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The President's Message

The after tax season period has been interesting to say the least this year, and I feel like it has never ended. The work keeps coming into the office and the representation work is never ending. Then in the middle of dealing with all the client cases, the government decides to shut down. Also, the State of Kansas is starting to cause some issues with the PFA's and the \$50 fee.

How did the government shut down affect everyone else? Well for me, I can begin with not being able to resolve client issues because I was unable to call the IRS. Also, it has caused double work in some instances because I have to resubmit Power of Attorney forms in because the first ones were sent in right before or during the shut-down. I hope that they can reach an agreement before January 15, 2014 or we could potentially face another shut down. As you all know, this can prove to make for a very interesting tax season if this occurs.

Then, you have the State of Kansas now charging the \$50 fee to even process the PFA. I recently had a client that we were trying to file a PFA on. The State of Kansas informed us they cannot process the PFA until the client paid the \$50 fee. They would then process the PFA, and accept the original return in lieu of the assessment. Upon the acceptance of the PFA and the return, the client would then be issued a check back for the original \$50 fee. Now I speak for myself when I say, this sounds like more work in the end for the State of Kansas.

The work at the office is never ending between keeping up the office, clients, and tax laws. The work around the office is involving me taking over the practice that I work at and updating the inside of the building. This work is done after the office closes and on weekends, and still making sure that the office is ready to conduct business the next business day. Then



From the Sunflower State.

during the day, the clients are the number one project of the day and also managing the employees in the office. I think the changes that we are making are long overdue and will generate a new clientele to our ever growing business. So, the challenge will then become maintaining our existing clients along with an exponentially growing new clientele. I see this as a good challenge for any business to face on a day to day basis.

Tim Graham
KS Chapter NATP
President

MEET YOUR KS-NATP COMMITTEE CHAIRMEN

Upon graduation from Mexico High School in 1976, Mary attended William Woods College (now William Woods University). She graduated in 1980 with a Bachelor of Science in Psychology and minors in both Business and Chemistry.

Mary married Doug Giesler, a native of Mexico, in 1981. They have 4 children: Lee 28, Lauren 25, Jordan 23 and Parker 17. Doug, Mary & Parker (a.k.a. Freddy) reside in Overland Park where she owns and operates MPG Accounting. She has operated MPG Accounting for 32 years and currently serves over 575 clients annually.

Mary is an Accredited Tax Professional and has earned her enrolled agent status. She is a member of the National Association of Tax Professionals and served as President of the Kansas Chapter of the National Association of Tax Professionals for 3 years. In 2004, she was elected Chairman of the Chapter Advisory Council which she chaired for 2 years. During 2004, she was nominated for the Tax Professional of the Year award and was featured as a Tax Professional of the Month during 2005. In 2007, she was no longer allowed to serve on the KS-NATP Board of Directors as she had served 9 years and had reached her term limit. Since that time, she has continued working with the Chapter by serving as an advisor to the Board of Directors and heading up both the Membership & Scholarship Committees. In 2010, she became a certified chapter instructor and has been assisting with teaching individual topics for the KS Chapter seminars.



In 2010, she welcomed into her family a son-in-law, Kevin Reynolds. Mary will welcome her first grandchild this month!

Experienced Tax Professional Needed For The 2014 Tax Season

Tax Preparation Firm in **Wichita, KS** is looking for a part time/full time experienced person to prepare both individual and business tax returns. Having your EA status would be a plus. You must have a PTIN and have that number registered.

Being able to communicate effectively with clients, working independently, and doing your own research is a requirement. You should be motivated, enthusiastic and friendly, with a high level of ethics and professionalism.

Please send resume and qualifications to email: vnail@taxworks.kscoxmail.com
Or contact Vonda Nail at 316-773-4650



TIDBITS OF KNOWLEDGE

October 3, 2013 was the 100th anniversary of the Revenue Act of 1913. This was the first tax law, enacted on October 3, 1913 and signed into law by President Woodrow Wilson. The Revenue Act was enacted after the 16th Amendment to the US Constitution was ratified on February 3, 1913.

Important Dates to Remember for 2013:

WHAT	DATES	WHERE
Annual Seminar	Oct 28, 2013	Doubletree by Hilton-
BOD Meeting	Oct 28, 2013 (PM)	Doubletree by Hilton-Wichita, KS
Scholarship Fund Social	Oct 29, 2013 (PM)	Doubletree by Hilton-Wichita, KS
Nat'l 1040/1040X	Oct 29-30, 2013	Doubletree by Hilton-Wichita, KS
Western Seminar	Nov 04, 2013	Sternberg Museum-Hays, KS
Nat'l 1040/1040X	Nov 11-12, 2013	Holiday Inn & Suites-Overland Park, KS
Fall Seminar	Nov 13, 2013	Holiday Inn & Suites-Overland Park, KS

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

EDUCATIONAL SEMINARS & MEETINGS



Do You Need Income Tax Documents?

Often when preparing tax returns, I find that clients are missing documents. This is particularly true when clients bring in multiple years that haven't been filed. If you need a copy of W-2s, 1099s or other tax documents to finish up a return, you can request this information from the IRS. The Internal Revenue Service maintains an electronic file with this information, called a wage and income transcript. There are at least four ways for obtaining wage and income transcripts:

1. **By Mail:** You can fill out Form 4506-T and mail or fax it to the IRS. Be aware, that though the IRS says on the instructions for this form: "Most requests will be processed within 45 days" this might be enough time to receive the transcript by mail and still meet the October 15th extended deadline.
2. **In Person:** You can fill out Form 4506-T and take it to a local IRS office. An IRS agent can print out the Wage and Income Transcript for you. But often, small town preparers don't live anywhere near an IRS office!
3. **By Fax:** You can also request the Wage and Income Transcript from the IRS's Practitioner Priority Service. The IRS will fax the transcript back to the tax preparer (usually within 48 hours). My experience has been more like 2 hours. Of course, you must have your client sign a POA form (2848 or 8821) in order to do this.
4. **By e-Services.** By far and away, this is my personal favorite! If you have the POA posted already, and are registered with the IRS on e-Services, this is a quick and easy way to get client information. And it is not limited to Wage and Income Transcripts, you can also access Tax Return Transcripts and Account Transcripts (which I use to see how many estimated tax payments my client has made, especially when they are not sure!)

Be aware, that, depending on when you request the transcripts, the data contained may not be complete. During the immediate past two years (2012 and 2013) the wage and income transcript information has been released by the end of April. Also the IRS does not store any data relating to state withholding. Additionally, you can also request copies of W-2s, 1099s, etc. from the original issuer. Occasionally they will charge a re-issue fee.

HELP CLIENTS AVOID AUDIT

Five Tips to Keep Audits at a Minimum

1. **Make sure to report any and all income.** We all know that any income or expense that the IRS requires a third-party to verify (by filing Forms W-2, 1099, 1098, 941, etc.) are computer matched. Hence all the CP2000 letters that are issued every year. Although you won't be able to get Wage & Income information from e-Services during tax season, this is one step I always take for any returns filed on extension. The numbers are usually available from the IRS in late April. Emphasize to clients that they must report ALL of their income, NOT just the income reported to them by way of a document. A common belief among taxpayers is that if their income is not reported to the taxpayer, there is no requirement to report it. I've had many clients caught in this fallacy. Usually because they either lost the document, or the filer reported the income to the IRS, but perhaps never sent a copy to the taxpayer. With a repeat clients, I use an organizer as my input sheet. This way I can discover items that were reported previously, but which no document was brought in for the current year.
2. **Review the return for simple mistakes.** I make my clients recite their phone numbers every year (cell, home, and work), because often when they look at the organizer, they just don't remember that their contact information has changed. Just because they THINK they have their number memorized doesn't make it so! I require social security cards so I can copy them and keep them in the clients permanent file., Particularly with new clients and new births. My tax software also has an option to force input of wages and withholding (federal and state) twice so that any transpositions or miskeys can be caught and corrected. Additionally, I add up the wage box directly from the W-2s and compare it to the return just to verify that I have keyed them in correctly. This also helps me when W-2s look very similar, but are actually two different companies.
3. **Office in home deduction.** Historically this has been a red flag for the IRS. The key to passing audit on this item is document, document, document! We must be able to prove that this is truly the client's primary office (it's a separate room in the house, the place where the taxpayer meets clients, etc.) The primary problem is that clients don't typically use the room exclusively for business. This is a point that must be driven home to them. Indirect expenses (which apply to the entire house-utilities, mortgage interest, etc.) must be allocated; however, direct expenses that only apply to the business space can be deducted in full, depending on what they are.
4. **Keep personal and business bank accounts separate.** This is a point that should be driven home to our clients. The first question the IRS poses is: "How do you know which expenses are business deductions vs. personal expenditures?" Having only one account means all income and expenses are mixed, and typically will generate more questions, and may expand a simple question into a full-fledged search!
5. **Keep copies of checks or cash received, as well as any supporting documentation.** This is especially important when depositing personal loans or gift deposits. Clients need to be sure that they can explain each cash deposit, and be able to identify those deposits that represent income versus those that represent personal gifts and loans. I've been involved in audits where the IRS adds up all deposits in the bank statement and then compares this total to income claimed on the tax return. The client must be able to explain any discrepancies. This task is imminently easier if there are both business and personal accounts...but be aware that the IRS will review total deposits in both accounts.



We are looking for a few good folks that would like to become Board Members at our next Annual Meeting. Please contact Susan Fesler if you have an interest in being more active! 620.694.0427

Can the IRS waive penalties?

The IRS sometimes waives penalties. The IRS has a first time penalty abatement policy. Under this policy, the IRS can waive the late filing and late payment penalties if it's the first time that a taxpayer filed late and/or paid late. If the first time penalty abatement does not apply, the IRS can waive penalties due to reasonable cause. The IRS often abates penalties based on reasonable cause because of circumstances beyond the taxpayer's control, such as illness, natural disasters, or destruction of taxpayer records.

MEET YOUR KS-NATP BOARD MEMBERS

My name is Jim Cain and I've had a tax business since 1975. I started part time while I was working for International Harvester Company. IH moved us three times in the first five years I was with them. We moved from Hutchinson, Ks to Hays, Ks to the Kansas City area. I was promoted each time, so I wasn't too upset. While in Kansas City, I was promoted to the District Office supervisor level. I was groomed by the Comptroller and within a couple of years was promoted to the District Office management level in the Dallas area. My Kansas City Comptroller told me I needed to take the transfer even though I didn't want to move to Dallas. They also told me that I needed to quit the tax business. I moved to Dallas and advanced while I was there with IH but I didn't quit working taxes. After being with IH for around eight years I was told I needed to accept a transfer to Columbus, OH. At that time I decided I had been moved around enough, so I refused the transfer and let them know that I wouldn't be staying with IH. Deb was a little shook at that, but we asked for referrals from my then existing clientele. Our business doubled and we have been full time in the tax business since.

I passed the EA test back in March, 1982. I have been on the Board of NATP-KS for several years. We enjoy going to the NATP convention each year and participating in their continuing education as well as other organizations. I held out computerizing the tax business for years, but we are fully into it now. I have no desire to make anything easier for IRS. I represent my clients against them and don't apologize for it. We have a relatively small number of clients, but have grown with them. We do a lot of schedule Cs & Es, corporations, partnerships and a few trusts. We do quarterly payroll reporting for around 30 of our corporations and after the fact accounting for a couple of clients, only to keep them out of trouble.

As you all are aware, taxes are a love-hate experience. We enjoy most of our clients and have become very good friends with many of them. Most of our clients have been with us for more than twenty years. We don't seek out new clients, they just come through existing clients. Hopefully the mind will be able to keep up with the changes for another 10-15 years. I'm not very outgoing with people that I don't know, but if I can help any of you out, let me know.

PS. Jim Cain is the far right gentleman (with his family)!!!



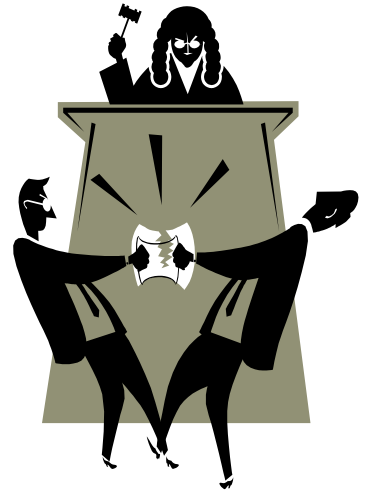
Tax Dispute Options

When it comes to tax disputes, there are three different forums in which to bring a lawsuit, and sometimes the choice makes a difference in the result.

Virtually all taxpayers choose Tax Court because they need not pay the tax to have their day in court. One problem with Tax Court is that all of the judges are former tax lawyers, and these judges often dismiss technical arguments offered by taxpayers who don't want to pay the tax.

In contrast, wealthy taxpayers often choose to pay the tax and then sue in Federal District Court for a refund. Why? They prefer, as a judge, a former federal prosecutor who is less likely to be deferential to the IRS.

The third option is taken by a small minority of taxpayers: paying the tax and suing for a refund in the Court of Federal Claims in Washington, D.C. That occurs when that unique court has favorable precedent that sets it apart from the other courts or, at least, lacks unfavorable precedent.



THE GOVERNMENT SHUTDOWN DELAYS THE PROCESSING OF FORM 2848, POWER OF ATTORNEY

Since the upgrade to the IRS e-Services website, we are no longer able to submit Form 8821, Tax Information Authorization, or Form 2848, Power of Attorney, electronically to the IRS. They now must be submitted by fax to 855-214-7522 for manual processing. With this change in September, the IRS had indicated that they had increased the staff of the department processing the taxpayer authorization forms and that the forms would be posted to the IRS system within four (4) days; however, now with the government shutdown there will be delays processing the forms being faxed to the IRS. The concern is that the backlog of power of attorney forms will take weeks to process now that government operations have resumed.

Filing Tax Returns after the October 15th Deadline

e-File will go offline after October 15th.

You'll need to mail in client returns to the IRS. That's because the IRS's electronic filing servers start going offline after October 15th to prepare for the next filing season. Here's a list of [mailing addresses for sending your return](#) to the IRS. Be sure to obtain proof of delivery when mailing in returns by using certified mail with return receipt requested.

Expect penalties if you have a balance due on your return.

If there is a balance due with the return, the IRS will impose penalties (Failure to File, Failure to Pay, Interest) for filing late. Currently the penalties are:

- 5% of the balance owed for each month or part of a month that the return is filed after the deadline (the late filing penalty);
- 0.5% of the balance owed for each month or part of a month that the balance is unpaid (the late payment penalty); and
- 3% annual interest charge on the unpaid balance.

Missing any tax documents?

Make sure your clients gather up all their tax-related documents. If they're missing any W-2s, 1099s, or other tax documents, you can ask the IRS to send you a copy of what they call the wage and income transcript. To request this you'll need to fill out Form 4506-T. You can get the transcript from a local IRS office or through your tax professional.

Be aware that the IRS is currently trying to dig out from under the backlog incurred due to the Congress not passing a budget authorizing the federal government to spend money until 10-17-13. If you need a transcript or other information from the IRS, you'll need to wait until the IRS resumes normal operations. In fact, the IRS has posted: The public may experience longer wait times or limited service as we take steps to bring employees back to work and resume all operations

STATUTE OF LIMITATIONS

Do you know that you can only claim a tax refund for up to three years after the original deadline? This three year time frame is what's referred to as the statute of limitations. Generally the IRS can refund any over-paid tax as long as a tax return, or an amended return, is filed within three years of the original deadline. State tax refunds also have a statute of limitations, which vary by state.

In general, taxpayers should keep their returns and supporting documents related to their tax returns (W-2s and receipts for various tax deductions) for at least as long as the state taxing agency and/or the IRS might want to audit the tax return. For most people, that means keeping your tax records for at least three years from the date you actually filed your tax return. Some states have longer statute of limitations, and in that case you should keep your tax records as long as the statute of limitations is still open for a particular tax return.

The statute of limitations gives the IRS three years to audit your tax return. Most states follow this federal three year rule, but below are listed a few states that have created their own statute of limitations for tax audits:

Arizona, California, Kentucky, Michigan, Ohio and Wisconsin. Generally have four years after a return is filed or required to be filed, whichever is later.

Colorado. This state can assess a tax debt within one year after the expiration of the IRS statute of limitations (4 years).

Kansas. Taxes have to be assessed by three years after the latest of: 1) the date the original return was filed, 2) the date the original return was due or, 3) the date the tax due on the return is paid. Taxes can also be assessed up to one year after an amended return is filed, if filed later than the dates above.

Louisiana and New Mexico. Three years after December 31 of the year in which the tax is due.

Minnesota. Three and a half years from the date the return is filed or the date the return is due, whichever is later.

Montana. Five years after the date the return is filed or the date the return is due, whichever is later.

Oregon. Three years after the return is filed, regardless of whether a return is filed on or after the due date. If the return is filed early, the limitations period will end sooner.

Tennessee. The state normally has three years to assess taxes, but that is extended to three and a half years if the return filed is a claim for a refund, and five years if the IRS has changed your federal return.

Your actions can affect the statute of limitations. The statute of limitations may not cover every situation and every state's statute has its own caveats, even those that generally follow the IRS rules. For example, if you have amended your federal return or your federal return has been adjusted by the IRS, the statute of limitations for your state tax return may be restarted. Signing any type of payment agreement or offer in compromise with the state can also reset the state statute of limitations.

Of course, the statute of limitations does not apply to fraud or tax evasion. Also, there is usually no statute of limitations at all for failure to file a return. Tip: to be on the safe side, you may want to keep the first two pages of all of your tax returns as proof that you did in fact file.

Kansas



National Association
of Tax Professionals

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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...

The Kansas Chapter was Chartered August 20, 1994... there were 158 members.

Longest Membership of a member from Kansas: 7-1-83 (Do you know who you are?)

The highest membership in the Kansas Chapter was on 11-30-12 when there were 248 members

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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Nolin Christensen– Bylaws

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Susan Fesler– Nominating

"Here to Serve"