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| **Upcoming Seminars**  |
| May 21, 2020Oct. 22, 2020Dec. 3, 2020 |

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| **NATP – the organization for tax professionals WEBSITE: natptax.com** |  | **NH Website: NHNATP.com** |

Hello Fellow Members,

I hope you have enjoyed the holidays and are ready for another challenging year. I am new as Chapter President and excited about things to come!

We have had significant changes in our NH Board this year and I would like to welcome Ed Condict and John Preve. Anna Houde, Kim Perkins and Dale Harrington joined us last year. Prior board members Carol Romeril, Lynn Annicharico, Norma Boyce, Chris Sawyer, Susan Paul and I continue to serve and represent the best tax education organization. If you are interested in helping or joining our board please feel free to “look in” at our meeting after any seminar. I think you will be impressed with what we do!

Our May seminar will feature NATP National speaker Melinda Garvin who will be joined by her son, Jared Foos. Melinda is a dynamic National speaker who last visited NH May 26, 2016. Their presentations promise to be informative covering:

* 1120S K-1 and Basis—you will learn when basis statements are required, how to compute basis/reconstruct basis and what to do when losses have been claimed when there wasn’t enough basis.
* Partnership Schedules K-1 and Basis—Learn how to track each partnership’s partner basis efficiently.
* Breaking Down Shareholder Basis—This session will take shareholder basis from the formation of the S Corporation through profits, losses, draws, shareholder changes and shareholder terminations.
* Special Tax Situations with Senior Clients—As a taxpayer ages, additional deductions and credits may become available that were not in the past. Special circumstances often require us to take note of deductions and credits to reduce their tax liability.
* If Your Clients are Dying to See You—Awareness of the liability associated with Estates and how to protect yourself. What income gets reported on the final 1040 and the 1041.
* Able accounts—for tax years 2018-2025 the overall contributions include the annual gift limits (15,000) plus the lesser of the federal poverty line for a one-person household for the prior year or the individual’s compensation for the tax year. Rollovers from 529 plans to ABLE accounts are allowed, scheduled to expire 2026.

Our National Conference will be July 27-30, 2020 in San Antonio. Bursting with character and beauty, this Alamo City shines with its historic architecture, vibrant dining, stunning river views and endless entertainment.

I have attended and enjoyed our National Conference 5 times in the last 6 years. It is a wonderful time with opportunity to connect with our National administration and instructors. This is where we find the talent to instruct our local seminars. It is a busy week but provides the opportunity for exceptional learning experiences, both tax knowledge and the workings of the best tax education organization. A couple of years ago while having breakfast I met two EA’s who attended conference for the first time and were amazed at the quality and diversity of our education.

NATP offers the diversity that no other tax education organization offers. Not only do we have tax preparers but also attorneys and accountants who teach tax law from different perspectives. It is enlightening to take courses from lawyers who specialize in certain aspects of tax law. Several of the national instructors work directly with the IRS which gives us even greater insight. Last year with the implementation of the TCJA Act regulations were coming down during conference. There was a special session for everyone explaining the latest change from the day before! Instructors were up all night preparing!

Please feel free to inquire if you have any questions. I can be reached at bbowen704@gmail.com or 603 340-7717.

Betsy Bowen

President

**TEN MAJOR TRENDS IN TAX AUDITS**

1. **Most audits are done by mail**

2018 mail audits were 75% of all audits

1. **The main issue in audits is EITC**

50% of all audits involve EITC

1. **An alarming amount of people do not respond to an audit**

Two-thirds do not respond

1. **The most common IRS challenge to a return is not an audit**

The dreaded CP2000 letter is 3 times more prevalent

1. **The IRS knows who to audit**

Audit change rate for 2018 was 89%

1. **Field audits are rare, but expensive. Field audits are saved for complex taxpayers and situations**

For 2018, the average amount owed in a field audit was $85,400

1. **Want to escape an audit?**

Be a S Corp or Partnership. One in every 455 passthrough entities were examined in 2018.

1. **Audits on the wealthy are still popular but have dropped**

One in every 31 taxpayers who earn more than $1 million in income were audited, but this high-income group was still the most popular audit profiles.

1. **Audits have dropped, but penalties are still prevalent**

In 2018, 606,121 taxpayers were assessed penalties (audit or CP2000). In 2005, that number was only 8,366.

1. **Tax evasion prosecutions are low**

In 2018, there were only 636 indictments of legal source tax crimes, a 58% drop from 2005.

*(reprinted, with permission, from a November 25, 2019 article by Jim Buttonnow in TaxProToday)*

**Scorecard on the October, 2019 seminar….**

Program Respondents Rated 1-3 Rated 4 Rated 5

Depreciation – Helen O’Planick, EA 52 2 7 43

 93% of the attendees gave this session a 4 or 5 rating

Next Data Breach – Helen O’Planick, EA 51 3 9 39

 95% of the attendees gave this session a 4 or 5 rating

Growing E-Conomy – Helen O’Planick, EA 44 3 8 33

 94% of the attendees gave this session a 4 or 5 rating

Savings Bonds – Helen O’Planick, EA 52 1 10 41

 98% of the attendees gave this session a 4 or 5 rating

Tax Savings For – Helen O’Planick, EA 47 1 5 41

 98% of the attendees gave this session a 4 or 5 rating

Savings Bonds – Helen O’Planick, EA 52 1 10 41

 98% of the attendees gave this session a 4 or 5 rating

ANOTHER SUCCESSFUL SEMINAR

NH NATP had another very successful and informative Winter Seminar on December 5th. I hope you got a chance to attend but if you didn’t, I will try to summarize.

First Peter Colbath, MS, Tax Auditor for NH DRA presented his Annual NH update. He is always entertaining and keeps us informed about the NH DRA concerns and current status of any tax laws.

The BPT rate for 2019 has been reduced to 7.7% - down from 7.9% in 2018.

The BET rate is reduced to 0.6% down from 0.675%.

He reminded us that SMLLC must file their own return separate from its owner's social security number. Form DP-132 is required if an NOL is being claimed. That any u used BET credit from taxable periods ending on or after 12/31/14 may be carried forward for 10 years.

Next, we had Jeffrey Bragdon, Tax Section MGR for Maine Revenue Services, for an update on Maine. A 2019 Maine Tax Development for Non-resident individual taxpayers can recognize the entire gain or loss from an installment sale of property located in ME in the taxable year for the installment sale. And For installment sales in a subsequent taxable year to the extent the gain or loss has not been reported in a previous tax year.

Our third presenter was Richard Peck, VP Development & Philanthropy Services for NH Charitable Foundation. He discussed the possible charitable giving solutions and gave us comparisons of different solutions. Very interesting solutions.

After a delicious hot meal for lunch and some networking with others attending we had Attorney John Cunningham present a very interesting and complicated seminar on Section 199A restructuring for our Business Owner clients. He educated us for 3 hours and could have talked another couple of hours. He has published "Maximizing Pass-Through Deductions Under IRC Section 199A". His website is [www.llc199A.com](http://www.llc199a.com/). This is an extremely complicated subject BUT many of our business owner clients could benefit by restructuring to maximize Section 199A. He is very knowledgeable on this subject and it is so obvious he loves sharing his knowledge so that every business owner can benefit by educating us Tax Professionals to guide our clients in the right direction.

Respectfully submitted,

Lynn Annicchiarico Past President and current board member

**Scorecard on the December, 2019 seminar….**

Program Respondents Rated 1-3 Rated 4 Rated 5

Section 199a – John Cunningham 46 7 7 32

 85% of the attendees gave this session a 4 or 5 rating

Charitable Giving – Richard Peck 46 1 10 35

 98% of the attendees gave this session a 4 or 5 rating

Maine Update – Jeffrey Bragdon, Dept of Rev 46 1 9 36

 94% of the attendees gave this session a 4 or 5 rating

NH Update – Peter Colbath, MS 46 1 7 38

 98% of the attendees gave this session a 4 or 5 rating

Tax Savings For – Helen O’Planick, EA 47 1 5 41

**Here is a good article on security:**

# 5 Tips to Protect Your Tax Preparation Business from Cyber Crime

<https://www.taxslayerpro.com/blog/post/5-tips-to-protect-your-business-from-cyber-criminals>

## New Enrolled Agent Logo Available

The IRS is providing a new enrolled agent logo that EAs may use in marketing materials.

The new logo replaces a logo IRS created in 2012. While use of the new logo is optional, use of the prior logo must cease. The prior logo contains a likeness of a government insignia, which by law limits its use to officers and employees of departments and agencies of the United States. We apologize for this error and any confusion that we may have caused.

Enrolled agents have until October 31, 2018 to discontinue use of the logo containing the IRS eagle. The obsoleted logo may not appear in any publications, advertising, websites, business cards, or other communications with clients or prospective clients.

For further guidance on marketing materials, please refer to [Circular 230](https://www.irs.gov/pub/irs-pdf/pcir230.pdf), particularly § 10.30 regarding Solicitation.

Active enrolled agents can obtain the logo by emailing a request to epp@irs.gov with the subject line “EA logo."

If you have a “go-to” website for taxes or accounting, how about sharing that site? Provide the site address, a brief description, and cost, if any. Send it to spaulea@gsinet.net. Use “NH NATP site suggestions” in the subject line. Below are a few that Susan Paul, Director of NH NATP has found, but please note, this is not a NH NATP endorsement for the website, merely an informational item being shared:

<https://www.treasurydirect.gov> US Savings Bond information

<https://www.va.gov> Veterans Benefits

<https://www.legalexchangeshow.com> Elder Law issues

<http://www/netbasis.com> Stock basis $$

<https://www.taxfoundation.org> Tax laws, trends and articles

Along that same idea, sign up for informative emails from the IRS and the NH DRA.

<https://www.irs.gov/tax-professionals>

Click on NEWS at the top of the page. Then on the NEWSROOM page, look at the left side, and click on” E-NEWS SUBSCRIPTIONS. The next page will list several offerings.

<https://www.revenue.nh.gov>

In the middle of the page are “Announcements and Notices”. Also, left side, bottom icon “Subscribe E-News”. The next page will list several offerings.

<https://www.nhtaxkiosk.com/> Go here to look up NH property tax payments for many towns

**Have a great tax season. See you in the spring**

**Your editors,**

**Norma Boyce, EA and Kimberly Perkins, EA**

**Keep up to date on the happenings of our Chapter by visiting these websites and FaceBook frequently:**

[www.natptax.com](http://www.natptax.com) [www.nhnatp.com](http://www.nhnatp.com)

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