



### MEETINGS



Everyone welcome - Members, spouses, friends, non-members, subscribers, IRS & CDOR personnel and any other interested individuals!!

Your Board wants to see you!!! This month and in future months at our regularly scheduled dinner meetings. They are one of the best places to meet new members, share your ideas, learn new resources and actually have fun while earning CPE credits.

Reservations may be called to Linda Ward at 303-221-6691 or e-mailed to [linda@lward.biz](mailto:linda@lward.biz) no later than the Sunday before the meeting.

**No shows will be billed if a reservation is made.**

### DINNER MEETINGS

#### JULY 22, 2008

#### Meeting

**Date:** Tuesday, July 22, 2008  
**Time:** 5:15 PM Board Meeting  
6:00 PM Dinner  
7:00 PM Program  
**Place:** Holiday Inn  
4849 Bannock St.  
at I-25 and I-70  
*Directions on page 7*  
**Program:** Malpractice Insurance  
**Speaker:**

#### AUGUST 26, 2008

#### Meeting

**Date:** Tuesday, August 26, 2008  
**Time:** 5:15 PM Board Meeting  
6:00 PM Dinner  
7:00 PM Program  
**Place:** Holiday Inn  
4849 Bannock St.  
at I-25 and I-70  
*Directions on page 7*  
**Program:** FIN 48  
**Speaker:**

#### Cost for Dinner & Program:

Members .....	\$25.00
Non-members .....	\$30.00
Program Only .....	\$15.00

MAKE CHECKS PAYABLE TO CoSEA

**NO SHOWS WILL BE BILLED!**

## PRESIDENT'S MESSAGE

Dear Members:

I greatly appreciate the opportunity to represent you as the CoSEA President. I hope everyone had a rewarding and successful tax season. Our Round Table meeting in May was very informative and the open discussion informed me of interesting concerns and comments that are very helpful to know.

I would like to see more CoSEA members get involved in the various committees or take the opportunity to serve as a board member. Remember that we are all an integral part of the group and we need each other's input to run our organization and get the most out of our time together. We are still looking for someone who would be interested in serving as Public Relations chairperson and/or Budget & Finance chairperson. For this year, it will only be for a few months until our election in November. There are several openings on the various committees yet available in our association. Leadership opportunities are a great way to network, grow professionally and get to meet new people! Please let myself or our other board members know if you are interested in taking a turn at filling an open position.

I look forward to sharing your ideas, comments and concerns on how we can improve our association while I serve. I want to wish all of you and your family a very fun and safe summer.

Happy Fourth of July.

Yours truly,

*Helen*

Helen Lammert-Sanchez, EA  
President, CoSEA



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### News Flash

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Business mileage rates will be changing effective July 1<sup>st</sup> through December 31<sup>st</sup> for 2008. Mileage rates from Jan 1<sup>st</sup> through June 30<sup>th</sup>, 2008 are 50.5 cents per mile and from July 1<sup>st</sup> through Dec 31<sup>st</sup> it is 58.5 cents per mile.

The members that attended the June meeting brought up an interesting fact regarding pensions and IRA's in regard to beneficiaries. Naming beneficiaries with no names and designating that all my children will be equally divided does not necessarily mean that. Keep in mind that the custodian has final say under the law and can dictate whatever he or she deems fit. Be sure to put the children's names with percents or amounts that each should receive when designating beneficiaries names. There will be no dispute if beneficiaries are designated in this manner.

For those who utilize Scott Trade, E-Trade, Ameritrade and other on-line resources like these, you might never have noticed that there is no place to name beneficiaries when agreeing to terms and conditions at sign up. Most of these contracts read "will be placed in your estate" which puts your contract in probate status.

## Jeanine's Journal

Dear Members:

I hope that this letter finds you well! Happy Independence Day!

The Stimulus Payments are slowly getting out to our taxpayer clients. The pending problems right now are that some of the payments were sent to the wrong taxpayers and some of the taxpayers did not get credited with the child portion of their payments. The IRS is trying to handle most of these cases on an individual basis but some of them will not be resolved until after our clients file their 2008 tax returns and claim their final rebates on those returns.

Some of the stimulus payments will come later than the projected schedule because of either late processing dates by the IRS or because the taxpayers filed late or after the tax season due date. Some clients will not receive the full amounts that they expect for advance stimulus rebates because they owe income taxes for other tax years, child support payments and student loan payments which will be subtracted from any stimulus rebate funds that they would otherwise be entitled to. You and your clients may check the updates posted on the [www.irs.gov](http://www.irs.gov) website for general information. Wait at least six weeks from the time you have verified 2007 returns are processed before making individual follow-ups.

You will see various updates on federal and Colorado legislation and procedures in this issue as usual. Again, if there are any special topics that you want me to research for the next issue, then please e-mail your requests to me at [jeaninetaxserv@yahoo.com](mailto:jeaninetaxserv@yahoo.com) by August 15<sup>th</sup>. You are also welcome to send proposed articles for my review and potential inclusion in the next newsletter by this same due date.

Yours,

*Jeanine*

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# “Come to the Meetings”



**NAEA Meeting**  
May 8<sup>th</sup>-May 10<sup>th</sup>, 2008  
Summary prepared by Janeen Ryan, EA

*What can we expect from NAEA to help us and our practices?*

*What can we do to further enhance our practices and COSEA?*

In May I attended the President Affiliate Meeting in Washington DC. This is a brief summary of some of the points I found interesting.

**Public Awareness:**

NAEA is working to raise public awareness on the local and national level. Eight enrolled agents were on the Today show in the spring . They are hoping to get this exposure again this spring and possibly carry it to the local NBC networks as well.

Additionally, the Public Awareness Director is working on a newspaper supplement for local papers describing Enrolled Agents and what they can do for you.

NAEA will have a 5-minute spot on sky radio this summer. Listen for it the next time you fly!!

**Government Relations:**

NAEA is working on government relations by keeping tabs on and promoting our interests in Congressional sessions and State sessions. Presently they are asking you to send a letter to your congressmen regarding the passage of tax preparer regulation. If you have not sent in the letter emailed to you in May, please consider doing it at this time. They worked to get the “more likely than not” standard relaxed and it appears that has been successful. They continue to let the government know that we are the “tax professionals”

**Education:**

NAEA is working with GLEIM to streamline the SEE prep to better coordinate with the new online SEE exam. This will be integrated with online and state affiliate instructors.

GLEIM presently offers a 10% discount to members for regular online CPE courses as well as other incentives in conjunction with this new partnership.

If you have not checked out NAEA.org lately, then you may want to, as this past spring a Tax Research component was added. It also has summaries on all that NAEA is providing for you as members.

**Membership:**

We have approximately 198 members in COSEA at present which is about the 20<sup>th</sup> club in size nationally. There will be an incentive from National if we grow our membership this summer and fall. Please let us know if you can assist in this growth promotion effort.

This increase in membership would also allow us to get more members to bring in quality ideas and leadership for better state meetings and education.

Please let us know your ideas for meetings and educational enhancements.

## Seminars Reminder

by Jeanine Buben-Croy, MT, EA

**Source:** Continuing Professional Education 2008 DU Graduate Tax Program Catalog

There are many excellent local seminars offered by National Society of Accountants, National Society Tax Preparers, National Association Tax Preparers, Certified Public Accountants and others each summer and fall. You can attend these activities as members or non-members of the sponsors. Ethics credits for Enrolled Agent (EA) continued education licensing requirements are available from various certified professional education (CPE) resources each year. Our own CoSEA offers a one credit program at a regular meeting each year (September 23, 2008 this year). There are also professional credit seminars available for accounting, auditing, finance and representation areas of practice.

The University of Denver Graduate Tax Program offers CPE credit programs several times a year. This year the Graduate Tax Program (GTP) includes: **Ethics in Tax Practice** for two hours on 10/21/7:00 a.m.; 11/19 5:30 p.m.; 12/29 8:30 a.m.; or 12/30 3:30 p.m. There is also a four credit course on **Ethics Standards Update and Review for Colorado CPAs in Public Practice** on 7/16/08 a.m., and 10/8/08 a.m. that EAs can take.

Other unique programs of interest at DU GTP that might interest EAs are the seminars on **Employment Taxes** on 11/12/08 a.m, for 4 credits, **IRS Collections** on 9/8/08 p.m. for four credits, **IRS Controversies** on 9/10/08 full day for eight credits, **Multistate Corporate Income Taxation** on 10/20/08 full day for eight credits, **Sales & Use Taxes** on 9/18/08 full day for eight credits and **Year-End Update for Return Preparers** on 1/30/2009 or 2/2/2009 full day for eight credits. The textbooks provided to the participants of the IRS collections and controversies courses are particularly good references for practicing enrolled agents in my experience.

Please call DU GTP at 303-871-6239 to register for the GTP courses that interest you. You may request a DU Graduate Tax catalog by calling 303-871-6239. A free GTP parking pass will be mailed to you with your confirmation after payment is received for registered courses.

Anyone in CoSEA that has other ethics or practice courses to recommend should send the information to me at [jeaninetaxserv@yahoo.com](mailto:jeaninetaxserv@yahoo.com) as a WORD attachment. I will be glad to inform our membership so that we all know our options available for credits for our continued professional (CPE) licensing requirements.

## FEDERAL NEWS

By Jeanine Buben-Croy, MT, EA

**Sources:** Internal Revenue Service, United States Department of the Treasury, <http://www.irs.gov/businesses/small/article/.....html>, 06/18/2008. Internal Revenue Service, United States Department of the Treasury, <http://www.irs.gov/newsroom/article/.....html>, 06/18/2008. Internal Revenue Service, United States Department of the Treasury, <http://www.irs.gov/formspubs/article/.....html>, and <http://www.irs.gov/charities/article.....html>, 06/18/2008. Internal Revenue Service Office of National Public Liaison (NPL), June 10, 2008, June 10, 2008, Volume 1, Issue 5. Internal Revenue Service, [www.irs.gov/taxpros/article.....html](http://www.irs.gov/taxpros/article.....html), 06/18/2008.

### ECONOMIC STIMULUS PAYMENTS: MOST FREQUENTLY ASKED QUESTIONS

Payments are tentatively going out from April 15 through mid-July. I noted some of the pending problems in my "Jeanine's Journal" in this issue.

It will generally take a minimum of six weeks after clients file their returns to get their stimulus payments. If there are any delays in processing and/or filing 2007 returns, then the advance stimulus payments will be automatic deposited or mailed later than the general schedule posted on the IRS website. Processing tax returns can take up to eight weeks even if clients e-filed their tax returns on or before the April 15<sup>th</sup> due date.

Direct deposit stimulus rebates will generally come to your designated bank accounts if you requested this on your 2007 tax returns. Taxpayers cannot correct direct deposit requests after their 2007 returns have been filed. Taxpayers who chose direct deposit for their 2007 tax refund but also requested a refund anticipation loan (RAL) from their preparers cannot receive their stimulus payments by direct deposit. These clients should expect paper checks for their advance stimulus rebates.

Remind your clients that their stimulus rebate checks may not be the same amounts as those of their neighbors. As we discussed in the last newsletter, there are different criteria applicable to each taxpayer. The clients also need to make sure that they keep the IRS notice that accompanies their checks as a record of their economic stimulus payment. These notices will be needed to calculate their actual entitlements when we prepare their 2008 income tax returns.

Your clients may go to the [www.irs.gov](http://www.irs.gov) website to calculate their stimulus payments for themselves. There is a basic amount based on tax liability, filing status or other qualifying income if no tax liability, and an extra amount based on whether a qualifying child is reported on the federal tax return. Your clients may need your help identifying the net income tax liability line on their tax returns so expect this question from some. Also, IRS will mail out some 350,000 extra economic stimulus payments starting in early July to taxpayers with improperly filed returns who did not capture the information needed to generate the \$300 in qualifying child payments. Again, IRS is attempting to contact the relevant taxpayers on an individual basis but some of these issues will not be resolved until after the 2008 tax returns are processed.

Remind your clients if they are confused that the 2007 refunds are not added with the 2008 economic stimulus rebate checks. These checks regard different tax years and will never be combined into one payment.

### ENTITY TAXPAYERS ALERTS

S Corporations are affected by various recent changes and you will want to alert your S Corp clients to these changes. This might be a good topic for your summer update letters to clients! Please note:

- 1) The capital gain of an S corp is NOT treated as passive investment income for tax years beginning after May 25, 2007. *See IRC Section 1362(d)(3) for details.*
- 2) Restricted bank director stock is generally NOT considered outstanding stock of an S corp beginning after 2006. *See IRC Section 1361(f) for details.*
- 3) Banks required to change from reserve method of accounting on becoming S corps after 2006 are subject to a special rule. *See IRC Section 1361(g) for details.*
- 4) S corps who no longer qualify because of a sale of their stock are subject to new sales rules after 2006. *See IRC Section 1361(b)(3)(C) for details.*
- 5) Some S corps can eliminate all earnings and profits regarding years before 1983. *See IRC Section 8235 for details.*
- 6) An electing small business trust could deduct interest expense on indebtedness incurred to acquire S corp stock after 2006. *See IRC Section 641(c)(2) for details.*
- 7) Certain S corps with reasonable cause for not timely filing Form 2553, Election by a Small Business Corporation, may be treated as timely applicants by filing it as an attachment to Form 1120S, U.S. Income Tax Return for an S Corporation for tax years ending on or after December 31, 2007. *See Form 2553 and its instructions for details.*

## **FEDERAL NEWS** *(continued from page 6)*

There is now a late filing penalty for partnership returns required to be filed after December 20, 2007. The penalty for late filing of a partnership return is \$85 for each month or part of a month (up to 12 months) the 2007 return is late or does not contain required information, multiplied by total number of partners in the partnership during any part of the partnership's tax year for which the return is due. For returns required to be filed for tax years 2008 and on, the penalty is \$86 for each month or part of a month (up to 12 months) the return is late or does not include required information, multiplied by the total partners in a partnership during any part of the partnership's tax year for which the return is due. See Form 1065-B, U.S. Return of Income for Electing Large Partnerships and instructions for details.

There is now a \$85 penalty for each month or part of a month (up to 12 months) the return is late or does not contain required information, multiplied by the total number of shareholders in the S corp during any part of a corp's year for which the return is due. See Form 1120S and instructions for details.

Your entity clients who like to procrastinate in filing their returns on time will need to be alerted to the consequences, i.e., new monthly late penalties for filing late. Again, this might be a good topic to cover in your summer client newsletters!

## **TAX HINTS FOR TAX PROFESSIONALS**

The House passed H.R. 6081, the "Heroes Earnings Assistance and Relief Tax Act of 2008," on Tuesday, May 20, 2008. The Senate passed the bill with unanimous consent on May 22<sup>nd</sup>. This bill provides a recovery rebate to military families, modifies mortgage revenue bonds for veterans, makes permanent the election to treat combat pay as earned income for earned income credit and treats certain domestically controlled foreign persons performing contract services as American employers.

The President signed into law P.L. 110-233 (H.R. 493, the "Generic Information Nondiscrimination Act," which amends the IRC) to provide for no discrimination in group premiums based on genetic information on May 21, 2008. This law places limitations on genetic testing, prohibits collection of genetic information and requires the Secretary to issue regulations within 12 months of enactment date.

The House passed H.R. 6049, the "Renewable Energy and Jobs Creation Act of 2008," on May 21, 2008. This bill would provide energy tax incentives, extend various expiring provisions for one year and make permanent the authority for undercover operations. The bill also provides for including nonqualified deferred compensation from certain tax indifferent parties in gross income, delaying application of worldwide allocation of interest and increasing corporate estimated tax payments for corps with assets of at least \$1 billion for payments due in July, August and September, 2013 by 36.75 percent, which should offset the cost of the bill.

## **COLORADO NEWS**

**By Jeanine Buben-Croy, MT, EA**

**Sources:** Colorado Department of Revenue, [www.revenue.state.co.us/tax\\_statutesregs/salesindex/tutorials.html](http://www.revenue.state.co.us/tax_statutesregs/salesindex/tutorials.html), 06/18/2008. Colorado Department of Revenue, Taxpayer Service Division, INCOME 44 (01/07). Colorado Department of Revenue, Taxpayer Service Division, INCOME 26 (04/07). Colorado Department of Revenue, Taxpayer Service Division, INCOME 58 (03/08). Colorado Department of Revenue, Taxpayer Service Division, INCOME 51 (12/07). Colorado Department of Revenue, [http://www.revenue.state.co.us/TPS\\_Dir/wrap....online](http://www.revenue.state.co.us/TPS_Dir/wrap....online) classes, 06/18/2008. Colorado Department of Revenue, Taxpayer Service Division, INCOME 47 (10/07).

## **SALES/USE TAX**

Please remind your business clients that there are tutorials available on the Colorado Department of Revenue (CDOR) website to assist them in learning how to file the CR0100 Colorado Business Registration Form and the DR 0100 Colorado Retail Sales Tax Return. The site is located at <http://www.revenue.state.co.us/taxstatutesregs/salesindex/tutorials.html>.

You may also want to tell your business clients that there are FREE classes available by the Colorado Department of Revenue. These include sales/use tax classes and may be registered for on the [www.revenue.state.co.us/](http://www.revenue.state.co.us/) website.

## **COLORADO REVISED STATUTES**

CoSEA members should be aware that the Colorado Revised Statutes are available for public use by the Committee on Legal Services of Colorado General Assembly through contractual arrangement with LexisNexis Group which prepares and services the Web site link at <http://www.michie.com/colorado/>. The statutes are copyrighted to the State of Colorado (C.R.S. Section 2-5-115) so you must get prior permission to print the contents but you may research the Colorado state statutes here for FREE. These statutes are current through all laws passed at the First Regular Session of the Sixty-Sixth General Assembly of Colorado as of my last research on June 18, 2008.

## POSITIONS OPEN!!

We are still looking for a public relations chairperson and a budget & finance chairperson.

Please let one of Board members know if you are interested in serving in either of these positions.

**IRS Practitioner Hot Line  
is open 6:00 am to 10:00 pm  
Mountain Time through Oct. 15!!**

## ATTENTION CoSEA MEMBERS!

Please send your updated contact information, *i.e.* addresses, phone numbers and/or e-mails to Alan Bates at 720-535-7977 or email to [Alan.batestax@comcast.net](mailto:Alan.batestax@comcast.net). This will help your Board stay current and ensure that all notices, newsletters, etc. will be delivered in a timely manner.

Please note that your newsletters are e-mailed to you by Joan Lipinski, our printer. This is not spam, so please do not block this e-mail.

## What Interests You? Know a Speaker?

Linda Ward needs your suggestions on topics and new speakers. If you have any suggestions, please contact Linda at 303-221-6691 or email her at [linda@lward.biz](mailto:linda@lward.biz).





**“Get  
Ready  
To  
Learn”**

## Coming Events

- September 23, 2008 *Ethics*
- October 28, 2008 *Colorado Tax Update*
- November 11, 2008 *IRS Tax Update*
- December *CoSea Holiday Party*

Visit our website at  
**[www.taxproco.org](http://www.taxproco.org)**

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The newsletter is sent bimonthly to all members of the Colorado Society of Enrolled Agents, nonmember subscribers, selected members of the National Association of Enrolled Agents, government officials and others. Additional mailings are targeted to other Enrolled Agents and/or other tax professionals.

Deadline is the 15th of the month prior to cover date (i.e. June 15 for July-August issue). Submit Word attachments to [jeaninetaxserv@yahoo.com](mailto:jeaninetaxserv@yahoo.com). Submit contracts and/or payments to Jeanine Buben-Croy, EA, 6606 W. 79th Ave., Arvada, CO 80003. Make checks payable to CoSEA.

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## A Touch Of Humor

A nervous taxpayer was unhappily conversing with the IRS auditor who had come to review his records. At one point the auditor exclaimed, “We feel it is a great privilege to be allowed to live and work in the USA. As a citizen you have an obligation to pay taxes, and we expect you to eagerly pay them with a smile.”

“Thank God,” returned the taxpayer. “I thought you were going to want cash.”

### MEETING LOCATION

by Mildred A. Cassai, EA

Our meeting site is at the Holiday Inn at the Mousetrap. The address is 4849 Bannock Street, located northwest of the intersection of I-25 and I-70. Here’s how to get there:

*Going east on I-70:* exit onto Pecos, go left (north) over the freeway to 48th Ave. Go right (east) to Bannock, turn left to 4849 Bannock.

*Going west on I-70:* exit onto Pecos, turn right (north) to 48th, turn right (east) to Bannock, go left.

*From I-25:* exit at 58th Ave., go west to 2nd light west of freeway, at Bannock, turn left (south).

If you know of a company or someone who wants to advertise in the Newsletter, please have them contact  
Jeanine at  
303-432-7428 or e-mail her at [jeaninetaxserv@yahoo.com](mailto:jeaninetaxserv@yahoo.com)

## COLORADO SOCIETY OF ENROLLED AGENTS

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Enrolled Agents  
Federally Recognized Tax Professionals



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