

Arkansas Public Accountant

A Publication of the Arkansas Society of Accountants



August 2005

• **FROM YOUR
PRESIDENT'S PEN** •



Dear Members:

We are really getting into the meat of our seminar schedule for our society. Our business entities seminar is in September and the 1040 seminar is just around the corner also. Another tax season is lurking also and will be here before you know it.

Topics Covered in this Newsletter

- **A Personal AMT Checkup is very important**
- **Silent Auction**
- **Tax Information from the IRS**
- **News from your NSA District Governor**

Those of you who are old timers and have served this society in the past know the effort and time that goes into keeping things running smoothly and what it takes to put on quality seminars that are interesting as well as meet the requirements of the state board.

You might say “well what does it matter? I pay my money and nothing more is required of me but to show up for the class.” There is much more to the whole deal than that. Significant effort is made to make sure that we have quality speakers who are interesting and informed as well as good speakers. The effort is ongoing, as we have had a climate change in the speaker circuit with the purchase of gear-up.

There is also the effort that our executive secretary has to make to schedule the facilities and the food for each of our seminars. With large numbers attending the 1040 seminar, it not easy to fit the facility with the numbers. We are striving to look at other alternatives to give you as much comfort and convenience as possible.

The point is simple. You pay your dollars and expect to receive quality cpe for the bucks that you pay and the time that you invest. We are trying to give you the best buy possible.

Your board also is to be commended for the effort that they make in representing you with the state board and with the other societies in the state. These people give freely of their time and effort to make sure that you and I can continue to operate our business in a professional manner.

We have members of our society representing us on the state level as well as in national circles. This influence continues to be a huge plus for our profession in this state. Without trying to name names to thank each of you that have contributed in the past and are continuing to contribute, let me say for each of our members a hearty “thank you”. We are able to be where we are today because of your willing attitude to give of yourselves. Of course there is so much to do that we must all keep keeping on.

I hope to see most of you in the coming weeks.

Sincerely,

Tom Simmons, President
Arkansas Society of Accountants

SOME INTERESTING THINGS TO KNOW (OR NOT)

Sealed envelope – Put in the freezer for a few hours, then slide a knife under the flap. The envelope can then be resealed. (hmmmmm..)

Use empty toilet tissue paper roll to store appliance cords. Keeps them neat and you can write on the roll what appliance it belongs to.

For icy door steps in freezing temperatures get warm water and put dawn dish washing liquid in it. Pour over the steps. They won't refreeze.

Crayon marks on walls? A damp rag dipped in baking soda. Comes right off.

Permanent marker on appliances/counter tops (like store receipt blue) rubbing alcohol on paper towel

Spray a bit of perfume on the light bulb in any room to create a lovely scent in each room when the light is turned on.

Use vertical strokes when washing windows outside then horizontal for inside windows. This way you can tell which side has the streaks.

When you get a splinter, reach for the scotch tape before resorting to tweezers or a needle. Simply put the scotch tape over the splinter, then pull it off. This removes most splinters painlessly and easily.

To get rid of itch from a mosquito bite, try applying soap on the area and you will experience instant relief.

A PERSONAL AMT CHECK UP IS VERY IMPORTANT

The alternative minimum tax (AMT) increases the tax bills of a growing number of taxpayers every year.....often as a costly surprise.

Here's what you need to know to help you figure your clients risk of incurring AMT in 2005 and what to do about it.....

AMT refresher

Few people realize that the final tax bill due for a year is the higher of the results from two different calculations made using (1) regular tax rules, and (2) AMT rules.

How AMT rules differ from regular rules....

- Many tax-reducing "preference items" and adjustments - deductions, exemptions, and exclusions – are not allowed in AMT calculations.

- The AMT tax rate is 26% on the first \$175,000 of income and 28% on income over that amount. This is more than the lower tax brackets of regular income tax rules, which start at 10% - although the top AMT rate of 28% is less than the top regular rate of 35%.

- The first \$58,000 of income is exempt from AMT on a joint return, or \$40,250 on a single return. But these exempt amounts are phased out as income exceeds \$150,000 on a joint return and \$112,500 on a single return.

The phaseout reduces the exempt amount by \$1 for every \$4 of extra income. After the top of the phaseout range – up to \$382,000 on a joint return and \$273,500 on a single return – there is no exempt amount.

Key: Although the AMT originally was meant only to keep very high-income individuals from using preference items to eliminate their tax bill, its exemption amount and tax brackets, etc., are not adjusted for inflation like the regular income tax. Thus, more individuals at lower income levels have become subject to it each year.

Trap: The recent tax rate cuts enacted under regular rules make even more people subject to the AMT, because corresponding cuts weren't enacted under AMT rules. So the regular cuts leave some people owing now-higher AMT instead. In such cases the actual may be much less than expected – even zero.

Today the AMT can hit people with as little as \$75,000 of income.

SILENT AUCTION

We are once again having a silent auction at our convention in September. Proceeds from this auction are used to support the NSA Scholarship Foundation.

We are asking for donations from all of you who possibly can! We will take handmade items, items in good condition from your home or office that you no longer need or donations of new items from your local merchants. Anything unique is always appreciated.

So, please look around and bring something with you to the convention to put in the auction. Let's make this year's auction the best one ever!!!

If you have any questions, please contact Shelly Russell 501-843-5561, email – keysys@cei.net or Donna Gowan 501-268-5876, email – dgowan@sbcglobal.net

THANK YOU!!!!!!

August 1, 2005

From Jim's Desk:

A message from your District Governor -

I have had such a wonderful summer traveling around the district, that I'm almost ashamed of myself – but not quite. Truly, it was a wonderful experience visiting with

so many dedicated people in New Mexico, Louisiana, Texas and of course Oklahoma at your state conventions the past month or so. I have met so many really talented people that I have no doubt everyone is going to have a tremendous year. To all the newly elected state officers around the district, I wish you the very best, and remember, if I can ever be of any help, please don't hesitate to contact me.

Two NSA items that I want to report to you on are that registrations for the upcoming NSA Convention are coming in strong. I found out today that we have fulfilled 95% of our guaranteed room night rentals at the hotel, so we should not have any problem in completely fulfilling our obligations by the time the convention arrives.

When we fall short of our attendance projections at such events as this, it means not only are less members coming, but also that NSA will have to pay for those unused guarantees and the budget certainly doesn't need that additional drain. It's just wasted money.

If you haven't sent in your registration for the NSA convention, there's still time to come. This is YOUR society, make the decision to be involved and come to the annual convention.

The second NSA item I want to talk about is the funding for the NSA Scholarship Foundation's Circle of Support. I have been very pleased at the response from around the dis-

**Tax Information from the IRS
Provided by SB/SE Taxpayer Education
and Communication
Little Rock, AR**

IRS to Host Tax Professionals Seminars

Learn the latest about electronic filing through seminars being hosted by the IRS' Taxpayer Education and Communication (TEC) office. The free seminars will be offered in Fayetteville, Little Rock and Jonesboro. Earn Continuing Professional Education (CPE) credit while learning about Electronic Filing, Electronic Services and the Electronic Federal Tax Payment System (EFTPS). The State of Arkansas and Social Security Administration will also provide information on their electronic filing programs.

Each seminar will begin registration at 7:30 a.m. The seminars are scheduled to end at noon.

Reservations are required as space is limited. To register, contact the Arkansas Small Business Development Center at 800-862-2040.

The seminars will be held at the following locations:

August 30
University of Arkansas
Fayetteville Reynolds Business Center
145 North Buchanan
Reynolds Business Center
Fayetteville, AR

trict to the call for more funding in this area. In talking with President Clingan, it now looks like we are going to bring in enough funds (when pledges are paid) this year to cover the direct expenses of the Foundation. Thanks to all of you for your understanding, patience and support of this project. Rest assured that the NSA Board of Governors will be watching this situation very closely and prudently to see that things improve measurably so that less money is needed to fund overhead which in turn will free up more funds for scholarships. I have already received a very promising report on some changes that are being seriously considered by the Foundation's Trustees for the upcoming year. I am not at liberty to discuss them at this time, but I assure you they are realistic and if the details can be successfully worked out, will make some immediate progress for getting a better handle on expenses.

I am writing this letter to you while attending committee week. I am extremely proud of the great number of District VIII folks that have volunteered for committee work. But I am even more excited about some of the plans that are being formulated for next year. It is really going to be a great year.

See you at the convention,

Jim Nolen

September 21
University of Arkansas
Cooperative Extension Service
2301 South University
Little Rock, AR

September 28
Arkansas State University
Student Center Auditorium
2208 East Aggie Road
Jonesboro, AR

If you are interested in making this presentation or need additional information, please contact Gregory Metcalf at 324-5328 ext. 264.

Private Debt Collection Imminent in IRS Future

The American Jobs Creation Act signed by the President on October 22, 2004 created section 6306 of the Internal Revenue Code permitting private sector debt collection companies to collect federal tax debts.

A significant and growing number of backlog IRS cases involve taxpayers who are aware of their tax liabilities but have not paid them. The goal of using collection agencies is to help the IRS resolve a larger number of the accounts in its collection inventory.

Although private collection agencies cannot replace IRS collection resources, they

can be an efficient and effective supplement to the IRS's collection efforts. In addition, work done by private collection agencies will allow IRS employees to focus on more complex cases and handle more cases in the earlier stages before the cases becomes harder to collect.

Private collection agencies would not be involved in cases that required enforcement actions to effect collection, IRS expertise or the exercise of discretion. Instead, the IRS would refer cases where the taxpayer knows the liability but has not paid. The IRS believes that in many of these cases the taxpayer has the ability to pay and would do so if contacted by a private collection agency. Private collection agencies will be held to the same standards of service and protection of taxpayer rights as the IRS requires of its own employees.

To identify private collection agencies, the IRS will use competitive procurement process and work with the General Services Administration (GSA) to solicit Requests for Quotes (RFQ) for GSA vendors on SIN 520-4, Debt Collection. It's projected the current RFQ will result in contractors being selected for the limited implementation phase this summer. The first collection efforts are projected to begin calendar year 2006.

If you need additional information related to the above topics, please contact the local Taxpayer Education and Communication office at 501-324-5328 ext. 264.



**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 Control Number
Amount Date Received

[] [] []

*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. Simmons..... Governor District VI

FOR YOUR INFORMATION

The ARKANSAS PUBLIC ACCOUNTANT is the monthly publication of the ARKANSAS SOCIETY OF 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.

LaVerne Long, ED
P O Box 725
Newport, AR 72112 - 0725
Email: longaspa@cox-internet.com
Phone: 870-523-5329
Fax: 870-217-0154



Arkansas Society of Accountants
P.O. Box 725
Newport, AR 72112