

Arkansas Public Accountant

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May 2005

• FROM YOUR PRESIDENT'S PEN •



Dear Members:

Have you had time to catch your breath yet? Seems to me that every year gets a little more demanding and tiring. Maybe it's age. I hope that each of you had a successful filing season. I'm sorry that you did not get a president's message last month. Somehow my e-mail didn't get to its destination. I am one who needs the technology seminar for sure. I want to remind each of you of

the two-day seminar on June 1 & 2 at the Holiday Inn Select. If you have not registered by the time you are reading this you need to register now! Bob Jennings is on the cutting edge of technology and he will have some good advice for all of us at this seminar.

Have you noticed more competition from a new source this tax season? It seems to me that more people are going to the office supply store and buying software and preparing their own. However, this year we did get several new clients who tried that approach last year and came back for help. I'm sure that most of you heard about the test that the state of California was trying. They tested the waters to see how many taxpayers would let the state prepare the returns for the taxpayers. It is my understanding the IRS was very interested in the results to see if they would try this method also.

There is no doubt that the landscape for tax preparation is changing. When you can go into your local Wal-Mart and see tax returns being prepared at the end of the checkout counter, you know that our world is changing. It points out to me that as professionals, we must offer something different to keep our customers coming back. We have to be able to offer more than just the basic preparation—tax planning, etc to keep competitive.

As we are taking a look at our individual practices, now is a good time of the year to be looking

Topics Covered in this Newsletter

- ACCESSING REGISTRATION FORM
- TAX INFORMATION FROM THE IRS
- PDA'S AND MEMORY
- MIND AEROBICS
- POWER STRETCH
- NSA MEMBERS HONORED

at our society and see what improvements we can make as we begin the year of getting our education credits. We have a committee that is looking into the marketing strategy that we use and our logo to see where we go from here. Just changing our name won't do much for us if we do not take a deep look at what we are about and what changes can be made to appeal to the small accounting practice. I urge each member to make suggestions to you local governor or line officer.

Make your plans now to attend the education that has been planned for you for the year. We have two seminars with Gear Up and two with Bob Jennings who was formerly with gear up. You can find the dates on our web site. (www.arspa.org)

I hope that each of you takes some time to relax this summer and recharge yourself. Hope to see you in a few days at the Technology seminar!

Sincerely,

Tom Simmons, President ASA

TROUBLE WITH ACCESSING THE REGISTRATION FORM ON WEB SITE REPORTED

I have had several phone calls from persons who have told me they get the Gear Up 1040 Seminar Registration Form on the Web site when they try to access the Technology seminar registration form. I have discussed this with the programmer and he has no solution for this other than hitting the refresh button. This has not worked for some of the persons I have had contact with. We will continue to work on the problem and hopefully this will be corrected by the time you read this.

Registration is going well for the seminar on June 1 and 2, 2005. (technology) We are expecting a large crowd and if you have not registered yet be sure to do so now if you want to attend this program.

I have also had several calls pertaining top the seminars that

Gear Up is doing in Springdale, Arkansas. We have no control over this and I assume that they do not have sponsors for these. I hope that you members will not be attending these seminars and continue to come to the ones sponsored by the Arkansas Society of Accountants.

We are continuing to use Gear Up for the Business Entities Seminar and the 1040 Seminar. This of course does not satisfy them (Gear Up) so they are trying to compete with us on the seminars we are using "Jennings Seminars" for. Our reason for doing this is obvious. Bob Jennings is no long with Gear Up and has started a company of his own, hired speakers (some of whom were formerly with the Gear Up company). Bob writes his own materials and publishes his own books. When he was with Gear Up he wrote the Accounting book text and also the Technology book. Our attendees have always put Bob very high on their evaluation sheets and he has in his contract with us that he will always do at least 50% of the seminar personally. I hope this answers a number of your questions and that you will continue to be loyal to ASA in choosing the seminars that you will be attending.

If you still have questions, please do not hesitate to call me (870) 523-5329 or 523-9821, email me: longaspa@cox-internet.com. I will be glad to try and answer them for you and if I can't to your satisfaction, then I will put you in touch with someone who can.



**Tax Information from the IRS
May 2005
Provided by SB/SE Taxpayer
Education and Communication
Little Rock, AR**

***IRS, Stakeholder Groups Form
Partnership to Answer M-3
Questions***

Corporate taxpayers required to file the new Schedule M-3 with their Form 1120 can find and request answers to their questions about the new schedule using a Web-based list of frequently asked questions set up by the Internal Revenue Service in partnership with stakeholder groups. Schedule M-3, “Net Income (Loss) Reconciliation for Corporations with Total Assets of \$10 Million or More” is filed by affected corporations to reconcile financial accounting income to taxable income. IRS estimates that approximately 50,000 large and mid-size corporations are now required to use the schedule.

“Schedule M-3 is a very significant change for taxpayers and the IRS,” said Deborah M. Nolan, Commissioner of the IRS Large and Midsize Business Division. “It will provide important tax accounting information at time of filing that previously required extensive time to develop during a tax examination. We sought corporate taxpayer input in the scope and design of the Schedule M-3 and we’re continuing that collaboration to ensure understanding of the requirements of the new form.”



The Corporations section of the IRS.gov features a Schedule M-3 page that includes published material about the schedule, including the Schedule M-3 instructions and the frequently asked questions, which are updated weekly to add answers to additional questions submitted by taxpayers. The frequently asked questions appear on the Web site arranged and keyed to the line items and sections of the Schedule M-3 Instructions.

Stakeholder groups working with the IRS to provide the Schedule M-3 FAQ service include:

- American Bar Association (ABA),
- Association for Computers and Taxation (ACT),
- American Institute of Certified Public Accountants (AICPA),
- American Taxation Association (ATA),
- Manufacturers Alliance (MAPI) and
- Tax Executives Institute (TEI).

Taxpayers use special e-mail addresses to submit questions to the stakeholder groups, which perfect the questions, eliminate duplications and forward them to the IRS. In addition to perfecting questions for quicker response by IRS, submitting questions through stakeholder groups gives anonymity to taxpayers who want it.

IRS Strengthens Withholding Compliance Program; Reduces Paperwork for Employers

Employers will no longer be required to send copies of potentially questionable W-4 withholding forms to the Internal Revenue Service (IRS). The IRS will step up its withholding compliance program by making more effective use of information reported on W-2 wage statements to ensure that employees have enough federal income tax withheld from their paychecks.

“We can eliminate this reporting requirement without hurting our enforcement efforts,” said IRS Commissioner Mark W. Everson. “Wherever we can, we try to reduce burden.” The temporary and proposed regulations eliminate the requirement that employers send copies of potentially questionable Forms W-4, Employee’s Withholding Allowance Certificate, to the IRS. The new regulations take effect on April 14, 2005.

In the past, employers had to send to the IRS any Form W-4 claiming more than 10 allowances or claiming complete exemption from withholding if \$200 or more in weekly wages was expected.

Forms W-4 are still subject to review by the IRS. However, employers will no longer have to submit them to the tax agency, unless directed to do so in a written notice to the employer or pursuant to specified criteria set forth in future published guidance.

Subsequently, the IRS has developed a process to use information already reported on Forms W-2 to more effectively identify workers with withholding compliance problems. In some cases where a serious under-withholding problem is found to exist for a particular employee, the IRS will notify the employer to withhold income tax from that employee at a more appropriate rate. The new process will also enable the IRS to more effectively address situations in which employees fail to file a federal income tax return.

The withholding calculator found on IRS.gov is available to help employees determine the proper amount of federal income tax withholding. Another useful resource, Publication 919, How Do I Adjust My Tax Withholding? is available on the IRS Web site or can be obtained by calling 1-800-TAX-FORM (829-3676).

The Treasury Department and the IRS welcome comments on these new regulations. Treasury Decision 9196 will appear in Internal Revenue Bulletin 2005-19, dated May 9, 2005.

If you need additional information related to the above topics, please contact the local Taxpayer Education and Communication office at 501-324-5328 ext. 276.

PDA's AND MEMORY

A growing number of people in their twenties and thirties are suffering from severe memory loss because of increasing reliance on computer technology. Sufferers complain they are unable to recall names, written words, or appointments, and in some cases have had to give up their jobs. Doctors are blaming computer technology, electronic organizers and automatic car navigation systems which lead to diminished use of the brain to work out problems and inflict information overload that makes it difficult to distinguish between important facts.

A preliminary study of 150 people aged 20 to 35 showed that more than one in ten are suffering from severe problems with their memory. Dr. David Cantor, director of the Psychological Services Institute in Atlanta, said, "Many experts believe information overload is making it difficult for some people to absorb new information, as they have reached a limit of what they can store in their brains."

MIND AEROBICS

As we age and the frequency of our "senior moments" increases, we sometimes wonder whether we might in the beginning stages of dementia. But researchers have found that many factors lead to these lapses, and can be controlled. The key is to improve overall health and stimulate the mind.

1. Exercise regularly – aerobic activity for 20 minutes three times a week.
2. Stick to a healthy diet – less sugar and fat and more fruits and vegetables.
3. Learn something new – mastering something new stimulates neuron activity.
4. Get enough sleep – too little sleep impairs concentration.
5. Devise memory strategies – write it down; invent mnemonics.

6. Socialize – positive, meaningful conversation helps maintain brain function.
7. Get organized – keep checklists; designate a place for important items.
8. Turn off the TV – too much TV weakens the brainpower.
9. Jot down new information- writing helps transfer items from short-term to long-term memory.
10. Solve brainteasers. Try the puzzles in newspapers, etc.

POWER STRETCH

DO THIS RIGHT IN YOUR OFFICE CHAIR. IT FEELS REALLY GOOD!

- **Stretch your arms up and over your head.**
- **Straighten your legs and lift your feet off the floor.**
- **Arch your back and feel your muscles stretch.**

- **Close your eyes and take three deep relaxing breaths.**
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NSA MEMBERS HONORED

NSA President Eldon Clingan was included in the Top 100 Most Influential Practitioners in the *For Practitioners....By Practitioners* magazine. When asked to comment on three critical issues facing the practicing accountant today, Eldon mentioned restoring the public's trust in the accounting profession, developing tax accounting guidelines for small business, and obtaining recognition and acceptance of additional earned credentials such as the ABA.

Other NSA members were also numbered in the Top 100 including Milton Brown of New Jersey, Harold Kreiger of Missouri, Dan Setters of Illinois and Jeff Adelstone of Arizona and Beanna Whitlock of Texas. Congratulations to all!

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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.

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