

LETTER OF THE LAKES



MN - NATP

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A NOTE FROM THE PRESIDENT



summer brings the warm, sunny days. I think I just enjoy the change of seasons.

Another Annual Fall Conference has passed and I am pleased with the outcome; the opportunity to reconnect with friends and great education is a great combination. I would like to extend a big THANK YOU to the conference committee and all who helped to make the conference a success.

During the Annual Meeting, we said good-bye to long-time Board Member, Sandy Schroeder. I would like to take a moment to thank Sandy for her years of dedication to the MN Chapter of NATP. In the 23 years that our

Chapter has been in existence, Sandy has served on the Board of Directors for 18 of those years!! Needless to say, this is one of the many reasons that we also were honored to award Sandy the 2011 MN NATP Chapter Person of the Year!

I am honored to have been elected to a 4th Term as MN Chapter President; I appreciate the opportunity to continue to serve our Chapter in this capacity. The Board of Directors elected Patrick Zierden as our Vice President; Pat Radich as our Treasurer and Debbie Gellatly as our Secretary. We also had the opportunity to welcome and install two new Board Members – a big welcome to Randy Watkins and David Lundborg; we look forward to your leadership!

Speaking of leadership, the ballot for NATP's National Board of Directors was published on Friday, September 16 and I invite you to review the candidates and contact me with any input you have regarding the vote that is cast by MN NATP.

Each of the 39 Chapters has a vote and as your Chapter President, I will make that vote the end of October. Please contact me either by phone, email or mail with your vote. There are six candidates; we are to vote for three. You can find the background information regarding the candidates by visiting the NATP website (www.natptax.com) and clicking on "2012 NATP National Board Candidates" under About NATP. I need to hear from you by Friday, October 21, 2012.

Enjoy the cool, crisp days of Fall. Remember to take time to enjoy the little things in life.

Kelly Nokleby - 2010 National Chapter Person of the Year
 (Awarded in St Louis in August '11)

Sandy Schroeder - 2011 MN Chapter Person of the Year
 (Awarded in St Cloud in September '11)



National Conference 2011



Once again it's been exciting and truly a privilege to head up our Chapter's Social and Charity events that go along with our NATP Conferences. Other than the great education available to us, I always look forward to renewing old friendships, making new friends and coming up with some wacky way to bring attention to our annual charity drive. If you hadn't heard or seen the photos, a few of us, Debbie Gellatly, Sandy Schroeder, Sue and I, made a canoe and paddled our way around Chapter Showcase at National in St Louis. We not only showed everyone that tax professionals in MN know how to be a little silly and have fun but we brought attention to the loon population and collected \$116 for our charity this year, MN Make-a-Wish. Grateful, but a little disappointed we didn't do better for our charity, I was hoping our Minnesota members and friends would make a star shine a bit or maybe even make a wish sparkle for someone. You did exactly that! Thank you from the bottom of my heart! We raised an additional \$ 670.00 at our State conference in September! I was so excited when I called our friends at the Foundation to let them know what we raised when she informed me they were currently working to fulfill a request 8 year old boy. She said with our contributions they could complete their goal for him and make his wish come true!

Wow! Thank you again!
Cindy McLane



Fall Conference 2011

It was wonderful to see everyone who attended our fall conference a couple of weeks ago in St Cloud. Our Tuesday night early registration is always enjoyable for me. I have the honor of greeting and feeding everyone! It's the one time of the year I get to make people smile instead of shrinking back in my chair when I tell someone how much they owe for the privilege of living and working in our great Country and/or State. I need to thank Sandy Schroeder and her husband Mel for preparing our sloppy joes this year. Sandy says Mel likes to cook – yeah Mel- good job! Also a big thank you to Debbie Gellatly and Sue Ziebarth for all your help and hard work. Being in a new location next year it will be a little different but I look forward to a new experience and you can bet we'll still have something delicious for supper to go along with the great company we've invited.

Cindy McLane



2011-2012 MN Chapter N.A.T.P Board of Directors

From Left to Right: David Lundborg, Randy Watkins, Cindy McLane, Jane Amble, Pat Radich, BiBi Rudestedt (National Board Member), Debbie Gellatly, Patrick Zierden, Kelly Nokleby (Not Pictured—Susan Ziebarth)

IRS Shows Continued Progress on International Tax Evasion

The Internal Revenue Service continues to make strong progress in combating international tax evasion, with new details announced today showing the recently completed offshore program pushed the total number of voluntary disclosures up to 30,000 since 2009. In all, 12,000 new applications came in from the 2011 offshore program that closed last week.

The IRS also announced it has collected \$2.2 billion so far from people who participated in the 2009 program, reflecting closures of about 80 percent of the cases from the initial offshore program. On top of that, the IRS has collected an additional \$500 million in taxes and interest as down payments for the 2011 program — a figure that will increase because it doesn't yet include penalties.

"By any measure, we are in the middle of an unprecedented period for our global international tax enforcement efforts," said IRS Commissioner Doug Shulman. "We have pierced international bank secrecy laws, and we are making a serious dent in offshore tax evasion."

Global tax enforcement is a top priority at the IRS, and Shulman noted progress on multiple fronts, including ground-breaking international tax agreements and increased cooperation with other governments. In addition, the IRS and Justice Department have increased efforts involving criminal investigation of international tax evasion.

The combination of efforts helped support the 2011 Offshore Voluntary Disclosure Initiative (OVDI), which ended on Sept. 9. The 2011 effort followed the strong response to the 2009 Offshore Voluntary Disclosure Program (OVDP) that ended on Oct. 15, 2009. The programs gave U.S. taxpayers with undisclosed assets or income offshore a second chance to get compliant with the U.S. tax system, pay their fair share and avoid potential criminal charges.

The 2009 program led to about 15,000 voluntary disclosures and another 3,000 applicants who came in after the deadline, but were allowed to participate in the 2011 initiative. Beyond that, the 2011 program has generated an additional 12,000 voluntary disclosures, with some additional applications still being counted. All together from these efforts, taxpayers came forward and made 30,000 voluntary disclosures.

"My goal all along was to get people back into the U.S. tax system," Shulman said. "Not only are we bringing people back into the U.S. tax system, we are bringing revenue into the U.S. Treasury and turning the tide against offshore tax evasion."

In new figures announced today from the 2009 offshore program, the IRS has \$2.2 billion in hand from taxes, interest and penalties representing about 80 percent of the 2009 cases that have closed. These cases come from every corner of the world, with bank accounts covering 140 countries.

The IRS is starting to work through the 2011 applications. The \$500 million in payments so far from the 2011 program brings the total collected through the offshore programs to \$2.7 billion.

"This dollar figure will grow in the months ahead," Shulman said. "But just as importantly, we have changed the risk calculus. Americans now understand that if they try to hide assets overseas, the chances of being caught continue to increase."

The financial impact can be seen in a variety of other areas beyond the 2009 and 2011 programs.

Criminal prosecutions. People hiding assets offshore have received jail sentences running for months or years, and they have been ordered to pay hundreds of thousands and even millions of dollars.

UBS. UBS AG, Switzerland's largest bank, agreed in 2009 to pay \$780 million in fines, penalties, interest and restitution as part of a deferred prosecution agreement with the U.S. government.

The two disclosure programs provided the IRS with a wealth of information on various banks and advisors assisting people with offshore tax evasion, and the IRS will use this information to continue its international enforcement efforts.

IRS Offers Filing and Penalty Relief for 2010 Estates;

Basis Form Now Due Jan. 17;

Extension to March Available for Estate Tax Returns

The Internal Revenue Service announced that large estates of people who died in 2010 will have until early next year to file various required returns and pay any estate taxes due. In addition, the IRS is providing penalty relief to certain beneficiaries of these estates on their 2010 federal income tax returns.

This relief is designed to give large estates, normally those over \$5 million, more time to comply with key tax law changes enacted late last year. Revised versions of the estate tax forms are now available on IRS.gov, and the carryover basis form will be released this fall.

The IRS is providing the following relief:

- Large estates, opting out of the estate tax, now will have until Tuesday, Jan. 17, 2012, to file Form 8939. This special carryover basis form, required of estates making this choice, was previously due on Nov. 15, 2011. Because this is a change in the specified due date rather than an extension, no statement or form needs to be filed with the IRS to have this new due date apply.

2010 estates that request an extension on [Form 4768](#) will have until March 2012 to file their estate tax returns and pay any estate tax due. Normally, a six-month filing extension is automatically granted to estates filing this form, but extensions of time to pay are granted only for good cause. As a result, most 2010 estates that timely file Form 4768 will have until Monday, March 19, 2012 to file [Form 706](#) or [Form 706-NA](#). For estates of those dying late in 2010 (after Dec. 16, 2010 and before Jan. 1, 2011), the due date is 15 months after the date of death. No late-filing or late-payment penalties will be due, though interest still will be charged on any estate tax paid after the original due date.

Special penalty relief is provided to many individuals, estates and trusts that already filed a 2010 federal income tax return, or obtained an extension and plan to file by the Oct. 17, 2011 extended due date. Late-payment and negligence penalty relief applies to persons inheriting property from a decedent dying in 2010, who then sells the property in 2010 but improperly reports gain or loss because they did not know whether the estate made the carryover basis election. Details are in [Notice 2011-76](#), posted today on IRS.gov.

IRS Issues Guidance on Tax Treatment of Cell Phones; Provides Small Business Recordkeeping Relief

The Internal Revenue Service issued guidance designed to clarify the tax treatment of employer-provided cell phones.

The guidance relates to a provision in the [Small Business Jobs Act of 2010](#), enacted last fall, that removed cell phones from the definition of listed property, a category under tax law that normally requires additional recordkeeping by taxpayers.

The Notice issued today provides guidance on the treatment of employer-provided cell phones as an excludable fringe benefit. The Notice provides that when an employer provides an employee with a cell phone primarily for noncompensatory business reasons, the business and personal use of the cell phone is generally nontaxable to the employee. The IRS will not require recordkeeping of business use in order to receive this tax-free treatment.

Simultaneously with the Notice, the IRS announced in a memo to its examiners a similar administrative approach that applies with respect to arrangements common to small businesses that provide cash allowances and reimbursements for work-related use of personally-owned cell phones. Under this approach, employers that require employees, primarily for noncompensatory business reasons, to use their personal cell phones for business purposes may treat reimbursements of the employees' expenses for reasonable cell phone coverage as nontaxable. This treatment does not apply to reimbursements of unusual or excessive expenses or to reimbursements made as a substitute for a portion of the employee's regular wages.

Under the guidance issued today, where employers provide cell phones to their employees or where employers reimburse employees for business use of their personal cell phones, tax-free treatment is available without burdensome recordkeeping requirements. The guidance does not apply to the provision of cell phones or reimbursement for cell-phone use that is not primarily business related, as such arrangements are generally taxable.

Details are in the memo and in [Notice 2011-72](#), posted on IRS.gov.

IRS Announces New Voluntary Worker Classification Settlement Program; Past Payroll Tax Relief Provided to Employers Who Reclassify Their Workers

The Internal Revenue Service launched a new program that will enable many employers to resolve past worker classification issues and achieve certainty under the tax law at a low cost by voluntarily reclassifying their workers.

This new program will allow employers the opportunity to get into compliance by making a minimal payment covering past payroll tax obligations rather than waiting for an IRS audit.

This is part of a larger “Fresh Start” initiative at the IRS to help taxpayers and businesses address their tax responsibilities.

“This settlement program provides certainty and relief to employers in an important area,” said IRS Commissioner Doug Shulman. “This is part of a wider effort to help taxpayers and businesses to help give them a fresh start with their tax obligations.”

The new Voluntary Classification Settlement Program (VCSP) is designed to increase tax compliance and reduce burden for employers by providing greater certainty for employers, workers and the government. Under the program, eligible employers can obtain substantial relief from federal payroll taxes they may have owed for the past, if they prospectively treat workers as employees. The VCSP is available to many businesses, tax-exempt organizations and government entities that currently erroneously treat their workers or a class or group of workers as nonemployees or independent contractors, and now want to correctly treat these workers as employees.

To be eligible, an applicant must:

- Consistently have treated the workers in the past as nonemployees,
- Have filed all required Forms 1099 for the workers for the previous three years
- Not currently be under audit by the IRS, the Department of Labor or a state agency concerning the classification of these workers

Interested employers can apply for the program by filing [Form 8952](#), Application for Voluntary Classification Settlement Program, at least 60 days before they want to begin treating the workers as employees.

Employers accepted into the program will pay an amount effectively equaling just over one percent of the wages paid to the reclassified workers for the past year. No interest or penalties will be due, and the employers will not be audited on payroll taxes related to these workers for prior years. Participating employers will, for the first three years under the program, be subject to a special six-year statute of limitations, rather than the usual three years that generally applies to payroll taxes.

Full details, including FAQs, will be available on the [Employment Tax pages of IRS.gov](#), and in [Announcement 2011-64](#).

Welcome New Members

Welcome to MN NATP! We are excited to have you as part of our family!

New MN NATP Members that have joined us during August:

Christine Gray , Moorhead: **Paul Quayle**, St. Paul; **Kathy Sansburn, EA**, St. Louis Park

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STEP 2 Total Quantity and Cost Columns

Total Quantity of All Items	A	Total Cost	B
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Calculate Your Quantity Discount Here

STEP 3 Calculate Quantity Discount (Total Quantity × Quantity Discount Per Item)

Total Quantity of All Items (from STEP 2)	Quantity Discount Per Item						Quantity Discount
	1 Item	2 Items	3-5 Items	6-10 Items	11-20 Items	21+ Items	
	\$0.00/ item	\$3.00/ item	\$4.00/ item	\$5.00/ item	\$6.00/ item	\$7.00/ item	
A (items) x							= \$ C

STEP 4 Calculate Shipping & Handling Charge (Total Quantity × S&H Charge Per Item)

Total Quantity of All Items (from STEP 2)	Shipping & Handling (S&H) Charge Per Item						Shipping & Handling Charge*
	1 Item	2 Items	3-5 Items	6-10 Items	11-20 Items	21+ Items	
	\$5.75/ item	\$4.75/ item	\$4.25/ item	\$3.75/ item	\$3.25/ item	\$2.25/ item	
A (items) x							= \$ D

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STEP 5 Calculate Order Cost (Total Cost - Quantity Discount + S&H Charge)

Total Cost (from STEP 2)	-	Quantity Discount (from STEP 3)	+	Shipping & Handling Charge (from STEP 4)	=	Order Cost
B	-	C	+	D	=	\$

STEP 6 Finalize Your Order

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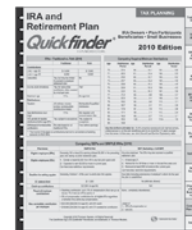
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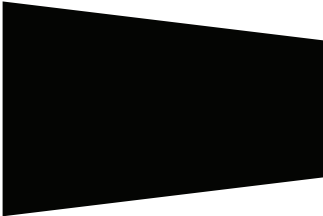
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Conference Educational Materials Still Available

This year's Fall Conference provided great speakers with lots of valuable information! If you or someone you know missed the conference, you can still obtain a copy of the printed materials.

We have a few extra binders with over 400 pages of information regarding IRS and Minnesota Updates, Research, Audit Proofing Business Returns, Filing Status and Dependency, Form 4797, Schedule C, Life Estate and Remainder Interest, and Ethics.

We are selling the remaining binders for just \$30.00 each. If you are interested, please email jane@jbataxprep.com.

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