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TOP Conference

Register today for the 2011 TOP Conference in Las Vegas, NV, September 26 - 27. For more information click [here](#).

Registered Tax Preparer Exam Review Course

With the IRS competency exam imminent for all non-circular 230 preparers, the [Registered Tax Preparer Exam Review Course](#) and [textbook/DVD set](#) are your resources to study for and pass this exam.

S Corp Workshops

As a tax pro, you know it's critical to stay up-to-date with the constantly-changing tax law. The [S Corporation Workshops](#) are designed to help you

If you would prefer to view a printable pdf version of this newsletter click [here](#).

August 11, 2011

2010 Form 8939 is Due November 15

In [IR-2011-83](#), the IRS announced guidance on the treatment of basis for certain estates of decedents who died in 2010. The guidance assists executors who are making the choice to opt out of the estate tax and have the carryover basis rules apply. Form 8939, Allocation of Increase in Basis for Property Acquired From a Decedent, is required to be filed by executors opting out of the estate tax and have the new carryover basis rules apply. Form 8939 is due November 15, 2011. The IRS expects to issue Form 8939 and the related instructions early this fall.

[Notice 2011-66](#) provides guidance for executors of estates of decedents who died in 2010, regarding the time and manner of choosing to opt out of the estate tax and have the carryover basis rules apply.

[Revenue Procedure 2011-41](#) provides safe harbor guidance regarding property acquired from estates of decedents who died in 2010.

CP 2000 Considered Examination for Purposes of Using Form 2848, Designation H

Form 2848, Power of Attorney and Declaration of Representative (POA), designation H, may only be used by an unenrolled preparer of a return under examination. Many unenrolled preparers reported receiving conflicting responses when submitting a Form 2848 using designation H in response to a CP 2000 for a return they prepared. At times, the Form 2848 was accepted and at other times it was rejected for the reason that an inquiry from the Automated Underreported Unit (AUR) was not considered an examination.

This issue was submitted to the [Issue Management Resolution System](#) (IMRS) for review. Further investigation showed that Small Business/Self-Employed (SBSE) considered a CP 2000 inquiry an examination for purposes of using Form 2848, designation H, while Wage and Investment (W&I) did not consider it an examination. Even when the POA was accepted by SBSE, it was never input into the Centralized Authorization File (CAF) by W&I.

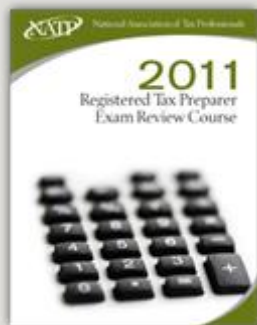
The issue was elevated to Chief Counsel who made the decision that a CP 2000 inquiry is considered an examination for purposes of using a Form 2848, designation H, by an unenrolled preparer of the return. The IRM is being revised to reflect this guidance and

meet your educational goals, earn CPE credits, and expand both your career and your earning potential.



Member to Member Spotlight

Check out the new podcast on Cash Payments and Form 8300. It can be found in the Media Center of [Member to Member](#).



Registered Tax Preparer Exam Review

The perfect study guide to help you pass the IRS Competency Exam. This information-packed material is ideal for tax professionals who desire to refresh their skills and is an exceptional reference book for the office.

Print Textbook - #3107
E-Textbook - #3107E
DVD - #3107D
Print Textbook & DVD - #3107DB

To place your

will be posted to the [IMRS website](#).

Form 8940 Released

The IRS has released [Form 8940](#), Request for Miscellaneous Determination, to be used by tax-exempt organizations. In addition to foundation status issues, organizations will use Form 8940 to obtain advance approval of certain activities and exemption from Form 990. Organizations applying for recognition of exemption and at the same time requesting advance approval of scholarship procedures or exception from filing Form 990 should include their request with their [Form 1023](#), Application for Recognition of Exemption Under Section 501(c)(3), rather than file Form 8940.

Reminder for EA Renewal

Due to late finalized regulations to lower enrolled agent registration and renewal fees from \$125 to \$30, enrolled agents with social security numbers ending in 4, 5 or 6 had their renewal period moved. The renewal period restarted on June 1, 2011 and enrolled agents with social security numbers ending in 4, 5 or 6 will have until August 30, 2011, to renew their enrollment at the \$30 rate. The IRS expects to process the forms and issue enrollment cards within 90 days of the end of the enrollment period, November 28, 2011. The renewal will be retroactive to April 1, 2011, for enrolled agents who properly renew their enrollment prior to the August 30, 2011 deadline.

Schedule M-3 R&D Attachment No Longer Required

The IRS released [a statement](#) stating that although the new lines for R&D costs in Part III of the 2010 Schedule M-3 for Forms 1120, 1120-L, 1120-PC, 1120S and 1065 as well as the related instructions indicate a supporting attachment is required, the supporting attachment for R&D costs is no longer required for 2010 returns and will not be a requirement for 2011 returns.

2011 Offshore Voluntary Disclosure Initiative Deadline

The 2011 Offshore Voluntary Disclosure Initiative (OVDI) offers U.S. taxpayers, who are hiding income in undisclosed offshore accounts, the ability to become compliant with the U.S. tax system. For the 2011 initiative, there is a new penalty framework that requires individuals to pay a penalty of 25 percent of the amount in the foreign bank accounts in the year with the highest aggregate account balance covering the 2003 to 2010 time period. Some taxpayers will be eligible for 5 or 12.5 percent penalties in certain narrow circumstances. The 2011 initiative will expire on August 31, 2011. More information can be found in [IR-2011-84](#).

You Make the Call

This week's question is brought to you by Kris Siolka, EA from our Tax Knowledge Center.

Question: Bobbie is 21 years old and attends BMS University. Over the years her

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GreenFlag Profit Recovery System - NATP Affinity Relationship

[GreenFlag Profit Recovery System](#) is redefining the collection industry by providing businesses with better tools for recovering bad debt and past due accounts.



parents contributed \$25,000 to a qualified tuition plan (QTP). The total balance in the account was \$35,000 on the date the distribution was taken. Her tuition for 2011 was \$12,500 and she paid \$5,000 for room and board. She received an \$8,500 scholarship and also took a distribution of \$7,250 from her QTP to pay for her qualified education expenses. Her parents claimed her as a dependent and claimed the American Opportunity credit on their Form 1040. What, if any, of Bobbie's QTP distribution is taxable?

Answer: To find Kris' answer to this week's question, go to our [website](#). You can discuss the answer with other members on [Member to Member](#).

TOP Conference – September 26 & 27 in Las Vegas, NV

At NATP, we know it takes more than tax knowledge to run a tax business. This Conference is perfect for tax professionals and small business owners to learn about ideas and tools to help improve their operations. We are so confident that you will receive the solutions you need to immediately achieve results in your business, that we will refund your Conference fee if you are not completely satisfied.

Included in your TOP Conference registration is a bonus package that includes:

- Top 25 Free Resources for Small Business Owners paper
- A Business Owner's Quick Guide to Hiring & Firing
- Three free virtual sessions from the 2010 TOP Conference & Expo
- Social Media On Demand Webinar
- Introduction to Bookkeeping – electronic textbook

Visit [TOP Conference](#) to register and for more detailed information, including session content, schedule and complete CPE.

Live Webinars

[Advanced Passive Activities](#) – August 23 & 25

As tax professionals, we must deal with the passive activity rules as they relate to nonmaterial participation trade or business activities as well as to all rental activities. Many of our clients invest in passive activities through partnerships and S corporations. In addition to working through the rules for current year passive losses and deductions, we must understand the rules related to suspended passive losses and passive activity dispositions and their effect on capital loss carryforwards. This relevant, information packed webinar will provide much needed clarity in the confusing world of passive activities.

[Alternative Minimum Tax \(AMT\)](#) – September 6 & 8

Alternative Minimum Tax (AMT) used to mainly affect high-income taxpayers. Today, it hits more and more middle-class taxpayers. At some point, it will affect your clients, and you need to be ready. This webinar will clarify issues involving AMT and provide planning to minimize the impact of AMT.

For more information and to register, click [here](#) or call 800.558.3402.

Pass the Enrolled Agent Exam

Let NATP help you pass the Enrolled Agent Exam with our EA Exam Review Course. Our expert instructors will guide you through difficult test areas and will take time to answer your questions. This live study course will be offered in 5 more cities this summer and fall. Register today by calling 800.558.3402, ext. 3 or by visiting our [website](#).

Can't leave the office for training and prefer to study at your own pace? NATP offers three options:

1. With NATP's online courses, participate when it's most convenient for you. Here are the upcoming dates:

- EA Exam Review Course – Part I – Starts September 26
- EA Exam Review Course – Part II – Starts October 17
- EA Exam Review Course – Part III – Starts September 12

For more information and to register, click [here](#).

2. The Tax Store catalog features Gleim's three books and CD sets that are set up similar to the EA exam. To order call 800.558.3402, ext. 3 or go to www.natptax.com and click on Tax Store.

3. ExamMatrix EA Exam Review (Adaptive-Learning Self Study Software). NATP members receive a significant discount when ordering at www.ExamMatrix.com/NATP.

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