



President's Message



What a busy time for MaSEA and it isn't even tax season yet! Many of our members were involved in two recent events. On December 1, we had a booth and a panel discussion at the FirmFuture conference in Boston. The Warren Group invited us to be an event partner, and the show was a tremendous success for MaSEA in promoting enrolled agents to the legal community. See the article later in this newsletter for pictures and a list of all who participated. On December 8, Joyce Mohr, EA, and Charles Belanger, EA,

worked at the Bentley University Expo for professional associations and promoted MaSEA to the students. Thank you to everyone for making these two events so successful.

I had the opportunity to represent MaSEA as a panelist on the IRS Collections panel at Bentley University's IRS Town Meeting on October 25th. Thanks to Mary Hanson, our IRS Senior Stakeholder Liaison, for getting MaSEA a spot on the panel. There were many MaSEA members in the audience for the day-long session. I encourage anyone that does representation to consider attending this conference next year.

I traveled with our MaSEA membership chair and director, Alice McElhinney, EA, to Alexandria, Virginia for the affiliate president exchange meeting (APEX) hosted by NAEA and the NAEA board meeting on November 11-13. The meetings were quite informative, and it was a great opportunity to meet other state leaders and share ideas. See Alice's report in this newsletter for more details on our trip.

On November 15, I attended an IRS meeting in Washington, DC with seven other NAEA members and staff. We met with IRS Commissioner Douglas Schulman and four of his staff members. This was a fantastic opportunity for enrolled agents to be in front of IRS advocating for our credentials. This meeting was due in large part to Bob Kerr, NAEA Senior Director, Government Relations. Bob has been persistent in keeping enrolled agents visible on Capitol Hill. Commissioner Schulman started the meeting with expressing his appreciation and respect for enrolled agents' expertise in taxation. He went on to discuss his latest challenge in the area of testing reg-

istered tax return preparers. Various NAEA members and staff communicated the following points during the meeting:

- Our continued support of the Commissioner's preparer registration initiative.
- The importance of promoting our more senior credentialed designation (EAs) versus the limited credentials of registered tax return preparers. We need IRS help to make this distinction when educating the public on registered preparers.
- The importance of enforcing the testing and education requirements for all registered preparers.
- Our decision to hire a market research firm to investigate the possibility of changing the enrolled agent name.

Back on the home front, our famous January 1040 Update will be held on January 8, 2011 at the Holiday Inn Select in Woburn. If you haven't signed up yet, go to our website, www.maseaonline.org for more details. This is a great way to get 8 CPE credits and all the tax updates you need to start your tax season. We continue having record attendance at our monthly meetings. And, our annual conference is set for June 4, 2011 at the Sturbridge Host Hotel. Mark your calendars now for all your CPE needs.

Don't forget to sign up for the 2011 MaSEA SOS program. Thanks to Lenny Rea who is now the Chair of this committee. The forms needed to sign up can be found in this newsletter. This program, now in its third year, is designed to protect the value of our individual practices during periods of incapacity. This program is meant to be a short term solution to provide support to an ailing MaSEA colleague. To be in the program, you are required to sign up each year.

Thank you all for voting in the NAEA Board elections. This is an important time for enrolled agents with the changing tax landscape. Your voice needs to be heard at both the state and national level. I also encourage you to get involved in any of the many MaSEA committees. It is a great way to get more connected to the society, meet interesting people, and help the society grow.

I look forward to seeing you or hearing you on the teleconference phone at our next meeting.

Happy and safe holidays to all!

Terry Durkin, EA, MBA
MaSEA President

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Welcome New Members

Alice McElhinney...Membership Chair

We are pleased to welcome new members, Robert E. Schneider, Brookline; Barbara Kitinski, Mansfield; Joseph Borowick, Osterville; Michael Wright, Quincy, and Patricia Stevens, Sharon.

Also welcome back to Stephen King and Michell Barden.

Hope to see you at an upcoming meeting.

STEPS TO ESTABLISH A LONG TERM RELATIONSHIP

Would you like to establish a long-term, profitable relationship with each new client? Here's the first step towards achieving just that. Personally extend a welcome to each new client. If a client is significant enough for you to work for, then the client is significant enough for you to make him or her feel good about engaging your firm. Whether you use a formal letter or a personal note card, you should send a first class, personally addressed and personally signed note to each new client. Do not include it along with a statement or other correspondence. Even though the firm may have more than one partner, consider addressing the correspondence directly from you, the responsible partner, to that client. The one-to-one correspondence addresses the "personal attention" concern that so many clients have when dealing with a firm. Perhaps your welcome note could read somewhat as follows:

Dear Bob & Carol,

It's a pleasure having you as new clients of our firm. I want you to know that I will do everything possible to make your association with us a profitable one. I will be supervising all of the work done on your file. It's important to me that you are completely satisfied with everything we do. Any time you have questions or comments, please contact me.

Sincerely, Ima Partner, CPA

Even though you have had your full name typed for signature, consider signing with just your first name. You want your clients to feel comfortable being on a first-name basis with you.

Sincerely,

Arvid Mostad, President Mostad & Christensen, Inc.

MASSACHUSETTS SOCIETY OF ENROLLED AGENTS OFFICERS & DIRECTORS, 2010/2011

PRESIDENT: Terry Durkin, EA
1ST VP: Joyce Ann Mohr, EA
2ND VP: Shantilal T. Patel, EA
TREASURER: Janet L. Foote, EA
SECRETARY: Stephen B. Jordan, EA
IMMEDIATE PP: Randy F. Hull, EA

BOARD OF DIRECTORS:
Leonard Rea, EA
Catherine White, EA
Dale Lewis, EA
Kay L. Cassidy, EA
Alice McElhinney, EA

The *Briefcase* is published by the Massachusetts Society of Enrolled Agents, P.O. Box 2263, Peabody, MA 01960-7263 for the benefit of MaSEA members and affiliates. This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is distributed with the understanding that neither the publisher nor author is engaged in rendering specific legal, tax or accounting advice or other professional services. If specific advice or other expert assistance is required, the services of a competent professional person should be sought.

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MaSEA Minutes of the Board Meeting, November 18, 2010

Board Members:

Present: Kay L. Cassidy, Theresa Durkin, Janet L. Foote, Stephen B. Jordan, Dale Lewis, Alice M. McElhinney, Joyce Ann Mohr, Leonard D. Rea, Shantilal T. Patel and Catherine G. White.

Absent: Randy F. Hull, Jr.

Guest(s): Charles A. Belanger, Lorraine Sorgman

Quorum present? Yes

Proceedings:

Meeting called to order on Thursday, November 18, 2010 at 3:40 pm by President and Chair, Terry Durkin.

President Durkin's remarks. Submitted by Terry Durkin.

Durkin attended a meeting with IRS Commissioner Schulman and other NAEA leaders while in Washington last week concerning the future of Enrolled Agents in light of the new Registered Tax Return Preparer designation. Commissioner Schulman opened the meeting with saying that he has high regard for the tax expertise and integrity of enrolled agents and wants to work with us in this new era of registered preparers. NAEA stressed that we support the Commissioner's efforts to require testing for all tax preparers. And, we enrolled agents (or whatever we might change our name to) want to ensure that we are

positioned as the senior credentialed professionals as opposed to the limited credentialed 'registered tax return preparers'. More work is needed, but this was a great step toward having open dialogue with IRS and promoting our designation to the public.

Durkin and McElhinney attended the APEX and State Affiliate on November 11th and 12th and the National Board Meeting on November 13th. McElhinney discussed her experience listening to three speakers; Sheri Jacobs, Nadine McPhail and Dave Williams at APEX.

Durkin reviewed Parliamentary proceedings regarding "assumptive motion" as it relates to adopting a Secretary's Report, adopting a Treasurer's Report and a meeting adjournment.

Durkin requested the MaSEA Secretary keep a signed copy of the Society's minutes on file for documentation purposes.

Durkin requested that Lewis contact Mike Nelson, EVP of NAEA, to understand how NAEA might help with MaSEA's leadership program strategic initiative.

Revised version of the minutes from November 17th, 2010 conference call. Submitted by Kay Cassidy.

Today we had a conference call with 7 of our board members to discuss one issue. Whether we should purchase computer screen cleaners as a giveaway item for the December 1st Firm Future legal conference in Boston.

The meeting was called to order at 5:04. Terry Durkin, Alice, Janet Foote, Lenny Rea, Shanti, Catherine White and Kay
(Continued on page 4)

November Meeting Notes:

The November meeting was quite lively with guest speaker, Mary Hanson, IRS (right) gave a presentation on the latest IRS Tax Updates. Along with Mary, Shanti Patel, VP, (below left) pitched the sale of extra NCPE books, and Alice McElhinney, Director & Membership Chair, (below right) spoke on increasing and maintaining membership.



The Briefcase



December, 2010



(Continued from page 3)

Cassidy were in attendance. Terry discussed the exciting opportunity that Firm Future will be for our organization. Joyce, Alice, Leon and Terry will be working the exhibit booth and Nancy Goedecke will be in charge of a panel discussion on “Top tax mistakes for Solos and Small firms”. This is a great opportunity to get the Enrolled Agents name out, along with the MaSEA and we want to take full advantage of it.

It was discussed that we need to have some giveaways at the booth. NAEA, as part of their public relations will be supplying the following items at no cost to MaSEA:

300 Enrolled Agents Brochures

Applications

100 copies of the EA Journal

250 items of assorted pens and pads

In addition, we have 500 MaSEA brochures on EAs being ‘The taxpayer’s tax expert’. These have the MaSEA website and phone number on them.

The group felt that we needed something additional at the booth that would showcase our own organization and the MaSEA website, since most of the other items are all targeted to NAEA. Everyone agreed that the screen cleaners were a great idea except that we needed to be fiscally responsible. After discussing our budget we finally decided on purchasing 250 cleaners at a cost of \$300. Catherine White made a motion that the task force move forward to purchase 250 screen cleaners for the firm future exhibit booth. Janet Foote seconded it. The Motion was approved.

We did discuss the possibility of purchasing other giveaway items for future events. Catherine White said she would be bringing some samples to the Board meeting tomorrow.

The meeting was adjourned November 17th, 2010 at 5:35PM.

October 21, 2010 meeting minutes were reviewed. No further corrections noted, approved as distributed by President and Chair Durkin.

Treasurer’s Report provided by Treasurer Janet Foote:

Foote reported the Financial Statements for the four-month fiscal period ending October 31, 2010. Overall, Foote noted, the Society’s Fiscal YTD total gross income was \$30,331, an unfavorable variance to budget of \$(6,345) or 82.7% of budget and a unfavorable variance to the preceding year of \$(11,915) or 28.2%. Foote noted the Society’s Fiscal YTD net income/(loss) was \$3,330. This represented a unfavorable variance to budget of \$(8,319) or 28.6% of budget and an unfavorable variance to the preceding year of \$(14,413) or (81.2)%.

Foote reported that the Society’s cash and cash equivalents balance as of October 31, 2010 is \$27,122. This is down from the preceding year by (26.7)%, or \$(9,864).

Foote stated the SEE training program this past year profited \$1,600 as reported by Lorene Beech. Foote informed Durkin and the Board members that the Society has approximately \$6,000 in working capital at present.

MOTION by Jordan to accept October 31, 2010 fiscal YTD Financial statements, Seconded by White; accepted.

Strategic Planning Focus Areas provided by Terry Durkin:

Durkin lead a discussion of three focus areas.

Lenny Rea—presented a comprehensive list of MaSEA potential website modifications and tentative vendors and prices for website alterations. Shawn Burgess at NAEA will be consulted for additional MaSEA website review. Durkin noted budget constraints this fiscal year and asked Rea to consider what can be done this year within the budget, and work on a proposal that can be implemented next fiscal year. Any monetary needs should be submitted during the budget process in April/May 2011 to ensure a successful website project.

Dale Lewis —Stated her focus group consisting of herself, Nancy Goedecke and Leon Rudman is working with Kirby Robinson, EA, Babson College, NAEA and 7 of MaSEA’s past presidents on ideas for Leadership training and transferring skills within MaSEA. The bulk of planning will be completed by February 01st, 2011. Lewis concluded some sort of workshop venue will probably be utilized for sharing ideas on the topic.

Alice McElhinney—Discussed efforts focused on renewing membership and minimizing attrition in our society. Currently we have 392 members and McElhinney is on target to hit the 10% goal of new member net growth this year.

Rea, Lewis and McElhinney submitted written action items for their objectives that will be tracked accordingly.

The Warren Group Task Force Report provided by Joyce Mohr:

Mohr reviewed the process of registering for Firm Future on December 01st, 2010 at the Boston Copley Marriott.

Revised version of the TWG Survey results. Submitted by Joyce Mohr.

The board members have looked at the results of the spring 2010 survey conducted for MaSEA by The Warren Group.

We thank the membership for their time and valuable feedback.

The results are still available at:

<http://www.maseaonline.org/Docs/Member/MaSEASURVEYSUMMARY2010Handout.pdf>

The board also took the time to compare the recently adapted and updated strategic plan with the survey comments to be sure the strategic plan adequately addresses the expressed needs of the membership.

Having the results of the survey before the strategic planning meeting seems to have ensured that the major concerns brought up in the survey have been addressed in the strategic plan. It is easier to identify than to address issues but below is just one example of how the survey results have been incorporated into the strategic plan.

One of the survey questions was “If you do not attend monthly

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meetings, why not?" Common comments included: distance, time, and location.

This is a challenge for the association but is clearly an important issue for some of our members. There are a number of ways that the society is trying to address this issue:

Under the goal of: "To provide timely and relevant professional tax and practice-related educational opportunities to all members" there are two objectives that should help members have more opportunities to participate in MaSEA meetings:

"To increase the use of technology to include members who do not attend meetings." The strategies include investigating methods other than teleconferencing as well as videotaping to make it available later.

"To increase the number of regional EA Roundtables to six (6) geographic areas of MA by the end of fiscal year 2012"

Another of the ways that this is being addressed is to hold the Annual June Conference / Annual Meeting in different parts of the state. June 2010 conference was in Hyannis and the June 2011 conference will be held on June 3rd/4th in Sturbridge.

June Convention Update provided by Lorry Sorgman:

Sorgman discussed brochure production and guest speaker for our Annual June convention.

8th Annual NNEEA Conference Update provided by Shantilal Patel:

Patel reported 64 attendees were present at this year's education seminar from October 28 to 30th. Patel reviewed the topics covered and plans for the 9th Annual conference at the Holiday Inn in Woburn, MA on October 27th to 29th, 2011.

Meeting Administration Update provided by Shantilal Patel:

Patel presented a comparative analysis of four different vendors; Cvent, 123Sign-up, Constant Contact and Star Chapter, who are being considered to manage our event attendance. Costs and attributes were discussed for each vendor.

MOTION by McElhinney to authorize Constant Contact go ahead and begin administering registration and attendance on a 60 day trial basis for our next MaSEA event (e.g. December 2010 monthly meeting), Seconded by Cassidy; accepted.

Unfinished Business

Bentley University Program Report provided by Joyce Mohr:

Mohr stated she will update us next month on Bentley LITC.

New Business

Jordan will clarify how "quorum" is defined under our By-Laws at the December meeting.

White distributed a few sample marketing items under \$1/item that she uses in her practice for future consideration by MaSEA.

There being no further business, the Thursday, November 18, 2010 Directors' meeting was officially adjourned by Terry Durkin, President, at 5:30pm.

Respectfully submitted by Secretary, Stephen B. Jordan

Should you hire more paraprofessionals?

Perhaps your firm should seek to increase the number of paraprofessionals you have in lieu of hiring more professional staff.

If you hire sharp, ambitious, paraprofessionals who do not aspire to be CPAs, you may solve one of the main problems facing accounting firms. You will lessen the need for producing higher and higher gross revenue which is required if you are to admit new partners.

You may also prevent the problem of professional staff, disappointed at not becoming partners, leaving and taking clients with them. Isn't that a situation we've all seen before?

Consider hiring staff with college degrees in areas other than accounting. You'll be pleasantly surprised how professional and productive these non-CPAs can be. If you train them, treat them right, and pay them well, you can build a very "professional" staff that is not destined for partnership or termination.

For more practice tips, check out my blog at <http://www.mostad.com/blog>

Sincerely,
Arvid Mostad, President
Mostad & Christensen, Inc.

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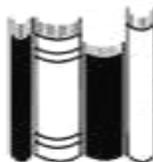
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NAEA Affiliate Presidents Exchange Meeting

I am writing to relate to you the wonderful experience I had at the NAEA Affiliate Presidents Exchange Meeting in Alexandria, VA on November 11th and 12th. The President Exchange allows our state affiliate leaders to get together twice a year to connect, get involved and share ideas and leadership goals. State affiliate conference calls are held once a month. I have participated in a number of the affiliate conference calls this year as Membership Chairperson and was excited by the invitation to join MaSEA's President Terry Durkin at the November meeting. We also attended the NAEA Board of Directors meeting on Saturday, November 13th. The NAEA Board of Directors meets concurrently and joins the affiliate meeting for various presentations. Thirty (30) out of thirty-nine (39) state affiliates were represented! There were three main presentations I would like to share with you.

The first was a discussion with Sheri Jacobs, CAE, President and Chief Strategist of Avenue M Group, LLC on the EA name. NAEA has hired Avenue M to Identify, Clarify and Communicate what differentiates its Members in the New Preparer Environment. They have only completed the first step, which was a consumer survey. I believe we will have the slides from the presentation available on our website in the near future. The most revealing statistic is that "87% of survey respondents have never heard of the term "Enrolled Agent". Various words were rated as to how they fit with a description of our designation. The results were as followed:

Authorized (4.03%), Professional (3.94%), Licensed (3.90%), Specialist (3.87%), Agent (3.87%), Federal (3.84%),

Representative (3.80%), Enrolled (3.74%). Please be aware that the terms Certified and Registered are not available so don't waste any thought with them. After much discussion the only change that a majority of attendees could agree on was that the word "TAX" should be incorporated into any new name.

The second major discussion was with Nadine McPhail, Chief, Case Development & Licensure Branch of OPR (Office of Professional Responsibility). This discussion focused on the proposed change in regulations for registering continuing education programs with OPR. Currently, MaSEA is registered as a qualified organization – self regulated as to whether a program/instructor qualifies. The proposed regulations going into effect September 2011 would require each program to be registered with OPR and obtain an individual registration number good for one year.

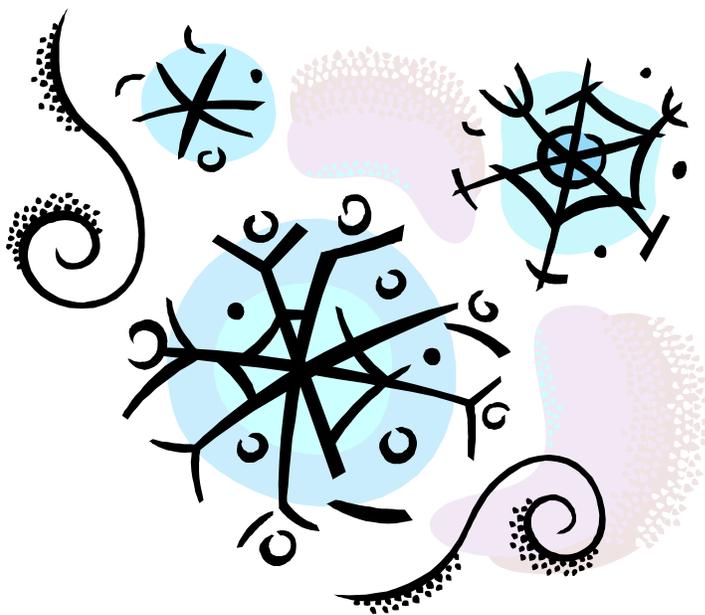
The third presentation was by Dave Williams, IRS lead on the Return Preparer Registration implementation. Dave was a dynamic speaker with a sense of humor. There was much discussion but nothing has been finalized yet. It appears the first pass of regulations there will only be one basic test available in 2012. Dave could not officially state the new EA fee but did let us know it would be between \$29 and \$31! Good news for us. The annual preparer registration fee is a floating target depending on the actual costs incurred.

The networking and exchange of ideas between participants was non-stop. There were mini presentations focusing on public relations and strategic planning programs from North Carolina, California and Texas. There was a session on Effective Meetings with Loran Kropat, the Practical Parliamentarian. There were Sponsor Presentations by Fast Forward Academy, Washington Institute for Graduate Studies and Paychex.

The most important thing I learned at this meeting is the value of our National Association of Enrolled Agents. I firmly believe that even our checkbook members who do not utilize all the wonderful tools and resources available to them through NAEA and MaSEA are still getting good value for their dollar. The staff at NAEA is fabulous. We have a presence at the IRS and OPR. Bob Kerr the Senior Director of Government Relations is really on the "Hill" promoting Enrolled Agents and influencing tax administration and tax policy to our benefit. Just recently it was in no small part that through the efforts of NAEA, all Circular 230 practitioners were exempted in the proposed exception to the new testing and CE requirements. It is in no small part through the efforts of NAEA, the IRS is going to work with us to "Brand" enrolled agents (or whatever name we choose) as a step above the new registered return tax preparer. There are many organizations that offer great CE and tools to help run our practices but NAEA is the only organization that is actively promoting our elite status. We have a wonderful opportunity right now to work with the IRS to differentiate ourselves from the new registered return tax preparer and finally "brand" the enrolled agent as the tax professional of choice. NAEA needs our support and we need NAEA more than ever to guide us through this new tax preparer legislation. If you know an enrolled agent who is not a member of NAEA/MaSEA, please encourage them to join. The time has come for the Enrolled agent to be recognized as the Taxpayers Tax Expert!

Sincerely,

Alice M. McElhinney, EA
Membership Chairperson



MASEA COMING EVENTS 2011

NEW: CFP Board Registered

The Mass Society of Enrolled Agents is now a CFP Board-registered CE Sponsor for our monthly meetings. Please join us at our monthly meetings.

January 8, 2011: 1040 TAX UPDATE SEMINAR Saturday, Holiday Inn, 15 Middlesex Canal, Woburn, MA 01801.

Members \$155, non-members \$175. Mail checks to MaSEA at P.O. Box 2263, Peabody, MA 01960 or use the online registration form and pay by PayPal.

January 20, 2011: Monthly Meeting.
Home Mortgage Interest, Section 163 Election and the General Tracing Rules.
Speaker: Alice McElhinney, EA

February 17, 2011: Monthly Meeting
Administration of the Living Trust
Speaker: Joel Bernstein

March 17, 2011: Monthly Meeting
Annual Share Shop with Nancy and Lorry
Lorry Sorgman and Nancy Goedecke will host a round table discussion on everything tax related. You bring the topic, problem, or funny story.

April 21, 2011: Monthly Meeting
TBA

May 19, 2011: Monthly Meeting
ETHICS with Carol Thompson

June 4, 2011: Annual Meeting and Election of Officers
To be held at the Sturbridge Host Hotel in Sturbridge, MA.



Please try the new Registration Form, click on the Register Now link in the reminder email and go directly to the registration page.

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JUNCTION OF MASS PIKE, ROUTE 128 & ROUTE 30. Mail checks to MaSEA, P.O. Box 2632, Peabody, MA 01960 or pay by PAYPAL on line.

Members, Guests & Teleconferencers: \$55 (discount price if registered by the Monday before the meeting, \$50) Non-Members \$60 (discount price if registered by the Monday before the meeting \$55). * BOD Meeting: 3:30 PM * Attitude Improvement Hour: 5 PM * New Member Welcome & Announcements : 5:45 PM * Dinner and Program: 6 PM * Teleconferencing Available, PLEASE CALL THE OFFICE. VISIT THE WEB SITE AT <http://www.maseaonline.org> for more detail on meetings and to register or pay on line. Email: MSEAOFFICE@AOL.COM Register on line Register by phone: (978) 535-9753 FAX: (978)535-1954.

• **Important Notice Re: CPE**

State tax education credits will not count for IRS requirements under Circular 230 but the state tax education credits will count towards your credits for NAEA.

Advertising in The Briefcase:

Please patronize our advertisers. In this issue: CFS Tax Software, Small Business Accounting Services and Tax Research Services. Be sure to mention you saw them in MaSEA's Briefcase. **For information or to place an ad, contact Leon Rudman, EA.**

MaSEA's *The Taxpayers Tax Expert* brochures are still available. Please contact the office to order. These are great to send out to prospective or current clients as reminders of the upcoming tax season. Very reasonably priced. View the brochure at: www.maseabriefcase.homestead.com

Just click on the link to MaSEA Brochure.

Take Time Now to Prepare for New Tax Form Filing Rules

by Irene Wachsler, CPA

What will your Organization have to report to the IRS in order to comply with the new informational reporting requirements? Effective January 1, 2012, all businesses, including nonprofit organizations, must submit the information reporting Form 1099-MISCs to any vendor who was paid \$600 or more during the calendar year.

While 2012 may sound far off, it's not too early for all businesses, including nonprofit organizations, to prepare their accounting systems to track all payments over \$600 during a calendar year to any vendor in advance of filing the required 1099 tax forms. When Congress passed the 2010 Patient Protection and Affordable Care Act, one provision of this law was to require all businesses, including nonprofit organizations, to submit the information reporting Form 1099-MISCs to any vendor who was paid \$600 or more during the calendar year. Most organizations already submit 1099s for individuals and independent contractors that perform specific services. However, this law expanded the 1099 requirement to include all non-exempt vendors (i.e. office supply stores such as OfficeMax, Staples, W.B. Mason, University Stationary, etc.).

Businesses, including nonprofit organizations, are not required to submit the form 1099-MISCs to exempt vendors (i.e. other nonprofit organizations) and government agencies (i.e. Mass. Turnpike Authority).

Also, this past May, IRS Commissioner Doug Shulman indicated in his remarks before the American Payroll Association and the American Accounts Payable Association that transactions conducted using credit and debit cards may not be required to file a 1099. The primary reason for this waiver is because the merchant card vendors are already required to file 1099s for all card purchases (i.e. debit, credit, etc.) and the IRS is concerned about the potential double-reporting of income.

The effective date for the new 1099 reporting requirement is for all payments starting on January 1, 2012. This means that each Organization must file a 1099 for most payments made during 2012. Even though this date is more than a year away, Organizations should start planning to implement and/or update their processes now to ensure a smooth transition in order to meet the new reporting requirements.

Why is the IRS Expanding the Information Reporting Requirements?

The IRS believes that third-party information reporting is a powerful tool to maintain taxpayer compliance. The new 1099-MISC reporting requirement is simply another tool in the IRS' arsenal to detect underreporting of income.

What Types of Information Do I Need to Keep Track Of?

Consider the following examples. What will your Organization have to report to the IRS in order to comply with the new informational reporting requirements?

Example 1.

Each Friday, the Executive Director purchases donuts & coffee for the office from the local coffee shop Annie's. She spends an average of \$15 each week. Annually, this cost is budgeted at \$750. Since the Organization spent more than \$600 in a calendar year of goods from Annie's, as the informational reporting provision stands now, the Organization must issue a Form 1099-MISC to Annie's.

Example 2.

An Organization decides to send four employees to training in New York City. The Organization purchases four round-trip tickets, totaling \$320, from Greyhound. Since the Organization spent less than \$600 in a calendar year for services from Greyhound, the Organization does not have to issue a Form 1099-MISC.

Example 3.

An Organization uses its credit card to purchase a computer costing \$1,200 from Best Buy. Even though the Organization spent more than \$600 in a calendar year for goods from Best Buy, based on IRS Commissioner Doug Shulman's remarks, it is most likely that the Organization will not have to issue a Form 1099-MISC to Best Buy.

Example 4.

John is the Program Manager for the Organization's Workforce Development Program. His expertise is in high demand and he frequently travels throughout New England offering 2-day workshops. John pays upfront for his travel expenses and then he submits an expense report for reimbursement of his expenses. In order to comply with the new information reporting requirements, the Organization must issue a Form 1099-MISC to any vendor whose total purchases for goods and services exceeds \$600 in the calendar year.

Suppose that John is a member of the Marriott Rewards program and he tries to stay at a Courtyard Marriott whenever possible. If John charged his hotel expenses, then the Organization does not have to issue a Form 1099-MISC. If, on the other hand, John paid his hotel bill by cash or check and this aggregate amount exceeds \$600 in the calendar year, as the provision stands now, the Organization must issue a Form 1099-MISC to the Courtyard Marriott.

(Continued on page 10)

(Continued from page 9)

Example 5.

The Organization purchases its office supplies from ABC Office Supplies Inc. ABC Office Supplies Inc. refuses to provide the Organization with its federal tax ID. Before the Organization pays ABC Office Supplies, the Organization must withhold 28% of the monies owed to ABC Office Supplies and remit this amount to the IRS. If the Organization paid ABC Office Supplies more than \$600, as the provision stands now, then the Organization must issue a Form 1099-MISC to ABC Office Supplies.

What Happens If an Organization Does Not Comply with the New Reporting Requirements?

If a business, including a nonprofit organization, fails to provide the required informational returns, the Organization could face a \$50 penalty for each informational return. This penalty could be doubled if the IRS believes that the organization's failure to comply is intentional.

There is also a \$50 penalty for each informational return that contains either incomplete or incorrect information.

Practical Challenges in Implementing the New Reporting Requirements

We recognize that the new reporting requirements may present some challenges. To further complicate matters, the IRS has not addressed many situations in which it may be impractical or an administrative burden for an Organization to collect the required information.

For example, Dunkin Donuts has both store-owned shops and franchise restaurants located throughout the country. Each franchise owner has their own federal tax id. To further complicate matters, some franchise owners have a separate federal tax id for each restaurant that they operate. Will the IRS require that the Organization must now keep track of each separate Dunkin Donuts restaurant in which food was purchased?

Additional Factors for Consideration

We believe that it is going to take time for each Organization to update its accounting processes in order to comply with the new requirements. We highly recommend that each Organization take advantage of the upcoming year in order to test and refine its processes. We recommend that, as a minimum you consider implementing one or more of the following steps:

Start to Collect W-9s from Everyone

Your Organization should start collecting W-9s from everyone that it does business with - individuals, independent contractors and vendors. We recommend that the Organization withhold payments for services / products until they receive a W-9.

If one or more of the collected W-9s may contain an individual's social security number, these W-9s may be subject to the regulations covered by the new Massachusetts' Privacy Act (<http://www.massnonprofit.org/expert.php?artid=1745&catid=18>). In order to maintain compliance with the Privacy Act, we recommend that your Organization place these W-9s in a locked area (i.e. a locked filing cabinet) and restrict access to these documents.

Write Checks to Pay Your Vendors

We feel that paying your vendors with checks provides a much stronger internal control system than using a debit or credit card. Of course, we recognize that there may be instances in which you need to use a debit or credit card to pay for a product or service (i.e., purchasing a book online at Amazon.com or buying an airline ticket to a conference); however we recommend that your Organization minimize these purchases.

Keep Track of Each Vendor for Reimbursement of All Employee Expenses

We noted that some Organizations do not require receipts for expenditures under a certain threshold. We recommend that Organizations require a receipt for each expense. We believe that this requirement should be implemented for each Organization, regardless of its size.

Biography:

Irene is a managing member of Tobolsky & Wachsler CPA's and is responsible for the Audit Practice. In addition to taxes, the firm specializes in performing the audit / agreed-upon procedures for the Massachusetts film tax credits as well as audit, review, and compilation services for the not-for-profit sector. She is also the co-chair of the Mass. Society of CPA's South Shore Breakfast Forum and is a member of the Society's Non-Profit Committee. Irene received her Masters degree in Business Administration from Babson College.

Meet The Board

By Randy Hull, EA, Past MaSEA President

Dale Lewis, Director (Year 1 of 2)

My first car. 1964 Austin Healy, Sprint, Dark Green

Favorite Sport Team? Boston Bruins

Last Book read. "The Life and Writings of C D Lewis"

by Louis Markos

Favorite Books. "Bible" "The House of Mirth" "The Age of Innocence" "The Decoration of Houses"

Favorite Vacation Place where I have been more than once. England

Favorite Vacation place Bonnet Shores, Narragansett, Rhode Island

Favorite Movie. "Dan in Real Life"

Most Recent Movie seen in theater. Eat Pray Love

Favorite Theater for live performance. Merrimack Repertory in Lowell

Favorite pet. My brother's Dog

Golden Doodle, Colored: cream Named: Bailey

Sport or Activity I do today. Yoga & Step

Favorite Sports stadium/Arena or Theater that I have visited.

Sports - The old Original "Boston Garden"

Theater - Symphony Hall - (BSO) Boston

Sports activity which I have done in the past. Ski, Ice Skate

Favorite Quote. "New Rules" "Bill Marker HBO"

Favorite Food. Do I have to list just one!

The number of US States I have been to: 44states .

All but Alaska, Utah, Wyoming, Idaho, Montana, North Dakota

A word which best describes me. Contemplative

MaSEA SHOWCASES ENROLLED AGENTS AT THE FIRMFUTURE 2010 CONFERENCE

MaSEA was proud to be an event partner at the FirmFuture 2010 Conference in Boston December 1, 2010. The Warren Group and the Massachusetts Bar Association hosted this largest legal conference in New England, and there were over 650 attendees. This show was a tremendous success for MaSEA to get the EA name out to the legal community.

Thank you to all who worked so hard to make the day a success and representing enrolled agents so professionally. If you were not able to attend, you can see photos and lots of other information at: <http://www.firmfutureconference.com/podcasts.html>. Be sure to see the podcast of President Terry Durkin and Lorry Sorgman discussing enrolled agents at: https://firmfutureconference.esecuretransactions.com/files/podcasts/mass_society_enrolled_agents.mp3

Thanks to Joyce Mohr, Chair of The Warren Group task force, for pursuing and organizing this opportunity for MaSEA. A big thanks to the following members for putting on a fantastic panel discussion of the top tax mistakes of solo and small business law practices and tips to audit proof tax returns. These EAs definitely captivated the audience with their tax knowledge.

Al Cecchini, EA, CPA

Martha Domke, EA

Nancy Goedecke, EA

Lenny Rea, EA, CFP

Lorry Sorgman, EA, MST, USTCP.

And, thanks to the members who worked our MaSEA booth in the exhibit hall:

Terry Durkin, EA

Leon Rudman, EA

Alice McElhinney, EA

Joyce Mohr, EA

Peg Wood, EA

I encourage you to think about volunteering for the next conference that MaSEA sponsors. It really was exciting to be involved with fellow colleagues in spreading the good word about enrolled agents.

Sincerely, Terry



In attendance at the MaSEA FirmFuture Booth were (L-R) Terry Durkin, Alice McElhinney, Joyce Mohr, Leon Rudman and Peg Wood.



Above, President Terry Durkin, EA and Lorry Sorgman EA, MST, USTCP are interviewed for a FirmFuture podcast.



Left, EA members at the exhibit hall: Chris Miarecki, EA, Nina Marcinowski, EA, Alice McElhinney, EA, Lenny Rea, EA, CFP, Nancy Goedecke, EA, Martha Domke, EA

MaSEA Safety net for Our Society (SOS) Program

Purpose:

The Massachusetts Society of Enrolled Agents has put together a program designed to protect the value of our individual practices during periods of incapacity or death. This program is meant to be a short term solution to provide support to an ailing MaSEA colleague.

How will this be done?

Those who participate or a responsible family member or staff member or designated colleague will call a member of the MaSEA SOS Committee during periods of incapacity. The committee will organize volunteer MaSEA members to do what they can to protect the practice during this short term period of crisis.

What will the SOS program do?

The SOS committee will be made up of 'regional' coordinators that will handle any crisis in their geographical region. Helpers will be asked by those regional coordinators to donate time to save the practice of fellow members. If the incapacity happens during tax season, participants may be asked to clear their calendar on certain days to work for the distressed member. This will be difficult for participants, but when compared to the value of a saved practice, we believe it is worth the sacrifice. The volunteer work may include meeting with the clients of the incapacitated colleague to prepare extensions, tax returns, or what is deemed necessary to maintain the practice's value. The volunteer work may extend to facilitate the sale for the benefit of a survivor. The volunteer work may also include other types of work on an as-needed basis.

What is the time commitment expected to participate as a helper in this program?

During the tax season, a minimum of four hours per week commitment is expected for a period of at least four weeks. And, outside of the tax season, a minimum of four hours per week commitment is expected for a period of at least eight weeks. Additional arrangements can be made to spend more time on this as agreed to by the helper and the ailing colleague. This time commitment is only required if you are called upon to be a helper for an ailing colleague.

What about compensation for the 'Volunteer' Work?

Out of pocket costs for the volunteer work including mileage at the federal rate, postage, etc., will be fully reimbursed. We are asking each volunteer to truly volunteer their time and donate four completed returns or at least 10 hours (whichever is less) to the ailing colleague. After this amount of returns or time, helpers will be compensated 20% of the distressed practice fees unless there is another agreed upon arrangement in place (e.g., helpers could decide not to take any payment for services provided.). However, Audit Representation and Collection Case work will be compensated 100% to the helper that handles this type of work.

What services will be provided during the tax season?

Extensions and basic individual tax return preparation will be the focus of supporting ailing colleagues during the tax season. Correspondence will be handled in order of urgency with the focus on delaying required responses until the ailing colleague can address it themselves.

What services will be provided outside of the tax season?

Outside of the tax season, helpers will work on all tax related issues including tax return preparation, audit representation, collection case work, and correspondence.

What services are not included in this program?

The SOS program is not set up to handle non tax related activities that the ailing colleague may be involved in including investments, financial planning, and insurance selling. Also, bookkeeping and payroll work is outside the scope of this program. Other arrangements will need to be made outside of this program to deal with these types of issues.

Am I in danger of losing my clients to the 'helpers'?

We have built in some safeguards to protect the distressed practice. First of all, participants in the program will sign the contract that contains a non-compete clause. And, if a client discovers that he prefers to work with the helper preparer, and hires that helper for future tax work, the helper will be required to pay the distressed practice for that client. The minimum sales price will be what was charged by the

distressed practice for the most recent tax return. That amount will be payable over a 12 month period. It will be the responsibility of the distressed practice to notify the helper to arrange payment.

What prevents an incapacitated member from staying home?

We believe that the compensation arrangement for the helpers will deter an overlong stay at home. And, the fact that extensions and simpler individual tax return preparation are the primary focus during the tax season should be an incentive for the conscientious, ailing colleague to get back to his/her practice as soon as possible and fully service their clients.

Who will be working with my clients?

This SOS program is open to all MaSEA members. We believe in the high level of competence we have in our Society. However, members can specify that they only want Enrolled Agents to work with their clients. Making such a decision may limit the amount of resources available to help you.

Who can be a participant?

All members of MaSEA and associates in good standing are eligible to participate. Being a participant signs you up to help other colleagues as well as receive assistance from your colleagues.

I am an Employee EA. Why should I participate?

By participating, you might save the practice for which you work and may, indirectly, save your job.

Does my Privacy Policy need to change to cover colleagues that work on my clients' returns?

You will need to have a sentence in your Privacy Policy that says something like, "This privacy policy also applies to anyone that works on your return on behalf of my business/firm."

When will this program be effective?

The SOS program will start on January 1 of each year for all participants who return the Contract and the 'Contact and Information List' on or before December 31 of the previous year.

How do I sign up?

Review the Contract, sign it, and return it along with the filled out 'Contact and Information List' to Lenny Rea 17 Glendale Rd. Fiskdale, MA 01518 or fax it to 866-385-9909 on or before December 31. Or email it to LRea@LeonardRea.com. In order to be covered for the following year. You are also required to fill out the 'Location of Business Items and Information' spreadsheet. HOWEVER, we are not asking you to provide us this information when you sign up. Keep this filled out spreadsheet in a safe place and let your responsible family member and/or your responsible staff member or colleague know of its existence and location. In the event you are not available, the SOS committee will ask for the spreadsheet at that time to allow the committee to render assistance as needed.

Do I need to sign up every year?

Yes. We are asking that you sign up every year so that your information is up to date in order to best support you in case you need it. Each year you will need to Sign the Contract and fill out the 'Contact and Information List' and send these two documents to Terry Durkin at the address in the previous question. Also, you will need to review the Location of Business Items and Information and update it as needed. Enrollment for each calendar year ends December 31st of the previous year. So, to sign up for 2011, you need to sign up by December 31st of 2010.

We believe that this SOS program will strengthen the practices of each participating MaSEA member. We hope that each of you will desire to participate.

Sincerely,

Your SOS Committee Members

Kay Cassidy, Terry Durkin, and Lenny Rea

MaSEA SOS Program
Contract for
Calendar Year 2011

I wish to become a member of the MaSEA SOS Program for 2011. I understand the purpose of this group is to provide short term coverage in the event of a member's sudden incapacity or death, particularly during a filing season.

Participating Member's Commitment:

- A. Time:** Minimum of four hours per week time commitment.
- B. Period Length:** Minimum of four weeks in tax season, minimum of eight weeks outside of tax season.
- C. Tax Preparation Compensation:** Out of pocket costs for helper will be reimbursed. First four tax returns or 10 hours of time are 'gratis'. Additional returns/time spent will be reimbursed at a 20% of fees charged unless there is another agreed upon arrangement in place (e.g., all time donated is on a volunteer basis)
- D. Scope of Services to be provided to Clients:** In season, tax extensions and basic individual tax return preparation will be the focus. Correspondence will be handled as a secondary focus. Out of season, the scope expands to Audit Representation and Collection Case Work. Scope of Services DOES NOT include other activities the member may be involved in such as Financial Planning, Investments, Insurance sales, bookkeeping/payroll, etc.
- E. Audit Representation and Collection Case Work** is reimbursed 100% to Provider of Service.
- F. Contact and Information List** has been filled out containing the contact person for the family, a responsible staff member or colleague, and the tax software package used. This list is submitted with this signed Contract and updated as needed.
- G. Location of Business Items and Information spreadsheet** has been filled out, secured in a safe place, and the responsible family member and staff member or colleague is aware of its existence and location.
- H. Participation** is open to ALL MaSEA members. Members can choose to request only Enrolled Agents or only non-Enrolled Agents work on their returns, but they may be limiting the amount of resources available to help them.
- I. Payment for services** to be made within 30 days of client pick up, or no later than 30 days after April 15th or October 15th.
- J. Non-Competition Agreement:** No MaSEA member shall retain a client as his or her own without first reaching an agreement as to adequate compensation to be paid to the affected MaSEA member or the family representative.
- K. Privacy Policy:** The business/firm's Privacy Policy covers anyone working on client returns on behalf of the business/firm.

Applicant's Signature: _____ Date: _____

**MaSEA SOS Program
Contact and Information List
For Calendar Year 2011**

NAME: _____
HOME ADDRESS: _____
CITY, STATE, ZIP: _____
EMAIL: _____
PHONE: _____
BUSINESS NAME (IF DIFFERENT): _____
BUSINESS LOCATION: _____

RESPONSIBLE FAMILY MEMBER:

NAME: _____
ADDRESS: _____
CITY, STATE, ZIP: _____
PHONE NUMBERS: _____

RESPONSIBLE STAFF MEMBER OR COLLEAGUE:

NAME: _____
ADDRESS: _____
CITY, STATE, ZIP: _____
PHONE NUMBERS: _____

TAX PREPARATION SOFTWARE:

WHO WOULD YOU LIKE TO HELP YOU ?

ALL MASEA MEMBERS: _____ ONLY ENROLLED AGENTS: _____

MY AREAS OF EXPERTISE ARE (TO BEST MATCH MY SKILLS WITH WHAT IS
NEEDED): _____

BE SURE TO SIGN THE CONTRACT ON PAGE 14