



CONNECTICUT CHAPTER NEWSLETTER OCTOBER, 2015

President's Comments

by Bill Van Hall, EA

I hope everyone had a nice summer, warm but not wet. I think we could have used some wet weather, but we have to take what we get.

The national convention in New Orleans was very successful. We had 32 Connecticut Chapter people attend this conference. When I say the summer was warm, it was HOT in New Orleans. We had a nice luncheon with the CT Chapter members. Next year the National Conference will be held in Indianapolis, Indiana. I hope to see all of the 32 people from New Orleans and maybe a few more.

Our Fall seminar will be held on November 12 at the Cromwell Plaza Hotel in Cromwell, Connecticut. In addition to David Mellem, we will have John Biello from the Connecticut Department of Revenue services. Our Vice President and Education chairperson, Kris Roberts, will cover more on this seminar in this newsletter.

If you have any suggestions on what we should consider in making our educational seminars more valuable to you, please talk to me at our November seminar.

I am still part of the DRS Commissioner Advisory Panel. This panel meets quarterly with the Commissioner and some of his staff. At these meetings there are discussions of plans that the IRS has and questions and concerns from the non staff panel. I will again include a sheet in our handouts for you to provide me with any issues or questions you may have with the Connecticut DRS. However, they cannot try to resolve individual tax problems.

The IRS has a similar quarterly meeting with our liaison group. The same processes are covered at these meetings.

For either of these meetings you can provide me with issues or improvements you would like to have considered by either DRS or the IRS, and I will present them at these sessions. If you have any questions regarding our Connecticut Chapter or NATP or suggestions for improving our Chapter, feel free to call me at (203) 798-9528 or e-mail me at William_van_hall@SBCGlobal.net.

As always we are always looking for people to become board members and eventually board officers. If you are interested, please see me at the June Seminar.

Chapter Survey Results

by Bill Van Hall, EA

Every two years National does a survey of all state chapters. National told me that they sent out surveys to all our members at that time (481), and only 43 responded. They also told me generally 10% to 15% respond. That is a little disappointing for us; I would have expected much more.

I would like to cover some of the results of the survey both good and not so good. On a scale of 1 to 5 (one being poor and 5 being excellent) on the question of how satisfied are you with the service of the CT Chapter, **we were rated 4.12.**

- When asked if you had attended any CT Chapter events in the past year, 58% said yes.
- How far will you travel to attend and educational event, 15% said less than 25 miles, 54% said 50 miles and 27% said 75 miles.
- Asked about what CT events would you attend, 97% said with a tax professional presenter.
- 56% said they keep updated through the NATP website.
- While 50% thought our newsletter was too infrequent, they rated our newsletter 4.20.
- Asked why they do not use social media to network with other NATP members, 75% said they don't like social media tools and 33% said security concerns. Does that response say something about the age group in our chapter?
- Asked if they had volunteered to assist the chapter, 98% said they had not volunteered.
- Asked why they had not volunteered. 26% said they did not know we needed help and 28% said they had not been asked. **Please accept this as a request that you have been asked and we would always like you to volunteer to work with the Board of Directors.**
- Of those participating in the survey, 47% were Enrolled Agents, 7% were CPAs, 2% were attorneys (that was a surprise), 30% were Registered Tax Return Preparers, and 2% had no professional designation.

We had some good comments and some not so good:

- One person said they did not know we existed. Wish I could talk to this person.
- Another said "not much to offer."

- On social media one person said “Old Dogs/New Tricks.”
- Someone said, “Find presenters that know the material and can communicate.”

On the good side:

- “Excellent seminars each year”
- “Last three years chapter leadership has made the chapter grow in quantity and quality”
- “Events that I have attended were great.”
- “No comment. Great job. Keep up the good work”

Overall, I think that the survey was more positive than negative. As a Chapter we will continue to work to improve our education programs and communication with our members.

The major request for change was to include more state tax information in our seminars. In the past few years we have tried to give the IRS Registered Tax Preparers the 15 hours of federal tax education that they needed to maintain their registration. Since this requirement is no longer on the table, we are looking into the ways that we can include more state tax education at both of our annual seminars.

CT Chapter New Members

by Rosemarie Esposito, EA

The most recent membership statistics show 24 new members since last newsletter. These people have joined NATP since our last newsletter publication:

Anthony DiCiccio, EA	Wethersfield
Cathy A Pedemonti	Kensington
Cynthia Poppa	Bethany
Dale Robert Aldieri, CFP	Middletown
David Kaplan	Middlefield
Edward Sodlosky	Naugatuck
Eileen Santos	Stratford
Elaine Reitman, CFP	Madison
James Joseph Tirrell	Bethany
Josephine Hasfal	Derby
Karen West-Federico	Manchester
Kyle Lucke, EA	Trumbull
Lisa A Silk	Manchester
Margaret E Taggett	Naugatuck
Mary M West	Hartford
Matthew T Close, EA	Bethel
Michael DiBenigno	New Britain
Renee Patricia Grailich	Seymour
Skiyea Patricia Nieves	Glastonbury
Stanley Seabrook, Jr	Norwich
Sue Wills	Madison
Tekeya Hamlett	Hartford

Vanessa M Delgado New Haven
Walter Greissle Stamford

Welcome to the Connecticut Chapter of the National Association of Tax Professionals.

Vendors **by John Littel**

CT-NATP is accepting a limited number of vendors for our Fall conference held in Cromwell in November.

The cost is \$200/Table. If you have a vendor who may be interested have them call John Littel 203-481-0468.

Newsletter Submissions

If you would like to submit anything for the next CT Chapter newsletter, e-mail your information to gparch1@aol.com.

Advertising **by John Littel**

Do you know a vendor that comes to your office that would like to advertise to CT-NATP? Do you need to advertise for goods and services you either need or provide such as office equipment, consulting or employees?

Consider this newsletter for this targeted group sent in May and October. Length: The ad would be an attachment to the newsletter up to one page in length..

Cost: Single page ad \$50
CT-NATP member may advertise for half price \$25

Procedure: Vendor should submit the ad (via email) to a Board of Directors designee John Littel JLTAX@JLTAX.COM to approve or reject the ad. If the ad were controversial, the designee would meet with the Board of Directors to make a decision. A check should be sent to the treasurer:

David Weinstein
25 Weybosset St.
Shelton, CT 06484
(203) 924-4738

Connecticut Sales and Use Tax Change **by Heidi Parchmann, MSPA, EA**

The Connecticut DRS has once again changed the due date for filing of monthly sales and use tax returns. Per the DRS site: “Applicable to periods that end on or after December 31, 2015, the deadline for remittance of monthly sales and use taxes and the filing of returns in Connecticut is changed from the 20th day of the month to the last day of the month following the month covered by the return. These changes were enacted when Governor Daniel Malloy signed the FY 2016-2017 budget bills ([HB 7061](#) and [SB 1502](#)) into law on June 30th.”



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Retirement: Sweet/Bittersweet

by Nancy Boland, CPA

In January, after being an active participant in the tax world for over 35 years, I retired.

For most of my adult life my world revolved around due dates: April 15th, October 15th, quarterly due dates, property tax due dates, sales tax due dates, CPE requirement due dates and on and on. My work involved compliance and diligence.

My family had a loose understanding of these due dates and my schedule. For my children, it meant that we **never** took a winter vacation to a nice, warm place. For my husband, it meant that he knew when to step lightly around me.

Maybe I could be classified as a geek, but I loved it! I loved being part of the profession. I was always happy and proud to be a CPA. I welcomed the interaction with clients. I enjoyed taking classes, learning and then implementing all the elements of tax law changes, updates, court cases, etc.

So why did I stop? At a certain point I decided that I wanted more time for myself. Becoming a grandparent caused me to realize that I wanted more opportunities to be with my family. I was no longer willing to structure my social and family life around my career.

And so began a two year program of transitioning clients to my successor. Fortunately for me, finding the successor was easy. My son, an EA, took over the responsibilities for most of my clients. He already had his own tax business. Most of my clients chose to work with him.

I analyzed my financials to make adjustments knowing that my future would no longer involve an income stream from employment. I organized files and focused on the details of each client's needs as I explained to them that I would be retiring.

It was a thorough process.

Do I miss it? No, I do not. Initially I felt somewhat lost and confused. I actually felt a bit lazy. But soon I not only accepted my new status as "retired", I came to totally enjoy it. Having time to do things at my own pace is wonderful. It provides opportunities. I am relaxed. I am happy. It is very pleasant.

I do miss the interaction with the clients. I still have contact, socially, with some former clients. And, of course, I have discussions about the clients with my son as he adapts to them and they to him. But, overall, this was an excellent decision for me.

So, yes, retirement for me is both sweet and bittersweet, but mostly it is very, very sweet. With proper planning it can be a relatively smooth process. One that is immeasurably worth the effort!

Education Committee

By Kristin Roberts, MBA, EA

The CT NATP Education Committee is very excited about the Chapter's upcoming Fall Conference to be held Thursday, November 12th at the Crowne Plaza Hotel in Cromwell.

We are proud to have as our Keynote Speaker, nationally known David Mellem. You can expect a very lively and informative session from David. Rather than simply reciting the rules, David digs below the surface to make you think about how tax laws affect your clients and how you can use those laws to your clients' benefit.

David's office prepares approximately 1,200 tax returns for individuals, corporations, partnerships, estates, and trust. 2015 represents David's 37th year of income tax preparation. In addition to teaching seminars, David provides research/consulting services for federal tax matters and ghost writes full or partial tax returns when fellow tax professionals get stumped.

The conference agenda consists of the following federal topics to be presented by David Mellem:

- **Divorce** (2.0 CPE Hours);
- **Clergy** (2.0 CPE Hours);
- **Ethics** (2.0 CPE Hours);
- **Ask David** (1.0 CPE Hours)

for a total of 7.0 CPE hours. A one-hour CT DRS income tax update will also be presented. You can view the agenda and full course descriptions in NATP's Chapter Weekly and on the CT NATP web page.

Flyers/registration forms were mailed out to all NATP members residing in CT as well as to other CT contacts NATP has address information on. A Flyer/registration form is also available on CT NATP's web page. Questions can be directed to Kris at KRoberts@TheRobertsTaxGroup.com or call (860) 283-4847.

Cyberattacks

From Joe McCarthy of the IRS

During a recent IRS National Public Liaison meeting the IRS Commissioner spoke on the issue of cyber security and how cyber-attacks are being used to steal tax return information. The Commissioner spoke not only about the "Get Transcript" incident (click [here](#) for information on the IRS' response) but he also spoke about cyber-attacks on tax practitioners. The Commissioner stated that *"Preparers and tax professionals are themselves under attack," and "Just as Get Transcript is an attractive option for criminals, getting access to a tax preparer's database is even better. You've now got all the information about the taxpayer."* (In order to file false tax returns.)

The commissioner further stated that these cyber-attacks are being perpetrated by well-funded, international crime syndicates and that these cyber-attacks are ongoing. Finally the Commissioner noted that the number of tax practitioners falling victim to cyber-theft has been increasing in recent years.

Don't become a cyber-attack victim! Please take whatever steps are needed to insure that your computer systems and client tax data are secure.

Annualized Income

By Charles Gagliardi, EA

Estimated Payments

We all know that you are not supposed to make just one payment on April 15. A taxpayer is supposed to pay taxes as income is received. The IRS and state tax departments require taxpayers to make timely payments for their tax liability. This is easy for wages and other regular receipts. What happens when a person receives a large amount of income late in a tax year?

Some examples of large, one-time income receipts:

- Year end mutual fund dividends and capital gains distributions.
- Capital gains from the sales of stock, bonds, or mutual funds.
- End of the year commission check or bonus.
- A winning lottery ticket the taxpayer received as a Christmas gift.

A penalty might be assessed when the return is filed because the taxpayer failed to anticipate future income. It is possible to reduce or eliminate the penalty by annualizing income.

What you need to allocate income by calendar quarter:

- Detailed income statements that include amounts received and date associated with those amounts.
- IRS form 2210 and form CT-2210 to compute (reduce / eliminate) the penalty.
- A spreadsheet program to calculate allocated income amounts.

Withholding strategy

Withholding is considered to have taken place evenly throughout the year. Quarterly payment, however, are considered to have been made during that specific quarter. To get maximum penalty relief, do the following:

- If a client received an RMD in December, withhold from the payment.
- If a client receives that RMD in January, make an estimated payment by April 15 of the tax year.

Some basic rules governments use that are not intuitively obvious (i.e., are totally random)

- The second calendar quarter is only two months long (April and May) while the fourth quarter is four months (September to December).
- Multi-state municipal bond interest is taxable in Connecticut. A few mutual funds offer a portfolio of CT-only municipal bonds. Only CT bonds interest is tax exempt on CT income tax.
- Capital gains on municipal bonds are subject to federal income tax, but capital gains on CT municipal bonds are NOT taxable in CT.

Benefits to you and your client.

- You get to charge for a Form 2210.
- Your client can save by not paying a significant penalty.

The next page shows a spreadsheet example of how to calculate income by quarter. Attach a PDF of a spreadsheet to the electronic file you send to Connecticut Department of Revenue Services.

Client Name

Attachment for Form CT_2210

Client SSN

	A	B	C	D	E
1	Item	Federal Income	CT Income		Notes
2	1040 Amount	48,000	42,000		CT income excludes gains on CT bonds and Social Security income taxed at the Federal level
3					
4	Stock mutual fund December dividend	2,000	2,000		
5	Stock mutual fund December capital gain distribution	1,000	1,000		
6	Corporate bond fund year end distribution	3,000	3,000		
7	Gain from stock sale on September 10	5,000	5,000		Sales in September are considered 4th quarter income
8	CT municipal bond capital gain – December distribution	3,000			Previously excluded from CT AGI. See row 2
9					
10	Total 4th quarter specific income	14,000	11,000		
11					
12	AGI less 4th quarter specific income	34,000	31,000		
13					
14	Average income per month	2,833	2,583		Row 12 amount divided by 12
15	Income Jan 1 – March	8,500	7,750		Amounts to enter on Form 2210 and CT-2210
16	Income Jan 1 – May 31	14,167	12,917		Amounts to enter on Form 2210 and CT-2210
17	Income Jan 1 – August 31	22,667	20,667		Amounts to enter on Form 2210 and CT-2210

Adjustments for Form 2210