



ARKANSAS SOCIETY OF • ACCOUNTANTS

RESPECTED ACCOUNTING PROFESSIONALS SERVING OUR COMMUNITIES

Monthly Newsletter

September 2008

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• FROM YOUR PRESIDENT'S PEN •



Dear Members

It's sort of hard for me to believe, but this is my last article for the Arkansas Society of Accountants' newsletter. My time as president has come to the end. On September 24th, at our annual convention and business meeting, I'll be turning over the reigns of this wonderful organization to my good friend and accounting cohort, Tom Ed Simmons. I wish you the best of luck Tom Ed, and I'll be glad to help whenever possible.

In celebration of my lame duck status, I thought I would take this opportunity to express some of the highlights of my year as your president. First, I really enjoy writing my article for the monthly newsletter. It allows me a creative outlet for my discussions of film, sports, family, and other assorted items. I did want to apologize to those who were actually

looking for insightful discussion and commentary on relevant accounting and tax related topics. With all of those other items previously mentioned it was just hard for me to fit the accounting topics in. Second, I attended my first continuing professional education event in Northwest Arkansas. I enjoyed meeting a new group of accountants hungry for Gear-Up CPE. Well, everyone except that guy who got real mad about the lack of Ethics hours. Thanks Robin for your help with that situation as I was actually quite scared. I'll never forget you. Third, at our June accounting seminar, while obtaining some professional assistance from one of our many respectable members, I got to ride in a corvette that went really fast on I-430. Once again, it was a scary experience, but it's one I'll never forget. I'm not sure that has anything to do with me being president, but it did happen during my year as president, so I'm counting it. What are you gonna do? Fire me? Fourth, I finished my presidency with a bang when I got to attend the NSA convention in Kansas City, MO. I'm so glad it was in Kansas

City and not some other far off place like Hawaii, San Diego, or some place like that. Could you have imagined the weather in Honolulu in August? I bet it would have been awful. We've all heard about how bad the weather is in San Diego. I'll just chalk this up to good luck; because there's no way that I could've seen the Royals play the Rangers in San Diego.

Oh well, that's about all I can think of. It's been a great year. Thanks to all of you for making it happen. To wrap this up, I must steal some lines out of one of my sister's favorite movies when we were growing up in Toad Suck, Arkansas. The movie was Dirty Dancing. At the end of the movie, while Patrick Swayze is busy making his final moves with Jennifer Grey, the wonderfully talented Bill Medley sings the following words on the soundtrack: "I've had the time of my life." That pretty much sums it up.

Brad Crain, C.P.A.
President

SILENT AUCTION

It is time once again to search your homes and offices for unique items that you no longer have a use for and bring them to Little Rock in September for our annual silent auction to be held at our convention and Business Entities Seminar. You might also ask some of your local businesses to donate items for this event.

Remember that the proceeds from the auction are donated to the NSA Scholarship Fund. We reap rewards from this as an accounting student from our state receives a scholarship from this fund.

So, please help this year be our best yet! Plan not only to bring items to donate but plan also to do some shopping of your own and bring along your checkbooks.

Donna Gowan, Chair

Ed. Note. This year Arkansas received two scholarship awards to deserving students.

DON'T MISS THE ETHICS AND
BE SEMINAR TO BE HELD LATER
THIS MONTH. YOU CAN PRINT A
REGISTRATION FORM ONLINE AT
arspa.org.

WHAT HAPPENS IF OBAMA AND MCCAIN TIE?

If John McCain and Barack Obama end up in a tie after the November 4 election, with 269 votes apiece, the race goes to the House of Representatives for a tiebreaker. But the 435 members don't get individual votes—each state gets one vote, and the state's delegation decides which candidate gets it. The winner needs at least 26 states. Democrats hold the edge in 26 states, Republicans in 21 states. Two states, including Arizona, have split delegations.



Donny J. Woods – August 30, 2008

We are so pleased to welcome Donny J. Woods of Nashville, AR to the office of Second Vice President of the National Society of Accountants.

There were seven of our members present at the Annual Convention of the National Society of Accountants to vote for our native son and we were all so proud of him. He will become the second man from Arkansas to be elevated to the highest office of our national organization since the 50's. That is

a long time.

Donny will be installed in Washington D.C. in two years. I hope that a large number of you will make plans to attend.

In the meantime be sure to congratulate him when you see him and shake his hand.

TRICKS OF THE MASTER HAGGLER

Sue Goldstein

A price tag is not necessarily a take-it-or-leave-it offer. Faced with a weak economy and declining sales, an increasing number of retailers are willing to negotiate lower prices.

Most furniture stores, many department stores and some home supply stores and smaller retailers give certain employees the freedom to be flexible with prices. Savings of 20% or more are often possible.

Approach a manager or owner. Clerks are not empowered to offer discounts, though commissioned sales people might be.

Don't let the first "no" dissuade you. If one manager or salesperson declines to cooperate, come back later when the shift has changed and other salespeople are on duty.

Select items with "shelf wear" or other minor flaws. Ask whether you can get a lower price if you take the unit with the flaw or buy the

floor model.

Examples: A big dent in the box or plastic packaging....a small stain or scratch on the item in an inconspicuous spot...the product appears to have been opened and returned by another shopper.

Play “Beat this Deal.” Bring evidence of a lower price elsewhere on the same item, and ask if the store will beat it. If the lower price is from an on-line merchant that would charge a shipping fee, you could save money if a store simply matches it, as long as sales taxes do not eat up the savings.

Ask for a cash discount. Credit card companies charge retailers about 2% to 4% of the purchase price. Some retailers will knock a few percent off the price if you pay with cash or a check.

Shop during slack weekday hours. On weekends, retail employees often are too busy with other customers to haggle.

Ask for free accessories. If the merchant won't lower the price of an expensive item, ask if he/she will throw in an “extra,” such as a carrying case, spare batteries or a maintenance kit.

Items that have already been marked down. There's a good chance that the store would drop the price even further to get rid of it, especially if a newer model is available. Also: If a sale item is not marked “as is,” and you notice a small flaw, ask for an additional discount.

Big-ticket items. The more a product costs,

the greater the odds that the merchant will be flexible.

Multi-item purchases. When you intend to buy several of an item, first ask, “Can you cut the price if I buy more than one?”

A CAPITAL GAINS TAX HIKE IS COMING...WHAT TO DO NOW

Today's top 15% tax rate on lone-term capital gains (investment profits) is the lowest it likely will be for a long time—and may increase as soon as next year. Why that is and how to protect yourself...

Why Hikes are Coming

Democratic presidential candidate Barack Obama has indicated that he wants to increase the top tax rate on long-term capital gains to somewhere between 20% and 28%. He has been short on specifics – including the exact rate he favors and when a tax increase would take effect, though he has said that he envisions the tax increase as applying only to families with annual incomes of more than \$250,000.

Obama's opponent, Republican candidate John McCain, has promised to retain all of what has been known as the “Bush tax cuts”—the set of lower tax rates enacted in 2003—meaning that there would be no increase in the capital gains tax rate.

The reality: No matter who wins the election,

tax increases of some kind are likely because of the dramatically growing revenue needs of the federal government. A hike in the capital gains tax rate is one likely starting point for increases because the rate now is at a historic low.

Self-defense.

Reset your tax basis (the cost used to compute future gains or losses) on appreciated investments before a tax increase takes effect, this will reduce the amount of future gains that will be subject to a new higher rate.

How: Consider setting investments with significant gains now, under current law, to take gains at the 15% tax rate, then repurchase the same investments. The investments' new tax basis will be increased to the repurchase price, so any new, higher tax rate will apply only to additional gains that occur after the repurchase.

Caution: Paying tax now rather than waiting could cost you money. The money you use to pay taxes and transaction fees will no longer be in your portfolio working for you. If you believe that future capital gains tax rates will be as high as 28%, then resetting the basis of your investments will make more sense to you if you think rates will go only to 20%.

Accelerate big sales. If you are planning to take large, onetime capital gain—such as the sale of a private business—consider expediting it to close the deal before a capital gains tax increase takes effect.

TIME TO ADJUST YOUR ESTIMATED TAXES

The third installment of federal estimated tax for 2008 is due on September 15. Your estimated payments for the full year, along with withholding taxes on salary and other income, must be at least a certain amount or you will be penalized.

When you estimate for yourself or for your clients, don't forget to account for some unexpected taxable amounts.

The amount you should pay in full for tax year 2008 in 90% of what you will actually owe or 100% of the tax you paid for 2007 (110% if your adjusted gross income was more than \$150,000).

ALL ABOUT DEATH AND TAXES

Ben Franklin said that nothing is certain, except death and taxes – and in this day and age, death and important tax decisions come together, whether or not estate tax is owed.

Tax filings must be made and important tax decisions taken soon after an individual's death. At an emotional time, planning may be difficult, so here's what to know in advance.

Final income tax return

When an individual dies, a final income tax return must be filed for him/her reporting all income

he/she received during the year until the date of death. The return follows normal rules and is due on April 15 of the year following death. This return can be prepared by..

- A surviving spouse filing a joint return.
- A court-authorized representative of the deceased, such as the executor or administrator of the deceased’s estate.
- A person placed in charge of the decedent’s property who signs the return as the deceased’s personal representative, if there is no surviving spouse or court-authorized representative. This often happens when an estate is very small and simple and doesn’t require probate.

Important: If you prepare a final return for a decedent who is not your spouse, file IRS Form 56, Notice Concerning Fiduciary Relationship, so that the IRS will send correspondence relating to the return to you.

The final return should have the word “Deceased” the decedent’s name, and the date of death written across the top of it.

A surviving spouse’s ability to file a joint return with a deceased spouse for the year of the latter’s death (providing the surviving spouse has not remarried) is an exception to the normal rule that year-end marital status determines filing status for the year.

The joint return will cover only a part year for the deceased spouse, but a full year for the surviving spouse, so a special opportunity may exist for the surviving spouse to make tax-

saving moves during the latter part of the year.

If the deceased spouse had sold assets in the year of his death, the surviving spouse can realize offsetting losses (or gains) during the rest of the year in the most tax-beneficial manner.

Medical expenses incurred by the decedent and paid off up until a year after death can be deducted on the final return as “paid when incurred,” if an election to do so is made on the return. (See Code Section 213c)

Series EE and I savings bonds owned by the decedent under the cash account method (with interest on them not realized until they are redeemed) may either have their accumulated interest reported and taxed on the decedent’s final return, or be distributed to heirs with all accumulated interest to be taxed to these heirs in the future when they redeem or sell the bonds.

“THINKING OF SELLING” LETS TALK!

For Sale: NEW NW AR Gross \$320k; Little Rock Gross \$3220-SOLD; W

Central AR Gross \$943k; NW AR Gross \$200k SOLD;

Hot Springs County Gross \$66k+. Other listings in Kansas and Missouri

available as well. Thinking of selling? We do all the work to make it quick and

easy by bringing you serious and qualified buyers!

Completely risk-free and confidential.

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

P.O. Box 725
Newport, Arkansas 72112
asalaverne@hughes.net
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.

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