffet
**7:30** Program: “How the new Tax Cuts and Jobs Act” will impact Real Estate owners

**Cost:** $40.00 with reservation by Monday, August 14
$50.00 with reservation after deadline

Sign up online at:
https://www.123signup.com/calendar?Org=ebaea

(Please print out your confirmation to ensure that you clicked all the right buttons to register). Questions: email ebaea@ebaea.org (preferred) or call 800-617-1040.

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**August Dinner Meeting:** “How the new TCJA” will impact Real Estate owners

*Speaker: Brett Hansen*

1. **Cost Recovery**
   - The history behind cost recovery.
   - New tax law benefits associated with cost recovery.
   - Review real examples of cost recovery.
   - Review how “Catch up” depreciation works.

2. **100% Bonus Depreciation**
   - Discuss this new powerful tool created in the new tax law changes.
   - View & discuss examples of this depreciation in action.

3. **“Qualified Opportunity Zones” in California**
   - Review the “incentives” associated for building in these zones.

**Brett Hansen Bio**

As the Vice President of Business Development for Cost Segregation Authority, Brett oversees all sales and marketing efforts across the country and plays a key role in the strategic direction of the company. He has given hundreds of presentations on cost segregation to CPAs, Wealth Advisors and Real Estate groups of 5 to 500 and has a sincere passion for helping clients pay less taxes. Prior to Cost Segregation Authority, Brett brokered and developed commercial real estate for over 15 years with direct experience in retail, multifamily, and senior living facilities. His expertise in commercial real estate development, investment strategies, and construction provides a unique and valuable resource for the firm. Brett earned his master’s degree in business administration at Brigham Young University and bachelors’ degrees in Japanese and Business Management from the same.

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**Early Bird Registration** for EBAEA’s **Tax Talk 2018** is on or before September 30, 2018. Register for 1, 2 or all 3 days. You don’t want to miss it! *See the flyer at the end of this Bulletin.*
PRESIDENT’S MESSAGE
by Gail Stan, EA, MBA, MLS

We started off our new operating year with the annual retreat for the “new” and “old” Boards on Saturday, June 21. A lot of planning was accomplished, and a preliminary 2018-19 Budget was put together. The Budget will be finalized at the August 15 Board meeting which begins at 4:30 pm. And we added another Director to the Board – Aida Torres, EA and Past President, agreed to be a Director. We still have 2 Director positions that are open if anyone else is interested in being a Director and being part of the running of EBAEA.

And August 15 will be a busy day as after the Board meeting is the annual “Meet & Greet” for new members which will include wine and appetizers on the Patio of the Holiday Inn.

If you attended the July dinner meeting, you already know that we are reinstituting something that we used to do at the meetings way back when I was a new member in 1991 – our member representatives to the various CSEA Committees will be giving a 2-3-minute synopsis of what their committee is working on. These will be presented while you are eating dinner to keep you up-to-date with items of interest to all EAs.

Later this month on August 22nd is the 24th Annual IRS Seminar we are co-hosting with Mission Chapter in Union City. It is not too late to register for this event. See the flyer later in this Bulletin.

Our September meeting will be a Tax Panel so be thinking about questions you would like to have answered. As we have done in the past, next month’s Bulletin will have the information for submitting your questions ahead of time so that our panelists will have an opportunity to review them and do research if needed. We will have a special guest panelist – Rico J. Delodovici, EA who is the new CSEA Secretary and the CSEA Outreach person for East Bay Chapter.

And don’t forget that our September dinner meeting is also our annual “Member Appreciation” night giving the Board a chance to say “Thank You” to all our members for your continued support. Please enjoy a beverage on the Chapter before dinner and the tax panel.

Hope to see you at a meeting soon!

IRS/Practitioner Liaison Meeting (PLM) Report
by Philip Fiegler, EA

On July 25, 2018, Patty Pringle and I attended the IRS/Practitioner Liaison Meeting (PLM) in Oakland, CA. My report is rather lengthy at 5 pages, so it is attached later in this Bulletin.


The IRS also has a new Tax Reform page which is continuously updated www.irs.gov/taxreform

And late-breaking news – IRS Proposed Regs on 199A were just published on August 8. The regs are 184 pages. There is also a Notice 2018-64, which is a 12-page Word doc, and Notice IR 18-162, which is a 1-page Word doc with some links to the above regs and notice. 2018-64 has some info on how to calculate W-2 wages for the 199A deduction.

Jennifer Henrie-Brown, Terri Malone and Derek Ganter

Tax Talk 2018
By Patty Pringle, EA, Seminar Chair

The East Bay Association of Enrolled Agents Annual Fall Seminar Tax Talk 2018 will be held at the Holiday Inn Dublin, CA on October 29th, 30th and 31st – this is Monday, Tuesday and Wednesday – not our normal, but these dates worked best for our speakers.

Once again, we have lined up excellent speakers:

- Beanna Whitlock, EA
  - Ethics – 2 hours
  - TCJA – 6 hours

- Vicki Mulak, EA
  - Federal Tax Update – 2 hours
  - Entity Choices for Optimal Sec 199A Deductions – 2 hours

- Lisa Ihm, EA
  - Taking Full Advantage of Tax Attributes at Death – 2 hours
o 1031 Exchanges of Real Estate – 2 hours
o Business Provisions of the Tax Cuts & Jobs Act -Diving into the Details – 4 hours

See the 3 pages of details later in this Bulletin!

This is a chapter sponsored event and all proceeds go back to the chapter and are used for other special events and programs for EBAEA Members. This event would not be possible without the hard work of the many volunteers that make it happen. Please let me know if you would like to join in and volunteer (you might even have fun). Your help will be greatly appreciated!

Patty Pringle, EA patty@eastbaytaxmatters.com

EBAEA CHALLENGE FOR NEVADA SOCIETY OF ENROLLED AGENTS
 by Gail Stan, EA, MBA, MLS

Hopefully all of you have heard about the Nevada Society of Enrolled Agents (NVSEA) legal battle with the State of Nevada. A NV Assembly Bill in May of 2017 that was to become effective July 1, 2017 prohibited Enrolled Agents in Nevada from:

1. Preparing tax returns
2. Holding any fees for services not performed or not incurred (retainers)
3. Negotiating with another person concerning the rights or responsibilities of a client (representation)
4. Providing any advice, explanation, opinion or recommendation to a client about possible legal rights, remedies, defenses, options or the selection of documents or strategies (tax planning)

NVSEA filed a lawsuit and requested a Temporary Restraining Order which was granted and allowed NV EAs to prepare 2017 returns.

The lawsuit was finally heard July 6, 2018 and the Judge ruled in favor of NVSEA. But the NV Attorney General has said he will appeal so the fight continues. Lawsuits are expensive and NVSEA expects to spend between $40,000 and $50,000 to keep their right to practice.

CHALLENGE: The EBAEA Officers and Board of Directors voted at our July meeting to offer a challenge to our members – the Chapter will match individuals’ contributions to NVSEA up to a maximum of $1,000 for donations made by our September 19 meeting.

Make your check payable to the Nevada Society of Enrolled Agents and indicate on the Memo line that it is for their Legal Fund. Bring your check to either the August or September EBAEA Meeting or mail it to me: Gail Stan, EA, PO Box 3117, San Ramon, CA 94583.

EBAEA will collect the checks and after our September dinner meeting, we will add up how much we have collected so we know how much to match. I will then mail all of the checks to NVSEA President Janet Vick, EA.

DINNER SUBSCRIPTIONS AVAILABLE

Offer Expires 8/15/18

With the beginning of our new fiscal year, we are once again offering the popular dinner subscription. This plan grants you automatic reservation at all 11 Chapter dinner meetings for one locked-in price, so you are immune to any price increases due to different venues, additional CE offered, etc. You pay for nine regularly-priced meetings ($360) and get all eleven dinners (value $440).

This plan is only offered through our August meeting and takes your summer vacation into consideration. Enrolling before the July meeting assures you all eleven meetings for $360. Enrolling after the July meeting and before the August meeting assures you ten meetings for $360; which still gives you a free dinner.

To enroll, either fill out the Subscription Form here, and send it along with a check so the Chapter Office receives it at least a week before the meeting which starts your subscription or sign up online here as normal and bring a check for the remaining amount to the dinner meeting.

The Board of Directors requests that if you are not able to make a meeting, please contact the chapter office and cancel or say who is attending in your place. There are no refunds for dinners not used. If you have any questions, please email the Chapter Office info@ebaea.org

EAs AVAILABLE TO SPEAK

There are a number of chapter members who welcome the opportunity to speak on a variety of tax topics. If you know of a group that would like a guest speaker, please contact Andy Rogers, EA, or Mark Bole, EA for suggestions.

MEMBERS SPEAK

Upcoming presentations by EBAEA Members include:

09/05/18 – Mark Bole – Basic Payroll – 9 am - 3 pm, 100 Civic Plaza, Regional Meeting Room or City Council Chambers, Dublin, CA 94568
August 2018

15  EBAEA Dinner - Dublin Holiday Inn
New Member “Meet & Greet”
Topic – How the new “Tax Cuts and Jobs Act” will impact Real Estate owners
Speaker – Brett Hansen, MBA

22  IRS Townhall – Union City
See flyer later in this Bulletin

September 2018

3   Labor Day

14  East Bay Stand Down – Alameda County Fairgrounds

19  EBAEA Dinner - Dublin Holiday Inn
Member Appreciation
Topic – Tax Panel – get your tax questions answered

22-23 CSEA Committee & Board Meetings
Sacramento

24  STALM - Sacramento

October 2018

17  EBAEA Dinner - Dublin Holiday Inn
Topic – Small entity compliance issues--2 hours
Speaker – Scott Burnett

29-31 EBAEA Tax Talk Seminar – Dublin Holiday Inn
See flyer later in this Bulletin

November 2018

14  EBAEA Dinner - Dublin Holiday Inn
This is a new date for this meeting
Topic – Identity Theft
Speaker – Terri Malone, IRS

22  Thanksgiving

Small Group Tax Meetings

Antioch/Brentwood  Fridays 8:00 am
Brentwood Café, 8500 Brentwood Blvd, Brentwood
Ken Seamann EA (925) 634-8297

Danville Area  2nd Tue 8:30 am (NEW)
Faz Bakery and Coffee Bar, 221 Hartz Avenue, Danville
Michael Power EA, CFP (510) 366-8836

Oakland Area (Near BART)  4th Tue 9:00 am
Buttercup Café, 229 Broadway, Oakland
Andy Rogers EA (510) 332-0401

Livermore Area  Fridays 8:45 am
Shari’s Restaurant, 1116 East Stanley Blvd, Livermore
Jerrilynn Krebs EA (925) 606-8181

Castro Valley  3rd Tue 8:30 am
Dino’s Restaurant, 20390 Lake Chabot Rd, Castro Vly
Dagmar Bedard EA (510) 537-3883

Email-only Group as needed
Send an email to halloftaxes@gmail.com
Peggy Hall EA (925) 388-1040

We are still looking for someone to volunteer for the following position:
• Audio/Visual Technical Advisor – Dagmar Bedard, EA has held this position for the past several years and has tendered her resignation effective August 31, 2018.
  • This position takes care of the microphones and projector used at our monthly meetings so needs to be someone who will be at all the meetings. Contact Dagmar if you have any questions.
BULLETIN ADVERTISING POLICY

by Gail Stan, EA, Bulletin Editor

To encourage more Members to use the Bulletin to fill their needs, we present the Bulletin advertising policy:

1) All Bulletin notices are run for one issue. If you wish to run a notice for a longer period, you must resubmit the notice for each issue.

2) Maximum notice size is 1.5 column inches. This equals a space one and one-half inches high by one column (3.5 inches) wide. The standard Bulletin font is Times New Roman 11 point.

3) The Bulletin Editor reserves the right to edit any notice for style, content and length.

4) All notices must be submitted (and payment received) by the 25th of the month prior to initial publication. Send desired text to: EBAEA.Editor@gmail.com.

5) Member EA notices seeking or offering employment, clients or EA-practice-related matters are run at no charge as a Member benefit. This includes an ad run by a firm which employs a Member. Member notices offering other services or products, and all non-Member notices are run at the standard fee of $50 per issue insertion. (Professional Associates and Students are considered non-Members for advertising purposes.)

The Bulletin Editor reserves the right to modify or reject any notice which, in the sole opinion of the Editor, violates any of the principles of EBAEA.

IRS promotes mid-year “Paycheck Checkup” initiative with news releases, tax tips, YouTube videos and other products Aug. 13-17, 2018

With the year more than halfway over, the Internal Revenue Service urges taxpayers who haven’t yet done a “Paycheck Checkup” to take a few minutes to see if they are having the right amount of tax withholding following major changes in the tax law.

A summertime check on tax withholding is critical for millions of taxpayers who haven’t reviewed their tax situation. Recent reports note that many taxpayers could see their refund amounts change when they file their 2018 taxes in early 2019.

To help raise awareness for these taxpayers, the IRS is conducting a second “Paycheck Checkup” effort beginning the week of Aug. 13. During this week, the IRS is spotlighting a variety of tools – including the online Withholding Calculator – to help taxpayers learn if they need to make changes soon to avoid an unwelcome surprise come tax time.

The IRS is also encouraging partner groups inside and outside the tax community to share this important information with their members and employees. The IRS will also be holding special sessions on withholding for tax professionals and industry partners Aug. 15-16 in English and Spanish.

The Tax Cuts and Jobs Act, passed in December 2017, made significant changes, which will affect 2018 tax returns that people file in 2019. These changes make checking withholding amounts even more important. These tax law changes include:

- Increased standard deduction
- Eliminated personal exemptions
- Increased Child Tax Credit
- Limited or discontinued certain deductions
- Changed the tax rates and brackets

Checking and adjusting withholding now can prevent an unexpected tax bill and penalties next year at tax time. It can also help taxpayers avoid a large refund if they’d prefer to have their money in their paychecks throughout the year. The IRS Withholding Calculator and Publication 505, Tax Withholding and Estimated Tax, can help.

Special Alert: Taxpayers who should check their withholding include those who:

- Are a two-income family.
- Have two or more jobs at the same time or only work part of the year.
- Claim credits like the Child Tax Credit.
- Have dependents age 17 or older.
- Have high income or a complex tax return.
### 2018 - 2019 Board of Directors and Committee Chairs

**President:**
- Gail Stan, EA  
gail@gailstantaxes.com

**1st VP:**
- Cheryl Meder, EA  
cmeder5@gmail.com

**2nd VP:**
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patty@eastbaytaxmatters.com

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- Sassa Oznowicz, EA  
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- Aida Torres, EA  
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Marj@MarjTax.com

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**SEE Class:** vacant

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(800) 617-1040 or (925) 320-7802  fax (925) 553-3515  email: ebaea@ebaea.org
Bulletin editor: EBAEA.Editor@gmail.com, (Gail Stan, EA)
Web Page http://www.ebaea.org

The East Bay Association of Enrolled Agents (EBAEA) meets monthly except for the month of April. Meetings are usually held at the Dublin Holiday Inn although occasionally, we will meet somewhere else with plenty of notice to our members of the change in location for a particular month.

Dublin Holiday Inn
6680 Regional St.
Dublin, CA 94568
24th Annual Tax Practitioner • IRS Seminar

Northern California’s Only Seminar Venue in 2018
Wednesday, August 22, 2018 (8:00am – 4:00pm)
Sign-in begins at 7:30am

Seminar Location:
Kennedy Youth Center
1333 Decoto Road
Union City, California

“SOLVING PROBLEMS & PROTECTING CLIENTS”
Learn to maximize IRS resources to increase your value. IRS, FTB and other Subject Matter Experts will clarify issues and topics of importance to your clients and to your practice.

WELCOME & OPENING WITH • Gail Stan, EA, President East Bay Chapter • Carol Dutra-Vernaci, EA, Mayor of Union City • Derek Ganter, Area 5 Manager, Stakeholder Liaison

◊ PRACTITIONER DATA BREACHES Terri Malone & Jennifer Henrie-Brown, Stakeholder Liaisons

◊ EXAM PANEL – AUDIT ISSUES/CONCERNS Albert Ju, Examination Territory Manager-Oakland, Marc Narlesky, FTB Taxpayer Advocate Office, Alan Pinck, EA

◊ COLLECTIONS PANEL – COLLECTIONS ISSUES/CONCERNS Felix Kokeny, Collection Territory Manager-San Jose, Marc Narlesky, FTB Taxpayer Advocate Office, Alan Pinck, EA

◊ TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION (TIGTA) Jason Pritchard, Supervisory Criminal Investigator

◊ TAX CUTS AND JOBS ACT Alan Pinck, EA

◊ CALIFORNIA FRANCHISE TAX BOARD UPDATE Marc Narlesky, FTB Taxpayer Advocate Office

◊ CLOSING Gail Stan, EA, President East Bay Chapter

(Exact Order of Speakers is Undetermined)

Registration Fee includes:
- Continental Breakfast
- Lunch
- Afternoon Refreshments

Seminar materials will be emailed to all Registrants

Seminar accounts for the following:
- Federal CE 6 Hours: CA CE 1 Hour
- PTIN needed for RPO Credit
- CRTP required for CTEC Credit

To register online, click the link below or copy/paste into your browser: https://www.123signup.com/calendar?org=ebaea

MEMBER FEE (Members of CSEA/Chapter)
Early Bird Special August 10, 2018 on or before Fee $150 SAVE $25 off Regular Price
Regular Registration August 11, 2018 thru August 20, 2018 Fee $175
At Door Registration* August 21, 2018 or after Fee $200
*Checks only at the door. Make checks payable to EBAEA.

NON-MEMBER FEE (Non-Members of CSEA/Chapter)
Early Bird Special August 10, 2018 on or before Fee $175 SAVE $50 off Regular Price
Regular Registration August 11, 2018 thru August 20, 2018 Fee $225
At Door Registration* August 21, 2018 or after Fee $250
*Checks only at the door. Make checks payable to EBAEA.

For more information on the 24th Annual Tax Practitioner IRS Seminar please contact: Patty Pringle, Enrolled Agent at Patty@EastBayTaxMatters.com or call 925-320-7802.
**TAX TALK 2018**

**3 FULL DAYS • OCTOBER 29th 30th 31st**

**Register today for Tax Talk 2018! Receive 24 hours Fed CE for all 3 days!**

To receive the EARLY BIRD SPECIAL pricing, register on or before September 30, 2018

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<thead>
<tr>
<th>DAY 1</th>
<th>Monday</th>
<th>OCT 29th</th>
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<tbody>
<tr>
<td><strong>SPEAKERS</strong></td>
<td><strong>TOPICS</strong></td>
<td><strong>CUISINE</strong></td>
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<tr>
<td>Beanna Whitlock, EA</td>
<td>▶ Ethics 2hrs</td>
<td>▶ Continental Breakfast</td>
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<tr>
<td></td>
<td>▶ TC &amp; JA (Tax Cuts and Jobs Act) 1hr</td>
<td>▶ La Fiesta Lunch Buffet (Mexican)</td>
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<td>▶ Natural Choice Afternoon Snack</td>
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<tr>
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<tbody>
<tr>
<td><strong>Lisa Ihm, EA</strong></td>
<td>▶ Taking Full Advantage of Tax Attributes at Death 2hrs</td>
<td>▶ Continental Breakfast</td>
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<td></td>
<td>▶ 1031 Exchanges of Real Estate 2hrs</td>
<td></td>
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<tr>
<td><strong>Vickie Mulak, EA, CFP</strong></td>
<td>▶ Federal Tax Update 1hr</td>
<td>▶ Rome Lunch Buffet (Italian)</td>
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<td>▶ Entity Choices for Optimal Sec 199A Deductions 2hrs</td>
<td>▶ Fruit &amp; Cookies Afternoon Snack</td>
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<tr>
<th>DAY 3</th>
<th>Wednesday</th>
<th>OCT 31st</th>
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<tr>
<td><strong>Vickie Mulak, EA, CFP</strong></td>
<td>▶ Basis, Basis, Basis 4hrs</td>
<td>▶ Continental Breakfast</td>
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<tr>
<td></td>
<td>▶ Business Provisions of the Tax Cuts &amp; Jobs Act (TC &amp; JA) 4hrs</td>
<td>▶ Plated Lunch: Eggplant Parmesan, Chicken Marsala or Salmon (select one entre)</td>
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<tr>
<td><strong>Lisa Ihm, EA</strong></td>
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<td>▶ Natural Choice Afternoon Snack</td>
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**TAX TALK 2018**

3-DAY SEMINAR

OCTOBER 29TH, 30TH, 31ST

8:00am – 5:00pm Daily

Register Online: [https://www.123signup.com/calendar?Org=ebaea](https://www.123signup.com/calendar?Org=ebaea) (click the link) or copy/paste into your browser or visit our website at [www.ebaea.org](http://www.ebaea.org) and click on the events tab

**REGISTRATION FEES INCLUDE:**

- Continental Breakfast
- Hot Lunch (Buffet & Plated)
- Afternoon Snacks
- Tax Talk 2018 Materials*

**REGISTRATION FEES**

<table>
<thead>
<tr>
<th>Early Bird Special</th>
<th>September 30, 2018 or before</th>
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<tbody>
<tr>
<td>MEMBER**</td>
<td>NON-MEMBER***</td>
</tr>
<tr>
<td>1 DAY (any)</td>
<td>$249.00</td>
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<tr>
<td>2 DAYS (any)</td>
<td>$449.00</td>
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<td>3 DAYS (all)</td>
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<td>General Registration</td>
<td>October 1, 2018 thru October 15, 2018</td>
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<td>2 DAYS (any)</td>
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<td>Last Minute Registration*</td>
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<td>$649.00</td>
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*Checks only at the door. Make checks payable to EBAEA.
**MEMBERS are current Members of CSEA/Chapter
***NON-MEMBERS are not current Members of CSEA/Chapter

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EBAEA Tax Talk 2018
3 Days: October 29th, 30th and 31st

We have 3 dynamic speakers this year.

24 Hours of CE (including 2 Hrs. Ethics)

Beanna Whitlock, EA
Lisa Ihm, EA
Vicki Mulak, EA, CFP

Day 1 – October 29, 2018

Beanna Whitlock, EA
Ethics 2 Hours
Beanna’s Ethics Class keeps it real.
Examples of real situations that tax professionals can relate to.
Previous Tax Talk attendees have praised this as the best Ethics Class they have ever attended.

Beanna Whitlock, EA
TCJA - 6 Hours
Impact on K-1’s and special K-1 Preparation (under TCJA)
New Emphasis on Accountable vs Non-Accountable Plans
Employee Expense Reimbursements
New rules on Entertainment and Meals
Fringe Benefits (under TCJA)
New rules on NOL’s (under TCJA)
What business deductions are limited (under TCJA)
These are just a few of the topics covered.
Day 2 – October 30, 2018

Lisa Ihm, EA
Morning Session
Taking Full Advantage of Tax Attributes at Death (2 Hours)
When a taxpayer dies, their tax attributes die with them… or do they?!? Capital loss carryovers, NOL’s, suspended passive losses, charitable contribution carryovers, minimum tax credit, these are just a few of the tax attributes that may be lost because of a taxpayer’s death, but with proper application of the rules and some timely planning and advice for the surviving spouse, you may be able to take advantage of these attributes rather than losing them. Understanding the rules about use of tax attributes after death will allow you to advise your clients how to take full advantage of their tax attributes.

Lisa Ihm, EA
Morning Session (cont’d)
1031 Exchanges of Real Estate (2 Hours)
Is this you? You’ve taken classes about like-kind exchanges and think you know the concepts, but when it comes time to actually enter the transaction into your software you suddenly feel lost. It’s not your fault! To complete like-kind exchange calculations you really only need 6 numbers; FMV of the old and replacement property, basis of the old property, loan amounts on the old and replacement property, and total expenses from the settlement statements. You know where to get all those numbers, right? So why does your software make it so hard?!? And when a client asks about the tax ramifications of doing a like-kind exchange does it take you hours to run all the possible scenarios? In this class, a simple worksheet and a checklist to lead you through the process will solve both of these problems for you, and you’ll gain a new understanding of the basic concepts, which will allow you to quickly provide your clients with accurate advice about the income of their planned exchanges.

Vicki Mulak, EA, CFP
Afternoon Session
Federal Tax Update (2 Hours)
Including some of CA Conformity/Non-Conformity
What about the new Form 1040 Postcard!
Vicki Mulak, EA, CFP  
**Afternoon Session (cont’d)**  
**Entity Choices for Optimal Sec 199A Deductions (2 Hours)**
How will you advise your client about the tax consequences of their entity choice? This class will teach you the essential part of the decision-making process. Consider the benefits and disadvantages of different entity types so you can help your clients determine if they need to make a change.

**Day 3 – October 31, 2018**  
Vicki Mulak, EA, CFP  
**Morning Session**

**Basis, Basis, Basis (4 Hours)**
Most practitioners would agree, that a thorough understanding of “basis” is essential to competency in the field of taxation. This presentation will look at a variety of areas where basis is calculated, including basis in residence, basis in property acquired in a Section 1031 exchange, basis in stock resulting from a transfer of assets and liabilities under Section 351, basis in property received from a partnership, basis in property inherited from a decedent, basis in gifts, partnership basis adjustment when a Section 754 election is in place, basis in property received for services and much more.

**Lisa Ihm, EA**

**Business Provisions of the Tax Cuts & Jobs Act -Diving into the Details**
(4 Hours)

**Afternoon Session**
You’ve heard lots of summaries of the new Act, but now it’s time to learn the details and determine how it is going to affect your clients. Learn how the Section 199A 20% of business income deduction will actually work. Understand the W-2 wages and service business limitations and find out why they will not apply to many of your clients. Discuss strategies for when you should deduct improvements as repairs and when you should capitalize them and deduct them using bonus depreciation instead. Explore the new depreciation rules, including rules for qualified improvement property. Determine how the elimination of like-kind exchanges of personal property will affect vehicle reporting. Find out how net operating loss use will change. Discover increased deductions for luxury cars. And so much more.

Pricing and details for registering will be available on the EBAEA website visit [www.ebaea.org](http://www.ebaea.org)
The meeting took place at the Oakland IRS office location at 1300 Clay St. This was our first meet in over a year, I think. There was a lot to cover and a lot of it was catch-up and summarizing. Please also be advised that the acoustics in that conference room are horrific. They even apologized for it. Anyone who spoke that did not have a good speaking voice was not heard well. That included both panelists and IRS people. It is conceivable that some items were misunderstood or transcribed by me incorrectly, so caveat emptor. Anything preceded by ‘PF” is a side (or maybe snide) comment from this reporter.

Opening Agenda Remarks

These were given by a combination of Terri Malone and Derek Gantner. They are the local and area Stakeholder Liaison managers.

The Oakland and San Jose PLM groups are going to combine and have 1-2 meetings a year. All participants will be invited each time. There will be another in San Jose in November, tentatively the 8th. I cannot promise I will make the trip there. They are open to doing more meetings if needed, and would also be willing to do periodic conference calls if we ask them to or if there are major issues to discuss.
Mark Zine is the Sacramento Stakeholder Liaison. He is responsible for centralized messaging to CSEA, CalCPA, NSATP, etc. Many of us stated that we were not receiving stuff from him, and Terri said she would provide him with our contact info.

**Other updates from IRS:**

- We are in what has been Western Area. It is now going to be called Area 5 (PF – I think Area 51 might be a more apt description of how they operate).
- TCJA – IRS will have to revise around 450 forms, instructions and publications in all, and modify 140 IT systems. PF – that is going to be fun.
- IRS has created a “tax reform communications office,” which they refer to as “TRIO.” It is responsible for figuring out everything they need to implement for tax reform. There will be 3 Stakeholder Liaison people in that group that we can bring our concerns to.
- There is now a tax reform page on irs.gov. It is supposedly updated regularly. It has sections for individuals, businesses, and tax-exempt entities. Just enter “tax reform” including the quotes in the search bar on the home page.
- This is kind of disconcerting: Treasury is overseeing IRS on creating all guidance, and it is making everything take a lot longer. This means it is taking IRS a lot longer to come out with regs. PF – in general, congress usually gives the code to IRS and IRS goes off on their merry way to create guidance. The most prominent guidance below the code itself is regulations.
  - Regs on 199A are supposed to be coming soon.
  - As an aside, the territory managers for exam and collections both said they had no idea what 199A was about and would probably have to learn it in a couple years when they start messing with 2018 filings.
- Stakeholder Liaison reports that security is a primary area of importance. There is a new Pub 5293, Data Security Resource Guide for Tax Pros. Recommended for all of us to download. I just grabbed it. It is 4 pages, a good overview. I am giving it to Chapter Office and they may want to distribute a link to the pub on our website. Otherwise, just search for it. There are also security news releases IRS issues which you can subscribe to.
  - You may also want to visit the various subscriptions pages on irs.gov. This link will help you work your way to it: [https://public.govdelivery.com/accounts/USIRS/subscriber/new?preferences=true](https://public.govdelivery.com/accounts/USIRS/subscriber/new?preferences=true).
    Just enter your email and they will show you what you are subscribed to and give you an opportunity to choose everything you want.
- Multiple webinars will be offered in the near future on tax reform and will have CE credit. If you subscribe to E-news for tax pros there will be info.
- Cyber criminals are targeting tax pros really heavily. If you have a data breach, Stakeholder Liaison are the first people you should contact.
- SBSE Taxpayer Digital Communication (TDC) update: They had a very small pilot program, which I think they said was on the east coast. It gives the opportunity for TPs (or their reps) to do correspondence exams in a secure digital communication.
Phase II is going to begin this year, entirely out of the Philadelphia Service Center, although it will be national. It will invite 19,000 taxpayers. There will be a portal for sending messages and documents. I immediately asked if we would be able to open a communication with a single employee that we contacted for the entire case. The response was that it would likely be whoever opened the communication at any given time, and that they would be able to see all the notes and history. PF – why am I not super excited about this? It is going to be a nightmare.

- The exam topics covered will be Schedule A, Education credit, childcare credit, etc.

### Divisions/Departments Reporting

**Albert Ju, Exam Territory Manager**

He also had Jocelyn Lim with him, who is an RA manager. Exam has 8 areas nationally. They recently realigned. Northern CA territory had 4 Territory Managers. That has now changed to 3 in NorCal and one in Las Vegas. Albert is now the “SF Territory Manager.” 4 RA groups each in Oakland and SF, 3 in Fairfield. His last hires were 3 years ago and he is not aware of any new hires coming.

**Exam General Priorities**

- Trying to make RAs spend significant time and energy early in the audit process so it does not affect the TP’s life for as long a period of time and so cases may be closed in a timely manner.
- Remind agents to consider all matters including prior and subsequent years. Note that this could mean more than the just the prior and subsequent year.
- Prioritize importance of RA working where the books and records are located.
- Set firm and realistic dates for completion of items in both directions.

**Exam Specific Priorities**

- Abusive promotions, transactions, and schemes. Promote investigation of practitioners involved in false business deductions, false and abusive Sch A deductions, and EITC fraud. 60% of preparer investigations are in these 3 areas. If we see someone we think is doing it from something a client brings across our desk, report it.
- Research & Experimentation credit – there is apparently quite a bit of fraud in this area.
- Partnerships using multiple layered entities.
- Offshore banking.
- NRP (National Research Project – for those unaware, these are the random audits). How relevant is current NRP data going to be for TCJA returns going forward? PF comment: not very, IMO. This will bring a whole new round of NRP exams.

I think many of the above bullets are more or less handed to him from the national office to pass to us. The following are more specific…

- Preparer due diligence visits re EITC, E-filing, etc.
• If audit cannot be agreed upon, there is a fast track settlement program, but no specifics were given, other than the case would remain in SBSE and they (exam) will work with TP and appeals officer together. PF – I do not personally like the sound of this. Appeals is supposed to operate as a separate function from exam. That is all I will say here.

• Audit procedure: There were some issues raised by a couple panelists on this. Sometimes they are receiving a 10-day letter, which seems to them to replace a 30-day letter. Albert said that his RAs rarely do this. The concept of a 10-day letter is less formal and does not start the 30-day clock. It is supposed to be a tool to get us to try and resolve things with them faster if we are lagging. He claims it is more or less saying that they are going to start going forward to a 30-day letter unless we give them something they can use fast.

• If an agent does not tell us who their manager is, we can call Terri Malone or Jennifer Henri-Brown. They will get us the info.

Cynthia Mackey, Collections RO Group Manager
This was not totally clear, but she is mostly in Oakland and sometimes in Walnut Creek? PF – I thought they closed the Walnut Creek office, but perhaps some of you on that side of the hill may know more.

Passport issues for tax debtors
• IRS is sending the State Department names of any TPs owing $51K or more. Their passports may be taken and they may not be allowed back in the country.
  o If they are on an approved IA, have an OIC accepted and are paying, or are in a CDP, passport will not be taken.
  o TP who is in currently non-collectible status is OK as well. Those in bankruptcy, ID theft victims, or people in federally declared disaster area will also not have their passports taken. All this is somewhere on irs.gov. I did not check.
  o TPs and reps will receive Notice CP 508C stating that their info is being sent to State Dept.

Other Collection Issues
• $67 Billion of trust fund taxes are owed by in-business taxpayers who are behind! No wonder Social Security is in trouble.

• Collection appeals: Problem they are running into – RO asks TP for a financial statement and TP does not provide it. RO then moves to enforce. TP files for a CDP. Then TP sends the financial statement to appeals. Appeals then sends it back to the RO to evaluate. Moral of story: unless you have a specifically good reason, give the ROs the financial statements and work with them. It is crazy to waste so much of everyone’s time on the above scenario.

• Tax pros and clients must be on alert for RO phishing calls from scammers. Supposedly, local police know names and numbers of ROs and they can be asked if it is a real employee. You can also call Stakeholder Liaison.

• ROs will come to our offices more often to get and go over financial statements so cases can be closed more expeditiously.

• A pilot program of some kind is coming out to allow ROs to receive secure emails.

• If you are not receiving responses from a RO you are working with, contact their manager.
• The local Territory Manager for Collections right now is named Chris Taylor.

Closing and Roundtable
We were given a practitioner phone directory, but one of the IRS employees noted that it was already outdated. Nothing new on this, as it happens every time! We were promised we would receive an updated version by email for dissemination. That was over a week ago. I have a lot going on at the moment and may forget to bug them about it, so someone please remind me if you have not received anything from Chapter Office by Thursday the 9th.

Final Roundtable + odds and ends
• People who are already on IAs are being contacted by private debt collectors. This is a no and IRS is not supposed to pass those cases to them. If this happens to your client, contact IRS immediately.
• Jason Pritchard from TIGTA, a pretty smart guy, says TIGTA can come out and speak at a meeting. If we want him, we should reach out to Terri Malone. Jason is supposed to be very good speaker.
• If there is burning stuff the PLM panel wants to do, we can propose our own location for a meeting between now and then. IRS is not locked into meeting at the federal building.
• We spoke for a minute about changing the agenda structure of future meetings, but it was vague and left up in the air.
Name:

Year you became an EA: NTPI Fellow:

Location of your practice (city):

Number of Employees in your practice:

Education:

Tax Specialization(s):

How/Why did you become an EA?

What do you like best about being an EA?

What do you like least about being an EA?

Have you previously been an officer of EBAEA? What position(s) and year(s)?

Have you been an officer of CSEA and/or NAEA? What position(s) and year(s)?

Anything else you would like the members of EBAEA to know about you?