

PSEA

2012-2013

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PSEA

PENNSYLVANIA SOCIETY
OF ENROLLED AGENTS

POWERING AMERICA'S TAX EXPERTS

PA EA ALERT

Volume 22 Issue 3

January, 2013

Dear Fellow PSEA Members,

Happy New Year to everyone! Amazing to believe it is once again time to start another tax season. What a tumultuous start we have had to the season thus far. Between threats of falling off a fiscal cliff, AMT nightmares and the Mayan calendar crisis, the actual season should be a breeze. One can always hope, right?

The end of 2012 saw the end of the Bush tax cuts, payroll tax cut, AMT patches, and spending cuts from the debt ceiling agreements. In all, a major tax difference for our client bases. The American Taxpayer Relief Act of 2012 reduced the number of tax increases that went into effect but many increases did occur. Once again, tax planning strategies were difficult to develop for clients. On the good front, though, 2012 was the final year for AMT uncertainties as the Act retroactively increased AMT exemption amounts.

The IRS has announced January 30 will be the opening of the tax filing season. Additional time is required to update the forms and complete the programming and testing of the systems. Although the IRS estimates more than 120 million returns can be filed starting January 30, more complex returns will be delayed into late February or March because of the need for more extensive forms. Additional information on the delay is available on the IRS website.

SIXTEENTH AMENDMENT

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

February 3 is the 100th anniversary of the ratification of the 16th Amendment of the Constitution, establishing Congress's right to impose a Federal income tax. Amazing to believe those few words are the cornerstone to the taxing system currently in place. Without them, we would all have different careers.

Consider joining the NAEA web board this filing season. It is a great resource to ask fellow EAs their advice on a troubling tax matter, a simple matter if the hours at work have run too long, or just post a general concern or comment.

I wish all of you the best possible season. May your clients have their documents ready, show up on time for their appointments and pay in cash when they leave.

Samantha





E-file Refund Cycle Chart Discontinued

In the past IRS published Publication 2043, IRS E-file Refund Cycle Chart, showing when direct deposits were scheduled to be made or paper checks were scheduled to be mailed. These scheduled dates were based on the date the tax return was accepted by IRS into their system.

Now Publication 2043 is titled "IRS Refund Information Guidelines for the Tax Preparation Community". IRS is no longer providing us a Refund Cycle Chart showing the expected dates taxpayers will get their refunds. The information in this publication is something we will probably want to share with our clients since it explains how they can check on their refund and what messages they will get. This change is an effort by IRS to permit itself more time to conduct more testing on returns to find fraud BEFORE the refunds are sent out. IRS says it still plans to get most refunds sent out within 21 days.

Taxpayers can find information regarding IRS' processing of their tax returns at <http://www.irs.gov/> by clicking on "Where's My Refund". Their tax return status should show up 24 hours after IRS receives their e-filed return, or 4 weeks after IRS receives their paper filed return. Taxpayers will need to have their Social Security number, their filing status, and the exact refund shown on their return.

When taxpayers check IRS' web site, they will find one of three messages:

- 1) The date the return was received,
- 2) The date the return was approved, and
- 3) The date the refund was sent.

The information at "Where's My Refund" is updated once every night.

IRS includes a Caution which says: "Don't count on getting your refund by a certain date to make major purchases or pay other financial obligations. Even though the IRS issues most refunds in less than 21 days, it's possible your tax return may require additional review and take longer."

Publication 2043 (revised 12-2012) can be found at <http://www.irs.gov/> by entering "2043" in the SEARCH box or by clicking on "Publications".

This text has been shared with you courtesy of: David & Mary Mellem, EAs & Ashwaubenon Tax Professionals, 920-496-1065 (fax 920-496-9111) davidmellem@yahoo.com, marymellem@yahoo.com, davidmellemea@yahoo.com, and marymellem@yahoo.com.

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AMERICAN TAX RELIEF ACT OF 2012 SUMMARY

The early days of 2013 saw the passage of the American Taxpayer Relief Act of 2012 (the "Act"), designed to keep America from going over the fiscal cliff. The Act reduced the number of tax increases that would go into effect but many increases still will affect clients.

Ordinary income rates were set to return to the 2003 rates, generally increasing all tax rates across all brackets by 3-5%. The Act kept the tax reduced tax rates in place for all taxpayers except for those over a certain high-income threshold. This threshold (the "Act Threshold") is \$450,000 for joint filers, \$400,000 for single filers, and \$225,000 for married taxpayers filing separately. Taxpayers with income over the Act Threshold will be subject to tax at a maximum rate of 39.6%.

Capital gains rates were set to increase to 20% and dividends were set to be taxed at ordinary income rates. The Act held the rates to the previous rates of generally 15% for taxpayers below the Act Threshold. For taxpayers with income over the Act Threshold, capital gains and dividends will generally be taxed at an increased rate of 20%.

The Act revived PEP and PEASE. The threshold amount for these phase outs ("Phase-out Threshold") is \$300,000 for joint filers, \$250,000 for single filers, and \$150,000 for married taxpayers filing separately. AGIs over the Phase-out Threshold would reduce the personal exemptions allowed by 2% of each \$2,500 the AGI exceeds the Phase-out Threshold. The amount of itemized deductions that can be deducted will be reduced by 3% of the amount by which the taxpayer's adjusted gross income exceeds the Phase-out Threshold (subject to a limitation that the reduction shall not exceed 80% of the allowable itemized deductions).

The Act also addressed the looming threat that the alternative minimum tax (AMT) will impact more taxpayers. The Act retroactively increased AMT exemption amounts to reduce the number of taxpayers that will be subject to AMT.

The Act extended the availability of 50% first-year bonus depreciation, and increased the expensing limitation for depreciable property for 2012 and 2013. In 2012, the expensing limitation was \$139,000 (with a phase-out threshold of \$560,000), and this amount was set to be reduced dramatically in 2013. The Act increased the expensing amount for 2012 (retroactively) and 2013 to \$500,000 (with a phase-out threshold of \$2 million).

Finally, the Act addressed the impending tax increase in the estate, gift, and generation-skipping transfer area. Absent legislation, the maximum tax rate was set to increase from 35% to 55%, with the exemption amount decreasing from \$5 million (actually, \$5.12 million as the exemption is adjusted for inflation) to \$1 million. The Act makes the \$5 million exemption (adjusted for inflation) permanent and provides for a maximum tax rate of 40%.

The Act did not address the expiring tax holiday on payroll taxes. The reduced 4.2% tax rate for the employee's portion of Social Security payroll tax has expired and the rate has returned to 6.2%. In addition, the new 3.8% tax (referred to as the Unearned Income Medicare Contribution) on investment income will apply to most joint filers with adjusted gross income above \$250,000 and single filers with adjusted gross income above \$200,000.

Finally, the Medicare tax rate will increase by 0.9% for employees with wages over \$200,000 for single filers, wages over \$250,000 for joint filers, and wages over \$125,000 for persons who are married but filing separately.

REMINDERS

for our fellow EA's in Eastern Pennsylvania.

As some of you may know, every month, except during tax season, a small group of EA's and tax professionals in the Eastern region of Pennsylvania get together for Breakfast and to discuss questions and problems that come up in our practices.

We Meet At 9 AM At:
Michael's Restaurant & Delicatessen
130 Town Center Road
Valley Forge Center, Route 202
King of Prussia, PA

Directions: Michael's is on Town Center Rd in the Valley Forge Center which is one mile north of King of Prussia Mall on Rt 202.

Following please find the dates that are scheduled through January 2014

January 2, 2013,
May 1, 2013
June 5, 2013

July 3, 2013
August 7, 2013
September 4, 2013

October 2, 2013
November 6, 2013
December 4, 2013

Should anyone wish to join us or have questions regarding our informal meetings, please feel free to contact Diana C. Dugan, EA. dbookkeep@aol.com

Social Security Statements Go On Line

Your Social Security information is now at your fingertips. The Social Security Administration website has added a new feature. **My Social Security**, which allows you to set up your personal page and access it at any time. It includes an online version of the statement that used to be mailed every year, plus estimates of your future retirement benefits, lifetime earnings to date, and the total Social Security and Medicare taxes you have paid.

To open an account, go to socialsecurity.gov/mystatement and answer a series of questions to verify your identity, and then create a user name and password. The online statement provides the opportunity to print out the personalized statement for financial planning discussions. You must be 18 or older and provide information about yourself that matches information already on file with the Social Security Administration. Once verified, people will create a "My Social Security" account with a unique user name and password to access their online statement. In addition, the portal site also includes links to information about other online services, such as applications for retirement, disability and medicare.

Working Together

Eastern Pennsylvania Working Together
is that it will be held on **Wednesday, May 22**
at Penn State Great Valley Conference Center.

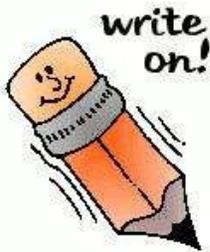
For more detail please contact Lisa McAllister , EA lmcallister@springmillpartners.com

FEAST IN THE EAST 2013

JUNE 10–11, 2013

Plan now to attend the fEAsT of the EAst on June 10th and June 11th , 2013 in State College. On Monday June 10th, our featured speaker is Beanna J. Whitlock, EA. Many of you know of her long-standing excellence in Taxes and how much she regard she has for EA's. Here's your opportunity to hear and see her in person. The final schedule will be set by February, but Ethics and Family Limited Partnerships are part of her presentation. Then on Tuesday, June 11th, listen to Phil Cook, Esquire speak about PA Sales and Use Tax and how it affects us personally as well as our business clients. Round out the day with topics that include Federal Estate and Gift Tax along with PA Inheritance Tax. We've saved a couple of surprises for the registration form that will be included with the next newsletter. It's not too early to plan to attend 2013 fEAsT of the EAst – June 10 and June 11, 2013.

At the 2012 fEAsT, the Awards Committee was pleased to present George Meyers, EA with the first Mentor of the Year Award. Who has mentored you? Who do you turn to for help when you're stuck? We want to know and to recognize YOUR mentor this year at fEAsT 2013. Send your nominations to Lisa McAllister at lmcallister@springmillpartners.com for consideration by the Awards Committee. Nominees must be active members of PSEA.



From the computer of Diane Kenerup, EA

The next newsletter due date is scheduled for April. We are looking for articles, issues, interesting happenings, and much more.

Diane Kenerup, EA, Editor
dkenerup447@epix.net

The Pennsylvania Society of Enrolled Agents wishes you a happy and prosperous tax season. Our last newsletter's wish of un-eventful, unfortunately was not heard by others. All will be well soon, hang in there.



*to our new
members*

Name	Designation	City	State
Beeler, Thomas	EA	Pottstown	PA
Chaussinand, Fan	EA	Pittsburgh	PA
Cheng, Jun	EA	Philadelphia	PA
Choudhury, Shenaz		Pittsburgh	PA
Dhanak, Nivedita	EA	Malvern	PA
Fascetti, Peter	EA	Pittsburgh	PA
Fritz, John	EA	Wilmington	DE
Gregory, Gerald	EA	Philadelphia	PA
Guaigua, Martha		Lancaster	PA
Hilal, Mahmoud	EA	Philadelphia	PA
Holtgreffe, Susan	EA	Erie	PA
Hudak, Warren		New Cumberland	PA
Jones, Jeffrey	EA	Fairless Hills	PA
Labar, Louis	EA	Honesdale	PA
Lee, Andy	EA	Lansdale	PA
Lee, Jeanetta		Pittsburgh	PA
Marx, Kenneth	EA	Washington	PA
McClain, Amanda	EA	Altoona	PA
McHugh, Denis	EA	East Stroudsburg	PA
Melady, Ann	EA	Philadelphia	PA
Mumme, Kimberly	EA	Yardley	PA
Parish, William	EA	Wilkes Barre	PA
Pfander, Steven	EA, MBA	Newtown Square	PA
Spratt, Christopher	EA	Philadelphia	PA
Wesch, Guenter	EA	Souderton	PA
Wilson, Elizabeth	EA	Middletown	PA
Yoder, Dennis	EA	Guys Mills	PA

We hope to meet you all at our next fEAsT in the EAst in State College, June 2013

Meet the Board

Each Newsletter will feature biographies of some board members in no particular order

Joni K. Cappuccio, EA, CPA, MST



Joni has been a tax and accounting professional for 27 years. She is currently a self employed practitioner in Morrisville, specializing in individuals, small businesses and nonprofit organizations. Joni holds a BS in Accounting from Trenton State College and an MS in Taxation from William Howard Taft University. She has been an Enrolled Agent since 1993. In her spare time, she enjoys swimming, dancing, reading and riding extreme coasters. Joni and her husband, Felice, reside in Morrisville with two daughters, Felicia and Kelli.

Lisa McAllister, EA Tax Manager



Most people don't consider taxes exciting, but Lisa McAllister swears there's never a dull – or similar – day around the Spring Mill Partners office. As Tax Manager, Lisa works with a wide variety of clients providing tax and accounting services, with a primary focus on tax representation and collection work for clients dealing with IRS and state taxing authority issues. Lisa acts as the external controller for a multi-million dollar privately held company, handling all of its financial and tax matters.

Lisa has almost 20 years of experience in the public accounting industry, working with individuals, multistate corporations and expatriates on everything from tax planning and state tax minimization to dispute resolution and due diligence. Before joining Spring Mill Partners in 2007, Lisa was a Senior Analyst in the Corporate Tax Department of Airgas, Inc. There, she worked with regional CFO's and Controllers to implement tax strategies to minimize state tax liabilities and to resolve federal and state issues with the Internal Revenue Service and state taxing authorities. Prior to that, Lisa was the Controller for Judi Eliot, Inc. in Philadelphia where she supervised all accounting functions and assisted with individual and corporate tax matters.

After graduating magna cum laude from Philadelphia University,

Lisa began her career with Coopers and Lybrand as a Tax Associate in the Tax Advisory Services group, where she provided tax compliance services to a variety of clients, including high net worth individuals, U.S. citizens working abroad and multistate corporations.

In 2009, Lisa successfully completed the Special Enrollment Examination, earning the privilege to represent taxpayers before the Internal Revenue Service. Lisa is a member of the National Association of Enrolled Agents and serves on the Board as the Second Vice President for the Pennsylvania Society of Enrolled Agents. She represents the PSEA on the Steering Committee of Working Together, a collaborative effort between the Internal Revenue Service and tax practitioners. In August 2012, Lisa successfully completed the three year National Tax Practice Institute program in Taxpayer Representation and Collection and became an NTPI Fellow.

Lisa is a former Director for Complimentary Health Services, a New Jersey corporation specializing in holistic healing. She currently resides in Fort Washington with her husband Michael and their young twin daughters. When it's not tax season, Lisa likes to cook and she would like to resume traveling one day - trips to local amusement parks notwithstanding. Lisa's current activities include chauffeuring soon-to-be eight year olds to gymnastics and drama classes and reviewing second grade math and spelling homework.



*From the desk of Kathryn G. McCusker, EA
Secretary for Pennsylvania Society of Enrolled Agents*

**Pennsylvania Society of Enrolled Agents
October 29, 2012
Teleconference**

The President called the meeting to order at 10:00 a.m. The Secretary called the role and the following were present: Samantha Stewart, Lynda Moscatello, Kathryn McCusker, Linda Bleil, Diana Dugan, Aaron Shirk, Joni Cappuccio, Edward Sulkoske, Barbara Richardson, Diane Kenerup, Mark Breon and guest William Matesevac. Mary Ann Jessee, Lisa McAllister and Lincoln Fajardo were absent.

President's Report: The president reported that the APEX meeting is coming up on Thursday and Friday in DC and that she would be going down on Wednesday. NTPI had been cancelled because of storm but there had been no decision on APEX yet. If it is not cancelled, Sam will go. Sam is asked to report about newsletter. Sam Matlock is impressed with what we have been doing. She noted that the Western Working Together seminar will be held on September 25, 2012. Three former members have been in contact about rejoining. She mentioned the Membership Challenge for which there are three options but we are probably not participating and we will pass on affiliate challenge for this year.

First Vice President: Not present.
Second Vice President: Not present.

Secretary: The Secretary presented the minutes from the August 27, 2012 meeting. It was noted that there was no mention of the discussion about the additional CPE program. She will add under education. The President requested that the absentees be listed in the minutes. Diana Dugan moved to accept as corrected and the motion was second by Linda Bleil. All voted in favor.

Treasurer: Lynda reported we have \$36,000 in bank. The room block confirmation has been sent in for FOE. Linda had one question on Western Working Together about how to submit the requests for reimbursement. Lynda would like people to submit their CPE certificates by sending them to Lisa. There will be only one \$25 reimbursement in a 12 month period.

There was a correction on initiation fees. Linda Bleil moved to accept the report and Diana Dugan seconded the motion which passed unanimously.

Committees:

Web: Diana said we made changes putting the board meetings on the website, and a link to NAEA.

Feast: Lynda said she sat in on a conference call with the IRS about the PTIN issues and learned that they will collect the hours but they will not be posted into anyone's records for 2012. At the time we did not have a program or provider number and we do not have the information we need to do a PTIN update. All preparers will self-certify for 2012. The IRS is not ready and there are a lot of errors in the system. These will now be done on a calendar year basis. WE will now do registration in January for 2013. The King of Prussia program with Rich Furlong fell through because of travel restrictions. Rich may not be able to come to FOE. Beanna said we would do better to have her for the day rather than the hour. She would like to have program items by Dec. 1, so it was agreed to make the program decisions immediately. We were planning on gratis presenters for

the second day but if people could not have them free the cost could be a problem. With Beanna's costs similar to those of Mary and Dave that should not be a big problem. Linda asked what it would cost for Chuck Potter or Phil Cook. Phil might not charge for expenses and Chuck might only charge for expenses. Sam suggested that the one day fee not be half but a little more since many more might want to come for one day. Sam suggested that Linda and Bill contact Chuck Potter and Phil Cook to see what they can do.

Linda can split up her presentation with no problem. Bill will contact them.

Only question Bill has is what topics? Some suggestions were: Marcellus shale and sales tax; scuttlebutt on new legislation. Marcellus shale would qualify for federal. For PA inheritance tax, Linda can integrate PA and Federal if that would then qualify for federal CPE. We could check when Beanna's flight leaves to see if she can do 2 hours of ethics on second day and then we only have to do 6 ourselves. We will also see what Bill can find out from his contacts and if anyone else has feelers out. Sam has received emails etc from people offering to do workshops. Chuck might do a session on F-bar requirements. Lynda suggested F-Bar for one hour not two.

There was a discussion of Beanna's topics and the following were chosen.

What price integrity?

Family limited partnerships

Ethics..what price integrity

Beanna's ideas on preparation vs. representation or taxpayer representation.

Tax Popourri...

Linda will get in touch with Beana and ask about the difference between the representation seminars. Linda will do federal estate, gift and PA inheritance tax.

Joni asked about the additional seminar in Gettysburg and it was decided to table that until December.

Publications: Diane said she had received nothing but treasurer's report and minutes. Deadline is on Wednesday. Sam will have president's report and PA changes for 1099s .

Membership: Joni said the current member ship stands at 328, with 35 new members 5 needing to renew and 34 terminated. Pennsylvania has 1388 non-member EAs. Sam will send welcome certificate and letter to Joni.

Diane will put welcome to new members in newsletter for all new members from her first newsletter to now.

Audit & Budget: This was covered by the Treasurer.

Government Relations: No one on call.

Awards: No one on call.

The President noted that one of our members, Ashley Miller, has small daughter with eye cancer. Sam sent letter from our organization and asked her to let us know if she wants to put something in newsletter and will call Ashley and see if he wants to put anything in newsletter.

Diane moved to adjourn and the meeting was adjourned at 11:22 a.m. The next meeting will be held on December 17, 2012 via teleconference.

*From the desk of Lynda Moscatello, EA
Treasurer for Pennsylvania Society of Enrolled Agents*

Balance Sheet

	Dec 31, 12	Dec 31, 11
ASSETS		
Current Assets		
Checking/Savings		
PNC Checking	9,122.81	9,643.70
PNC Money Market	28,205.88	20,446.78
Total Checking/Savings	37,328.69	30,090.48
Other Current Assets		
Undeposited Funds	700.00	786.00
Total Other Current Assets	700.00	786.00
Total Current Assets	38,028.69	30,876.48
Fixed Assets		
LCD Projector	257.99	427.99
Total Fixed Assets	257.99	427.99
TOTAL ASSETS	38,286.68	31,304.47
LIABILITIES & EQUITY		
Equity		
Unrestrict (retained earnings)	25,374.29	17,629.13
Net Income	12,912.39	13,675.34
Total Equity	38,286.68	31,304.47
TOTAL LIABILITIES & EQUITY	38,286.68	31,304.47

Profit and Loss Comparison

	<u>Jul - Dec 12</u>	<u>Jul - Dec 11</u>	<u>\$ Change</u>
Ordinary Income/Expense			
Income			
Dues Income	14,512.50	14,675.00	-162.50
FOE	125.00	60.00	65.00
Initiation Fees	288.00	378.00	-90.00
Interest Income	<u>9.02</u>	<u>6.24</u>	<u>2.78</u>
Total Income	<u>14,934.52</u>	<u>15,119.24</u>	<u>-184.72</u>
Expense			
Board Meeting	1,213.76	1,048.78	164.98
NAEA Meetings	0.00	0.00	0.00
Sunshine Fund	0.00	100.00	-100.00
Telephone	141.67	138.42	3.25
Website	116.70	156.70	-40.00
Working Together	<u>550.00</u>	<u>0.00</u>	<u>550.00</u>
Total Expense	<u>2,022.13</u>	<u>1,443.90</u>	<u>578.23</u>
Net Ordinary Income	<u>12,912.39</u>	<u>13,675.34</u>	<u>-762.95</u>
Net Income	<u>12,912.39</u>	<u>13,675.34</u>	<u>-762.95</u>