



VT Chapter of National Association of Tax Professionals Newsletter

November 2015

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President's Letter

Hello everyone!

Your Vermont Chapter of NATP has been very busy this past year!

We hosted four Vermont Tax Symposiums throughout the state with over 115 attendees.

We also hosted an outstanding federal tax seminar featuring Cheryl Morse which included the topics of Divorce, IRA-RMD, Miscellaneous Deductions and Elder Issues. Cheryl was well received by everyone in attendance. We hope to have her back again soon!

In addition, we had a bonus session at our Burlington Vermont Tax Symposium, Insider's Guide to IRS Audits taught by NATP national board member, Brett Rosser.

We are already planning our educational offerings for 2016, including live webinars on many topics. We feel that this is an economical way to add value

to our members in the comfort of their own offices.
Stay tuned for more information about this!

We are also excited about our presence on social media. Like us on Facebook and follow us on Twitter. We plan to have a more active tax professional community by networking using these social media tools.

We had many individuals take advantage of substantial seminar fee discounts by becoming members this year. Thank you!

Don't forget to take advantage of the many other perks that NATP offers its members:

Research Services - Remember to use your FREE research answer. Our on-site staff of federal tax specialists answers over 30,000 questions every year on a variety of complex tax issues and will provide supporting documentation at no extra charge.

Plus, members get one FREE answer every calendar year and discounted rates on subsequent answers.

Tax Store - Supplies and educational material for the tax professional. The NATP Tax Store is the one-stop shop for your business needs - plus members get a discount!

Warm wishes to everyone for a wonderful holiday season and a peaceful New Year!

Beth Davis, President
VT NATP

Another legislative session will begin soon -- of course, it's when we're all swamped with year end and tax season work.

There's been a lot of hard work already by the Vermont tax practitioner community to engage in a productive conversation with our legislature and state officials.

But -- there's plenty more to do.

You can be a part of this -- without ever leaving your office.

Few understand the impact and details of Vermont tax like you do. Your experience matters.

We want to hear your thoughts and concerns now before we head into this next tax season and legislative session.

Tell us about the VT tax problems or concerns you and/or your VT clients still struggle with.

Here are a few examples of the areas to consider talking with us about -- we want to take that information back to the VT legislature and/or VT Tax Department:

Sales and Use Tax

Household Income and Property Tax Adjustment

Tax Rates

VT Tax Dept Notices

Vermont Tax Credits

Tax Return Filing Issues

Don't be shy. Your voice is invaluable. Email or call me anytime.

Thank you.

Patricia M. Bisson, EA

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Vermont Department of Taxes New Website

The new website has a fresh look and feel, easier navigation, and lots of new content that will help inform you, our users. Here are a few of the highlights:

We have created new sections:

- Tax Audit Guide, the Appeal Process, Collections, a Tax Learning Center, and more!
- Improved search function
- An easier to use Contact Us page
- Updated resources for our Municipal Officials
- A research and reports section that houses all of our important documents, forms, and technical bulletins.

NEW ONLINE APPLICATION FOR VERMONT BUSINESS TAX ACCOUNT MAKES REGISTRATION EASIER AND FASTER

The Vermont Department of Taxes is pleased to see that its new online application for the Vermont business tax account is growing in popularity. New businesses in the state are experiencing how much easier and faster it is to register using the online application. The application is an option in the Secretary of State's "one-stop shop" process to register new businesses through the Secretary of State's website.

In 2013, Vermont's Office of the Secretary of State and the Department of Taxes began a collaborative effort to offer a single online portal to register a business and obtain accounts and licensing to collect certain business taxes. In addition, the Department of Labor will add a registration process for unemployment insurance at a later date. New businesses may complete the full application process, but there is also an option to apply for a business tax account only for those who may not need to register with the Secretary of State. The online application is similar to Form BR-400, Business Tax Account Application.

Businesses may apply for business tax accounts to collect sales and use tax, meals and rooms tax and/or employer withholding tax. The online process moves the applicant through the application with easy step-by-step navigation. Once the application is submitted, the Department will mail documentation and licenses within 3 to 5 business days. This is a much quicker process when compared to the time it takes to process a paper application, which is 7 to 10 business days, not including the time it takes for the applicant to drop the application in the mailbox to the time it arrives at the Department.

The site is proving quite successful since the October launch, according to Sharon Asay, director of Taxpayer Services at the Vermont Department of Taxes. "We have already received hundreds of online applications and we are confident we will see continued growth as the word spreads and business owners see for themselves how much easier and faster the online application process is compared to completing a paper application."

For more information on Vermont business tax accounts and the online application, contact the Department at 802-828-2551, option 3.

Getting Ready For Another Tax Season:

Managing Clients

You will score BIG by managing your clients' expectations

NOW.

Tax season is a vulnerable time for you as a tax pro. When you are the busiest and most exhausted, it is easy to overlook the effect that time of the year is also having on your clients' experience and

satisfaction with you.

Many clients fail to return next season because of their customer experience - not the price.

We've all seen situations where a client claims price is the reason they are leaving (if they bother to tell you at all that they aren't coming back), and then you find out they've gone and willingly paid a competitor MORE.

Why?

Industry stats indicate it's because of unmet or unclear expectations.

Tough to accept, but your technical expertise will not be enough, and you don't ever want to be considered a commodity.

And it is costly to lose clients.

But don't take just our word for it:

Price is not the main reason for customer churn, it is actually due to the overall poor quality of customer service - Accenture global customer satisfaction report

It costs 6-7 times more to acquire a new customer than retain an existing one - Bain & Company.

A 2% increase in customer retention has the same effect as decreasing costs by 10% - Leading on the Edge of Chaos, Emmet Murphy & Mark Murphy 70% of buying experiences are based on how the customer feels they are being treated - McKinsey

Here's the takeaway:

Schedule in time and processes to set clear expectations with your clients. Plan ways to wow them - it doesn't have to be big, but it should be meaningful for THEM.

A few ideas:

When they first come on as a client, tell them about what's going to happen during tax season. Keep them updated during tax season - a quick status call or email. A day during tax season is like dog-years for clients. Include a quick, handwritten, thank you note with their tax packet (you can have these prepped ahead of time). Snail mail birthday cards with your actual signature

Unsure what they expect from you?

Don't guess!

Ask your top ten clients why they love working with you - pick their top reason, and then double down on implementing ways to share that with your clients purposefully in your practice.

Your bottom line and your sanity will thank you.

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New IRS Resource helps Employers Understand the Health Care Law

The new ACA Information Center for Applicable Large Employers page on IRS.gov features information and resources for employers of all sizes on how the health care law may affect them if they fit the definition of an applicable large employer.

The web page includes the following sections:

- What's Trending for ALEs,
- How to Determine if You are an ALE,
- Resources for Applicable Large Employers, and
- Outreach Materials.

Visitors to the new page will find links to:

- Detailed information about tax provisions including information reporting requirements for employers.
- Questions and answers.
- Forms, instructions, publications, health care tax tips, flyers and videos.

Message from Joe McCarthy

Don't become a victim of cyber-attack! IRS Publication 4557 provides a lot of excellent information on safeguarding your tax practice and your client tax data.

The most useful part about IRS Publication 4557 is that it contains a series of step by step checklists outlining specific actions you can take to make your tax practice and client tax data more secure. Checklists 4, 5 and 6 of Publication 4557 focus on protecting computer systems and electronic media.

Please take the time to review the checklists for safeguarding taxpayer data. It will be time well spent!

Vermont Department of Taxes E-filing Mandate Coming for Multi-Location Filers

The Commissioner of Taxes has mandated the electronic filing of multi-location filers of Vermont Sales and Use Tax and Meals and Rooms Tax beginning Jan. 1, 2016.

This mandate applies to business owners with multiple locations. Businesses that meet this criteria have been notified via mail.

The director of the Division of Taxpayer Services will consider a written request for an exemption based on extraordinary circumstances.

More Updates from the Vermont Department of Taxes

Sales Tax on Soft Drinks

As of July 1, soft drinks are subject to the Vermont Sales and Use Tax. These are defined as beverages that contain natural or artificial sweeteners but do not include beverages that contain milk, milk substitutes, or more than 50% vegetable or fruit juice. Refer to our fact sheet for more details and a non-inclusive list of many soft drink product types that are taxable. If you question whether or not a beverage is taxable, please contact the Vermont Department of Taxes at 802-828-2551, option 3.

Please note:

Soft drinks sold as: part of a taxable meal (such as when bundled with a sandwich and chips); at a restaurant; or in vending machines, are subject to the Vermont Meals and Rooms Tax, not the sales tax.

Applying the meals and rooms tax to soft drinks sold as part of a taxable meal or at a restaurant is not a result of recent legislation. Meals Tax on Vending Machine Products

As of July 1, the Vermont Meals and Rooms Tax applies to food or beverage sold through a vending machine. Here are some important details about this tax:

Sales tax does not apply to any transaction that is subject to meals tax. Vendors are required to charge meals tax for all vending machine food and beverage sales unless a transaction qualifies for one of the meals tax exemptions.

Purchases made using 3SquaresVT/SNAP EBT cards are not taxable. Since not all vending machines are able to accept EBT cards, anyone who pays with cash, even if the cash is an EBT benefit, will pay the tax. We are finalizing a fact sheet that goes into more detail. As soon as it is ready, we will post it on our website and distribute it to our email groups.

Sales Tax on Remotely Accessed Prewritten Software Explained:

Effective July 1, all charges for remotely accessed prewritten software are not subject to the Vermont Sales and Use Tax. Vermont has determined that charges for access over the cloud are more accurately characterized as transactions involving services or intangibles and are not considered charges for tangible personal property. Refer to our fact sheet for additional details.

Remote Vendors May Need to Collect and Remit Vermont Sales Tax:

More online retailers will be required to collect and remit Vermont sales tax on December 1, 2015 due to the state's "click through advertising" law. Those affected will be retailers who do not have a physical presence in Vermont, but that contract to advertise on websites of individuals or businesses located in Vermont.

In 2011, the Vermont legislature passed what is commonly referred to as a click through nexus law. This law states that a remote vendor will be presumed to have Vermont nexus for purposes of

collecting sales tax if it has agreements with residents to refer customers that led to sales in excess of \$10,000 in the previous year. 32 V.S.A. § 9701(I).

As of October 2015, 16 states adopted similar laws, triggering the 15-state threshold for Vermont law. The Attorney General's office determined the law was effective as of Oct. 13, 2015.

Consistent with our prior guidance on this change, retailers with click through nexus will need to begin collecting and remitting tax on December 1. This requires businesses to obtain a Vermont business tax account and license to collect and remit Vermont sales tax. An online application will be available on our website beginning on November 12.

E-Filing Mandate for Tax Practitioners:

As a reminder, the Commissioner of Taxes has mandated the electronic filing of Vermont Corporate Income, Business Income, and Fiduciary Income Taxes beginning with the 2015 tax year, effective Jan. 1, 2016. This mandate applies to tax practitioners who prepare more than 25 tax returns per year. The director of the Division of Taxpayer Services will consider a written request for an exemption based on extraordinary circumstances.



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Annual Meeting Committee: Kim Loewer, EA

Communications Committee - Diana Sheltra, EA

Interested in serving on the board or an a committee? Contact M. Beth Davis or Patti Bisson for more information.

