

PRESIDENT'S MESSAGE



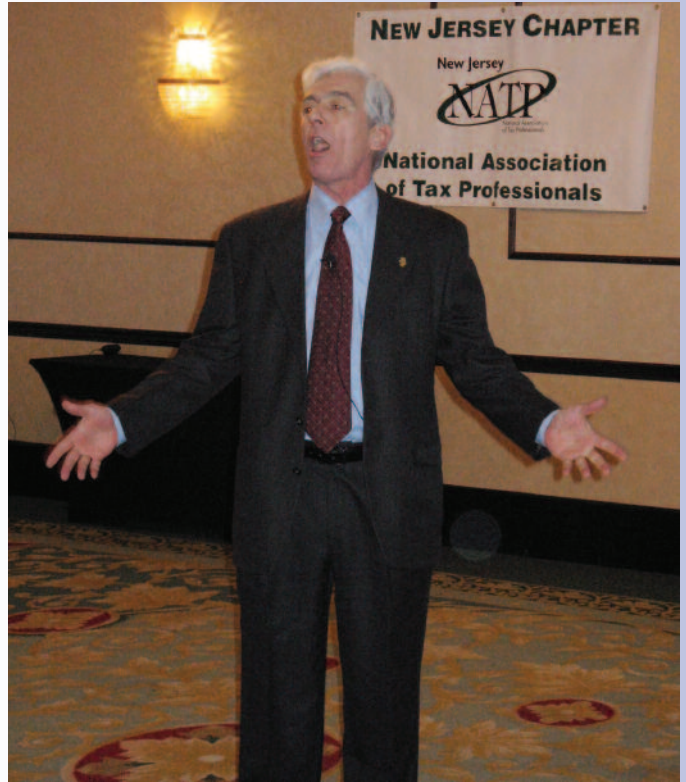
I would like to introduce myself as your new President. I have been a member of our great organization since 2000 and a Director on the New Jersey board since 2004. I have a tax practice in Brick, NJ.

I am excited to take the reigns from outgoing president, Colette Taylor. During Colette's two years as our leader, great strides were made in our chapter. We expanded our education to our members, expanded our electronic communication with our newsletter and educational flyers and created our own website. I assure you I am committed to furthering these endeavors. I believe education is very important and, during the last two years, I played a role in introducing breakfast seminars from one end of the state to the other.

2009 will bring more education and the celebration of our 20th anniversary as a chapter. We have plans for a joint seminar with Pennsylvania in May, our annual seminar and 20th anniversary celebration in September, a round table panel in October, a final breakfast seminar in December followed by our annual NJ tax seminar next January. Also for 2009, we have expanded our scholarship program to include members and their families, go to our website for more details – njnatp.com! We will keep you posted on all our events through our newsletter and e-mails.

I wish each of you a very successful tax season. As tax professionals, our clients look to us for guidance during these difficult times. Between the economy, the six new major tax laws on the federal level and the ever changing NJ property tax relief programs, we'll be especially busy this year. Have a great season and if I, or any board member, can be of any assistance to you, let us know. You may contact the chapter through our e-mail address – njnatp@comcast.net.

Marilyn H. Ayers, CPA
President, NJNATP



POPULAR SPEAKER, JIM GORDON, FROM THE NJ DIVISION OF TAXATION, EXPLAINING ABOUT THE NJ TAX UPDATES THAT WILL BE AFFECTING TAXPAYERS FOR THIS TAX SEASON. JIM, YOU LOOK AS IF YOU'RE SINGING!!



A CAPTIVE AUDIENCE IS LISTENING AND LEARNING ABOUT NJ AND NY TAX CHANGES AT THE NJNATP STATE TAX SEMINAR ON JANUARY 10, 2009. THEY ALL BRAVED THE WEATHER ON WHAT TURNED OUT TO BE A COLD AND SNOWY DAY.

From the Editor...

CONGRATULATIONS

to all those who braved the cold, snowy weather to attend the NJNATP State Tax Seminar on January 10, 2009!

We had a large, enthusiastic crowd, who gave positive feedback to the choice of topics and speakers. A special thank you to all of you – you are the reason the NJ Chapter is so successful.

MORE CONGRATULATIONS

to Chevonne Cheatem from Newark and Linda Giordano from Glassboro, who were recently appointed to serve on the NJ Board of Directors. *Your new ideas, insights and suggestions will be most welcome!*

At the NJNATP State Tax Seminar, Jim Gordon from the Division of Taxation emphasized the NJ mandate for electronic filing. As you may have heard, for tax year 2008, any preparer who prepared 25 or more 2007 NJ Resident tax returns is required to file all 2008 tax returns electronically. The tax preparer shall be liable for a penalty of \$50 for each return for which the preparer failed to file electronically. He also emphasized that the Opt-Out request form is ONLY to be used if the client requests it. For those of you who don't efile, you really should get on board – it is really a time saver, and that's only one reason to efile!

Information will soon be going out regarding National Conference this year – Reno, Nevada from July 20-23, 2009. *Please consider attending! It is a wonderful experience!*

As always, I ask for any articles, interesting anecdotes, tax season stories to share with our membership.

Jean Millerchip
Jean.Millerchip@verizon.net

Need a Laugh before tax season starts??

BY JEAN MILLERCHIP

Some things our clients can do to make us *really enjoy* our appointment with them....

Start by telling me how much you meant to be more organized this year. It will break the monotony of my day when you tell me as you walk in that you started your own business last year and now have a lot of questions!

Call me at the time of the appointment to tell me you're just leaving your house, or call me at the time of the appointment to reschedule. Even better, just don't show up, then call a week later to tell me how sorry you are. Perhaps you could come on the wrong day or at the wrong time, and then tell me that I gave you the wrong appointment! It's even better when you do it the second week of April and tell me that YOU don't mind coming in at midnight because you MUST get the return done!

Be sure to forget a W-2 and blame your wife or husband. Ask me if I can look it up on my computer! It's even more fun when you tell me 2 weeks after the return has been efiled that another W-2 has mysteriously turned up, and it must be such a simple change that an additional charge isn't necessary!

I just love it when you slide your kids W-2's and investment forms across my desk and ask if I can do their returns, especially since they are so easy and will take me no time to do them. Of course, it's no problem that when you scheduled your appointment you forgot to tell me that your kid's return needs to be done and that he has 7 W-2's from 3 states.

Hope you all have an interesting tax season! *Keep smiling!*

New Jersey Tax Tip of the Quarter Online reinstatements for Revoked Entities:

A revoked Corporation, LLC, LLP or LP may now file delinquent reports and pay reinstatement fees through the NJ Division of Revenue's website. Most entities can complete the entire reinstatement process online. For-Profit corporations, which require a tax clearance, will still need to submit an Application for Tax Clearance by mail. The online registration service allows For-Profit corporations to download the tax clearance application. The online process can be found at:

www1.state.nj.us/TYTR_COARS/JSP/page1.jsp

The above information was presented at the NJNATP NJ State Seminar, which was held at the Woodbridge Hilton on January 10, 2009.

NEW JERSEY CHANGES

FOR TAX YEAR 2008...

EARNED INCOME TAX CREDIT:

The amount of the NJ earned income tax credit will be equal to 22.5% of the applicant's Federal EITC.

DEPENDENT'S INFORMATION:

Beginning with tax year 2008, residents must indicate on their NJ gross income tax return whether or not each dependent listed on the return has health insurance coverage on the date the return is filed.

.....▶ DID WE really think 2007 Was Over??

THE STATE OF NEW JERSEY recently passed legislation which increased the eligibility limits for the Property Tax Reimbursement Program (PTR-1 and PTR-2). The income limits for ALL applicants, whether single or married/civil union have been changed to \$60,000 or less for 2007, \$70,000 or less for 2008 and \$80,000 or less for 2009. The income limits will increase annually thereafter by the amount of the maximum Social Security benefit cost-of-living increase.

As a result of this increase, some senior and disabled NJ residents who did not qualify because their total 2007 income was too high, may now be eligible for a 2007 reimbursement, provided they meet all the other eligibility requirements. And, remember – Social Security benefits are included.

Filing deadline for the 2007 reimbursement?? March 31, 2009!!

In early January, 2009 the Division of Taxation began mailing applications to residents who may be eligible for the 2007 reimbursement under the new income limits.

Be prepared for those phone calls!!

did you know...

There is now an E-ZPass Senior Citizen Discount Program. In order to participate in this program, you must be 65 years of age or older, have a NJ E-Zpass account, have a valid driver's license issued by any state and have a vehicle registered in your name in any state.

Information and application can be found at:

www.ezpassnj.com

FAMILY LEAVE INSURANCE:

Beginning on July 1, 2009, employees will be eligible to receive up to 6 weeks of paid leave for the birth or adoption of a child or to care for a sick family member. The program will be funded by a payroll deduction which will begin on January 1, 2009. Workers will contribute at the rate of 0.09% on the first \$28,900 (taxable wage base) in wages earned for the year. The contribution rate will increase to 0.12% of the taxable wage base for tax year 2010 and subsequent years.

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OF THE WORST NEW JERSEY MOMENTS!!

THE STATE CONSTITUTION drafted in 1844 provided suffrage only to white males; the constitutional right to vote was not restored to women and people of other races until 1947.

THE HINDENBURG crashed at Lakehurst Naval Air Station on May 6, 1937. Thirty-six of the 97 people on board died in the disaster.

ON THE NIGHT BEFORE HALLOWEEN, 1938, Orson Welles broadcasted the radio play "War of the Worlds" and describes a Martian landing in West Windsor, causing a nationwide panic.

THE NEWARK RACE RIOTS raged for 6 days in July, 1967. Twenty-three were killed and 1500 were arrested.

SEVEN-YEAR OLD MEGAN KANKA was killed by a convicted sex offender in Hamilton Township in 1994.

HURRICANE FLOYD caused millions of dollars in flooding damage in September, 1999.

A FIRE IN SETON HALL dormitory in South Orange killed 3 in January, 2000.

THE TERRORIST ATTACKS of September 11, 2001 caused the deaths of nearly 700 New Jerseyans.

IN MAY, 2005, the Pentagon closed Fort Monmouth, with a loss of 9,737 jobs.

AFTER AN IMPASSE between Governor Jon Corzine and the state legislature, the government shut down for 7 days in July, 2006.

TALES OF TAX SEASONS PAST

BY ROBERT D. FLACH

As a tax professional who has been preparing 1040s for more than 35 years I often wax nostalgic about the “good old days” of the tax profession and how tax laws, regulations and procedures have changed over the years.

THOSE WERE THE DAYS, MY FRIEND -

- when a savvy tax preparer could “pull a rabbit out of a hat” and save a client literally thousands of dollars in federal income tax with “Income Averaging” or “10-Year Averaging” (and in doing so be assured a client for life),
- when credit card interest, auto loan interest and personal loan interest, as well as our tax preparation fees, were fully deductible,
- when “Employee Business Expenses” were an adjustment to income and not an itemized deduction subject to a 2% of AGI exclusion,
- when there was no such thing as an Adjusted Gross Income exclusion or threshold or the “phase-out” of a deduction or credit,
- when one-half of long-term capital gain just disappeared from the tax return,
- before all the acronyms (PIG, PAL, ACRS, MACRS and so on),
- and when, at least in our case, we never filed an extension - we finished all the returns on April 15th even if we had to stay up until 3 am to do so!

I started my career in February of 1972, preparing 1971 tax returns, when a deduction was really worth something and everyone itemized. As we used to tell clients, “Uncle Sam will reimburse you for up to half of our fee!”

In 1971 the top tax rate was 70%. There was a “minimum tax”, not yet alternative, and a “maximum tax” (i.e. the maximum tax on “earned income” was 50%). While we did prepare a few maximum tax forms, I do not recall ever preparing a minimum tax form. The Alternative Minimum Tax did not begin to affect our clients until the 2nd half of the 1990s.

I worked in a true “storefront” office on the fringe of Journal Square, Jersey City’s equivalent of Times Square (made famous in the “Jersey Bounce”, which “started at Journal Square”), where we dealt with what my mentor affectionately referred to as “the great unwashed masses” on a daily basis.

There were no computers in those days. During my first few years we did not even have a copy machine in the office.

Returns were prepared by hand on 3-page carbonized forms purchased from Accountant’s Supply House. To this day I still prepare all my returns manually - I have never used tax preparation software to prepare a return.

As I started out in the tax preparation business the matching of 1099s to 1040s had just begun. I remember a client who came into the office during my first or second year with a humungous print-out from the IRS listing by source all the interest and dividends that he had failed to report on his previous year’s 1040.

During my early years you were not required to list the Social Security number for dependents claimed on your return. One year a married client, let’s call him John and call his wife Mary, left his “stuff” off at the office, which included a handwritten sheet listing, among other deductions, “dependents” John, Mary, Paul and George. The college student who prepared the return that year (not me) listed as dependents John, Mary, Paul and George. The client received the refund requested on the return without question.

The next year John came in and stayed while I prepared the return. I asked if he was still claiming his four kids, John, Mary, Paul and George, and he told me that he only had two children - Paul and George! The John and Mary he had listed on the sheet the previous year was apparently he and his wife. It appears that the student who had prepared the earlier return had forgotten our first, and most important, rule of tax preparation - always review the prior year’s return when preparing the current 1040.

At the IRS Tax Forum a few years ago it was reported that in the first year you were required to list a Social Security number for all of your dependents about 5 million dependents disappeared from tax returns.

I now work out of a home office and no longer take on new clients. While I do not miss dealing with the “great unwashed masses” I do miss the “good old days”. Every now and then a long-time client, faced with a large balance due to “Sam”, will ask if we can Income Average and I think back to the days when we could “pull a rabbit out of a hat”.

And most of all I miss the days when come April 15th it was truly over - and I didn’t have to spend the next six months dealing with extensions!

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Robert D Flach has been preparing 1040s for individuals in all walks of life, from professional athletes and actors to architects and doctors to secretaries and clerks, since 1972. He writes the popular tax blogs THE WANDERING TAX PRO (<http://wanderingtaxpro.blogspot.com>) and the NJ TAX PRACTICE BLOG (<http://njtaxpractice.blogspot.com>).

CALENDAR *of Events*

ANNUAL CONFERENCE and 20TH YEAR CELEBRATION

October 1, 2009



BREAKFAST SEMINARS

(Locations TBA)

May 28, 2009

October 29, 2009

December 10th, 2009

a little new jersey TRIVIA

★ **New Jersey ...**was one of the original thirteen colonies and entered the Union on December 18, 1787 as the 3rd state. Before there was a ★ New Jersey, however, there was an East Jersey (capital- Perth Amboy) and a West Jersey (capital- Burlington). The division took place in 1676, more than 40 years after the first Dutch

settlement in what is now Jersey City and a little more than a decade after the English took control from the Dutch; the colony was reunited in 1702. Perth Amboy and Burlington continued as twin capitals until 1775. Trenton has been the capital since 1790.

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TELEPHONE DIRECTORY

NEW JERSEY HOTLINE

609-633-6657 for Personal Income Tax
609-633-6905 - for Business Tax

FEDERAL TAX HOTLINE

For practitioners with POA on file to call
about a specific client problem:
866-860-4259
Tax Law Questions: 800-829-1040

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NJ CHAPTER
www.njnatp.com
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JUST A FRIENDLY REMINDER...

The New Jersey Chapter of NATP has started a new practice of choosing a local Charity to help with each seminar that we hold. We began this practice with our Annual Seminar in September of 2008 choosing Toys for Tots as the Charity.

TOYS for TOTS **Marine Toys for Tots Foundation**

We continued collecting for Toys for Tots at our Breakfast seminars through December. In January, after Christmas, we decided to collect for the Monmouth and Ocean County Food Bank

THE FOODBANK
OF MONMOUTH AND OCEAN COUNTIES
FEEDING
a member of **AMERICA**

*Eliminating Hunger in
Monmouth and Ocean Counties*

In the future we will be collecting for a Charity at all of our Seminars. Please try to remember this and help support these very worthy causes.

Times are rough for everyone in our communities now and if
everyone gives a little it will help a lot.

Thank you in advance,
NJNATP BOARD OF DIRECTORS