



The Bulletin



East Bay Association of Enrolled Agents

To Enhance and Protect the Professional, Economic, and Educational Interests of all Enrolled Agents

April 2010

NEXT MEETING Wed, May 19, 2010

Place: **DUBLIN Radisson Hotel**

(go to http://www.radissondestinationguide.com/location/Map.process/OID_EB39EA2D/?hotelCode=CADUBLIN)

5:30 Board Meeting

6:15 Networking

6:45 Dinner Buffet

7:30 Program: **“EAs and Life Insurance”**

Cost: \$35.00 with reservation by Friday May 14
\$45.00 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 ebaean@ebaean.org (preferred) or call 800-617-1040.

May Topic: “The EA’s Practical Guide to Life Insurance”

Speaker: Duncan Sandiland, EA, CFP®, CLU, etc
by Irene Moore, EA Program Chair

Have many of your clients asked you about the tax consequences of their life insurance policies (or plans), or are they mostly too confused or bewildered to know where to begin? Do you feel as lost as they do? Can’t get any straight answers from the life insurance agent? Can’t even find the agent who wrote the policy?

Properly used life insurance can be the most cost-effective tool for creating vast amounts of wealth and accomplishing multi-generational family goals, yet it is surrounded by so much arcane legalese that most people would rather have a root canal than try to understand their policy. If that sounds familiar, then you can’t afford to miss this presentation.

We’ll start by looking at the origins and mechanisms behind risk management and life insurance, then cover the various forms of life insurance and when they are appropriate to use. With that foundation laid,

we’ll discuss how different client actions can have tax implications, including policy loans, surrenders, sales and death benefits. Various annuity topics will also be covered.

Speaker Duncan Sandiland holds every major credential involving personal finance. A repeat speaker for EBAAEA, past President of EBAAEA and past Director of CSEA, he uses his breadth of knowledge to carve off the nonessentials and just focus on what practitioners really need to understand in order to help their clients.

If you have a specific question or concern regarding this topic, please email Duncan at bulletin@ebaean.org by May 5 and he’ll try to work your issue into his presentation.

PRESIDENT’S MESSAGE

by Peggy Hall, EA

Keep up the Good Work! Your clients need you and love you! Good job answering each other’s questions and attending the small group meetings. I know I couldn’t do this alone, especially with all the “brain freezes,” signs of getting older as well as many tax changes.

While I have kept my fees the same I have given many clients discounts. Clients have asked me about my fees, for the first time, and I have very willingly given them a hefty discount, explaining that I really appreciate their business and I understand times are hard. This works much better than just reducing the fees. I am sure many of you will disagree with me giving the discounts.

Tax Freedom Day arrives one day later than last year, April 9. That is two weeks earlier than in 2007. (See <http://www.taxfoundation.org/taxfreedomday> for details.) We know when tax freedom day is for Enrolled Agents. I hope to see all of you at the Thank Goodness It is Over Party on April 17th. Contact Patty Pringle, epattypringle@sbcglobal.net and see details elsewhere in this bulletin.

NO AMOUNT OF WEALTH WILL PLEASE ONE WHO CANNOT FIND RICHES IN WHAT IS FREE. FIND THE BEAUTY IN YOUR LIFE TODAY!

EBAEA EMAIL LISTS

EBAEA sends news to Members via two one-way (send-only) email distribution lists. Subscription is free and completely voluntary, and you can subscribe or unsubscribe to either list any time you wish. For more information and to manage your subscription, visit:

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

IRS NEWS

IRS has issued the long-awaited proposals for regulating tax return preparers. The finished report is surprisingly short and readable. See it for yourself at:

<http://www.irs.gov/pub/irs-utl/54419109.pdf>

NEW HOME BUYER CREDIT ALERT

By Cherry Comstock, EA

Letters are going to taxpayers who claimed First Time Homebuyer Credit on 2008 1040 or amended 2008 1040. The settlement page was not required until 11/6 legislation, but IS required retroactively. Letters are being received by OUR clients NOW. We did the return right at the time, but the letter is automatically sent. Required documentation pursuant to IRS Form 886-H-FTHBC is here:

<http://www.irs.gov/pub/irs-pdf/f886hfth.pdf>.

NEXT YEAR'S BOARD SLATE ANNOUNCED

by Thomas Johnston, EA

Per the requirements of the Bylaws, the Nominating Committee has proposed the following slate of candidates for our 2010-2011 fiscal year:

President:	Thomas Johnston EA
1 st Vice President:	Cherry Comstock EA
2 nd Vice President:	Patty Pringle EA
Secretary:	Linda Koziol, EA
Treasurer:	Marjorie Williams-Jones EA
Director 2010-2011:	Marjie Hines EA
Director 2010-2011:	Gail Nanbu EA
Director 2010-2011:	Andy Rogers EA
Director 2010-2012:	Eva Konigsberg EA
Director 2010-2012:	Morris Miyabara EA
Director 2010-2012:	Irene Moore EA

The election for these positions will be held at the May Annual Meeting. Per the Bylaws, eligible Members can run from the floor with no advance notice. However, as a courtesy to those planning the meeting (which is already under a very tight timetable), it is requested that any floor candidate provide advance notice to the Nominating Committee through its Chair, Thomas Johnston at (925) 828-4500.

AFTER TAX SEASON PARTY

by Patty Pringle, EA

Now that we have the first leg of tax season behind us it's time to relax and enjoy ourselves. Andy Rogers, EA has so kindly volunteered to have the TGIO party at his home in Alameda.

Take a breather and have some fun. Do you have any funny tax stories you'd like to share? Any good tax tips? We'd love to hear them.

Saturday, April 17th the party starts around 2:00 and ends around 6:00. Bring a guest if you like. For more information and directions to Andy's house please email epattypringle@sbcglobal.net or call 510-912-1682. Hope to see you there?

WOULD YOU ATTEND A BIMONTHLY EBAEA MEETING IN OAKLAND?

by Peggy Hall, EA

We (Board of Directors) know there are those of you who would come to a dinner (or lunch) chapter meeting if it were held closer to you, and we would like to know how many. So, if we were to hold a lunch or dinner meeting every other month in Oakland would you attend, and would you rather it be lunch or dinner? Please call the chapter office 800 617-1040 to let us know if you would be interested in attending.

On another note, currently we do not have a breakfast meeting in Oakland? Would you be interested in attending one?

RESOURCES AVAILABLE AT CSEA

By Cherry Comstock, EA

We all have had our issues navigating different websites. CSEA is no different in that sometimes I find jewels and then sometimes I can't remember where they were...

This month I'm going to tell you about CSEA's Media Room. CSEA works closely with all types of media to make information available to the public about the usefulness of using an Enrolled Agent. Likewise, CSEA also will regularly create press releases with pertinent tax related issues. The media room is not password protected. You can direct any interested party to the media room to access wonderful "media type" content.

You access the media page by clicking the "Media Room" words under Media Information on the Home page. Click on the links – you will be amazed by the work that has been done on our behalf by CSEA. In addition to the "Press" types of info there is also a fun, short YouTube video created by our own Communications Coordinator, Clifford Weimer, and available for your use regarding the unique qualifications only and enrolled agents possess. Get full value of all your CSEA membership offers you!

Small Group Tax Meetings

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

Danville Area 4th Tue 9:30am
Pascals French Oven, 155 Railroad Ave, Danville
Michael Power EA (510) 366-8836

Livermore Area Fridays 8:45am
Rock House Café on Portola Ave, Livermore
Richard Goudreau EA (925) 606-6672

Castro Valley 3rd Tue 8:00am
Carrow's, 2723 Castro Valley Blvd @ Lake Chabot, CV
Dagmar Bedard EA (510) 537-3883

South Alameda County 1st Wed 9:30am
Dino's, 1 block W of I-880 on Industrial Blvd, Hayward
Sal Romo EA or Walt Thomas EA (510) 487-1691

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

APPRAISAL SERVICES for EAs

- *Real Estate Appraisals for Foreclosures*
- *Real Estate Appraisals for Estates and Trusts*
- *Real Estate Appraisals for Step-up in Basis*

Your clients need solid documentation that provides an accurate determination of property value. You can rely on **Appraisal and More** for the utmost in professionalism, credibility and expertise. Call for a free brochure and estimate of pricing. Chris Moore (510) 326-8155 or Cmoore2323@gmail.com

HELP AVAILABLE: EA and SEE Trainer

EA and Authorized Prometric SEE Trainer (*very comfortable with Individuals, P/S, LLC, and S Corporations, Trusts*). Completed over 300 returns in a Tax Season; Extensive experiences as in Tax Research and Analysis; Tax Manager. Assisted a client save \$6 M in Corporate Taxes, and performed and facilitated IRS Audits independently.

Best Use of Time: Supervisor over tax returns for tax season, or an experienced Tax Preparer using Lacerte. Resume available upon request. Call (925) 473-1800 or email tinab@thepearlsofwisdom.org

BULLETIN ADVERTISING POLICY

by Duncan Sandiland, 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 a maximum of three months. If you wish to run a notice for a longer period, you must resubmit it.
- 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 the desired text to: bulletin@ebaea.org
- 5) Member 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 \$150 for the three-month insertion. 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.

CALENDAR OF EVENTS

April 2010

**No monthly dinner meeting –
rest up for extension season!**

May 2010

- 10-12** CSEA SuperSeminar "A"
@ Flamingo Hotel, Las Vegas
- 13-15** CSEA SuperSeminar "B"
@ Flamingo Hotel, Las Vegas
- 19** EBAEA ANNUAL MEETING: "Life Insurance"
@ Radisson Hotel, Regional St, Dublin

June 2010

- 3-5** CSEA SuperSeminar
@ Grand Sierra resort, Reno
- 16** EBAEA Dinner Meeting:
@ Radisson Hotel, Regional St, Dublin
- 22-25** CSEA ANNUAL MEETING and CE
@ Doubletree Sonoma, Rohnert Park

July 2010

- 21** EBAEA Dinner Meeting:
@ Radisson Hotel, Regional St, Dublin

HMMMM...

The USA is projected to average a deficit of \$605 billion per year for the next 10 fiscal years (2011-2020), equal to \$69 million of deficits per hour for the next decade. (CBO) *Ed note: that's @\$2000 borrowed each year for every man, woman and child in the USA.*

Based upon the fiscal year 2011 (10/1/10-9/30/11) budget submitted to Congress by President Obama on Monday 2/1/1-, the US government will borrow \$1 out of every \$3 it is projected to spend. This is analogous to an individual earning \$100,000 (after tax), spending \$149,000 and borrowing \$49,000 to cover the difference. (White House)

HUMOR

Queens University researchers have discovered the heaviest element yet known to science. The new element, Governmentium (symbol=Gv), has one neutron, 25 assistant neutrons, 88 deputy neutrons, and 198 assistant deputy neutrons, giving it an atomic mass of 312.

These 312 particles are held together by forces called morons, which are surrounded by vast quantities of lepton-like particles called pillocks. Since Governmentium has no electrons, it is inert. However, it can be

detected, because it impedes every reaction with which it comes into contact.

A tiny amount of Governmentium can cause a reaction that would normally take less than a second, to take from 4 days to 4 years to complete. Governmentium has a normal half-life of 2 to 6 years. It does not decay, but instead undergoes a reorganization in which a portion of the assistant neutrons and deputy neutrons exchange places.

In fact, Governmentium's mass will actually increase over time, since each reorganization will cause more morons to become neutrons, forming isodopes. This characteristic of moron promotion leads some scientists to believe that Governmentium is formed whenever morons reach a critical concentration. This hypothetical quantity is referred to as critical morass. When catalyzed with money, Governmentium becomes Administratium (symbol=Ad), an element that radiates just as much energy as Governmentium, since it has half as many pillocks but twice as many morons.

Annex 1 to Appendix cciii: Governmentium has recently been placed on the list of controlled substances. According to researchers at the International Anti-Proliferation Association, Governmentium has been identified as the key component in as-yet untested WMD, activated through a process known as conFusion.

2009 - 2010 Board of Directors and Committee Chairs

Web Page <http://www.ebaea.org>

President: Peggy Hall EA 925-388-1040
1st VP: Thomas Johnston EA 925-828-4500
2nd VP: Cherry Comstock EA 925-778-0281
Treasurer: Tim Hintzoglou EA 925-930-7737
Secretary: Marjorie Williams-Jones EA 510-482-6204
Immed Past Pres: Thomas Johnston EA 925-828-4500
Director 2009-2010:
Jerrilynn Krebs EA 925-980-6568
Bob Olsen EA 925-837-8329
Director 2009-2011:
Margie Hines EA 510-247-9255
Patty Pringle EA 510-912-1682
Andy Rogers EA 510-522-2300
CSEA Director: Thomas Johnston EA 925-828-4500

Communication Committee, (2nd VP)

Chair: Cherry Comstock EA 925-778-0281
Membership: Clare Flores EA 510-785-8356
Membership: Marjorie Wms-Jones EA 510-482-6204
Outreach:
Public Affairs: Lonnie Gary EA, USTCP 650-209-1818
Social Affairs: Patricia Gilchrist EA 925-833-8822
Practice Preservation: Linda Fox EA 925-846-5913
Disaster Services: Janet Bridges EA 510-505-0818
IRS Practitioner Panel: Phil Fiegler EA 510-530-1174

CTEC Panel: Walt Thomas EA 510-487-1691

Education Committee, (1st VP)

Chair: Thomas Johnston EA 925-828-4500
Tax Talk: Patty Pringle EA 510-912-1682
Program: Irene Moore EA 510-791-8962x16
Continuing Ed: Joanne Anderson EA 925-938-9086
Town Hall: Ravi Sundarraj EA 925-984-1219
SEE Class: Thomas Johnston EA 925-828-4500
Mini Seminar Team: Andy Rogers EA 510-522-2300
VITA Team: Brian Pon EA, etc 510-849-4667

Administration Committee (IPP)

Chair: Thomas Johnston EA 925-828-4500
Financial Review: Shelagh Gallagher EA 510-614-1834
Bylaws/SOP: Sal Romo EA 510-487-1691
Budget & Finance: Walt Thomas EA 510-487-1691
Chapter Office: Dagmar Bedard EA 510-537-3883
Legislative:
Nominating: Thomas Johnston EA 925-828-4500
Strategic Advisory:
Bulletin: Duncan Sandiland EA, etc 925-691-1040
Tax Agency Liaison:
Volunteer Coordinator: Patty Pringle EA 510-912-1682

EAST BAY ASSOCIATION OF ENROLLED AGENTS

30100 Mission Blvd, Suite 6, Hayward CA 94544

(800) 617-1040 or (510) 487-2063 fax (510) 487-1501 email: ebaea@ebaea.org

2010 SPECIAL ENROLLMENT EXAM PREPARATION CLASSES

Presented By
EAST BAY ASSOCIATION OF ENROLLED AGENTS

Part 1 – Individuals Dates: May 8, 15, 22 CPE 18 hrs*

Part 2 – Businesses Dates: July 10, 17, 24, 31, Aug 7 CPE 30 hrs*

Part 3 -- Representation, Practice, Procedures Dates: Sep 11, 18
CPE 12 hrs* *You must attend all hours in part for credit *See pg 2 for CPE*

Time: **Saturdays 9:00 AM to 4:00 PM** (Lunch is on your own)

Location: **Radisson / Holiday Inn Hotel**, 6680 Regional St, Dublin CA 94568

Instructors: Pat Golden, EA; Tom Johnston, EA; Peter Lingane, EA; Sal Romo, EA; and Bart Rugo, EA

Prerequisite: Basic knowledge in tax preparation of Form 1040

Class Fees:

All three parts - \$835
Early bird discount by April 28 - \$785
Separately - Part 1 \$285, Part 2 \$485, Part 3 \$210

Text Books are included in class fee

Register online at: www.123signup.com/calendar?Org=ebaea

Information: Tom Johnston at 925-828-4500 or taxtomea@comcast.net

Scholarships: See CSEA and NAEA Websites for information.

To apply for Enrollment: www.irs.gov/taxpros/agents

To schedule exam: www.prometric.com/irs

SPECIAL ENROLLMENT EXAM PREPARATION CLASSES

CPE INFORMATION

*** Partial credit is not given. You must attend all hours per part to receive credit.**

CTEC

All classes qualify for CTEC Federal Tax credit in the fiscal year of the final class per Part. Hence, Parts 1, 2, & 3 classes qualify for the current fiscal year which ends October 31st.

IRS Circular 230

If you were not an EA, CPA or Attorney when you take the classes, if you also take the Special Enrollment Exam and become an EA, you can count the classes as part of the IRS CPE requirement. However, the classes may not be used as part of the 16 hours minimum requirement in the final year of the three year enrollment cycle. The IRS currently calculates continuing education received in a calendar year (Jan 1 to Dec 31).

If you are already an EA, CPA or Attorney when you take the classes, the classes do not qualify for IRS CPE because the classes are considered basic courses on subjects with which you should already be familiar. However, the classes will qualify for the additional CPE requirement for members of CSEA and NAEA.

IRS Circular 230 Rules for renewed enrollment effective after April 1, 2007:

Your renewal cycle is assigned according to the last digit of your social security number. See IRS website for specific information on renewal cycle.

You must complete 72 CPE credit hours over the three year period specified. Each year you must have a minimum of 16 CPE credit hours of which 2 hours must be in Ethics.

An individual who receives initial enrollment during an enrollment cycle must complete two (2) hours of qualifying continuing education credit for each month enrolled during the enrollment cycle. Enrollment for any part of a month is considered enrollment for the entire month.

References:

Circular 230 Sec 10.6(e)

www.irs.gov/taxpros Enrolled Agents CPE

Members of CSEA & NAEA:

Including the IRS requirements above you must complete a total of 90 (IRS 72 + 18) CPE credit hours over a three year cycle or 30 (IRS 24 + 6) CPE credit hours per year.

New members are pro-rated CPE through the first year 2 hours CPE per month.

SEE CLASS INSTRUCTOR BIOGRAPHIES

Pat Golden, EA, MBA Tax Trained as a Psychiatric Technician in the Navy. For a number of years he was a community mental health worker in San Francisco (Haight, Fillmore, Western Addition). Because of his Crisis Clinic work he was hired by IRS for office audits. Mr. Golden has a BA from the University of California Berkeley and MBA Tax from Golden Gate University. Pat worked in CPA firms for several years. He has been a sole practitioner since 1983 preparing 400 returns a year, specializing in business returns.

Thomas W Johnston, EA began preparing tax returns in 1983 at the urging of a friend. He was accepted into practice as an Enrolled Agent in 1986. Mr. Johnston is Chairman of the SEE Class Committee and a Past President of EBAAEA. He also serves as a member of the Ethics and Professional Conduct Committee for CSEA. Mr. Johnston is a graduate of San Francisco State University with BA and MA degrees in Drama. He taught for a number of years at the college level. He has also had a career as a building manager. Mr. Johnston has taken courses in the Master of Tax program at Golden Gate University and is a Fellow of the National Tax Practice Institute. Mr. Johnston's tax practice is in San Ramon where he specializes in tax returns for individuals, estates and trusts and does representation for his clients.

Peter James Lingane, EA, CFP®, PhD has a practice in Lafayette specializing in planning and compliance for mature individuals, trusts and estates. He has volunteered with low income assistance programs since 1994. In addition to being a VITA instructor, Peter was a SEE class instructor for East Bay previously. Peter is a graduate of Harvard University, has a PhD in chemistry from the California Institute of Technology, and is a Fellow of NTPI. Peter taught on the college level for several years prior to entering a career in industry. He is a published author and is a technical reviewer for the *Journal of Financial Planning*. Peter has served as a Director of EBAAEA and NAEA and is a past editor of the chapter newsletter.

Sal Romo, Jr, EA is Past President of EBAAEA and CSEA and is a member of CSEA's ByLaws Committee. Sal has taught VITA and SEE classes for a number of years. Sal is a recipient of the Distinguished Service Award of CSEA. A retired Coast Guard officer, Sal is now associated with AdTech Tax & Payroll in Hayward specializing in tax returns for Estates and Trusts.

Bart Rugo, EA retired from the IRS in 2007 after 30 years of service. He began as a Taxpayer Service Representative answering questions on the IRS toll free number and at several local offices. After gaining experience, Bart became an instructor of individual, military and small business taxes. Later he served as a Revenue Officer for 2 years after which he became the manager of the IRS Walk In office at the San Francisco federal building. During his last six years Bart worked with the IRS partnering with community organizations to train people to prepare basic tax returns in their local communities. Bart currently lives on Treasure Island where he enjoys the view and tries to enjoy the wind.

March 2010 IRS Panel

Special thanks to Karen Brosi, Sharon Kreider, and Joe Calderaro.

No responsibility is taken for transcription errors - and we did not have time to run the results past the panelists to review. Remember, YOU are signing the return!

1) WEIGHT FEE DEDUCTION?

Owners of trucks often pay a "weight fee" in addition to all the other things in their DMV registration. Is it safe to assume it is not deductible as a personal property tax like VLF? If truck is used for business, would it be considered an additional part of the "registration fee?"

A: **NOT DEDUCTIBLE AS VLF. YES AS ADDITIONAL REG FEE.**

2) MORE 1099 FUN

Where does the info from a 1099A go on the 1040?

A: **BOX 1 = DATE OF FORECLOSURE IS SALE DATE. (FOR PERSONAL RESIDENCE THIS IS SCHEDULE D ITEM.)**

BOX 2 = PRINCIPAL OUTSTANDING OF LOAN

BOX 4 = FMV OF PROPERTY (MIGHT BE SALE PRICE)

BOX 5 = LIABLE FOR DEBT? NO, FMV < BALANCE OUTSTANDING.

IF RECOURSE DEBT THEN FMV (BOX 4) IS SALE PRICE.

DON'T WORRY ABOUT COD TILL 1099-C IS ISSUED.

3) TAX TREATIES INFO SOURCES?

What is a good source for (about) learning how to read tax treaties?

A: **IRS.GOV - ENTIRE TREATY AVAILABLE; SUMMARY (PROTOCOL) WHEN TREATY WAS LAST UPDATED; PUB 901 - MORE INFO**

4) PARTNERSHIP SALE AND BASIS

My client owned 51% of a partnership that owned a motel. He bought his brothers out as of 12/31 2009. Now we are doing his schedule C. What is the basis of, and how do I depreciate his half of the motel which he owned in the motel. So the partnership ended. What happens to the Motel basis?

A: **HIS BASIS IN THE ASSET IS BASIS PARTNERSHIP HANDED OUT TO HIM.**

PARTNERSHIP BASIS x 51% = HIS. PLUS 49% FROM HIS BROTHER. 2010 BASIS IF CLOSED OUT IN 12/31/2009 AS DESCRIBED. CONTINUES OLD DEPRECIATION ON 51%, STARTED NEW BASIS 1/1/2010 ON 49%.

5) REPORTING 1099G ON MFS RETURNS

A) If a CA RDP couple receives CA Tax Refund notice 1099G, and filed MFS for Fed return and MFJ for CA return, can you split it and report 1/2 on each as you would for a MFS couple?

A: **WE ASSUME YOU MEANT SINGLE FEDERAL, NOT MFS. DIVIDE IN ANY REASONABLE MANNER. START 100% ON SINGLE 1040, THEN SPLIT IT.**

B) If so what if the 1/2 is more than the tax benefit (for 2008) on one of them? Would it be correct that 1/2 would only be taxed on the higher earner and 0 taxed on the other?

A: **DEDUCT OUT THE "NO TAX BENEFIT" PART OF IT.**

6) OWNERS OF THE HOUSE YOU BOUGHT DISAPPEAR...

Jane Doe purchased a house 3 years ago for someone else. The people who had the property abandoned the property and Jane Doe cannot find them. Jane received a 1099-A that the property was abandoned 11/30/2009. On the 1099-A in block 2 is \$535,210.77 (principle outstanding) in block 4 is \$596,955.90

(FMV of property), for loss of \$60,745.13. Jane also received a 1098 from the bank with zero interest paid and \$8030.09 real estate taxes paid.

A) SINCE THERE IS A LOSS, HOW WOULD JANE DOE REPORT THIS ON HER INCOME TAXES? OR WOULD SHE HAVE TO REPORT IT ANY WHERE? WHAT IS YOUR RECOMMENDATION?

A: **NOT A DEDUCTIBLE LOSS. SOLD HOUSE FOR 535. SALE 535, BASIS 535. NO DEBT CANCELLATION.**

B) CAN JANE DOE CLAIM THE REAL ESTATE TAXES ON HER INCOME TAX RETURN?

A: **NO, SHE CANNOT CLAIM THE PROPERTY TAX PAID SINCE SHE DID NOT PAY IT.**

7) LLC AND DEBT CANCELLATION

John Doe has a LLC that include one rental Property and 3 partners. John Doe is closing the LLC and selling the property. John Doe is insolvent. John Doe received (1) 1099-S (the property sold for \$245,000). (2) Then he received a 1099-C (Debt Canceled \$240,866.35) from the bank. (3) His current principal balance \$446,242.57.

A: **WE ARE ASSUMING THE LLC RECEIVED 1099, NOT JOHN DOE.**

(1) 1099-S

Gross Proceeds	\$245,000	
Cost of Basis	-\$290,737	
Selling Expenses	-\$ 22,323	
Depreciation	+\$ 59,540	
Loss on Sale	-\$ 8,410	This amount goes from Form 4797 to K-1

A: **LOOKS OK SO FAR.**

(2) 1099-C

In Block 2 the amount is \$240,866.35 - amount of debt canceled

In Block 3 the amount is \$17,980.25 - interest included in block 2

A: **SO 240K LESS 18K = 223K OF COD.**

A Form 982 is filled out.

Part I. Line item #2 \$240,866

Part II. Line item #4 \$201,243 (\$240,866 -\$39,623)

(3) Principal balance owed is \$446,242.57

Here is the dilemma;	Property sold for	\$245,000
	Debt canceled	\$240,866
	Total	\$485,866
	Outstanding balance owed	-\$446,243
	Different	\$ 39,623

QUESTIONS:

A) WHERE DOES THE \$39,623 GO IF MY SCENARIO IS ON TARGET?

A: **RECOGNIZE THE % COD CARRIED OUT TO LLC MEMBER AS PER AGREEMENT. THEN CHECK TO SEE IF INDIVIDUAL IS CONSIDERED INSOLVENT. IF SO, NO COD ON A MEMBER BASIS. 982 AND REDUCE TAX ATTRIBUTES.**

B) IF JOHN DOE IS CLOSING THE LLC AS OF OCT. 2009, WILL HE STILL HAVE TO PAY THE \$800 TO THE STATE?

A: **YOU BETCHA!**

8) TREATMENT OF MLP SHARES SOLD IN AN IRA

Taxpayer bought shares of a Master Limited Partnership (MLP), but he purchased them in his IRA. I get a K-1 every year, but I tend to disregard it since it is in an IRA. Never had a CP 2000 on it, so I assume that is OK. He is considering selling them, but I seem to have read something somewhere saying there

are tax ramifications if you hold MLP shares in an IRA and sell them. I cannot find anything on this. Please advise if you can shed light on this.

A: CONCERN HERE IS UNRELATED BUSINESS TAXABLE INCOME (UBTI). IF > \$1000, COULD BE TAX. K-1 NEEDS TO GO TO TRUSTEE OF IRA, NOT BENEFICIARY. DOES NOT GO ON THE 1040.

9) LLC FEE CLOSEOUT OPTIONS?

TP X and partner started an LLC a couple years ago. Partner and LLC are not my clients, just trying to take care of the other partner (X) who is. Partner has someone doing the LLC return for \$100, I think they are getting about what they pay for. Company isn't doing much business anyway. Now they have decided they do not like paying \$800. So they cancelled the LLC with SOS before end of 2009. Issues:

- They are still 2 unincorporated individuals carrying on a business.
- They have not closed bank account.

My idea – why not change to a general partnership, then \$800 is not due to FTB.

A: THEY ALREADY ARE A PARTNERHSIP BY DEFINITION AND BY NOT CHOOSING ANOTHER BUSINESS FORM. YOU ARE CORRECT NO \$800 IS DUE FTB FOR THE SAME REASON.

If they want to do that, what happens?

- Both entities file a 1065, so do they just call IRS business and specialty phone # and tell them they want to be called So and So partnership instead of So and So LLC? I assume this is not much of a problem and the EIN will remain good.
- What do they do in CA? I found some stuff in Spidell book that says they file a GP-1 and GP-1A. I found these at SS web site. Do they just fill these out and pay the fees, and are they good to go?
- How does the fact that they cancelled the LLC with SOS already play into it?

A: FOR THE IRS THIS IS A NON EVENT. SAME EIN NUMBER, KEEP FILING 1065. FILE 5698 THROUGH THE TERM OF THE 568 THEN SWITCH TO FORM 565. YOU MUST TERMINATE WITH THE SECRETARY OF STATE (SOS). GP-1 AND GP-1A - JUST FORMS THAT MERGE LLC TO PARTNERSHIP. PULL LLC FROM THE NAME. CHECK THE BOX FOR NAME CHANGE.

10) FISHING IN HI

Sharon, help! C Corp has been in business for many years, running fishing charters in HI. Note, all I know is here as I have just been asked for a consultation, have not done any of the tax work or seen any returns. They have actually been slightly profitable. There are 3 shareholders, one at 51%, the others splitting the remainder about half and half. They own a hot fishing boat which is fully depreciated. They have a buyer for the boat and want to close down the corp. Assume the boat sells for \$400K

A: 400K GAIN IS INSIDE C CORP. THERE IS NO CAPITAL GAIN INSIDE C CORP, JUST 400K INCOME. (ORDINARY INCOME AND CAP GAINS IN C CORP - NO DIFFERENCE) [WOULD WORK FOR S CORP]

- Corp has a sale on the 4797 and has a \$400K gain, correct? Corp pays tax on that at corp. level, correct? **YES.**
- If they do close down the corp. and distribute what is left to shareholders after paying all the taxes and whatever else they have to pay, I assume the shareholders are now getting a liquidating distribution? Is this a dividend or a sale of each person's stock on their respective 1040s?

A: THEY SELL THEIR STOCK AND SHOW CAPTIAL GAINS.

One possible additional scenario. Apparently, the slips the boats hang out at on HI are some kind of state property and once you get one, you may have the rights to it in perpetuity and no one else can have it as it is attached to the boat, or something like that. The actual boat was appraised by a certified marine appraiser at around \$275K within the last year or 2. In that case, could an argument be made that \$100-125K of the 400K sale is actually a sale of an intangible, the slip rights, instead of §1245 property, and may not be ordinary income?

A: SELLER WOULD BENEFIT IF SHARES SOLD. BUYER HAS NO BASIS IN BOAT SO HE LOSES (NO DEPRECIATION). IF THEY TAKE MONEY OUT NOW IT IS A DIVIDEND (SAME RATE CURRENTLY SO IT DOESN'T MATTER). 8594 ALLOCATION MIGHT HELP FOR PERSONAL PROP TAX IN HI. NOT SURE NEED TO CHECK HI TAX CODE.

11) THAR'S GOLD IN THEM THAR HILLS!

Karen – sales of GLD and other precious metals ETFs: Gee, now I read somewhere that these are considered bullion sales by IRS and therefore are subject to 28% tax rate like a collectible? Is this true?

A: YES

Well if is, what if it is a short term sale and the TP is in a higher than 28% bracket? Please advise.

A: IF LONG TERM CAPITAL GAIN (LTCG) 28%, SHORT TERM = ORDINARY INCOME. 1256 IS PRECIOUS METAL AND MARKED TO MARKET EACH YEAR.

12) SCHEDULE C THEFTS

I have a client who is a Schedule C business and his 100% business use van was stolen and tons of small tools.. He had it equipped specifically for his electrical business with bins and racks, etc etc. He got the van back after three months and it was completely gutted. He had to pay about \$3700 to get it back into shape so he could use it for his business again and he had repurchase all new tools. I don't really want to take this loss on Schedule A. I'm not sure how to take this loss against his Schedule C. Anyone have any ideas on this? Any assistance would be appreciated. Thanks.

A: SCHEDULE C LOSS. TAKE EXPENSE OF MAKING THE BUSINESS WHOLE AGAIN - DEDUCT \$3700 ON SCH C.

13) WIDOW NOL CARRYBACK

A widow is carrying back a NOL from 2009 to 2006 to recover tax on a Married Filing Joint return. Does an adjustment need to be made on the MFJ return to account only for the spouse's community income? Or is it a straight NOL as if from MFJ to MFJ?

A: MFS RETURN FOR CALCULATION. THEN TAKE NOL OUT OF MFS. SEND COPY OF JOINT RETURN AND 2 MARRIED RETURNS FILING SEPARATE. SEE NOL PUB FOR MORE HELP.

14) W-2 INCOME & HOME OFFICE?

Taxpayer is a radio broadcaster and producer and receives a W-2. He works nights from 5 to 11. He works everyday out of his home in order to reach people during the day to book guests etc.

A) Home office?

B) Mileage everyday between home and office?

A: A BIT OF A SPLIT DECISION ON THIS. IN GENERAL, PANEL FELT YES TO OFFICE AND MILEAGE. MILEAGE HOME THOUGH WOULD DEPEND ON ADDITIONAL WORK DONE BACK AT THE OFFICE AFTER HOURS. (LIKE CHECKING EMAIL BEFORE RETIRING FOR THE NIGHT. ELSE ONLY MILEAGE TO BROADCAST STATION (ONE WAY) WOULD BE DEDUCTIBLE)

15) S CORP CHILDCARE OR MED EXPENSE PLAN OPTIONS

Is there any way for a sole owner of an S Corp to have a childcare plan inside the S Corp? Can they have an insurance plan to reimburse medical expenses--not health insurance?

A: PANEL THINKS NO TO CHILDCARE PLAN. YES CAN HAVE MED REIMBURSEMENT PLAN (BUT NO FICA TAXES)

16) FILING AS IF SINGLE

New client. Left her husband 10 years ago and established her own residence. Their tax preparer has been filing their returns for the last 10 years as single individuals. They never divorced or got a legal separation. The husband is on her health insurance and they own some property together but live completely separate lives and do not co-mingle any cash. I told her she needed to file MFS not single. Her husband is upset - does not want to disclose his SSN - and said the former EA said they were single. Am I missing something??

A: YOU'RE NOT MISSING A THING.

17) ADOPTION EXPENSE

Taxpayer just (3/4/10) learned about adoption expense from coworker. Taxpayer adopted 3 children. "Picked them up in Kansas in 2004" in the middle of adoption procedures. Adoption final in 2007. Expenses for 2004 could have been claimed in 2005, but 2005 is past statute of limitations for amending. For 2005, with other credits, there was no tax to off-set by the adoption credit. However, the unused credit can be carried forward 5 years.

A) Is it possible to correct/amend 2005 for the purpose of carry-forward of the 2004 expenses and then to amend 2006, 2007, etc. to take advantage of the carry-forward? Or, is 2005 closed, period, and 2004 expenses lost? It may be more beneficial for the taxpayer to start with 2006 anyway (even if the 2004 expenses are dropped), since the carry-forward time then continues a year longer. However, I would like to know what the law allows in this case.

B) Can the 2005 tax return be amended, or not, when the changes do not have any effect on 2005 in order to establish the expense carry-forward to 2006?

A: GREAT IDEA. FILE AND CARRY FORWARD. DON'T FILE 2005 RETURN RECOMMENDS JOE. JUST ATTACH THE "PAPER" '05 TO THE AMENDED 06 RETURN.

18) CA PAPER FILING AND WITHHOLDING

(Belated February FTB question.) What are we supposed to do with W-2 and other forms that have CA withholding when filing a California paper return???

1. Staple on front. (no)
2. Staple to the front of Form W-2 CG.
3. Staple to the back of Form W-2 CG. (If so, where exactly?)
4. None of the above.

A: OPTION 4 - NO W-2 ATTACHED. THAT IS THE WHOLE PURPOSE OF W-2 CG. IF NO W-2 CG ATTACH THE W-2 (LOTS OF STAPLES ADVISES KB) <GRIN>

19) TAX PREPARER SIGNATURES

What is the latest on EAs/other preparers signing (1) 1040 and 540 client and/or (2) government paper-filed tax returns?

Does the printed name suffice in all cases? **YES**

What about forms 8879? **YES**

20) FORMS 8879.

What is the required length of time for holding onto these forms and the W-2's and 1099's? When can they be shredded? Or, what must be done with them?

A: BY STATUTE - 3 YRS FED, 4 YEARS STATE INCLUDING EXTENSIONS.

21) 1099G REPORTING REQUIREMENT

Client is well below the income limit for having to file a return except for a 1099R for a rolled-over annuity coded "G". Do you include the distributed amount or taxable amount in gross income for determining need to file?

A: NOT GROSS INCOME. NO NEED TO FILE.

22) NON RESIDENT CASH GIFTS

US citizen living in US to receive monetary gift from mother in India who is a nonresident alien. Form 3520 doesn't have to be filed if gift to the citizen is \$100,000 or less. However, the mother wants to gift the family; that is, the MFJ husband and his wife, and the two dependent children under 17, all of whom are US citizens, each \$100,000 in one year. If the mother gifts each of the four family members, do the Family Attribution rules come into play, that is the four \$100,000 gifts are considered a combined gift to the US citizen of \$400,000 for one year; thus making it necessary to file Form 3520 for \$400,000. If this is true, what tax consequences would there be for this family because of this?

A: RECOMMEND FILING. PENALTY IS 25% AND FAMILY ATTRIBUTION MIGHT CAUSE VARY LARGE PENALTY. NO INCOME TAX HIT THOUGH.

23) RECAP OF AMT

Just to ease my mind...any AMT paid more than 3 years ago is now fully refunded over 2 years? And what about the State AMT?

A: 8801 - YES 50% OVER 2 YEARS. STATE - NOPE.

24) CAN RESIDENCE EXCLUSION BE SPLIT

Is there any way my client can sell this property and take the principle residence exclusion on her half of the property. A 1994 court order saying that my sister and I are co trustees of our mother's trust, that we take care of the property, can sell it, and that the proceeds be split equally between my sister and I. My mother's trust, the xxxxxx trust is on all of the legal paperwork. My sister will not sign the property over to me. I have been living alone in the property, improving it and maintaining it, including property taxes and insurance for the past 15 years, while the property has doubled in value.

A: THERE CAN BE A LEGAL FORCED DIVISION. SPLIT PROPERTY, DISTRIBUTE OUT OF TRUST, THEN WAIT 2 YEARS BEFORE SALE.

25) 1099R AND BASIS

Tax payer took Single Life Option on his retirement from the post office 1/1/1996. His OPM 1099-R shows his contribution of \$41,103 giving him an annual exclusion of \$2055 using the 240 option. On his death on 9/9/09, there was still \$14,385 to be recovered. Can this be excluded on (I assume he means "against the final 1099-R gross") his final 1099-R gross income of \$29K

A: 41K DISTRIBUTION; 28K TAXABLE; 14K BASIS WHEN HE DIES; NOT EXCLUDED FORM 1099!; LEFTOVER 14K IS MISC ITEM DEDUCTION NOT SUBJ TO 2%

26) THEFT LOSS AND NOL CARRYBACKS

A) TP claimed a theft loss in 2008 & carried the NOL back to 2004. The return was on extension. Can they file a form 1045 by April 15th under the WHBBA Act of 2009?

B) TP incurred theft loss in 2008 which was NOT claimed on their 2008 return. Under the WHBAA Act of 2009, can they file a form 1045 for the 2008 or 2009 years? IF so, what is the deadline & the carry-back rule?

A: 2009 NOL CAN ELECT C/B 5 YEARS BY OCT 15; 2008 SPECIAL C/B RULE MADE BY OCT 15 CAN STILL DO C/B FOR 2009; COULD HAVE CARRIED BACK THEFT LOSS 5 YEARS; CAN REFILE 2008 ON 1045 TO C/B FULL 5 YEARS (8 YRS FOR CASUALTY); 2009 IS LIMITED TO 3 YR CASUALTY C/B; DEADLINE 2009 EXTENTION TO OCT 15 TO GET 1045 FILE FOR 2008

27) and 28) none

29) CREDIT CARD COD AND MORE

a) Can a TP exclude income from credit card debt that was discharged/canceled if the taxpayer is insolvent?

A: **COD? MAYBE BUT SHE IS NOT RESPONSIBLE FOR COD DUE TO INSOLVENCY.**

b) Can a TP exclude the income from qualified real property business indebtedness if there are not tax attributes and the asset was disposed of in a prior year?

A: **I BELIEVE THE PANEL SAID YES, IF ISSUE DEALT WITH IN PREVIOUS YEAR.**

c) My client had a rental property that she did a short sale on and there was cancellation of debt. The FMV exceeded the amount of debt canceled and box 8 on the 1099C "Is the borrower personally responsible for repayment of the loan?" is checked "no".

A: **NO.**

d) If the FMV exceeds the amount of debt canceled is there Cancellation of Debt Income? I also read the borrower if the borrower is not personally responsible for repayment of the loan, there is no COD income. Is this correct? **YES**

IS the price the "FMV" or the amount reported on 1099S (what it actually sold for)?

A: **SHORT SALE PRICE = SALE PRICE. FMV OR 1099C VALUE SINCE THERE WAS AN ACTUAL ESCROW.**

30) AUTO PARKING DEDUCTIBLE ?

I read that parking at your job is never deductible, even if you need your car to go places during the day. Is that true?

A: **JOE HAS BEEN DEDUCTING IT FOR YEARS. IF IT'S GOOD ENOUGH FOR HIM...**

31) DISABILITY AND SUPPORT DEFINITION

A parent wants to claim her totally and permanently disabled adult daughter (child) as a dependent. The crux of the question is whether the significant cost of medical treatment the daughter received in 2009, which is being paid by 1) a Worker's Compensation insurance claim or 2) by MEDI-CAL, would be considered as "support" provided by the daughter (child)? Other background information: In the past the daughter lived in Colorado. She has had neck pain from a work related injury. (A ladder fell on her in 1994.) A Worker's Compensation insurance claim was filed with her former employer. In 1998 she was declared to be 38% disabled and is to receive full medical benefits for her neck injury for her life. (Per Social Security disability standards 38% is a very high rating.) Payments related to Worker's Comp. injuries are tax exempt. In January 2009 she relocated to CA and moved in with her mother. The daughter did not work in 2009 and has no source of income. During 2009 the daughter received numerous medical tests (X-ray, MRI, Lab. Test, etc.) and three operations. One of the operations was to repair 4 herniated discs in the neck. The cost of the medical treatment for this operation is a Worker's Compensation insurance claim. Somewhat by accident, a MRI of the top of the neck located a large tumor in the brain (which has caused a loss of hearing in the right ear). The tumor is not related to the Worker's Comp. injury. The daughter has had two brain surgeries to remove the tumor causing the loss of hearing. She is still receiving post-operation radiation. Her hearing has not recovered and she suffers from vertigo. The medical cost related to the tumor is being paid by MEDI-CAL. Even though the daughter is only 41, she has received a MEDI-CAL benefits card because she is disabled and she has limited resources. The mother has been the sole provider of lodging, food, transportation and other household support needs for her daughter during 2009. Medical care is one element in the determination of "Total" support. The cost of medical insurance premiums is considered support, but benefits provided by the policy are not. Per the CCH Master Tax Guide, "Benefit payments made to an individual under state public assistance laws and measured

solely by the needs of the recipient are considered as having been used entirely by that individual for his own support unless shown otherwise.” In this situation the daughter has not received any money. All of her medical treatment is disability related (part of the expense is being paid by a Worker’s Compensation insurance claim and the balance by MEDI-CAL).

A: MEDICAL EXPENSES PAID BY INSURANCE IS NOT SUPPORT. THIS MIGHT NOT BE TRUE FOR MEDICAL - SO THE PANEL IS UNSURE.

**32) SCHEDULE C TO PARTNERSHIP ASSETS
NO NOTES. SORRY.**

33) MFS RETURNS AND SPLITS

Married TP's, one with student loan debt currently on unemployment, want to file MFS. For the splits, in CA community property state, confirm as follows:

a) TP wife bought couples home as separate property. Keeps separate bank account to pay mortgage, prop tax, insurance. (Not sure about utilities). She qualifies for First time home buyer. Can wife take full credit allowed by law on her separate return?

A: YES, \$4000 MFS.

b) Split items on return, yes to her w-2 income and withholding. What about her husbands UI income and withholding? IS that split? (It appears to me that UI is wage replacement and would follow the same rules as general wages in a comm. prop state; split income, split withholding.

A: YES, UI IS ALSO SPLIT (WAGE REPLACEMENT).

34) Auto COD and 1040/1041

Client died had a car with a mortgage on it. The value of the car was set by the Probate Referee and filed with the Court at \$13,500. The car maker took back the car and gave decedent (in their SSA) a 1099-C for COD in the amount of \$4,500. Since Client owned the debt at the date of death, shouldn't the 1099-C stay on the final 1040?

A: NO, NOMINEE OUT TO 1041

To dispose of the car: The value of the car at death was given by the Court appointed official, and the car was returned to the dealer without receipt of compensation. Confirm there is a sale here on Fiduciary return, with a \$13,500 loss. Or is there some rule to match up the sale of the car with the COD?

35) ECONOMIC RECOVERY PAYMENT

Does the IRS consider a TP or spouse receiving a teacher’s pension (CALSTRS) as receiving a "government pension for work not covered by “Social Security”?”

A: NO, NOT A FEDERAL GOVERNMENT PAYOUT.

36) 457 RETIREMENT PLAN & REFUND CHECKS

a) If employee is still working and over 70 1/2 is she required to take MRD?

A: NOT SURE.

b) Will the IRS and FTB send refund checks out of the country?

A: YES.

37) AVOIDING GIFT TAX RETURN

TP mothers died leaving TP as successor trustee of mother's Living Trust. Original Trust had named TP and her brother as equal beneficiaries. However, a few months ago before mother’s death, brother became involved in BK proceedings. On attorney advice, Trust was changed to eliminate any reference to the brother. TP is thus sole beneficiary. However, TP wishes to honor her mother’s original intent and

give half the estate (200-300k) to her brother. Is there any way she can do this without filing Gift Tax return?

A: \$13,000 A YEAR LIMITATION/PERSON. IT WILL TAKE AWHILE.

38) ROLLOVER RULES AND PMI

a) What are the rules for IRA rollovers to a ROTH?

A: NO AGI LIMIT IN 2010. TAXABLE INCOME TO EXTENT OF BASIS. IN 2010, DEFAULT IS PAY TAX IN 2011 AND 2012. CAN ELECT OUT OF THIS TREATMENT.

b) Is PMI paid in full to HUD deductible in years paid or over the 360 months? Only shows on fixed settlement sheet.

A: PMI IS DEDUCTION IN YEAR PAID. 84 MONTHS. DON'T UNDERSTAND WHAT YOU MEAN BY 360, AS IT SHOULD NOT BE IN FORCE THAT LONG. IF YOU PAID IT ALL IN ADVANCE THEN AMORTIZE IT OVER 84 MONTHS.

39) TRUST NEGATIVE \$40k BOX 13 ITEM

What would cause a negative deduction in box 13 on a K-1? I am suspect. Should I be concerned?

A: WELL, SURE IF YOU ARE SUSPECT. PROBABLY JUST DEPRECIATION. CHECK WITH PREPARER OF K-1.

40) John Paul and Yoko - 4k or not to 4k?

John and Paul buy home together in Feb 2009. They split the \$8000 first time homebuyers credit. All is good. In 2010, John meets Yoko who moves in with 4 dogs and a cat. Paul isn't happy. It's decided John will move out with Yoko and Paul will assume the mortgage. What should be done about the credit paid in 2009? Should they amend with John paying it back and Paul claiming the full \$8k? Yoko doesn't like this. What should I, as Paul's, preparer, do?

A: WELL JOHN, YOU LOSE THE LOTTERY. PAY IT BACK. TELL YOKO TO STUFF IT. CAN'T AMEND. PAUL'S PREPARER REALLY HAS NOTHING MORE TO DO.

41) RV A HOME?

Client is kicked out of apartment by girlfriend. Can he get a used RV and get the first time homebuyers credit? How about an old Airstream trailer? He has never owned a home.

A: SORRY. NOT A HOME IF IT'S NOT ON A CEMENT PAD, FOR THIS PURPOSE. MOBILE HOME ON PAD IS OK THOUGH.

42) ESTIMATED PAYMENT INFO

Best way (fastest) to find out estimated payments for those "rare" clients who actually forget if they made the payments.

A: 2848 AND ESERVICES. 1040 LINE - CALL AND WAIT THREE DAYS. LOOK UP FTB AND ASSUME IF FTB PMTS MADE, IRS PAYMENTS MADE.

43) DISABLED SON PAYING RENT?

A client has a disabled son who lives with him. The son receives SSI and pays the father rent for his bedroom. The father pays other out of pocket items for the son. The father pays over 50% of the sons support. Does the father need to report the payment to him as rent? (It would appear to be a non for profit rent situation)

A: PANEL CONSENSUS IS THAT IT IS RENT.