



The Informer

Volume 18, Issue 1

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The President's Message

Hello Kansas NATP Chapter & friends:

I hope this finds you and your family well and looking forward to a rejuvenating Spring (where did it go?), Summer & Fall before heading into another tax season.

This recent tax filing season had some aspects of the prior year filing season, i.e. late start, clients with extraordinary situations & needing to file multiple years of tax returns, delayed processing (particularly Kansas returns pulled for additional review but not being timely processed for refunds to taxpayers). Thanks to our staff assistants, contacts at Federal and State levels, family, friends & most clients that are so understanding & helpful. I am also very thankful for all of the KS NATP members that help make our organization possible. We are working on a special event for this Fall that celebrates KS NATP's 20th Anniversary and some of the members that have helped make it possible. After April 15, we start pri-

oritizing the returns on extension that we think we have all the information needed to complete the returns as fast as possible, as we continue doing all it takes to help our clients to get through the complexities and malaise of filing income tax returns.

Although we may take time to ponder things that went well, we also have flashes of incidents, processing, staff/equipment/security/training needs, reduced IRS services, possible cost reductions, i.e. switching tax or scheduling software, etc. to improve operations and gain new clients. In addition we have to somehow anticipate and become knowledgeable about new issues that have to be addressed on 2014 tax returns. Being a part of NATP (National Association of Tax Professionals), we are so fortunate to have so many exceptional teachers & presenters in addition to the National Office Staff that help us prepare. The variety of options seem endless, many of us spend much of our Summer and

Fall in Tax Seminars, listening to Webinars/DVD's, and various self-studying avenues. Although we do what we can to enjoy these endeavors, we take very seriously our obligations to our clients that sometimes can lead to tenuous situations.

We all have the same amount of time so we all need to take time as much as we can to consider all that we are doing and make sure we are making the right choices as to how we spend our time rather than just going along, come what may which too often means someone other than you is choosing for you. Because we have gotten into a very serious business, we need to take seriously our responsibility to make the right choices. Also because the tax business is very personal and competitive, we need to perform at a very high level that includes being understanding of our clients while also being knowledgeable of tax laws and regulations. Many of us have additional personnel (Continued on page 2)

that assist with various tax related activities that requires constant vigilance and encouragement to them to become more knowledgeable of tax regulations, i.e. study for & pass the exam to become an Enrolled Agent or other certifications.

In addition to the various educational opportunities available, I encourage all our members to develop contacts amongst as many of our KS NATP members as possible and a good way to do so is to take part in the Educational seminars and workshops provided by NATP & KS NATP. Assisting in the various activities of KS NATP, becoming a Board Member, Committee Chairperson or serving on a committee will help others to become familiar with you and you with them, which often creates the relationship of extended contacts with a variety of persons that can help provide you the advice you need for important situations that arise. You develop your expertise and others will do so as well. I was really encouraged to hear how well previous KS NATP President Tim Graham did during his first year as owner of the tax business he purchased. See, you can do it too!

KS NATP is very fortunate to have a sound financial base due in large part to the extra efforts of many of KS NATP's Board members, Committee Chairpersons, Past Presidents and committee persons providing the kind of services required for the educational opportunities you want to be a part. I am very thankful for all of them who have been such a big assistance to me. As you are aware it often takes time and effort to develop the knowledge, skills and understanding of how to interlink ones skills with others. That is why I encourage each member to renew your efforts to involve yourself in various avenues to help improve KS NATP and your own expertise and abilities. We can make KS NATP a vibrant association of members striving to be reach greater levels of expertise and abilities. As you become more involved, you will be amazed at the resources available to you as a member of NATP. NATP has invested a great deal of efforts to help be sure its state Chapters are succeeding which takes a great deal of organization and accountability. Because we want to be successful, we need to be taking advantage of the resources available in NATP to help make our tax business successful. As our tax businesses become more successful so will NATP & KS NATP.

Have a Great Year!!!

Tim Cain, President of KS NATP

MEET YOUR KS-NATP BOARD OF DIRECTORS

By Jan Cowick

I was transplanted from Indiana by way of Minnesota to become a "Kansas native." I have three daughters: a Teacher, an Accountant, and a Pharmacist. I have Eight Grandsons, one Granddaughter, and two Great Grandsons. Lots of Guys and one dainty little girl.

We purchased our business in 1984 from a group of CPA's in California who were retiring and had developed a good system with 48 offices all over the US. We have since added payroll, and accounts payable and receivable to our offering of monthly accounting and income tax services. We offer pick up and delivery services to a wide variety of small to medium sized businesses.



Important Dates to Remember for 2014:

EDUCATIONAL

WHAT	DATES	WHERE
BOD Meeting	July 26, 2014	Tim Graham's Office-Salina, KS
NATP Nat'l Convention	August 11-14, 2014	Orlando Marriott World Center, in FL
IRS Symposium	August 28, 2014	JCCC-Overland Park, KS
KS NATP Annual Mtg	October 27, 2014	Holiday Inn Wichita East-Wichita, KS
KS NATP 20th Banquet	October 27, 2014	TBA
Nat'l 1040/1040X	October 28-29, 2014	Holiday Inn Wichita East-Wichita, KS
KS NATP Western Seminar	November 3, 2014	Sternburg Museum-Hays, KS
Nat'l 1040/1040X	November 10-11, 2014	DoubleTree Overland Park-Overland Pk KS
KS NATP Fall Seminar	November 12, 2014	DoubleTree Overland Park-Overland Pk KS

SEMINARS



MEETINGS

NOTICE: The KS NATP Annual Meeting will be held at the Holiday Inn Wichita East

If you have a suggestion for a topic for these seminars, please contact Tim Graham or Tim Cain. Their phone numbers are located on the last page of this publication



Seven Mistakes Commonly Found on Tax Returns

Submitted by: Terri Ryman

1. An unsigned Return (the easiest part?)
2. A wrong Social Security Number (yes, it happens)
3. A wrong Name (can't spell!)
4. The wrong Filing Status (everyone is HOH, right?)
5. Mistakes claiming Deductions or Credits (EIC)
6. A wrong Bank Account Number (this delays the refund!)
7. Math Errors (Pen & Pencil Returns 20 times more likely!)

Same Sex Marriage and Same Sex Couples

Submitted by: Nolin Christensen

It seems that I, because I have quite a bit of experience with Same Sex Couples and their tax issues, have been asked to write this article. This will be two parts, one part dealing with how to file a return for a Same Sex Married Couple (SSMC) and the other how to file the returns for a Same Sex Couple (SSC) who are not married.

Same Sex Married Couples (SSMC). I know we don't usually ask who's married when we file opposite sex couples, just the sheer fact that filing them joint makes them married; but for SSC's you unfortunately have to ask if they have been married in any jurisdiction that legally recognizes Same Sex Marriages (SSM). Because currently anywhere in the country, just filing them as a joint return does not make them married, whereas for straight couples it does. This is one of the biggest differences between SSM and Opposite Sex Marriage (OSM). This is because common law marriages have not been granted or recognized for SSC's. I don't know of any state or jurisdiction that recognizes SSC's as married when they just hold themselves out as married and have not done so thru legal channels.

Filing returns if you are in a state where the SSM is legal or is recognized (like Iowa or Missouri), is no problem, just file the return as you would for anyone else.

If you are filing in a state that does not recognize SSM (Kansas or Oklahoma) it gets a little tricky. 1st you have to file a joint federal return. When you send the federal return you MUST tell your software to not send the state return. Then you come back and file the individual state returns.

Check to see if your software has an option for SSM. If it does, this will make everything a lot easier. When you are entering the data into the return, make sure that all income and deductions are allocated to which spouse, even the children. The MFS split works better when this is done.

After the federal return is accepted, access the return, select the SSM option and split the return using the software's Married Filing Separate feature. This splits the returns and creates the SSM allocation worksheet. Then save the two returns. If the software doesn't have the SSM feature, just split the returns and save them. Complete the SSM allocation worksheet manually.

Pull up each individual split return; make the necessary changes for the filing status (single or head of household). You can then electronically send the primary person's return. However, in Kansas the secondary return has to be paper filed. When you file the primary return, remember to tell the software to not send the federal and only send the state. When paper filing the secondary spouse's return, make sure to include a copy of the ORIGINALLY filed MFJ return. The SSM allocation worksheet is not included. This worksheet is retained by the client/preparer.

I have a feeling that with SSM returns, the state is probably going to be asking to see that allocation worksheet at some point. So get prepared for letters from the state's department of revenue.

Just a note: with all my SSMC's, they received more in refunds back from the state filing these separate returns than if they would have filed a joint state return.

When filling returns for SSC's who are not legally married, there are several things to keep in mind.

- Are both of them listed on all property? House, autos, etc.?
- Are both of them listed on receipts for claimable deductions?
- Do they share everything together or do they keep everything separate between each other?
- Does one or both of them have children?

If they share everything and if they are both are listed on the house, or autos or other deductions, they can split the itemize deductions between the two (not the best choice) or one can take the full amounts on Schedule A and the other can take the standard deduction (best choice). It is recommended that the higher wage earner claim the itemized deductions and the lower wage earner take the standard deduction. This gives them the most back.

If there are children, each takes their own child, however, if both have children only one of them can claim head of household, the other must claim single. The one that claims the itemized deductions, they claim single and the other claims head of household this will get them the maximum refund.

So where is it best to take the deductions? As previously stated, the key to maximizing the refunds is for the higher wage earner to claim the deductions and the lower wage earner claims the standard deduction. In order to achieve this, everything must be either in both individuals' names (house, autos, donations, etc.) or everything is in the name of the higher wage earner.

If they keep all finances separate, then file them as two separate individuals. Again, only one may claim head of household since they live at the same address.

Over the years having worked with lots of SSC's, I've learned some of the best ways to file these types of clients. When you get a SSC in your office, work it all the different possible ways to see which is best for that couple. And it doesn't have to be just a SSC couple either; the same can be done for non-marriage opposite sex couples too.

For a couple where both individuals make about 30k per year, no house, no kids, it comes out about the same, whether they file married or they file single individual. However, when there is a house and or kids involved non-marriage couples will get more in refunds than a married couple.

Things to keep in mind;

Only the biological parent can claim the child. The partner cannot unless there is a legal adoption (or placement) by that partner.

If the children belong to both partners, then follow the EITC rules for who can claim the child.

Only one person in the house can claim Head of Household. The other must claim single.

If the person claiming the deduction is not the primary person on the supporting document, more than likely the client will get a CP letter from the IRS. Just provide the necessary documentation that shows that both individuals are on the document and you are good to go. This is common problem with 1098 Mortgage statements.

Make sure that donations have both individuals' names on them. Same for the autos. In order to claim the deduction, that person must be listed on the receipt.

Watch out for claiming medical deductions. In order to claim them, the person must be claimed on the tax return. This can get tricky because if one of the partners is on the other partners health insurance. They may or may not take the medical expenses depending whether or not the partner is claimed on the tax return.

If one person works and the other does not, then the non-working person can be claimed as a dependent on the working partners return. Be careful here, because if the non-working person is getting disability or social security, by being claimed on another's return this could affect their benefits. Also remember the 50% support rule.

If the non-working partner has children, then yes, the children can be claimed on the working partners return but they will not be eligible for EITC (unless they are legally adopted or legally their guardian). Again, be careful, by claiming the children, this could affect child benefits.

Problems encountered with SSM's.

The biggest challenge we are seeing with SSM's is where the couple is married in a state where it is legal but lives in a state that is not legal and now are separated; however, the state where they live will not grant a divorce because the marriage was not legal. And in order to get a divorce in a state where it is legal, the couple must be residents. This becomes a real nightmare for these couples; stuck as married but no longer a couple.

With the ever changing landscape for SSM, we may not have some of these issues in the near future. There are multiple lawsuits and court challenges going on at this time. Keep in touch with NATP for the latest changes regarding SSMC's

MEET YOUR KS-NATP BOARD OF DIRECTORS



Hi!

I am Peggy Beasterfeld, EA. I've been a member of NATP for 11 years. For over 20 years I have been in the business of preparing tax returns. I own Peggy's Tax & Accounting in Topeka, KS. My BBA in Accounting is from Washburn University in Topeka, and I've been an EA for 11 years. My office prepared about 3000 individual and business tax returns this year. Three years ago, I left the tax office that I had been associated with as owner or employee for 17 years, and started my own office again.

I have been on the Board of the Kansas Chapter of NATP for 9 years. I have held the office of President, Vice President, and various committee chairs.

I'm married to a farmer/rancher in the Flint Hills of Kansas. We have grown children and several grandchildren. When I take the time, my hobbies include gardening, knitting, and enjoying my grandchildren.

I am involved in several civic and patriotic organizations. I am a member of the American Legion Auxiliary, Great Topeka Chamber of Commerce, the Capital City Christian Chamber of Commerce, the Topeka City of Character, and most recently, the Kansas Schools of Character. With all of these organizations, I am on several committees and/or board of directors. I am active in my church as treasurer, kid's church organizer, and anything else that needs to be done.

Kansas



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**Please contribute articles. I
welcome all budding authors!**

Have you ever wondered about the history of your Kansas Chapter of the National Association of Tax Professionals (NATP)? Well wonder no more...

As mentioned previously in this newsletter, the Kansas Chapter of NATP was founded 20 years ago. We are planning a celebratory banquet on the evening of October 27th, and hope you will plan to be there!

The very first President of the Kansas Chapter of NATP was Jim Labelle in 1994. Other past Presidents are Rusty Chase, Vern Krehbiel, Mary Giesler, Peggy Beasterfeld, and Tim Graham.

Member Get a Member

Do you know someone who might be interested in NATP and all the benefits for members?

You might want to check out National's "Member Get a Member" campaign. You could win a \$15 or \$30 gift card, a free membership, or even \$1,000 in cash!

Just put your name on NATP Membership Enrollment forms in the "Who recommended your to NATP?" line and hand them out to non-member tax professionals.

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Peggy Beasterfeld– Govt. Relations

Jim Cain– Convention

Timothy Cain– Regional

Nolin Christensen– Bylaws

Mary Giesler– Membership, Scholarship, Education

Susan Fesler– Nominating

Terri Ryman– Newsletter, Scholarship

“Here to Serve”

