



# ARKANSAS SOCIETY OF • ACCOUNTANTS

RESPECTED ACCOUNTING PROFESSIONALS SERVING OUR COMMUNITIES

## Monthly Newsletter

October 2005

### Highlights:

- ASA Adopts New Logo
- Tax Information from the IRS
- Tools for Tax Professionals to Help Hurricane Victims

## ASA Adopts New Logo

The Arkansas Society of Accountants recently adopted a new logo design to represent the organization. The ASA Board of Directors felt a new design was in order to better reflect the professional level of services that the society offers to its members.

### • FROM YOUR

### PRESIDENT'S PEN •



Dear Members,

It is with great appreciation that I have been given this opportunity to serve as the 2005-2006 President of the Arkansas Society of Accountants.

It was nineteen years ago this month that my father, Bob Johnston, had the opportunity to serve as this organization's President; and, he relished every minute of it. He taught me many things in life, not the least of which, is to work hard each day toward a goal. He spent his entire professional

career being passionate about the ASPA. I too have the desire to make the ASA a better organization for the future of the profession.

I want you all to know that the ASA has a group of governors, line officers, and an executive secretary that are second to none. Each one brings a unique perspective to the organization. I am grateful that each has answered their call to serve. With committees forming for the New Year, some members will be asked to serve in new or different positions. I beg you to answer this call, as our organization is only as great as its leaders.

At the recent NSA convention, newly elected President Wanda Samek choose as her theme for the coming year; "committed to your success". Along those lines, the ASA is truly committed to your success. The ASA offers its members the highest quality CPE available. We provide excellent networking opportunities, and

we provide first class member benefits. It is my opinion that we will be successful by helping those around us be successful. The ASA provides all of its members the tools and the opportunities to be more successful.

Although our society is turning 60 years old this year, it is truly a work in progress. For an organization to be successful, it has to continually evolve. Just in the past two years, we have seen the organization's name change to reflect our changing membership makeup. Soon we will see the unveiling of our new logo.

The ASA has a rich history that cannot be forgotten. It also has a bright future that I look forward to being a part of. We, as an organization, can only survive if we continue to communicate the benefits of membership. I ask you, as members of the ASA, to call upon your colleagues, both licensed and unlicensed, to join, and become active in the ASA. Most of us who are members today are members because someone thought enough of us to ask us to join. I know each of you knows someone that would benefit from our society.

Thank you,  
Bryan K. Johnston  
President, ASA

## **TAX INFORMATION FROM THE IRS PROVIDED BY S/B S/E TAXPAYER EDUCATION & COMMUNICATION**

### **IRS INCREASES MILEAGE RATE UNTIL DECEMBER 31/05**

The Internal Revenue Service and Treasury Department announced an increase to the optional standard mileage rates for the final four months of 2005.

The rate will increase to 48.5 cents a mile for all business miles driven between September 1 and December 31, 2005. This is an increase of 8 cents from the 40.5 cent rate in effect for the first 8 months of 2005, as set forth in Rev. Proc. 2004-64.

“This is about fairness for taxpayers,” said IRS Commissioner Mark W. Everson. “People are entitled to deduct the real cost of operating a vehicle. We’ve responded to the recent gas price increases by making this special adjustment so taxpayers get the tax benefit they deserve.”

In recognition of recent gasoline price increases, the IRS made this special adjustment for the final months of 2005. The IRS normally updates the mileage rates once a year in the fall for the next calendar year.

“With so many predicting a decline in gas prices over coming months, we will hold off on setting the 2006 rate until closer to January,” Everson said. Next year’s rate could be lower than 48.5 cents.

While gasoline is a major factor in the mileage figure, other items enter into the calculation of mileage rates, such as the price of new vehicles and insurance. The optional business standard mileage rate is used to compute the deductible costs of operating an automobile for business use in lieu of the extra burden of tracking actual costs. This rate is also used a benchmark by the federal government and many businesses to reimburse their employees for mileage.

The new four-month rate for computing deductible medical or moving expenses will be 22 cents a mile, up from 15 cents the first eight months of 2005. The rate for providing services for charitable organizations is set by statute, not the IRS, and remains at 14 cents a mile.

The annual Revenue Procedure includes limitations on who is not eligible to use the standard mileage rate.

## **IRS DEFERS SCHEDULE M-3 PLANNED EFFECTIVE DATE FOR INSURANCE CORPORATIONS.**

The Internal Revenue Service announced that it is deferring the planned effective date of Schedule M-3 reporting for life, property and casualty insurance companies that file Forms 1120L and 1120PC. Schedule M-3, filed in conjunction with income tax returns by certain large and mid-size corporations to reconcile net income, will be required for 1120L and 1120PC filings for tax years ending on or after December 31, 2006. Previously, the IRS planned to require Schedule M-3 for these filing for tax years ending on or after December 31, 2005.

Schedule M-3, “Net Income (Loss) Reconciliation for Corporations with Total Assets of \$10 Million or More,” is used by corporations that file Form 1120 to reconcile their financial accounting income to their taxable income. Corporations filing Form 1120 started using Schedule M-3 for tax periods ending on or after December 31, 2004. The IRS had planned to implement the use of Schedules M-3 for other types of entities this year and next.

“Postponing M-3 implementation relieves burden on these affected corporate taxpay-

ers that are currently faced with a number of other challenges and requirements,” said Deborah M. Nolan, Commissioner of the IRS’s Large and Mid-size Business Division. “Taxpayers will then have ample time to provide input and comment, and prepare their accounting systems for the requirements of Schedule M-3 that will be implemented next year.”

The IRS and the U.S. Department of the Treasury expect to release drafts of the Schedule M-3 for Form 1120L and 1120PC soon.

Later this year, the IRS will also release drafts of Schedule M-3 for taxpayers that file 1120S and partnerships that file Form 1065, for public comment and input. Schedule M-3 for these taxpayers will be into effect, as planned, for tax periods ending on or after December 31, 2006.

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

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## **2004-2005 Governor’s Report**

### **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 district 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

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## **Tools for Tax Professionals to Help Hurricane Victims**

Many tools are available to assist tax practitioners in helping clients who have been impacted by the recent Presidentially Declared Disasters.

### Information about Relief Granted

For the latest information on relief granted to disaster victims, refer to the IRS.gov [Homepage](#) or [Newsroom](#).

### Copies of Tax Returns or Transcripts

Copies or transcripts of previously processed tax returns can help clients begin to reconstruct destroyed tax records. The IRS will waive the usual fees and expedite requests for this information for affected persons.

To request actual copies of returns:

- Complete Form 4506, Request for Copy of Tax Return
  1. Write the words “Hurricane Katrina” or “Hurricane Rita” in red at the top of the form.
  2. Mail the Form 4506 to the IRS address listed on the form for your area.

To request transcripts of returns:

- Tax professionals who are active participants in the IRS e-file program and who have e-filed five (5) or more returns can use **E-Services** to obtain transcripts electronically. On-line registration is required. Additional information and instructions are available at <http://www.irs.gov/taxpros/article/0,,id=118004,00.html>.  
or
- Complete Form 4506-T, Request for Transcript of Tax Return
  1. Write the words “Hurricane Katrina” or “Hurricane Rita” in red at the top of the form.

2. Mail the Form 4506-T to the IRS address listed on the form for your area.

### Contact Information

- **IRS Disaster Assistance Hotline**  
– 1-866-562-5227 has been established for hurricane victims or tax professionals needing help with tax matters. Hours are Monday through Friday from 7:00 am to 10:00 pm local time.
- **IRS Practitioner Priority Service**  
– 1-866-860-4259 is a toll-free, accounts-related service for tax practitioners. Hours are Monday through Friday from 7:30 am to 5:30 pm local time.
- **IRS Taxpayer Assistance Centers**  
– IRS has walk-in offices in many cities for one-stop face-to-face tax help and solutions to tax problems. Hours are generally Monday through Friday 8:30 am to 4:30 pm local time. For the nearest center, refer to Contact My Local Office on the About the IRS page of IRS.gov.

### Centralized Authorization File (CAF) Information

Tax practitioners impacted by disasters can use the Freedom of Information Act (FOIA) process to get a listing of their Centralized Authorization File (CAF). Fees will be waived for requesters in areas affected by the recent hurricane disasters. A FOIA template to request a client listing is available at <http://www.irs.gov/foia/article/0,,id=148215,00.html>



**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.

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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.

*Return Service Requested*

NEWPORT, AR 72112

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