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NY NATP E-News



NEW YORK
THE FIRST CHAPTER

2015 NY Chapter Board

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President's Message

Tax season 2015 is upon us and if the early indicators from the IRS are accurate, it will be a challenging season for all of us. As you face challenges in your office, please keep in mind that NATP is a community of other tax professionals who are always willing to lend a hand when asked.

I believe that challenges have the potential to bring out the best in people. Challenges encourage us to learn and to grow in business and in life. I am particularly grateful for the NATP state and national workshops and webinars that have helped me to grow in this business and have prepared me to face what this tax season will bring.

I want to wish all of you a happy and healthy New Year and tax season. I also want to encourage you to strengthen the values of our community by lending a hand if someone reaches out to you for help this tax season.

Thank you for all that you do.

Sincerely,
Nick Kounios

Re-Run: The below article contains such significant information we are running it again!

The Year in Review

Where- oh- where did the year go? 2014 really did seem to slip by in a terrible hurry. Here is a recap of 2014 from the perspective of the Chapter's State Office. Our phone is always ringing here no matter what time of year. We try to properly field your questions and believe me when I say the questions we receive run the full gamut. I would like to remind you all that the NY NATP phone is manned whenever my personal office is open for business. If we don't pick up your call please leave a brief message with your phone number and we will call you back. Speak clearly and repeat your phone number. Last tax season we averaged seven (7) calls a day plus 4-5 emailed questions. Your calls are important. Many of the topics we decide to cover in our seminars come from the questions you have. Let me remind you that if you have a federal tax question you need to contact National. We went right from tax season into our education season by offering a summer series of S and C Corps and Trusts. Meanwhile, our regular fall education seminars were being planned and we added a special seminar on strictly downstate New York issues. The last seminar was held December 10th. Now we are getting ready for the new tax season. **Your New York Chapter never sleeps!**

My review needs to include some important things you all should know about your Chapter. We were the first state to form a chapter back in 1988. We are the largest chapter with almost 3,000 members. We are non-profit/tax exempt under 501©3 for education. We operate completely with a volunteer board of directors and several key committees, the main committee being the Education Committee. Our seminar instructors have all successfully completed National NATP's instructor symposium. We do pay our instructors on a per day basis.

Because this Chapter State Office operates as a clearing house for state information I will share with you information just received from the NYS Department of Taxation and Finance Outreach Manager, Suzanne Reusch.

"If a tax return preparer is exempt from the NYS preparer regulations, there will be a code that needs to be entered at the bottom of the NYS tax return (used to be the word exempt).

If you are NOT required to register with NY and obtain a NYTPRIN enter in the exclusion code box one of the 2-digit codes listed as follows:

- Code 01- Attorney
- Code 02- Employee of attorney
- Code 03- CPA
- Code 04- Employee of CPA
- Code 05- PA
- Code 06- Employee of PA
- Code 07- Enrolled Agent
- Code 08- Employee of enrolled agent
- Code 09- volunteer tax preparer
- Code 10- Employee of business and preparing that business' return.

Most software has a preparer set-up area for this kind of information. I'm sure this information will be on the NYS website along with other preparer registration requirements which will be effective in 2015.

Have a great tax season and remember- **CALL US IF YOU NEED US.**

Wendy Loomis, State Office Administrator

Your 2015 NY Chapter Board of Directors

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Ethics Central

By Kathryn M Keane, EA

Getting ready and setting up for this tax season is an epic project. From ACA and EIC due diligence requirements to those wacky Repair Regulations, our tax floor seems to be forever shifting. The most recent revision to Circular 230 brought us a competency due diligence. Essentially, we need to know what we are doing. Sounds simple enough, but is it?

As I travel around our nation for either the National organizations or for the Chapters, I meet all sorts of tax preparers. This year, I found a few who were very proud to say that their tax software "does it all" and therefore they no longer required updates or other education. Others misunderstood the Loving Case to say that education was not a requirement. Further, other tax preparers reported that substantial portions of audits (or examinations) were spent asking the preparer how they learned how to do the specific type of return. While so many NATP members utilize the various Education offerings many do not.

Keep yourself safe! Stay updated on new tax laws, including the State. Check out the NATP website and explore all the educational opportunities: self study, webinar, and live education.

Education Corner

From the NY NATP Education Committee

On January 5, the Chapter's Education Committee met in Albany to review the 2014 series and plan for the coming 2015 events. We discussed all the evaluations and comments as well as the results of Kathryn's mailing to those attending in 2013 that did not come back in 2014.

This summer we will offer a three day event covering S-Corporations, Nuts and Bolts of Trusts and a new day of state only business topics. The State only day will cover 4 hours of sales tax (a comprehensive look at sales tax), NYS Corporation Problem Solving and a Panel Discussion. Each day is separate and we will offer a discount for multiple days at the same site. Watch for the final dates to be announced in our February newsletter.

Our Fall Series will offer six hours of CE and contain the NYS Update. In addition, some of the series will be offered in December. We will continue to offer the IT 201/203 comprehensive seminar in some locations. We hope to have sites and dates set by the end of March. As soon as the schedule is finalized, we will bring it to you in the newsletter.

The Education Committee is always looking for committed individuals to get involved. If you are interested, contact Education Chair Kathryn Keane at info@macanta.com.

Education Committee Chair

Save the Dates!

NY Chapter Annual Meeting-
Binghamton, NY October 23, 2015

National Conference-
New Orleans, LA July 20-23, 2015

NATP Tax Forums
Las Vegas, NV August 26-27, 2015
Philadelphia, PA September 3-4, 2015

From our *Downstate Tax Issues Seminar* (Dec 2014)

IRS clears up the treatment of Payments to Survivors & Victims of Terrorist Attacks

By Kathryn M Keane, EA

Victims and survivors of the terrorist attacks on our nation have received various payments over the years from a variety of sources. This article looks at recently enhanced and clarified instructions from the Internal Revenue Service impacts those payments. The IRS publication about this revised treatment is Publication 3920 and can be found at www.irs.gov.

Disability Payments as a Direct Result of Terrorist Attacks

Taxpayers may receive payments of disability benefits, including Social Security Disability, arising from injuries incurred as a direct result of a terrorist attack directed against the United States or its allies. These payments maybe excludable under certain conditions. Terrorist attacks include the September 11 attacks, Oklahoma City attack and the anthrax attacks.

When calculating the excludable portion, be careful not to include those payments the taxpayer would have been entitled to had they not become disabled.

Example: John, a first responder, was disabled as a direct result of the September 11 attacks. At age 54, he began to receive Social Security Disability Insurance. The payments John receives, until he reaches his full retirement age of 66, are eligible to be excluded from tax on his federal and NYS tax return.

How do we proceed from here?

Ideally, if a taxpayer is receiving these disability benefits, tax professionals should encourage the taxpayer to contact the payer to correct the reporting documents. Corrected Form 1099-R or Form W-2 should be issued removing the amount attributable to the disability arising as a direct result of the terrorist attacks. Form W-2 should reflect the non-taxable amount in Box 12 as Code J (non-taxable sick pay). Form 1099-R should reflect the gross amount paid in Box 1 and only the non-disability amounts, if any, in Box 2.

Previously filed returns can be amended to exclude the disability payments received due to a disability as a direct result of the terrorist attacks. Attach copies of the corrected Form W-2 and Form 1099-R. Also, note "Publication 3920" and "Section 104 (a) (5)" across top of the Form 1040-X and in explanation section. Observe the same notations for the New York State return (IT 201-X or IT 203-X).

Death Benefits

Death Benefits paid on behalf of an employee who died as a result of the terrorist attacks are excludable. However, only the amount exceeding the usual death benefit paid by the employer is excludable under these provisions. The exclusion does apply to incidental death benefits paid under a qualified retirement plan even if these amounts would have been paid had the death had occurred for a reason other than a terrorist attack, including the anthrax attacks.

From our ***Downstate Tax Issues Seminar*** (Dec 2014) **continued...**

By Kathryn M Keane, EA

Tax Forgiveness for Victims of Terrorism

The federal tax liabilities of decedents who died as a result of wounds or injury, including illnesses and diseases, sustained in the Oklahoma City or September 11th attacks. The forgiveness is also available for decedents who died as a result of illness incurred as a result of the anthrax attacks. The tax forgiveness is available to those working in the recovery or rescue efforts who later died as a result of illnesses or injuries incurred in those efforts.

While the tax forgiveness is issued for years beginning with the injury or event and ending on the year of death, the actual availability of a refund is limited by the usual statute of limitations.

Minimum Amount of Relief is \$10,000. If a impacted taxpayer total tax forgiveness is less than \$10,000, the difference between \$ 10,000 and the actual tax forgiveness is treated as a tax payment for the decedent's final tax year. The IRS will refund the difference if filed timely.

Example: A child wounded in the September 11th attacks died in TY 2012 as a result of those wounds. The child never had any income tax liability. The child qualifies for the minimum relief of \$ 10,000. The amount is treated as a tax payment on the child's TY 2012 tax return, if filed before April 15, 2016.

New NYS Forms Issued

After the update season ended, NYS Department of Taxation and Finance released a few new forms.

Multi Year Allocation of Income can be found at http://www.tax.ny.gov/pdf/2014/fillin/inc/it203f_1114_fill_in.pdf and the instructions are at http://www.tax.ny.gov/pdf/2014/inc/it203fi_1114.pdf

General Corporation Tax Credit for full year NYC residents receiving a pro rata share of income from a NYS S Corporation is based on the tax paid to NYC (as NYC does not recognize S status). The new form can be found at http://www.tax.ny.gov/pdf/2014/fillin/inc/it222_2014_fill_in.pdf

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**NY Chapter
 Founders Award
 Past Winners**

Ralph Sommers
 2013

Wendy C. Loomis
 2014

We're on FaceBook!
 Search for NY NATP!

**Fax In Survey!**

The NY Chapter works diligently every year to bring you Education programs and topics that are relevant to you and your practice. In recent years there have been some changes to the guidelines on what topics can qualify for CE Credits.

The NY Chapter wants to know:

As an attendee, which item is most important when you attend a NY Chapter course?

- Getting a full day of Federal CE (8 hours)
- NYS Topics (fully aware that we may offer less than a full 8 hours of Federal CE to accommodate these NY topics)

Please fax all responses to **718-998-3156**.



Do you have Box Tops lying around your home/office that you want to donate but don't know where to send them?

The NY Chapter is here to help!

In January, The NY Chapter voted to collect Box Tops to benefit schools in our area.

Box Tops can be mailed to 2109 Homecrest Ave, Brooklyn NY 11229. We are also accepting nominations for schools in need. Email nominations to info@macanta.com!

For a list of products that contain Box Tops visit: <http://www.boxtops4education.com/-/media/BoxTops/FlyersAndDownloads/Participating-Products-Flyer.pdf>