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PA-NATP NEWS



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Spring 2015

President's Message



Welcome to our first issue of the PA-NATP newsletter with a new editor. We extend a hearty welcome to Sue Bure and her assistant, Joyce Jones. We look forward to your style and input. We want to extend a sincere thank you to Sam Wingard for his many years of service and dedication to producing the newsletter. Thank you, Sam.

I want to alert you to our upcoming education seminars. Some members have requested that we offer education about filing returns for neighboring states. In answer to that request, we are offering four multi-state seminars in various regions of the state. We will be offering **OH/PA filing education** in Cranberry Twp on **June 19, 2015** and **OH/PA/NY and local filing education** in the Erie on **June 25, 2015**. A third seminar will be held in the **Wilkes-Barre** area with **NY/NJ/PA education**. The fourth seminar to be held in **the King of Prussia area** will discuss **NY/ NJ/education**. These last two seminars will be held in August. Please check the National website (www.natptax.com) for specific information as the details are finalized.

Our education committee is planning a three day basic tax course October 21-23, 2015 in the Lancaster area. This course is for new tax preparers and those with minimal experience. The third day will discuss preparation of Pennsylvania state and local income tax returns. This seminar is also a great refresher for those tax preparers who may be returning from a hiatus from tax preparation. You may register for all three days or only the third day. Please see the National website for details.

Please reserve a spot on your calendar for our Annual Conference in Carlisle at the Comfort Suites Hotel on November 5 - 6, 2015. More information will be available as details become finalized.

To check out all of our educational opportunities for PA-NATP members, look for details on our state website, in the next issue of the newsletter or on the National website. On the National website, look under the Pennsylvania Chapter or in the Chapter News email sent from National. You can register for the seminars through the National website.

Please share your ideas and suggestions concerning the PA Chapter directly to me by email address or telephone, or contact one of your board members. This information is listed later in the newsletter. We always welcome any time that you can spare to volunteer with our PA Chapter. We are always looking for new ideas and volunteers.

Kathryn Bowman, EA
President

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Financial Information

Balance Sheet As of April 30, 2015

Current Assets	\$ 23,701.71
Fixed Assets	<u>873.84</u>
Total Assets	<u>\$ 24,575.55</u>

Equity	\$21,493.54
Net Income	<u>3,082.01</u>
Total Liabilities & Equity	<u>\$ 24,575.55</u>

Income Statement As of April 30, 2015

Total Income	\$ 5,645.78
Total Expenses	<u>2,563.77</u>
Net Income	<u>\$ 3,082.01</u>



2015 Calendar of Events

PA Chapter events in bold type, *National events in italics.*

June 19	OH/PA Multi-State Seminar Hilton Garden Inn, Cranberry
June 25	OH/NY/PA/Local Multi-State Seminar Manufacturer & Business Conference Center, Erie
July 9, 9AM – 12AM	Board of Directors Teleconference
July 15, 5:00 – 9:00	Meet & Greet Double tree Hilton, Valley Forge
<i>July 20 - 23, 2015</i>	<i>NATP National Conference Hilton Riverside, New Orleans</i>
August 6	NY/NJ/PA/Local Multi-State Seminar Woodlands, Wilkes-Barre
August 13	NY/NJ/PA Multi-State Seminar Double Tree Hilton, Valley Forge
September 18	West Working Together Regional Learning Center, Cranberry
September 18	Board of Directors Meeting 5:30 p.m.—9:00p.m. Location TBA
October 21-23	Basic 1040/PA-40 Course Eden Resort, Lancaster
<i>October 26, 27</i>	<i>Essential 1040 & Beyond 1040 Workshops Mechanicsburg</i>
<i>November 4 & 5</i>	<i>Essential 1040 & Beyond 1040 Workshops Monroeville</i>
<i>November 4 & 5</i>	<i>Essential 1040 & Beyond 1040 Workshops Erie</i>
November 4 November 5-6	Board of Directors Meeting Annual State Conference Comfort Suites, Carlisle
<i>November 16 & 17</i>	<i>Essential 1040 & Beyond 1040 Workshops Lancaster</i>
<i>November 18 & 19</i>	<i>Essential 1040 & Beyond 1040 Workshops Essington</i>
<i>August 9 – 12, 2016</i>	<i>NATP National Conference JW Marriott, Indianapolis</i>

Tax Season 2015

Much to my amazement this turned out to be one of the least stressful tax seasons I have ever had. I had anticipated considerable difficulty this year with ACA and the finalized repair regulations but neither proved to be much of a problem. I was rather surprised that so few of my clients had purchased insurance thru the marketplace and fewer still were without health insurance entirely. Initially, I was not very happy with the way my software handled the ACA issues but they did make some improvements in later versions. While I think it could still do a better job, it's tolerable and otherwise the software performed satisfactorily. The IRS's easing of the requirements for filing Form 3115 also was a great relief.

From a financial standpoint, however, it wasn't a great tax season. Income was off slightly because the number of returns that I did was down about 5%. But that would appear to be pretty much in line with IRS statistics showing the percentage of returns prepared by paid preparers was down and self-prepared returns were up. All things considered, I didn't mind making a little less when it meant a lot less stress and hassles. By Sam Wingard

Interesting is the word I'm using to describe this past tax season. Tax season was interesting mainly because, you guessed it, the new healthcare laws that went into effect. Our office drafted an Affordable Health Care questionnaire which all of our clients needed to complete and sign before we could complete their income tax return. A minimum of 15 minutes was taken for each client whether it was to answer any questions regarding the new healthcare laws, to review a completed Affordable Care Act (ACA) questionnaire, or to complete and send the ACA questionnaire to our client for verification and signing. I was very appreciative our tax software, Ultra Tax CS, was very user friendly when entering healthcare information. The ease of use saved a lot of time which we all know is scarce during tax season. By Erica Knight

I can remember that every seminar I went to in 2014 after the part that covered the new Affordable Care Act the instructors would say "You're gonna love your software this year." Then they would announce that all software vendors were going to have the numbers programmed into the program to help compute the "shared responsibility payment." Remember we can't say "penalty". My software worked really well. I did have to call technical support a few times because I couldn't get the shared responsibility payment worksheet to calculate correctly. Of course, it was all in the way I entered the information, who knew that if your client had a break in insurance coverage you had to put their name and information in twice on the input screen.

I never had so many people come in to my office and when I asked them if they had health insurance their response was "I didn't know I needed it." I was beginning to wonder where they were when all the fuss over health insurance was plastered all over the news. I did convince some of them to go on the marketplace to get health insurance.

The beginning of the tax season was slow then "bam" everybody and their brother was in this office wanting their returns done. I lost a few clients but I also gained some new clients. I guess it all equaled out in the end and I still managed to do over 300 returns in a one "woman" office.

By Susan Bure

Welcome New Members

The Pennsylvania Chapter is honored to welcome these new members

December 2014

Abel John	Newtown
Bender Kelly A	Warrendale
Breidigam Bryan Sheldon	Schaefferstown
Dorrah Marion Harold	Wyncote
Erb Lois	West Chester
Fasching Arline	Danielsville
Frank Charles J	Malvern
Gonzalez Lidia Carolina	Bethlehem
Jauhari Mohan Chander	Coopersburg
Jesse Michael	Burgettstown
Mayer Jennifer V	Malvern
McBride Joseph	West Chester
McGuigan Joe	Wexford
Nolt Jethro	New Holland
Palm Deborah A	Bernville
Petrucci Mary Louise	Confluence
Rodriguez Maria Guadalupe	West Grove
Sukunda Karen	Yardley
Zimmer Kathi	Jefferson Hills

January 2015

Faustner Rudy	Bath
Gilbert-Prior Kim	Downingtown
Albert Barbara	Marietta
Smith Douglas G	Philadelphia
Johansson Timothy Robert	Philadelphia
Loeffler Craig	Lancaster
Fink Pamela A	Slatington
Menist Janis Marie	East Stroudsburg
Weaver Larry	Williamsport

February 2015

Adams Mark Clair	Erie
Brubaker Terry A	Mt Pleasant Mills
Herline Michael J	Bedford
Laurie Dustin W	Bradford
Szumiloski Sandra	Harleysville

March 2015

Adams Mark Clair	Erie
Brubaker Terry A	Mt Pleasant Mills
Herline Michael J	Bedford
Laurie Dustin W	Bradford
Szumiloski Sandra	Harleysville

April 2015

Pournaras John	Ambridge
Walters Richard	Towanda
Paige Melantha K	Philadelphia
Craig Michael J	Philadelphia
Griffith David	Wyncote

Be a Volunteer

The Chapter is always in need of volunteers to serve on its committees. We have different committees that may interest you to help. Here is a sampling of the committees that could use your help: Bylaws, Education, Communications, Public Relations, Scholarship Fund and Local Tax Authority Liaison. These are just a few. Hope something piqued your interest. This is a great way to get your feet wet and later becoming a board member.

You as a volunteer benefit the Chapter by bringing in new skills and fresh ideas. You also benefit by not only establishing contacts with people and businesses that can be helpful in your own business but also from a sense of satisfaction in helping to accomplish the goals of the Chapter. Please contact Kathy Bowman at kbowmanea@comcast.net or any Board member whose contact information can be found at the end of the newsletter.

Local Tax Update

After contacting Berkheimer manager Bill Leonard from the Erie, PA Berkheimer office and quizzing him about the 2014 tax filing season, he reported that there were no particular issues that stuck out in his mind. He said that this was the third filing season under Act 32 and that the "bugs" are being worked out. I asked him if there was anything that we could do as preparers to make their lives easier. His response was to file on line and to call one of their offices for help or check out their website for questions. He stated that they need to know if preparers had problems with getting information or with a Berkheimer representative, he wanted to know about it.

Bill indicated that the requirement for filing quarterly estimated payments is in effect for ALL self-employed persons who have earned income in excess of \$12,000.00. Those taxpayers whose income is less than \$12,000.00 are not required to make quarterly estimated payments on their earned income tax.

When I questioned him about that specific requirement for farmers, he said that issue is before the legislature. He was unaware of any rulings presently affecting farmers and said he would get back to me on that issue. For those tax preparers who have no agricultural clients, farmers are exempt from paying quarterly estimated payments to the Commonwealth of Pennsylvania or to the US Treasury as long as their individual income tax returns are filed by March 1. Farmers also have the option of making a single quarterly payment on January 15 for the full amount of income tax that they expect to owe for the tax year, and then file their income tax return on April 15 with no penalties for underpayment of estimates. There are other details pertaining to farmers and quarterly estimates that you should research in Internal Revenue Pub 225. I bring up this issue because many farmers do not want to pay quarterly estimates for local earned income tax purposes. They believe since federal and state estimates are not required, then they should not have to pay quarterly estimates for local purposes. That belief is incorrect, and we should make our farm clients aware of that so that they do not fall victim to underpayment penalties on their local earned income tax returns.

I tell my clients that they need to address this issue with their state senators and representatives. I know that the Pennsylvania Farm Bureau is working on this issue with legislators in Harrisburg.

By Joyce Jones

Tax Authority Liaison, Chairperson

Labor and Industry--UC Issues

The department produces a quarterly newsletter with important information for Pennsylvania employers. The Spring 2015 edition of the *UC Issues Update* newsletter is now available on the L&I website at: <http://www.portal.state.pa.us/portal/server.pt?open=514&objID=2062704&mode=2>. Please take a few minutes to review this publication for Pennsylvania employers.

In this issue:

- Common Mistakes When Filing a Petition for Reassessment
- Prevent Improper Unemployment Compensation Payments
- A More Efficient System to Help Expedite UC Claims
- What is the Difference Between an Employee and an Independent Contractor?
- UCMS Profile Maintenance Reference Guide
- Non-Compliance Penalty
- Important Tax Facts for 2015
- Treasury Offset Program Recovers Millions in Overpayments
- Change in UC Service Center Hours
- The Pennsylvania New Hire Reporting Program

From Listserve.state.pa.us

MORTGAGE INTEREST GUIDE FROM ROBERT D FLACH - THE INTERNET'S "WANDERING TAX PRO"

As a veteran 1040 preparer I believe that the area of the Tax Code where proper documentation and strict adherence to the law is perhaps the most overlooked (or actually ignored) is the deduction for mortgage interest - both on Schedule A and Form 6251.

Taxpayers are required to keep separate track of acquisition and home equity debt, to make sure that the deduction on Schedule A does not include interest on debt that exceeds the statutory maximums, and to determine what interest deduction to add back on Form 6251 when calculating Alternative Minimum Taxable Income. However I expect that 99.5% of taxpayers do not do this.

I've created a "Mortgage Interest Guide" for homeowners. In it I explain the various types of mortgage debt and the deduction limitations, and go into detail on how refinancing an acquisition debt mortgage can result in home equity debt. I also include in this guide two worksheets - one for Acquisition Debt Activity and one for Home Equity Debt activity - and provide a detailed example of how to use the debt activity worksheets.

This guide is a great way for tax preparers to introduce new homeowners to the regulations for deducting mortgage interest. You can give it to clients who have purchased a new home, or offer it as a free "gift" to new homeowners in your town as a part of your marketing program. And the debt activity worksheets are excellent tools for use in your practice if you choose to maintain the documentation for your clients.

I am offering limited "reprint rights" for the guide to fellow tax professionals to purchase and use for just such purposes. The cost of the limited license and right to reprint the Mortgage Interest Guide is only \$14.95. NATP members get a 20% discount - so the cost is \$11.95!

You can buy a copy of the guide in pdf format for \$1.00 to review before deciding if you want the reprint rights. You can deduct \$1.00 from the cost of the reprint license if you decide to purchase it.

Send your check or money order for \$1.00 or \$11.95, payable to TAXES AND ACCOUNTING, INC, to MORTGAGE INTEREST GUIDE, TAXES AND ACCOUNTING INC, PO BOX A, HAWLEY, PA 184



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Terms Ending 2016

Terms Ending 2017

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**PENNSYLVANIA
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