

# Arkansas Public Accountant

*A Publication of the Arkansas Society of Accountants*



October 2004

## • FROM YOUR

### PRESIDENT'S PEN •



Dear Members:

It is an honor to be able to serve you in this capacity. Especially sweet is the fact that our own Donny Woods, NSA's new secretary-treasurer was able to handle the induction ceremony.

To be the first president of the Arkansas Society of Accountants is also exciting but also frightening. I can tell you that I am not at all in my comfort zone. There are many who are more qualified and able to serve in this capacity. But reluctance has kept them from doing so.

With your permission, I would like to look back in time about twenty years. In the mid 80s, I was new to this organization. Actually, I wasn't even a member until 1987. The "Nuts & Bolts Tax Seminar" was the only seminar I attended. I can remember sitting and listening to the speakers and being mortified because I knew so little about what I was trying to do. I was working solo at the time trying to build a practice. This organization offered me a way to improve. Carl Dalrymple and Leonard Ricketts were helpful in guiding me to getting my license. Others were helpful with ideas when I needed help. Donny and Ronny Woods have also offered me invaluable advice. I am grateful to all who have been so willing to be of service to me.

In my opinion, the opportunities of this organization to network – the help you can get in having a sounding board, the help with a technology question or a software question is invaluable. In most cases we aren't comfortable calling a fellow practitioner in our town so

## Topics Covered in this Newsletter

**NAME CHANGE**

**NEWS FROM YOUR NEW DISTRICT VIII GOVERNOR**

**TAXPAYER INFO FROM THE IRS**

**IRS "DIRTY DOZEN" TAX SCAMS UPDATE**

**GEAR UP 1040 REGISTRATION COMING SOON.**

having someone to call is as the commercial says – “priceless.”

The second piece of help this organization provides and the centerpiece of what we are about is the CPE that we offer. The quality of CPE is excellent. Gear Up speakers provide the education that allows us to be knowledgeable about the law and its changes. They also give practical solutions for the small practitioner. Another part of Gear Up’s offerings is the ability to keep up with new technology availability. Our CPE is also priced reasonably.

Thirdly, this organization provides the support we need to protect our right to practice. Because of the efforts of several of you, we have a good working relationship with the State Board and the CPA organization. The respect these organizations have for us is very good.

The heritage of this organization is rich and many people who have gone before us have all helped to make our path easier. However, this organization is at a critical juncture. There are fewer and fewer public accountants each year. The youngest of the public accountants is not so young anymore. How many of us will be around in just ten years? With the name change that we have approved, there is no stigma for the other licensed accountants to be active members of this organization. This organization exists for the small, independent practitioner. It is time for more of the CPAs and EAs to step up to the plate and take roles that you are capable of taking.

The challenge is before all of us. As older members of this organization, we need to make sure that we are friendly and encouraging to all new members and attendees of our seminars. It’s easy to surround ourselves with our friends, but we need to be more hospitable. Secondly, I challenge you to encourage folks to take ownership of roles that they are a little uncomfortable in performing. We need to individually encourage people to be active in this organization. This is “our organization.” The opportunity is too great for us to let it pass.

Sincerely,  
Tom Simmons, President  
Arkansas Society of Accountants

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## NAME CHANGE

The members who were present and voting at the business meeting of the “Annual Convention” voted to change the name of the Arkansas Society of Public Accountants to the Arkansas Society of Accountants.

This will be hard for all of us to get used to and will take a while. But the time will come when we can all say the new name without stuttering.

We will also be looking for a new logo and if you want to make suggestions as to what this should be, feel free to contact Ronny Woods who is the “Chair” of this committee.

If you have comments or anything else that you would like to communicate to someone. Feel free to contact me.

LaVerne Long, Executive Secretary

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### NEWS FROM YOUR NEW DISTRICT VIII GOVERNOR

Greetings. I'd like to thank everyone for all the support that you have shown me throughout the district in my quest to become YOUR District VIII Governor. This really has been a moving experience for me and my pledge to you is that I will work hard for you and the principles and beliefs that bind us together. This really is a great district with many talented members and together, we can and will make a difference. If I can ever be of help to any of you, please don't hesitate to contact me. If you ever have a concern, a question or even want to pass on praise for an NSA seminar – don't hesitate to contact me. Following Wanda Samek won't be easy, but with your help and support, we will all help NSA continue to move forward.

A big applause to the Louisiana Society of Independent Accountants for winning the ASO of the Year Award. That is quite an accomplishment. I know it took many

members working long hours to put together all the programs that won you this award. In Oklahoma we have a "Tip O' the Hat" column in the newsletter. The "Tip of the Hat" goes to a member who has gone above and beyond in service for the Society. Well, the whole Louisiana Society deserves a "Tip of the Hat!" Congratulations folks on a job done. Now, how are you going to top that in 2004-05???

A big round of applause goes to Texas for being such wonderful hosts at the San Antonio convention. You always feel welcome in Texas!

And let's not forget New Mexico who was one of only 3 or 4 states to be able to boast of having a full delegation at the convention. Well done!

I hope all of you are considering attending the National Accounting and Tax symposium September 27th and 28th in Baltimore. It should be a wonderful seminar and the new accounting guidelines that we have all waited for will be over-viewed by Bill Parrish and Any Morehead, two really top notch speakers. TAGSB (Tax Accounting Guidelines for Small Business) is primarily designed for the practitioner who is not directly regulated by a board of accountancy. TAGSB will be the thing to know, understand and use in the coming decade.

I can't believe it, but coming on the heels of having the national convention in our district, we are scheduled to have a Legislative Strategy Conference and a Leadership Networking Conference in fabulous New Orleans. Three big NSA events within the same year basically within driving distance for most members of the district. What an

honor! What a responsibility. My daughter, Jamie, can't wait for New Orleans and some of that wonderful Cajun cuisine! I can't really say how much she'll be around during the day – but oh at night she will be in heaven.

Hope to see a good many of you at each of these NSA events. They are well thought out as far as content and speakers/moderators. Much can be learned from each of these worthwhile events. To be truly prepared legislatively, you not only need to know what is going on in your state legislature, but you also need to know what is going on elsewhere in the country so you can get a notch up on what's probably coming your way in the future. And to be able to attend a 2-day accounting and tax symposium for only \$50, well that just can't be beat.

Jim Nolan

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**TAXPAYER INFORMATION FROM  
THE IRS  
OCTOBER 2004  
PROVIDED BY SB/SE TAXPAYER  
EDUCATION AND  
COMMUNICATION  
LITTLE ROCK, AR**

**Taxpayer Identification Number (TIN)  
Matching**

TIN Matching is part of a suite of internet based pre-filing e-services that allow “authorized payers” the opportunity to match 1099 payee information against IRS records prior to filing information returns.

An authorized payer is one who has filed information returns with the IRS in at least one of the two past tax years. Interactive TIN Matching will accept us to 25 payee TIN/Name combinations on-screen while Bulk TIN Matching will allow up to 100,000 payee TIN/Name combinations to be matched via a text file submission.

Both programs will:

- \_ Match the payee W-9 name and TIN with IRS records
- \_ Decrease backup withholding and penalty notices
- \_ Reduce the error rate in TIN validation

The TIN Matching system is accessible 24 hours a day, 7 days a week. Support services include an on-line tutorial to assist customers with the registration, application and TIN Matching process. E-services customer assistors are also available toll-free at 1-866-255-0654, 8:30 a.m. to 7:00 p.m., EST, Monday through Friday.

E-services users must register to have access to products such as TIN Matching. For more information visit the e-services page on IRS.gov.

**Know the Rules Regarding Employer  
Furnished Meals and Lodging**

The Internal Revenue Service wants the public to be aware of the proper rules for deducting the cost of lodging, meals and other expenses when traveling away from home for business, particularly when furnished by the employer

at no charge to the employee.

**Meals and Lodging:** In certain professions employers provide meals and lodging at no cost for employees away from home. No amount is deductible to the employee on his/her personal tax return in this situation because there is no out of pocket expense.

**Incidental Expenses:** An individual might be entitled to an employee business expense deduction for other expenses incurred while working away from home, commonly referred to as “incidental expenses”. Examples of incidental include fees out of pocket for:

- \_ Fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewardesses, etc.
- \_ Transportation to the place Where meals are taken, if meals cannot be obtained on site and if transportation is not provided.
- \_ Mailing costs associated with filing travel vouchers or payment of employer – sponsored charge card billings.

Incidental expenses do not include expenses for laundry, cleaning or pressing of clothing, lodging taxes, or the costs of telegrams or telephone calls.

In order to claim a deduction for incidental expenses, the employee must establish when, where and why (business purpose) they were away from home. For example, barge workers or mariners could use a copy of their ship’s log to establish the information.

Employees may choose to keep track of actual incidental expenses and deduct the actual amount spent, or they may use an optional method, which allows a set amount per day. The optional method allows \$3.00 per day (effective October 1, 2003, \$2.00 per day prior to October 1, 2003) and no receipts are required. A tax professional can help determine the best method.

Incidental expenses are deducted on Form 1040; Schedule A, Itemized Deductions, Unreimbursed Employee Business Expenses.

**Court Actions:** According to Department of Justice (DOJ) news releases, federal courts recently ordered five tax preparers to stop preparing returns claiming improper business expense deductions related to these issues:

**Court Orders Louisiana Tax-Return Preparer be Barred from Inflating Deductions for Customers**

**Court Bars Louisiana Tax Return Preparers from Inflating Deductions for Customers – Preparers Had Been Claiming False Deductions for Mariners.**

Any questions on this article may be directed to the IRS at 1-800-829-1040 or visit the IRS web site at [www.irs.gov](http://www.irs.gov) for more information.

## **IRS “DIRTY DOZEN” TAX SCAMS UPDATE**

The IRS has updated its “dirty dozen” list of most common tax scams, some with taxpayers as victim, and others as perpetrator.

1. Misuse of trusts. Promoters make money selling trust arrangements while promising all kinds of tax benefits that trusts don't deliver.

2. "Claim of right" doctrine. People deduct amounts equal to their wages as a "necessary expense" of obtaining income.

3. "Corporation sole." A provision religious leaders use to separate themselves from personal ownership of church assets is twisted by tax evaders to try to avoid liability for taxes and debts.

4. Offshore transactions. Use of foreign-issue credit cards, foreign trusts to hide transactions and income from the IRS.

5. Employment tax evasion. Scams that claim taxes do not have to be withheld from employees' wages.

6. Return preparer fraud. Tax return preparers promise larger refunds than anyone else, divert refunds, overcharge, or commit other wrongdoing.

7. Americans with Disabilities Act. Promoters promise that minimal measures to make a property more accessible to the disabled will provide big tax benefits, ignoring strict Tax Code requirements.

8. Special refunds for African- Americans— supposedly as reparations for slavery. There's no such thing.

9. Home-based business scams. Operators promise that personal home-ownership

expenses can be deducted as business costs.

10. Frivolous arguments. A variety of claims that the income tax is voluntary or unconstitutional.

11. Identity theft. Scammers send phony notices, apparently from a bank or the IRS, requesting that confidential information be sent to them.

12. Earned income credit dependent sharing. Tax preparers "share" one client's children with another to claim the credit.

IRS warns that even honest taxpayers who are duped by these scams may end up owing "staggering" amounts in back taxes, interest and penalties. To learn more about these and other tax scams, go to [www.irs.gov](http://www.irs.gov), and then click on "The Newsroom" and on "Tax Scams/Consumer Alerts."

To report suspected wrong-doing to the IRS call the IRS's Tax Fraud Hotline, 800-829-0433.

IRS News Release IR-2004-26.

**YOU WILL BE  
RECEIVING YOUR**

**"GEAR UP"**

**1040  
REGISTRATION  
FORM SOON.  
WATCH FOR IT AND  
REGISTER EARLY.**





**APPLICATION FOR MEMBERSHIP IN**  
**THE ARKANSAS SOCIETY OF**  
**ACCOUNTANTS**

P.O. Box 725  
Newport, Arkansas 72112  
longaspa@cox-internet.com  
www.arspa.org

\_\_\_\_\_  
\_\_\_\_\_  
Last Name                      First Name                      Middle Initial                      Business Phone                      Home Phone

Business Address \_\_\_\_\_

How many years of accounting have you had? \_\_\_\_\_ Date of Birth \_\_\_\_\_

Sole Practitioner [        ]        Partner [        ]        Employee [        ]        Corporate Officer [        ]

Name of Firm \_\_\_\_\_ Number of Employees \_\_\_\_\_

Name of Partner(s) \_\_\_\_\_

Are you a Licensed, Registered or Certified Public Accountant? \_\_\_\_\_ If yes, give License# \_\_\_\_\_

Are you an Accredited Public Accountant? \_\_\_\_\_ If yes, give Accreditation # \_\_\_\_\_

Are you an Enrolled Agent \_\_\_\_\_ If yes, give EA # \_\_\_\_\_

Do you hold an Associate or Baccalaureate degree with a minimum of 24 semester hours in Accounting? Yes \_\_\_\_\_ No \_\_\_\_\_

Are you engaged in any other trade or profession? \_\_\_\_\_ If yes, please describe \_\_\_\_\_

Please list other accounting organizations in which you hold membership: \_\_\_\_\_

I hereby state that the accompanying statements are correct to the best of my knowledge and belief. I further state that I will abide by the Constitution and By-Laws of the Society and will practice in strict conformity with the Code of Ethics and Rules of Professional conduct adopted by the Society.

Date \_\_\_\_\_ Signature of applicant \_\_\_\_\_

Annual dues are payable IN FULL in advance and are prorated for credit by ASPA on a monthly basis to August 31 - the end of ASPA's fiscal year.

[    ] Membership Annual Dues \$85.00        [    ] Firm Annual Membership \$50.00        [    ] Diamond State Annual Dues \$15.00  
(Non-Residents only)

Do Not Write Below This Line

State Member Approving Membership

\_\_\_\_\_  
Signature

Title

Date

Sponsor, If Any

FOR ASPA OFFICE USE ONLY

Amount

Date Received

Control Number

[ ]

[ ]

[ ]

\*State Society dues payments may be deductible as an ordinary and necessary business expense. However, they are not deductible as charitable contributions for Federal income tax purposes.

## **OFFICERS & GOVERNORS**

**Tom Simmons .....President**

**Bryan Johnston .....President Elect**

**Ronny Woods ..... 1st Vice President**

**Brad Crain ..... 2nd Vice President**

**Penny Lincoln....Governor District I**

**Donna Gowan .. Governor District II**

**Lonnie Taylor.. Governor District III**

**Alma Strozyk... Governor District IV**

**Carl Dalrymple, Jr. Governor District V**

**Tom E. SimmonsGovernor District VI**

## **FOR YOUR INFORMATION**

The ARKANSAS PUBLIC ACCOUNTANT is the monthly publication of the ARKANSAS SOCIETY OF PUBLIC ACCOUNTANTS. We are a professional organization dedicated to the promotion of accountants and tax preparers in the State of Arkansas. We accept newsworthy articles and advertising. If you have either of these for publication, please contact the editor.

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