



# SUNSHINE STATE REPORTER

YOUR FLORIDA CHAPTER NEWSLETTER

NOVEMBER 2015



## WHAT DO YOU DO WHEN THE IRS SAYS NO?

Having problems getting Penalties abated? Your Board is interested in learning how the IRS is handling your requests. Please take this short survey (4 questions) and we'll share the results in the December newsletter and potentially share them with the IRS.

1. When you request an abatement of a penalty for a client, the initial response from the IRS is that the penalty will not be abated.

- Almost always
- The great majority of the time
- Most of the time
- Less than half of the time

Survey continued on page 2

### 2015 BOARD OF DIRECTORS

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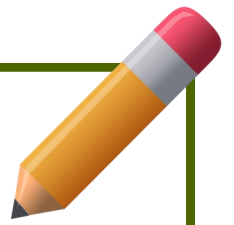
**THE TIME IS QUICKLY SLIPPING BY — REGISTER NOW FOR OUR ANNUAL CHAPTER CONFERENCE IN WEST PALM BEACH. 16 CPE HOURS, INTERESTING LECTURES AND GOOD COMPANY.**

**NOVEMBER 12—13**

**AGENDA AND REGISTRATION FORMS ON PAGES THREE AND FOUR  
CONFERENCE VENDORS: CFS SOFTWARE & SACTAX**

The Board would direct member's attention to the recent IRS release: Pub. 4557-Safeguarding Taxpayer Data.

PENALTY ABATEMENT SURVEY, continued



2. Does the IRS respond promptly to the initial request for penalty abatement.
- Yes
- No
3. Have you had instances where there has been a lengthy period of no response from the IRS in regards to your initial request.
- Yes
- No
4. Does the IRS respond promptly to a request for an appeal of their initial determination to not abate the penalty.
- Yes
- No

Please submit your responses and any commentary to:

The Editor at: [confidential1227@aol.com](mailto:confidential1227@aol.com)

Our thanks to Owen Oatley, EA, Board Advisor and Past Chapter President for creating the survey.

Following the resignation last month of director Herbert Bailey, the remainder of his term will be filled by new Board member J. Stephen (Steve) Odem, EA. We are pleased to welcome Steve and will be introducing him to chapter members at the West Palm Beach conference.



National Association of Tax Professionals | **FLORIDA CHAPTER**

**ANNUAL CONFERENCE**  
**AGENDA — 16 HOURS CPE**  
**NOVEMBER 12-13, 2015**



**EMBASSY SUITES**

1601 BELVEDERE ROAD, WEST PALM BEACH, FL 33406 PHONE :561-689-6400

**THURSDAY, NOVEMBER 12**

7:00—7:45 AM	Registration, Continental Breakfast	
7:45—8:45 AM	Annual Meeting: Jerry Cannito, CPA, National Rep.	
8:45—10:25 AM	Tax Issues of Divorce, Kenneth Dowdall, EA	2 CPE
10:25—10:40 AM	Mid-Morning Break (Refreshments provided)	
10:40—12:10 PM	Introduction to Schedule E, Hemendra Thakkar, EA	4 CPE
12:10—1:10 PM	Lunch (provided)	
1:10—2:50 PM	Intro to Schedule E, continued, Hemendra Thakkar, EA	
2:50—3:05 PM	Afternoon Break (Refreshments provided)	
3:05—4:45 PM	Understanding Common IRS Penalties, Owen Oatley, EA	2 CPE

**FRIDAY, NOVEMBER 13**

7:15—8:00 AM	Registration, Continental Breakfast	
8:00—9:40 AM	Foreign Investment Reporting, Kenneth Dowdall, EA	2 CPE
9:40—10:00 AM	Mid-morning Break (Refreshments provided)	
10:00—11:40 AM	ACA Employer’s Obligation, Edgar Kidd, IRS Liaison	2 CPE
11:40—1:00 PM	Lunch (provided)	
1:00—2:40 PM	8 Mistakes Practitioners Make That Get Their Clients In Hot Water With The IRS, Steven Klitzner, Attorney	2 CPE
2:40—3:00 PM	Afternoon Break (Refreshments provided)	
3:00—4:40 PM	Ethics and Circular 230, Hemendra Thakkar, EA	2 CPE



**REGISTRATION FORM**  
**ANNUAL CONFERENCE**  
**NOVEMBER 12-13, 2015**



*EMBASSY SUITES, 1601 Belvedere Rd., West Palm Beach, FL 33406 PH: 561-689-6400*

Name: \_\_\_\_\_  
 PTIN (required) \_\_\_\_\_ NATP Member # (required for discount) \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
 EMAIL: \_\_\_\_\_ Phone \_\_\_\_\_  
 Emergency Contact Name & Number: \_\_\_\_\_

<u>REGISTRATION FEE</u>	<u>ONE DAY</u>	<u>BOTH DAYS</u>
Member	\$ 260	\$ 395
Non-Member	\$ 290	\$ 425

After OCTOBER 31 please add \$30 per applicable fee. If attending for one day only, indicate which day.

**PAYMENT METHOD**

We accept: Visa, MC, AMEX and Discover cards. Checks made payable to Florida Chapter NATP.

Names as it appears on cc: \_\_\_\_\_

CC # \_\_\_\_\_ Exp Date: \_\_\_\_\_ Security Code \_\_\_\_\_

Signature: \_\_\_\_\_

**HOW TO REGISTER**

Mail to: Florida Chapter NATP, 13001 Spring Hill Drive, Spring Hill, FL 34609-5048

Phone: 352-686-0220                      FAX: 352-686-0215

Cancellation Policy: To cancel your registration, please notify in writing, Sandra Torrence, Treasurer, no later than **NOVEMBER 3, 2015** to receive a refund. Cancellation fee is \$30.

**NOTE:** If you have a dietary restriction or preference please notify us when making your reservation.



**SEPTEMBER**

**33**

**NEW CHAPTER MEMBERS**

**TOTAL CHAPTER MEMBERS: 1606**

LILLIAN ANDERSON

YVETTE RASHID

ANGELA CLETZER

ANNA FISHER

CHRISTIAN NIELSEN

ANA GISSELA PATINO

GUSTAVO RODRIGUEZ

DENISE SCOTT

MARIA TOLENTINO

LUELLA WILSON

MICHAEL RUSSO

ERLYN DEPENA

ELIZABETH VILLENEUVE

DALE VERNEZZE

PAULINE LAPIERRE

ERICKA WILLIAMS

MARISOL FERNANDEZ

SHEILA GERSHOWITZ

TANIA MAZZA-MARTINEZ

RONALD BUCKLEY

LINDA RENINGER

SULIKEY MATEOS

JOSEPH HOEKMAN

AMY HIGGINS

JUAN ECHEVERRIA

FEREYDOUN KIAN

JANET GEISLER

MICHELLE RUDOLPH

EDNA SANTOS-MODLICS

JONI SENTEIO

JACQUELINE CONLIFFE

ALEJANDRO GALVEZ

DEBORAH RIOS

***WELCOME TO OUR NEW MEMBERS. WE VERY MUCH HOPE TO MEET YOU IN PERSON AT OUR ANNUAL CONFERENCE IN WEST PALM BEACH NOVEMBER 12—13 OR SEE YOU AT A REGIONAL NETWORKING MEETING.***

***THANK YOU FOR BECOMING PART OF OUR CHAPTER “FAMILY”.***

*John Rudestedt, President*



**2015 –2016 UPCOMING EVENTS**

**REGIONAL NETWORKING  
MEETINGS**

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**TUESDAY, DECEMBER 1**

**NORTH PINELLAS GROUP**

**6:30 AT PERKINS**

**2375 CURLEW RD**

**DUNEDIN**

**RSVP:**

**DDIMON@TAMPABAY.RR.COM**

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**MONDAY, DECEMBER 7**

**NEW PORT RICHEY GROUP**

**6:30 AT PERKINS**

**11929 US HWY 19**

**NEW PORT RICHEY**

**RSVP:**

**B.RUDESTEDT@GMAIL.COM**

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**CENTRAL EAST COAST  
GROUP**



**CHRISTMAS PARTY**

**THURSDAY, DECEMBER 10**

**6:00 AT NORWOOD'S**

**RESTAURANT**

**US 44/PENINSULA AVE**

**NEW SMYRNA BEACH**

**RSVP:**

**CONFIDENTIAL1227@AOL.COM**

**MAY 19-20, 2016**

**CHAPTER SPRING CONFERENCE**

**THE SHORES RESORT AND SPA**

**DAYTONA BEACH, FL**

**SPEAKER: KATHRYN KEANE, EA**

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**NATIONAL CONVENTION**

**AUGUST 9-12, 2016**

**INDIANAPOLIS, IN**

**THE NEXT ISSUE OF THE FLORIDA STATE REPORTER WILL BE PUBLISHED ON  
DECEMBER 15. ARTICLES MUST BE SUBMITTED BY DEC 9.**



Vehicle logs. The necessary evil for taxpayers. The bane of existence for tax professionals. The butt of endless tax seminar humor. Well fellow tax professionals get ready for a higher bar to cross courtesy of a tax court decision. Take some time to read and thoroughly digest *Garza v. Commissioner (TC Memo 2014-121)*. Then get ready to take your due diligence up a notch.

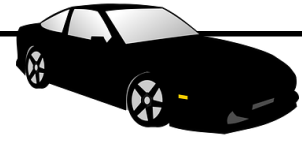
Mr. Garza was a likeable enough fellow from Texas who was an outside sales rep for Time Warner Cable. He travelled to dissatisfied customers and handled their complaints. He used his personal Ford F150 for business and was not reimbursed as was his employer's policy. He was, really, "Larry the cable guy". He kept his vehicle records in a calendar planning book. He recorded the odometer at the beginning and end of the month and sometimes even in between. He didn't keep track of personal miles. For the year in question, 2010, he claimed 40,171 in business miles driven for a deduction of \$20,086. After conceding that he drove 4,608 commuting miles, he and the IRS settled on business miles of 35,563. At this point how many of you are thinking "great—case closed, a small adjustment, no big deal". I know I did. But that's when Mr. Garza's problems really began. All over the IRS phrase **STRINGENT SUBSTANTIATION REQUIREMENTS**.

Generally the taxpayer bears the burden of proof for establishing and substantiating amounts reported on their personal income tax return. When a taxpayer establishes that he incurred a deductible expense but fails to establish this amount of the deduction the court may normally estimate the amount. There must be evidence to permit the court to conclude that the deductible expense was incurred. All seems good so far, right? No, then came the beginning of the end for Mr. Garza's case. According to the court "deductions for certain expenses are subject to strict substantiation requirement's and an allowance therefore may not be estimated by the court. The expenses in issue here fall within that category". Can you say 'cable outage'?

The court continued to state that the taxpayer must maintain adequate records to support the deduction including the amount, date and business purpose of each expenditure. Citing a temporary regulation the court stated that "adequate records" consist of a log or trip sheet made at or near the time of the expenditure along with supporting documentary evidence.

Continued on page 8

## VEHICLE LOGS AND THE IRS....continued



Clearly sympathetic to Mr. Garza the court stated "we are satisfied from his testimony that he traveled regularly in relation to his employment and that the calendar was prepared contemporaneously. NEVERTHELESS while we believe that petitioner had business travel expenses in relation to his employment, the Court must heed the strict substantiation requirements." Continuing, the court stated "petitioner did not record the amount, the time, or the business purpose of each business use of his truck because in his words it was just too much to do. Accordingly, his deduction must be disallowed." Ouch!

There is an old adage—a word to the wise is sufficient. Consider this to be your warning. Read the Garza decision in detail, determine your new level of due diligence, and prepare for even more taxpayer angst regarding vehicle logs this coming tax season.

*Reprinted from the Arizona Chapter Summer 2015 newsletter*

*Submitted by Kim Loewer, EA, ATA,—NATP National Board of Directors*



**HAPPY  
THANKSGIVING  
FROM ALL OF US  
JOHN, BIBI,  
LAURA, SANDI, KEN  
DORIS, BARBARA,  
STUART, STEVE,  
AMY, OWEN, GREG ,  
HEMENDRA**