AZ NATP Newsletter

2022 EDITION

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FOR OUR DECEMBER UPDATES

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News for Arizona Tax Professionals

Arizona State Chapter of the National Association of Tax Professionals

The President's Corner

The changes around us whether social, political, technological, or economic require that we help our clients navigate through them. In many instances, we are responsible to communicate those changes to our clients before having an official guidance. As we slowly adjust to the "New Normal", I cannot help but appreciate the benefits of being a NATP Member.

Our community of professionals is a network on which I have become increasingly reliant when facing these new challenges. Having resources, materials, and updates during tax season was extremely important. We received more than just national updates, our volunteers and state experts provided valuable information to help with state returns.

The AZ NATP Chapter and the volunteers of the Education committee hosted the Annual Conference with a topnotch instructor's lineup that indicated Jaye E Tritz, EA, CFP, Amy Wall, EA, MBA, Lin Leclair, EA, and George Harris, EA. During the event we had the opportunity to honor past Arizona Chapter Presidents and appreciate the legacy and voluntarism that shaped our chapter into an Award-Winning Chapter. Thank you for guiding our chapter and continuing to mentor us.

I was very pleased to see that our chapter was selected as the Chapter of the Year! Congratulations to every volunteer and member who continues supporting our chapter' events and recommending new members to join.

Our commitment to provide additional Arizona topics motivates the Board, Education Committee, and volunteers to continue with our new "AZ Fall Webinars". Our October webinar was very informative with Lin Leclair, EA, and Katie Gudgel EA, PhD as very knowledgeable and reliable facilitators.

Please save the dates for our December 2022 Tax Updates. This year we will be hosting the updates in Mesa on December 7th at the Double Tree by Hilton - this location will be hosting the English and Spanish updates. On December 9th, the Viscount Hotel in Tucson will be the location for our updates. We hope you can join us and support our chapter's activities.

On a personal note, I am humbled and thankful to have the opportunity to serve as your President. It is a huge responsibility, but I have the support of the amazing Board Members and volunteers who contribute to make the AZ NATP Chapter an award-winning chapter.

Liliana Davalos, AFSP, CAA
Arizona NATP Chapter President
Ldvalos@yahoo.com
(623) 760-6581

WEDNESDAY DECEMBER 7, 2022
Mesa, Arizona

AZ NATP 2022 Tax Update

Join us for up to 2 hours of Ethics, 6 hours of Federal CE/CPE* and 1 hour of Arizona Education

Course Descriptions

BINGO! I've got Ethics: Definitely not your typical boring Ethics class. Sure, you need 2 hours every year, but why not have fun at the same time. Join us to fill that Bingo card with your knowledge through the ethical journey of our tax profession. This does not qualify for Ethics Credit for CPAs.

2022 Arizona Tax Update: Update and review of 2022 Arizona Tax Topics. We will go over 2022 legislative changes but also how 2022 court cases will impact previously passed legislation.

Working with Taxpayer Advocate Service: Representatives from the Taxpayer Advocate Service will discuss how they can help tax practitioners and taxpayers.

2022 IRS Federal Tax Update: Get the latest updates directly from the IRS and review new tax law and legislation.

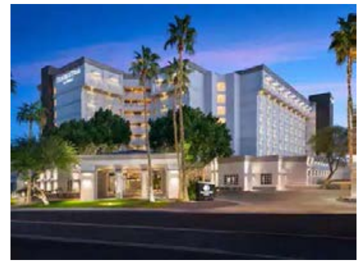
Principle Residence Taxation Issues: A good percentage of our clients own their homes, and for good reason! The government has been more than generous with home ownership tax goodies. And some very interesting tax situations arise around home ownership: deductions, credits, the §121 exclusion, home office, conversion of a principal residence to a rental and conversion of a rental for a principal residence, and – last but far from least – foreclosures. This presentation will examine such situations and provide examples of the applicable tax treatments.

1041 Trust Tax Returns after TCJA: An overview for accurately preparing 1041 tax returns for a Trust after the Tax Cuts and Jobs Act was enacted in 2017. The course includes definitions necessary to accurately determine the trust reporting requirements, changes mandated by the TCJA, the most important elections that can be made to affect the outcome of the trust as well as two case study examples showcasing differences in trust reporting during the initial and final years of a Trust life cycle.

Disclaimer: Eight hours of Continuing Education (incl. two hours of Ethics) will be issued to Enrolled Agents. Lawyers, CPAs and other professionals are responsible for reporting the CPE credits in accordance with the requirements of their regulating or certifying organizations. They may obtain more or less CPE credit depending on those requirements.

Venue

Double Tree by Hilton Phoenix Mesa



1011 West Holmes Ave
Mesa, AZ 85210
Reservations: 480-833-5555

Chapter Charity Support

We will be hosting a 50/50 raffle to benefit our Chapter Charity the Arizona Friends of Foster Children Foundation.

Speakers

Lin Leclair, EA
Katherine Gudgel, PhD, EA
Melissa Chapman, Taxpayer Advocate
Lisa Novack, IRS Liaison
Amy Wall, EA, MBA
George Harris, EA

Got Ethics?

Do you know that if you have your ethics credit requirements for the year you do not have to take the class again!

Miércoles 7 de Diciembre 2022
Mesa, Arizona

Actualización de Impuestos 2022

Puede recibir hasta 2 horas de Ética, 6 horas de CE/CPE* Federal y 1 hora de Educación estatal Arizona

Descripción de Cursos

¡BINGO! Tengo Ética: Definitivamente no es la típica clase de Ética aburrida. Claro, necesitas 2 horas cada año, pero ¿por qué no divertirte al mismo tiempo? Únase a nosotros para llenar esa tarjeta de Bingo con conocimiento a través del viaje ético de nuestra profesión.

Actualización estatal Arizona 2022: Actualización y revisión de los temas fiscales de Arizona de 2022. Repasaremos los cambios legislativos de 2022, pero también cómo los casos judiciales de 2022 afectarán la legislación aprobada anteriormente.

Actualización de Impuestos Federales 2022: obtenga las últimas actualizaciones directamente del IRS y revise la nueva ley y legislación tributaria.

Trabajando con el Servicio del Defensor del Contribuyente “TAS”: Los representantes del TAS discutirán cómo pueden ayudar a los profesionales de impuestos y a los contribuyentes.

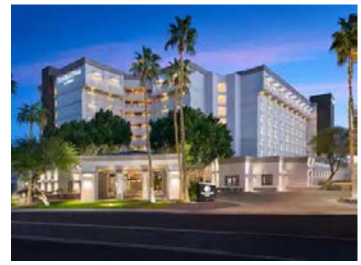
Planes de Retiro y su impacto en la Declaracion de Impuestos: Revisaremos los conceptos básicos de Planes de Retiro que afectan una declaración de impuestos como: Tipos de planes de jubilación y reglas del IRS, formularios a presentar y formularios recibidos cuando se hacen aportes a un plan de retiro, formularios recibidos por distribución de jubilación y como reportar las distribuciones de jubilación en la forma 1040.

Todo lo que necesitas saber si tienes Ingresos Extranjeros: Una visión general de lo que necesita saber sobre los reportes de Ingresos Extranjeros: ¿Cuándo es un ingreso extranjero reportable?, diferencia entre ingreso del trabajo o ingresos pasivos, resumen de trabajo en el exterior, Forma 2555 y un vistazo a la forma 1116 Crédito fiscal extranjero.

***Aviso:** Se otorgaran 8 horas de Educación Professional Continua a los Agentes Inscritos ”EA”, Abogados, Contadores, AFSP, y otros profesionales. Cada uno es responsable de informar sus créditos a sus organizaciones si así lo requiere. Pueden obtener más o menos créditos de CPE dependiendo los requisitos. Los temas y conferencistas están sujetos a cambio. Su PTIN debe de estar vigente para poder recibir los créditos de Educación Federal.*

Lugar

Double Tree by Hilton Phoenix Mesa



*1011 West Holmes Ave
Mesa, AZ 85210
Reservations: 480-833-5555*

Apoyo Caritativo

Organizaremos una rifa 50/50 para apoyar caritativamente a la institución Arizona Friends of Foster Children Foundation. Ellos proveen apoyo y ayuda a niños en cuidado de crianza en el estado de Arizona.

Expositores

-Regina Duran, EA

-Liliana Davalos, AFSP, CAA

-Alma Buono, Taxpayer Advocate

FRIDAY DECEMBER 9, 2022
Tucson, Arizona

AZ NATP 2022 Tax Update

Join us for up to 2 hours of Ethics, 6 hours of Federal CE/CPE* and 1 hour of Arizona Education

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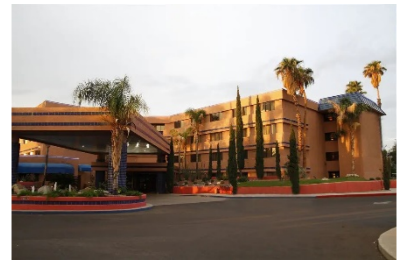
Venue

Viscount Hotel



4855 E Broadway
Tucson, AZ 85711
Reservations: 520-745-6500

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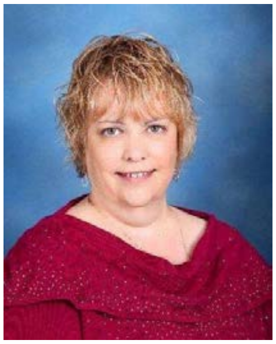
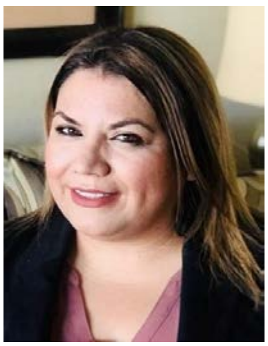
~~ SPEAKERS/EXPOSITORES ~~

Lin Leclair, EA



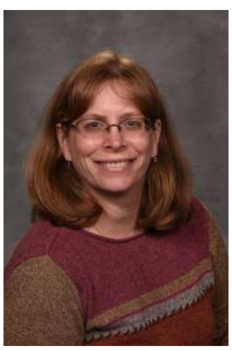
Lin majored in Accounting at the University of Maine and became an Enrolled Agent in June 1995. She has successfully represented multiple clients in IRS audits. She is a frequent presenter for the National Association of Enrolled Agents and the National Association of Tax Professionals. Lin is past-President and current Treasurer of the Arizona Chapter of the National Association of Tax Professionals. Lin is the founding partner and President of 1st Choice Tax Services, Inc. She and her husband Dan along with their children and grandchildren reside in Tucson.

Liliana Davalos, AFSP, CAA



Liliana Davalos started her taxation career in 2001. She holds a bachelor's degree in business administration and accountancy. Currently she holds the AFSP Record of Completion, and she is Certifying Acceptance Agent. Liliana's passion is to help members of the community and she serves in several non-profit organizations helping people understand tax topics, business guidance, and to find a path to further their education. In 2020, Liliana was honored as one the "40 Under 40" honorees by CPA Practice Advisor Magazine. Liliana is a bilingual NATP State Certified instructor, volunteers on the AZ NATP education committee, and has been on the board of directors since 2017. In 2021 Liliana was named the President of the AZ Chapter of NATP

Katherine Gudgel, PhD, EA



Katie grew up in Tempe, AZ and went to the University of Arizona where she received a B.S. in Physics and M.S. and Ph.D. in Materials Science and Engineering. When she moved to Germany in 2001, Katie worked as a scientist, but soon became interested in the business side of product development. While going back to school studying accounting, Katie gained practical experience preparing taxes by volunteering with Ladder Up's VITA program. She also developed a passion for helping individuals better understand money management and teaching fellow tax preparers.

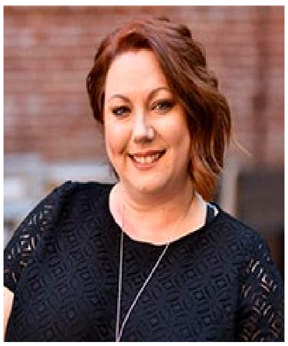
Regina Duran, EA

Regina Duran founded Duran Accounting Solutions LLC in May 2007. She holds a bachelor's degree in accountancy and a master's degree in business administration. Regina is a bilingual Enrolled Agent and an Acceptance Agent. Regina also is involved with various Latino/Latina ASU (Arizona State University) student organizations by delivering workshops to the parents of the students, giving them the necessary tools to succeed in their personal and professional life. In 2014, Regina won "The Hispanic Business Salute Award" with Telemundo and AZHCC. In 2015, Regina opened DAS Foundation which empowers and supports entrepreneurs who have a disability or a disadvantage with the tools and resources to launch their business and make better business decisions.

Lisa Novack, IRS Stakeholder Liaison

Lisa Novack is a Senior Stakeholder Liaison with Communication and Liaison Outreach Division of the Internal Revenue Service. As a Liaison, she works with practitioner, small business organizations and community-based organizations to provide information they can share to ensure compliance with the tax laws. She has been with the IRS since 1987, starting out as a tax auditor before getting into education and outreach. She has a Bachelor of Arts degree in Criminal Justice from Indiana University.

Melissa Chapman, Taxpayer Advocate

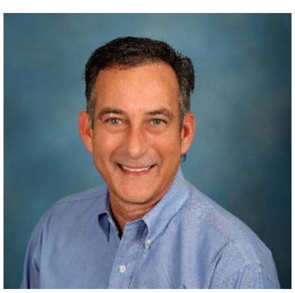


Melissa Chapman is the current Local Taxpayer Advocate for the Phoenix, AZ office of the Taxpayer Advocate Service. Prior to her career with the IRS, Melissa was a Licensed Residential Real Estate Appraiser and Licensed Real Estate Agent in Southeast Missouri. Over her 14 year career with the IRS, Melissa has helped individuals, businesses, Powers of Attorney and Congressional Aides with every tax issue imaginable.

Amy Wall, EA, MBA

Amy M. Wall, EA, MBA, is recently retired from her private tax practice in Tucson, Arizona, where she worked with individuals, small businesses and S Corporations. Amy now spends her time teaching and writing on taxation. She teaches for several continuing education providers and has been published in a number of tax journals, including NATP's *Tax Pro Journal* and *Wolters Kluwer Journal of Tax Practice & Procedure*. She is the author of *Virtual Tax: the taxation of Cryptocurrency; Income Taxes for Real Estate Agents; Divorce and Taxes;*, and *The Parish*, a work of fiction about a tax preparer whose nighttime clients aren't quite what they seem.

George Harris, EA



George Harris has been a co-owner of 1st Choice Tax Services in Tucson since 2010. Prior to that, he was a Master Tax Advisor with H&R Block's Premium Tax Office for 12 years; preparing tax returns, managing office operations and instructing advanced level tax courses. He has been an Enrolled Agent since 2005 and holds a Bachelor of Science degree from Purdue University in Computer Science. He is a member of the National Association of Tax Professionals and the National Association of Enrolled Agents.

Keeping Track of Business Miles

Submitted by: Liliana Davalos, AFSP, CAA

Every year the IRS changes the standard mileage rates. The IRS normally updates the mileage rates once a year in the fall for the next calendar year. The standard mileage rates for 2022 were announced on December 17, 2021. A rare midyear change happened on July 1, 2022, which was announced on June 9, 2022. In recognition of recent gasoline price increases, the IRS made this special adjustment for the final months of 2022. Was this special adjustment in response to a letter dated May 13, 2022 from Sharice L. Davids, Ruben Gallego, and sixteen other members of Congress pointing to the recent rise in gas prices to IRS Commissioner Charles Rettig requesting that the Service increase the standard mileage deduction rate and give small business owners a break from rising costs? Could be. I do not know. Midyear mileage rate changes are likely to cause confusion and as mentioned earlier do not happen very often. The last time the IRS made such an increase was in June 2011 when it increased the standard mileage rate by 4.5 cents per mile for miles driven after July 1, 2011.

Mileage Rate Changes

Purpose	Rates 1/1 through 6/30/2022	Rates 7/1 through 12/31/2022
Business	58.5	62.5
Medical/Moving	18	22
Charitable	14	14

Taxpayers are permitted to use either pen and paper or a mileage tracker app to keep track of business miles. To keep accurate records taxpayers may keep a simple paper mileage log like the one found in IRS Publication 463. The Daily Business Mileage and Expense log found in Table 5-2 in Publication 463 is a sample of a simple paper mileage log taxpayers can keep in their vehicles. Taxpayers may also use a mileage tracking app to figure the deductible cost of operating a vehicle for business. There are many apps out there that can be used for this purpose. Many people can save time by using a mileage tracker app which make tracking easier than ever and saving you time and effort of manually entering date of each trip.

The IRS can disallow any vehicle expense deduction that is not documented or one that contains errors, irregularities, and questionable entries. Therefore, it is crucial that taxpayers keep great records. Simply having a mileage log does not sustain a deduction. Taxpayers must record the date of the use of the vehicle, their business destination, purpose of their trip, and total miles driven. Don’t rely on SALY (same as last year).

This year you can start making a newsletter and inform your clients about these recent changes. I have seen how this simple practice simplifies the process during tax season.

Drop-off & Virtual vs. In-Person Returns – My Perspective

Submitted by: Karen Janelle Sullivan, EA

Drop-off and virtual returns have been the primary business model for many tax professionals for some time, but I'd like to explain why I prefer the old school approach of (safely) completing returns in person.

Scheduling in-person appointments allows me to control my schedule. I block the appropriate amount of time for each client, and I try to group families together. When information is missing, I know at once. Sometimes I'm able to obtain the information with a phone call or find a document on-line. If I can't resolve the issue during our visit, my client and I agree on steps to be taken and on follow-up deadlines. I'm able to maximize my time, I make progress every day, and I'm able to schedule uninterrupted "work time". Also, I'm able to build in some shorter days as needed to stay fresh.

Since I review and enter documents live, I can discuss tax planning ideas using my client's actual information as I complete their return. As I enter dependents we can discuss dependent-related issues. As I enter W-2s, we can discuss the impact of withholding or retirement contributions. As I enter itemized deductions, we can discuss the impact of tax law changes. In short, I can discuss tax planning, answer questions, and help my clients understand their tax return, all at a time when I have their attention.

Because of Covid, I had to change to 100% drop-off/virtual returns for most of 2020 and 2021, and the process suffered. My clients did a poor job completing my intake form and sometimes it took multiple phone calls to obtain basic information. I was no longer able to schedule clients efficiently, so I had days where I was overwhelmed with drop-off and virtual returns. In some cases, this created delays before I could review my client's submission -- only to discover I was missing needed information or documents. The follow up time became significant.

Some virtual clients struggled with uploading documents and, after they did, many documents were missing or illegible. After completion, those clients struggled with approving their returns. Again, the follow up time became significant.

Assisted clients are looking for more than just a tax return. They pay for connection, understanding, and guidance. Otherwise, many of them could do their own return on-line. We can use the connection we build to demystify taxes and help them improve their financial lives.
In my personal experience, drop-off and virtual returns take more time to complete and, I think, are a lower quality client experience. Drop-off and virtual returns are not going away, but if you find clients treating you like a commodity, not a valued service, encouraging in-person returns might be an option.

Have you considered a Scheduling App?

Submitted by: Katherine Ann Gudgel, EA, PhD

Many of you are, like me, sole practitioners who work through tax season without an assistant. As such you are not only the tax preparer, reviewer, and e-filer - but also the Office Admin and Telephone receptionist. There are a variety of products out there to make our lives easier: ATOM, Canopy, Karbon, etc. which are all specifically designed to serve multiple functions of a tax practice. But, perhaps, you don't need all of that functionality (or expense)?

My particular pain point was scheduling. Clients call and leave a voicemail message saying they want to come in on a specific day - but I may not have availability. Or I may be trying to schedule meetings with multiple clients – so do I give all three clients the same options, or do I tentatively have to block out twice as much time until each client settles on a specific time? There are general scheduling apps such as Calendly or Acquity that will sync with your normal calendar (Google or iCloud). You can also set up different types of appointments (I.e. drop-off vs pick-up or in person vs phone vs Zoom) with different characteristics (15 minute vs 45 minute, morning vs evening, etc).

These appointment apps work like many other service industries with online schedules (think banks, hair appointments, doctor's appointments, etc) - so most of your clients are likely used to using them. All you need to do is send them a link to your scheduling app - and then clients can find a time that is convenient to them. Most of these apps also send clients automatic reminders, making it less likely that they will miss their appointment, as well. And you don't have to be on the phone or sending emails just to "confirm" that the client is planning on actually being there. What is your pain point? If it is phone or email tag, then consider a scheduling app.

Covid-19 is giving us Diversifying Opportunities

Submitted by: Liliana Davalos, AFSP, CAA

Our industry has been affected directly by Covid-19, many of us have changed the way we conduct business and have lost clients who refuse to the change. After analyzing the "aftermath" of Covid-19 in my office, I came to the conclusion of accepting the challenges and opportunities that have arisen. We have taken the initiative to evolve and diversify our practice, not only by diversifying the clientele, but the way we conduct business. In my case, we will keep the same working program implemented during the Covid-19 closures; embracing virtual work thus allowing us to reach clients outside our office physical location and keeping our staff safe working remotely.

One of the best changes I implemented into my office this year, was to hire and delegate responsibility to a receptionist, who is responsible only for providing basic information, setting up zoom meetings, and/or transferring the phone calls to the right professional in the office. I hired an amazing bilingual receptionist who works remotely with great attitude and professionalism. I own a small practice and I never had the need for a receptionist but Covid-19 opened that opportunity. Only two of my clients complained about it, but the rest of my clients accepted the change.

Promoting my services outside my office boundaries helped in the growth of my clientele. As a Certifying Acceptance Agent, I saw the need to help clients remotely even if they were out-of-state, even out-of-country. My CAA services increased over 250%!

Friends in the industry asked me how is this possible, especially since the Covid-19 outbreak and restrictions. My answer is simple: If we don't make a change right now, when?" I started the change with hesitation and fear of losing more clients, but with the hope of implementing changes for the successful future of my practice and it worked!

Happiness is in the Eyes of the Employee

Submitted by: Aleatha Moyer, EA, MSA

Next to the clients, and maybe even more valuable than some of our clients, are my employees. I have a small practice with one full-time, one volunteer (my mom), one part-time employee, and me. Tax Season is a stressful time with changes in tax laws and shifting deadlines. As the leader, it is up to me to set the tone in the office. What are some of the ways I can keep my employees happy (within reason), motivated, and efficient?

Practice praise. I have found in 11 years of practice that giving praise for work well done builds a spirit of cooperation. I have read that praise is more effective than even pay with some employees in building morale.

Pay well. Every year I increase the pay of my employees and pay bonuses; especially when the year has been good. I think this helps employees feel valued.

Listening. I am not a paid counselor, but I find that when I take the time to listen to my employees it helps me understand what is going on with them and builds loyalty.

Respect. I learned early on how important it is to speak well of my employees with clients, and to take their position, or even fire a client if they have been rude to one of my employees.

Prioritize family. One of my core values is family. My employees understand that I feel family is very important. My employees are older, and one has aging parents. I do not have a problem with them taking off to take their mom to the doctor, or their dog to the vet. I think this builds employee loyalty, and they always make up the time later.

Allow for some play. I did not have experience as a manager before opening my business. I was an employee: the mindset is very different. As the business owner, I wanted the most work for the pay, and have groused with my husband about employees not working as hard as I thought they should. What I have learned through experience, is it is okay to allow for some down time. Friendly bantering, providing chocolate, and taking time out for an after-Tax Season party takes away stress and pressure. Playfulness brings a good atmosphere for working and lets the people with whom I spend most of my time know that we are all human and can enjoy interacting with each other while getting work done.

Each employee's needs are different, and this list is far from complete. Take the time to know your employees, enjoy your work and see happiness in your employees' eyes.