



# The Bulletin



East Bay Association of Enrolled Agents  
*To Enhance and Protect the Professional, Economic, and  
Educational Interests of all Enrolled Agents*

December, 2005.

## General Meeting

NEXT MEETING, Wed, December 21, 2005  
Place **Crowne Plaza, Pleasanton**

4:30 Board Meeting

6:30 Hospitality

**7:00** Dinner Buffet

8:00 Program –Home Mortgage Interest Deduction Rules

Cost: \$30.00 with reservation  
\$35.00 without reservation

Reservations: (800) 617-1040  
email: [EBAEA@aol.com](mailto:EBAEA@aol.com)

## STANDING RESERVATIONS

Our Chapter maintains a "Standing Reservations" list for those EAs who attend most monthly meetings. If you are on this list, you need to contact the Chapter office only if you will NOT be attending the meeting. If you wish to be added to or removed from the "standing reservations" list, call (800) 617-1040

## CHAPTER MEETING

### "Home Mortgage Interest Deduction Rules – Are Your Clients in Compliance"

*By, Philip Fiegler, EA, Program Chair*

While clients have been deducting Home Mortgage Interest on their tax returns for decades, the deduction and the rules governing it have never been more complicated and misunderstood than they are today.

What do the following terms mean? Qualified residence, Grandfathered debt, Acquisition debt, Equity debt, Interest tracing rules.

Some other issues which will be covered are

*Continued on next page*

## President's Message

*By Duncan Sandiland, EA*

Holy mackerel!! Is it really time to start preparing organizers again? So much for our paperless office.

Each year, this space has a blurb about what a great job the Tax Talk seminar crew did, and how it was a wonderful event. Don't you want to skim over that bit as soon as you see the same old trite phrases? I confess that I often read those passages more out of duty than desire. However, this time, it's different and not just because I'm the one who has to write the phrases.

Before I became an EA, I wore many hats. For five years, I was a monthly show promoter, putting on events in hotels. Like the EBAEA, my grocery budget depended on how well those shows did. I made a lot of mistakes, some very time-consuming and some very expensive, but I continually adapted and eventually I had a very smooth operation, which enjoyed the best reputation in the region. A critical component of my success was my crew. Over time, they too learned tricks of the trade, and they learned how to work with each other, and they were cross-trained in each other's primary jobs. After a few years, they were so proficient that my presence was no longer essential to the actual show. Even when my vendors had poor sales, they still came back because of the quality of my staff. When I sold my company for a record price, the buyers received my customer lists, equipment, training in my processes, etc- everything they needed to step into my shoes..except my staff

Within a year, my successors had failed. Draw

*Continued on next page*

*Meeting continued*

when mortgage interest is not a deduction, and how the dreaded Alt Min Tax interacts with mortgage interest. Even of greater interest, especially in light of the increased scrutiny under Circular 230, is, if you apply the rules correctly, how will your clients feel.

Find out the answers to these questions and more at our next meeting, where our speaker will be our own Jerry Pusateri. Jerry has been in the tax business for 24 years and became an Enrolled Agent in 1983. He is a member of NAEA/CSEA. He became an NTPI Fellow in 1999. He has been teaching Income Tax and QuickBooks classes for the Fairfield-Suisun Adult School. Currently, Jerry is serving as instructor for our own EBAAE SEE Class, and he has been doing a heck of a job.

Come one, come all, and spread a little holiday cheer!

### ***NEW MEMBER ORIENTATION***

Do you want to know how to make more money? Come and learn about the benefits of your membership.

When Wednesday, February 15, 2006  
Time 5:30 pm – before dinner meeting  
Where Crown Plaza Hotel, Pleasanton

### **Extra Storage Space!!!**

Do you have any old Chapter records or paraphernalia lying around in a closet, storage locker, file cabinet or whatever? Would you like to see it find a kind, loving home ANYWHERE else? This is probably your only chance to get rid of the stuff. The Chapter Office is moving in December, and we are going to be reviewing all the old Chapter records etc. to see what really needs to be kept and what we can live without. As you might expect, this is a daunting project and we can only spare the time to do it once. If you have any old records that you think should be in Chapter custody, please call Dolores at (800) 617-1040 or Duncan Sandiland at (925) 691-1040 and tell us what you've got. If you're lucky, we'll take it off your hands!

*President's Message continued*

your own conclusions.

Looking over the roster of past Tax Talk chairs, there are many worthy names who have served, some on multiple occasions. However, there is only one name that appears three times in a row. Since 2003, Diane Jaworski-Faulhaber has been steering our flagship. Along the way, she has assembled a top-notch team of department heads who have learned and shared their experiences. Together, they have created a finely-tuned machine, which is a pleasure for this experienced hand to watch.

How well tuned is this machine? While most seminars (Tax Talk included) suffered a small loss in attendance this year, Diane and her team used their hard-won experience to find new ways to control costs without affecting the experience for attendees or vendors. In so doing, they managed to meet the original profit projections even though revenue was noticeably down. In turn, that means that several Chapter programs will not have to be cut this year, and we can continue plans to increase member benefits going forward. They work, you benefit.

Fittingly, I am writing this message on the day before Thanksgiving. I am proud to state that, among family, health, friends and other blessings, I can count the dedication of this too-small team who work so hard to provide the funding which allows others to make significant benefits available to so many others.

### ***Toys for Tots***

Again this year we are supporting the Toys for Tots Christmas program. Please bring an unwrapped child's toy to the December dinner meeting. Any questions call Joanne Anderson at 925-938-9086

### **East Bay Tax Talk—Door Prize “We Have A Winner!”**

Doris Murray was the winner of the EBAAE door prize drawing at the Tax Talk Seminar. Doris won a gift certificate to next year's East Bay Tax Talk Update 2006. Congratulations to Doris Murray!

### **Tax Talk Results**

*By. Diane Jaworski-Faulhaber, EA  
Tax Talk, Chair*

Tax Talk 2005 was a great success in meeting all our goals. Even though attendance was down about 10%, the projected revenue was attained due to really tight cost controls. As for the laptop thefts, the speaker's laptop was covered by their liability insurance, and we have offered to help them with their deductible. We do not know if the exhibitor's laptop was covered by insurance but we have offered them a free exhibitor booth for Tax Talk 2006.

We tallied up the responses on the seminar evaluations and found a pretty even divide on the votes for a two day or three day seminar, with the two day folks suggesting we had to do something to make up the CPE hours. In response to the two day being on Thursday/Friday or Friday/Saturday, 90% of votes were for weekdays. So here's what we decided to do.

Tax Talk 2006 will be held at the Crowne Plaza Hotel, Pleasanton, on Wednesday, Thursday and Friday, November 1st, 2<sup>nd</sup>, and 3<sup>rd</sup>, basically from 8A-5P for 24 CPE hours. We will have our chapter dinner on the third Wednesday as regularly scheduled and we will have a two hour ethics session in our three-day seminar. Our tentative plan is to have the Federal and California updates on Wednesday, Ethics and another two-hour session on Thursday morning with a four-hour workshop Thursday afternoon, and our Theme Day on Friday, all topics focused on real estate transactions. We have received some excellent suggestions for real estate topics so this should be an outstanding session.

I would like to thank all who attended our seminar this year and look forward to seeing all of you again next year. Mark your calendars now because the hotel has already been reserved!

### ***Found***

Found at the Tax Talk seminar in the meeting room: Black cardigan sweater, size XL. Please contact Diane Jaworski-Faulhaber at 510-538-0948 if this is your property

Taxpayers with Direct Debit Installment Agreements recently received letters notifying them that the IRS will be unable to automatically withdraw their payments for Dec 2005 and Jan. 2006 due to major computer system upgrades.

As explained in the letter, agreements will automatically be extended for two months and agreements will not be defaulted for missed payments during this period. Taxpayers may avoid the accrual of additional interest and penalties by either mailing a check or money order using the envelope provided (a second letter will be sent for the Jan. payment) or using electronic payment options as described on [irs.gov](http://irs.gov). The IRS will resume automatic withdrawal of taxpayer installment payments in Feb 2006.

### **New Bankruptcy Law Adds Debtor Tax Responsibilities**

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA), which was effective Oct. 17, adds new tax responsibilities for bankruptcy filers.

Under the new law, debtors must not only comply with filing their returns but also provide copies of the tax returns or risk dismissal or conversion of their case.

Also under BAPCPA, in order to have their plan confirmed, Chapter 13 debtors must file all tax returns for the four-year period before the bankruptcy petition.

### **Headliner Vol. 135, Tips for Filing Form 2553**

If a corporation wants to be treated as an S Corp. for the current taxable year it must make its S election within the first two and one-half months of the corporation's taxable year, or at any time during the preceding taxable year. Timely and accurate filing of Form 2553, Election by a Small Business Corporation, is critical to being treated and taxed as an S Corporation. For further details see Headliner #135.

## And – “We Have a Winner”

Beta Alpha Psi, the accounting honor society at Cal State University East Bay, held its annual Meet the Accounting Professionals Night on October 14, 2005. The purpose of this event is to allow CSUEB students the opportunity to meet potential future employers. One hundred thirty students circulated among the booths of 33 firms and EBAEA and discussed their plans for the future.

Penny Ashenfelter and Mike Barrick represented EBAEA at the event. Their objective was to tell students about EAs and career opportunities in the tax profession. In addition the EBAEA table had a list of six vacant jobs at East Bay tax offices. Ten students picked up job descriptions.

EBAEA was well received by the students, CSUEB faculty and other vendors. Many students picked up information about becoming an EA. Eleven students wanted to be informed about EBAEA activities and signed up to receive the Bulletin. EBAEA was invited to participate in future Beta Alpha Psi activities.

Nivedhitha Gopal, a CSUEB student, won a gift certificate in the BAP raffle to attend an EBAEA dinner meeting. Gopal will receive the Bulletin and be able to select a meeting to attend which is convenient for her.

## IRS Web Links

The irs.gov Web site offers tax professionals Web pages with quick links to tax information for Tax Pros. You can find links for information on e-services, Offers in Compromise, Basic Tools for Tax Professionals and more.

IRS Headliners are designed to provide stakeholder groups with the latest IRS information on a wide range of topics. To read individual volumes and learn more about Headliners, please –visit the Headliners main page located in the Small Business/Self-Employed section of the irs.gov Web site.

Department of Justice news releases can be found on the DOJ Web site.

**I am an EA** who has prepared individual, trust and estate tax returns for over 20 years. If you ever feel overloaded with work that you can't handle yourself (and don't have enough work to hire someone part-time) or if there is a special tax project or tax research that you don't have time to do, I'd like to help you out. I prefer to work as an independent contractor. I'm interested in working as a full or part-time salaried employee on a permanent or temporary basis. I'm familiar with Lacerte. Sheila Khalov, EA 510-482-2312 or [mhreturns1@sbcglobal.net](mailto:mhreturns1@sbcglobal.net)

**FOR SALE:** 19 rolls of single ply thermal credit card machine tape. I bought more than I can ever use. The rolls are 2 1/4"X2 7/8". Each roll is 230' long. I am selling them at my cost of \$1.20 each. Call Carol J. Vernaci, EA at 510-471-0510

**Experienced** preparer, preferably EA, for part time year round work in busy Albany EA office. Flexible hours, interesting client base. E-mail resume to Lil@LeaTax.com

*“If you are subscribed to the East Bay NEWS list, you already received this information. If not, this is one example of what you can get off that list. If you wish to subscribe to it, please use the following link.*

<http://ebaea.org/cgi-bin/dada/mail.cgi>”

## Help Wanted

**Hayward,** Established tax office is seeking two tax preparers. Work is in a friendly office environment. Hours and schedule: Approx. 40 hours per week. Schedule will vary. Work week will be based on an 8 hours day 5 days a week, including Saturday as one of the days. Skills: 2 years of recent experience in the preparation of simple to complex tax returns for individuals and small businesses. Prefer experience with Lacerte Tax Software. Knowledge of work paper preparation desirable. Please fax a copy of resume to: Secure – Taxes, Inc. Kim Kastl, President 510-537-9331 or e-mail ppringle@yoursecuretaxes.com

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**Classified**

**Breakfast Tax Meetings**

**Antioch /Brentwood**

Brentwood Café, Brentwood  
(Every Friday, 8:00 a.m.)

**Ken Seamann (925) 634-8297**

**San Ramon**

2<sup>nd</sup> Friday of Month 8:00 am

Call Bonnie for details and location

**Bonnie Buhnerkempe,EA (925)855-0829**

**Danville Area**

Pascals French Oven

155 Railroad Ave. Danville

4<sup>th</sup> Tues of the Month 9:30am

**Michael Power,EA(510)366-8836**

**Oakland/Berkeley**

Contact Phil for details and location

Philip Fiegler, Ea (510)530-1174

**So. Alameda County**

First Wednesday of each month,

9:30am Dino's- Hayward

1 block West of Hwy 880 on Industrial Blvd.

**Sal Romo or Walt Thomas**

Chapter Office-1-800-617-1040

*Continued Classified*

**San Ramon** tax and financial services office looking for full or part time EA for 2006 tax season. Accounting skills a plus, as we have many small business clients. Please contact Barbara Vincent: phone (925) 244-6640, fax (925) 422-6644, email [barbaravincen1@msn.com](mailto:barbaravincen1@msn.com)

**Alamo**, Our schedule is flexible – approx. 20 hours per week. Skills needed are Admin, receptionist, and computer literate. Please call Janie, of Olofson Realty & Tax Service. 925-837-7788, e-mail, [olofsontax@aol.com](mailto:olofsontax@aol.com). 3200A Danville Blvd. Ste. 204, Alamo

**Tax preparer** with 1-2 years experience for Oakland (Montclair) tax office. Needed full-time tax season. Input client information into computer tax program and follow-up by phone for client's missing information. NO client interviews. Excellent opportunity for someone who wants to learn more about tax prep. Must be non-smoker, detail-oriented, have transportation. Please do not contact me about out-sourcing this work or hiring a more experienced preparer. Please call Jan, 510-482-1015 or e-mail [JanZtax@aol.com](mailto:JanZtax@aol.com).

**MARK YOUR CALENDAR**

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|----------|--|
| 12/21/05 | EBAEA Dinner Meeting<br>Reg. 6:00 – 6:30<br>Dinner 7:00 pm<br>Program 8:00 pm<br>Crowne Plaza, Pleasanton              |
| 01/18/06 | EBAEA Dinner Meeting<br>Reg 6:00 pm<br>Dinner 8:15 pm<br>Crowne Plaza, Pleasanton                                      |
| 01/20/06 | CSEA/IRS Tax Practitioner Seminar<br>7:30 am – 4:00 pm<br>Embassy Suites<br>So. San Francisco                          |
| 02/15/06 | New Member Orientation<br>5:30 pm<br>EBAEA Dinner Meeting<br>Reg 6:00 pm<br>Dinner 8:00 pm<br>Crowne Plaza, Pleasanton |

**CSEA/IRS Tax Practitioner Seminar**

January 20, 2006 will be the CSEA/IRS Tax Practitioner Seminar:

Location – Embassy Suites,  
250 Gateway Blvd.  
South San Francisco

Topics: OIC & Partial Pay Installment Agreements.

e-Services  
Compliance  
The Examination Process  
Taxpayer Advocate Service

Time 7:30 Registration

8:30am 4:00pm – program

Cost \$80 for CSEA Members before Jan 6 and \$95 after.

\$95 for non-Members before Jan 6 and \$110 after.

CPE CTEC 2509 – Fed 7 hrs

Calif. Bd. of Acct.- 7 hrs

IRS/CSEA/NAEA – 7 hrs

For more information, contact CSEA at

916-366 6646

## 2005 - 2006 Board of Directors and Committee Chairs

WebPage <http://www.eastbayea.org/index.htm>

President, Duncan Sandiland,EA	925-691-1040	CSEA Directors- Kim Kastl, EA	510-537-2122
1st Vice Pres., Bonnie Buhnerkempe,EA	925-855-0829	Thomas Johnston,EA	925-828-4500
2nd Vice Pres., Thomas Johnston, EA	925-828-4500	<b>Education Committee, (2<sup>nd</sup> VP)</b>	
Treasurer, Catharine Dombrowski, EA,CPA	925-754-6562	<b>Chair:</b> Tom Johnston, EA	925-828-4500
Secretary, Peggy Hall, EA	925-388-1040	Interchapter Liaison Team (vacant), EA	
Past President, Kim-Sue Kastl	510-537-2122	Tax Talk Team-Diane Jaworski-Faulhaber EA	510-538-0948
2 Year Directors-		Program Team- Philip Fiegler, EA	510-530-1174
Mike Barrick, EA,CFS	510-339-7039	SEE Class Team-Bonnie Buhnerkempe, EA	925-855-0829
Janet Bridges, EA	510-538-0401	Scholarship Team-Norm Madge, EA	510-489-8713
KeAloha Couch, EA	510-558-8060	Continuing Ed-Joanne Anderson, EA	925-938-9086
Kristy Hanson, EA	510-538-0401	Mini Seminar Team;(vacant):	
1 Year Directors-		<b>Administration Committee (IPP)</b>	
Philip Fiegler, EA	510-530-1174	<b>Chair:</b> Duncan Sandiland, EA	925-691-1040
Diane Jaworski-Faulhaber, EA,CFP	510-538-0948	Audit Team-Dave Britton, EA	510-794-1040
Norman Madge,EA	510-489-8713	Bylaws/SOP Team-Sal Romo, EA	510-417-9492
Eleanor Power, EA	510-525-9987	Budget & Finance Team, Walt Thomas,EA	510-725-8356
Vacant		Chapter Office Team-Bonnie Buhnerkempe EA	925-855-0829
<b>Communication Committee,(1<sup>st</sup> VP)</b>		Legislative Affairs Team-Lillian Lea,EA	510-526-2220
<b>Chair:</b> Bonnie Buhnerkempe,EA	925-855-0829	Nominating Team-Kim Kastl, EA	510-537-2122
Membership Team-Penny Ashenfelter, EA	925-449-6748	Strategic Advisory Team-James Hassing, EA	925-831-8945
Outreach Team (vacant)		Bulletin-Eleanor Power, EA	510-525-9987
Public Affairs-J Michael Barrick, EA	510-339-7039	TAX Agency Liaison-LaRee Jensen-Graham	510-601-0409
Social Affairs Team Kristy Hanson, EA	510-538-0401		
Interchapter Liaison Team (vacant)			

## EAST BAY ASSOCIATION OF ENROLLED AGENTS

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FIRST CLASS