

THE Wisconsin -Accountant

Wisconsin Association of Accountants ■ 1-800-237-4080 - 715-425-0482 - www.wiassociationofaccountants.com

2009 Seminars

September 21-22
WAA Annual Convention
La Crosse
Radisson Hotel
(608) 784-6680

October 9
Gear Up - Helping Clients
Through Difficult Times
Wisconsin Dells
Kalahari Resort
(877) 253-5466

October 19-20
Federal Tax Update
Wausau
Stoney Creek Inn
(715) 355-6858

November 2-3
Gear Up 1040
Waukesha
Country Springs Hotel
(800) 247-6640

November 16
Gear Up Business Entities
Madison
Sheraton Hotel
(608) 251-2300

November 30 - December 1
Gear Up 1040
Hudson House Inn
(715) 386-2394

December 8-9
Bob Jennings Tax Update
Kalahari Resort
(877) 253-5466

IRS Warns Taxpayers to Beware of First-Time Homebuyer Credit Fraud

Submitted by Internal Revenue Service

WASHINGTON — The Internal Revenue Service today announced its first successful prosecution related to fraud involving the first-time homebuyer credit and warned taxpayers to beware of this type of scheme.



On Thursday July 23, 2009, a Jacksonville, Fla.-tax preparer, James Otto Price III, pled guilty to falsely claiming the first-time homebuyer credit on a client's federal tax return. Price faces the possibility of up to three years in jail, a fine of as much as \$250,000, or both.

To date, the IRS has executed seven search warrants and currently has 24 open criminal investigations in pursuit of potential instances of fraud involving the credit. The agency has a number of sophisticated computer screening tools to quickly identify returns that may contain fraudulent claims for the first-time homebuyer credit.

"We will vigorously pursue anyone who falsely tries to claim this or any other tax credit or deduction," said Eileen Mayer, Chief, IRS Criminal Investigation. "The penalties for tax fraud are steep. Taxpayers should be wary of anyone who promises to get them a big refund."

Whether a taxpayer prepares his or her own return or uses the services of a paid preparer, it is the taxpayer who is ultimately responsible for the accuracy of the return. Fraudulent returns may result not only in the required payment of back taxes but also in penalties and interest.

First-Time Homebuyer Credit

The First-Time Homebuyer Credit, originally passed in 2008 and modified in 2009, provides up to \$8,000 for first-time homebuyers. The purchaser, however, must qualify as a first-time homebuyer, which for purposes of this credit means someone who has not owned a primary residence in the past three years. If the taxpayer is married, this requirement also applies to the taxpayer's spouse. The home purchase must close before Dec. 1, 2009, to qualify, and the credit may not be claimed on the purchaser's tax return until after the taxpayer closes and has purchased the home.

Different rules apply for homes bought in 2008.

Come join us!

WAA Annual Convention
LaCrosse, WI, Sept 20-22

Still time to sign up! Details inside.

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Executive Corner . . .

WAA Annual convention will be held in beautiful La Crosse, WI at the side of the Mississippi River at the Radisson Hotel and Conference Center September 20 - 22, 2009.



**Byron Dopkins,
Executive Director**

After our 9am board meeting on Sunday (all our welcome), some will be off to the Forest Hills Golf Club for 18 holes of golf. Others might settle in for a football game on a large screen TV. Sunday night at 6pm sharp the La Crosse Queen Paddle boat will depart for a two hour cruise that will include hot appetizers and of course a cash bar.

Monday's speakers include attorney Reg Wydeven in the morning and Kathy Mostowik, IRS after lunch. The WAA annual meeting will be held at 3pm with nominations for new board members and reports from the board. Tuesday's speakers, Dave and Mary Mellem, will cover many topics. You can choose between audit proofing your business, ethics, sale of residence and business use of home, and in the afternoon corporate liquidation or K-1s and basis, and election on tax returns. Lots to choose from and the materials for both venues are available to everyone.

And remember the WAA hospitality room will be open Sunday and Monday night - we provide the beverage - the members provide the fun!

Byron L Dopkins, EA, ABA
WAA Executive Director

From the President . . .

Some health problems.....
Not too worry.....
I'll be ready for next months newsletter.....
See you at our state convention in September.....



**Jim Molenda,
President**

Jim Molenda, EA
WAA President

Quote of the month

DECLARATION OF INDEPENDENCE
"Life, liberty, and the pursuit of happiness."

Welcome to our NEW MEMBERS

Mary Anderson Deutsch
Walworth, WI

Leo Neuman
Stillwater, MN

Julie Plass - Smith
Madison, WI

Energy Provisions of the American Recovery and Reinvestment Act of 2009

Submitted by Internal Revenue Service

The American Recovery and Reinvestment Act of 2009 (ARRA) provides energy incentives for both individuals and businesses.

Here are some of the key energy provisions in ARRA that may impact taxpayers:

Residential Energy Property Credit (Section 1121): The new law increases the energy tax credit for homeowners who make energy efficient improvements to their existing homes. The new law increases the credit rate to 30 percent of the cost of all qualifying improvements and raises the maximum credit limit to \$1,500 for improvements placed in service in 2009 and 2010.

The credit applies to improvements such as adding insulation, energy efficient exterior windows and energy-efficient heating and air conditioning systems.

A similar credit was available for 2007, but was not available in 2008. Homeowners should be aware that the standards in the new law are higher than the standards for the credit that was available in 2007 for products that qualify as “energy efficient” for purposes of this tax credit. The IRS has issued guidance that will allow manufacturers to certify that their products meet these new standards.

Until the guidance is released, homeowners generally may continue to rely on manufacturers’ certifications that were provided under the old guidance. For exterior windows and skylights, homeowners may continue to rely on Energy Star labels in determining whether property purchased before June 1, 2009, qualifies for the credit. Manufacturers should not continue to provide certifications for property that fails to meet the new standards.

Residential Energy Efficient Property Credit (Section 1122): This nonrefundable energy tax credit will help individual taxpayers pay for qualified residential alternative energy equipment, such as solar hot water heaters, geothermal heat pumps and wind turbines. The new law removes some of the previously imposed maximum amounts and allows for a credit equal to 30 percent of the cost of qualified property. See Notice 09-41.

Plug-in Electric Drive Vehicle Credit (Section 1141): The new law modifies the credit for qualified plug-in electric drive vehicles purchased after Dec. 31, 2009. To qualify, vehicles must be newly purchased, have four or more wheels, have a gross vehicle weight rating of less than 14,000 pounds, and draw propulsion using a battery with at least four kilowatt hours that can be recharged from an external source of electricity. The minimum amount of the credit for qualified plug-in electric drive vehicles is \$2,500 and the credit tops out at \$7,500, depending on the battery capacity. The full amount of the credit will be reduced with respect to a manufacturer’s vehicles after the manufacturer has sold at least 200,000 vehicles.

Plug-In Electric Vehicle Credit (Section 1142): The new law also creates a special tax credit for two types of plug-in vehicles — certain low-speed electric vehicles and two- or three-wheeled vehicles. The amount of the credit is 10 percent of the cost of the vehicle, up to a maximum credit of \$2,500 for purchases made after Feb. 17, 2009, and before Jan. 1, 2012. To qualify, a vehicle must be either a low speed vehicle propelled by an electric motor that draws electricity from a battery with a capacity of 4 kilowatt hours or more or be a two- or three-wheeled vehicle propelled by an electric motor that draws electricity from a battery with the capacity of 2.5 kilowatt hours. A taxpayer may not claim this credit if the plug-in electric drive vehicle credit is allowable.

WAA Benefits

- Seminars and Educational Forums
- Accreditation
- Local Chapter Involvement
- Government Agency Liaison
- Monitor Legislation
- Insurance Programs
- Accountants Protection Plan

WAA Objectives

- To raise professional standards and improve the practice of accountancy.
- To strive for excellence in the profession.
- To encourage accountants in a continuing program of professional development.
- To foster increased recognition for the professional in the public, private and educational sectors of our state.
- To initiate legislative action and provide government liaison between the accounting profession and government leaders.
- To provide meetings and fellowship for accountants.
- To promote the highest standard of ethical conduct among its member.



Comments on Stimulus Bill . . .

Submitted by © Monthly Tax Update (MTU), Inc.

The much-anticipated economic stimulus package, the American Recovery and Reinvestment Act of 2009, has now been passed in both the House and the Senate. The House voted 246 to 183, followed by passage in the Senate 60-38 with President Obama signing the bill in a February 17 ceremony.

Comment: The new law sets in motion a wave of direct spending and tax incentives to jump start the U.S. economy out of recession. But, not a single Republican voted in favor of the bill, and only 7 Democrats voted against it (down from 11 on the original House passage). The Senate vote to approve the bill had only three Republicans (Sens. Collins, Snow and Specter) voting with all of the Democrats. The bill contains \$301 billion in tax cuts (including \$232.2 billion in tax relief for individuals).

Comment: Most of the tax incentives in the new law are retroactive to January 1, 2009. More significantly, over \$280 billion in tax relief is concentrated within the next two years with over 50 major provisions being included in this tax recovery package. For more detailed coverage, click on the hyperlink above and also review thoroughly the Joint Committee Conference Report.

Background: While the overall size of the new law remains quite large, some of the House and Senate provisions were scaled down or otherwise modified in final negotiations. For instance, to gain approval of the package, the Making Work Pay credit was reduced, the new five-year NOL carryback was limited to "small businesses," proposals to increase and extend the first-time homebuyers credit were reduced, as well as proposals to create a higher new car buyers deduction. Nevertheless, tax cuts remain a dramatic part of the overall stimulus package, comprising over 35 percent of its final price tag.

Taxpayers Reminded of New Partial Exclusion for '09 Unemployment Benefits

(IR 2009-29)

Submitted by Monthly Tax Update (MTU), Inc. – 2009 – John Connors

An IRS news release points out that, as a result of the American Recover and Reinvestment Act of 2009, every person who receives unemployment benefits during 2009 is eligible to exclude the first \$2,400 of these benefits when they file their 2009 tax return in 2010.

Married Couples: For married couples, the exclusion applies to each spouse, separately. As a result, if both spouses receive unemployment benefits during 2009, each may exclude from income the first \$2,400 of benefits they receive.

Benefits Received in Prior Year: The IRS reminds taxpayers that the new law does not affect 2008 returns that may have included unemployment benefits. In other words, unemployment benefits received in 2008 and prior years remain fully taxable.

Withholding Considerations: The IRS notes that unemployed workers can choose to have income tax withheld from their unemployment benefit payments. Withholding is voluntary. However, choosing to have some tax withheld may help avoid a surprise tax bill in 2010. It also could prevent a possible penalty for having paid too little tax during the year. Those who choose this option will have a flat 10% tax withheld from their benefits. The bottom line is that unemployed workers who expect to receive more than \$2,400 in benefits for 2009 should consider having tax withheld from their benefit payments in excess of that amount and, those unemployed workers who have already chosen to have tax taken out of their benefits, should consider the \$2,400 exclusion in determining whether to continue to have tax withheld. The IRS reminds taxpayers to use Form W-4V, Voluntary Withholding Request, or the equivalent form provided by the payer to request withholding to begin or end. (Code §85; Unemployment Benefits)

Comment: For 2009, an unemployed worker may be entitled to a Making Work Pay Credit (MWPC) of up to \$400 based on pay he earned before he lost his job. And, the MWPC may counterbalance the need to have tax withheld on unemployment benefits in excess of \$2,400. However, the MWPC itself is reflected in reduced withholding generally from Apr. 1st through the end of 2009. As a result, the extent to which the MWPC will be available to reduce potential withholding on unemployment benefits will depend on the date of the job termination.



NSA Happenings from the District V Governor . . .



Harlan Rose
NSA District V Governor

I am writing my final report as NSA District V Governor and outgoing Senior Governor. My four years have come and gone in which my future in NSA will take a different road. District V will be in good hands with the next governor elected.

Time continues to draw nearer for the 2009 NSA San Diego Annual Meeting. My campaign and pursuit of becoming the next NSA 2nd Vice President continues. Thank you, WAA Board and Members, for your endorsement. If you are part of the WAA delegation, I will use your assistance in San Diego for any influence you can give to the rest of the attending NSA delegation for me to become the next NSA 2nd Vice President.

This years NSA Convention delegates will encounter some Bylaw proposals involving a NSA name modification and future election procedures. See the NSA website for details.

I do need to continue my plug in for the upcoming District V Elder Care Levels 2 and 3 Session coming September 1-2-3 in the Chicago area. See myself or NSA website to get sign up details. A registration form was in your last Wisconsin Accountant publication.

Our own 2009 WAA Convention is just around the corner in September at LaCrosse. Make an active effort to be part of WAA involvement. It is your professional organization helping you.

Always remember: Register – Come – Have Fun in the events of WAA and NSA.

Harlan Rose, EA, ABA
District V Governor

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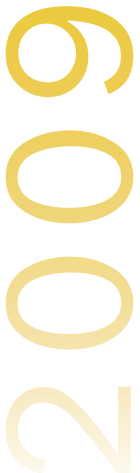
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WAA Convention



Come join us!

September 20-22
La Crosse, WI
Radisson Hotel



Within this three day event we will offer two days of great seminars. Day one will feature Attorney Reg Wydeven on Life Estates and Elder Law and Kathy Mostowik with an IRS update. Day two features a double venue of items featuring Dave and Mary Mellem.


Visit our website at www.waainc.org to register

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