

THE Wisconsin - Accountant

2009 Seminars

May 8
Bob Jennings
Technology Seminar
Green Bay
Radisson Hotel
(800) 333-3333

June 16-17
Prof. John Connors
Partnerships &
Depreciation
Madison
Sheraton Hotel
(608) 251-2300

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

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

December 8-9
Bob Jennings Tax Update
Kalahari Resort
(877) 254-5466

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IRS and Partners Mark EITC Awareness Day with Nationwide Events; EITC Could Mean Bigger Refunds for Millions of Taxpayers

Submitted by The IRS Newswire

WASHINGTON — The Internal Revenue Service and community partners nationwide today kicked off EITC Awareness Day to promote a tax credit that could be a critical financial lifeline to many Americans this year.

The agency also announced many of its Taxpayer Assistance Centers will be open on some Saturdays in February to help taxpayers who are eligible for the Earned Income Tax Credit. Last year, nearly 24 million taxpayers received approximately \$48 billion from EITC. The average EITC amount was \$2,000.

Difficult economic times may mean more people are eligible for EITC because of reductions in their income last year. The amount of the EITC, the government's largest tax benefit program for working families and individuals, is determined by earned income and family size.

"Many Americans experienced financial hardships last year. People may be eligible for EITC for the first time and really should check out their eligibility. This is a significant credit that can make their lives a little easier," said IRS Commissioner Doug Shulman. "EITC can provide a real dollars and cents boost when it's needed most."

The Internal Revenue Service and community partners nationwide today kicked off EITC Awareness Day to promote the refundable tax credit and options for free tax preparation. At least 85 news conferences nationwide are scheduled; another 93 organizations are issuing news releases. Events are tied to the deadline for employers sending to workers their Forms W-2 which will enable people to file their tax returns. Also, more than half of all EITC claims are filed in February.

For the 2008 tax year, the maximum credit is \$4,824 for a family with two or more children; \$2,917 for a family with one child and \$438 for a childless taxpayer. Please see Fact Sheet 2009-9 for all eligibility requirements.



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Executive Corner . . .

I will try to keep this short, not sure anyone reads this during tax season or not. I am looking forward to seeing everyone in Green Bay in May. Bob Jennings will be there and we will have a chance to catch-up with each other. I would like everyone to share with me their best practice tips before the Spring Seminar on May 8th. The ideas will be fresh on your mind after tax season. Please email, fax, or snail mail me your written ideas. I will put the ideas together for a list for everyone. Maybe we'll have time to discuss them at breaks or lunch. If they are good enough, maybe we can make it a regular part of our monthly newsletter. Great ideas need to be shared!



**Byron Dopkins,
Executive Director**

Please get enough rest, eat good, and hope to see you all in the spring!

Byron L Dopkins, EA ABA ECS
WAA Executive Director

From the President . . .

Sorry, I can't tell you anything about our association this month. As expected and as we prepared for, association activity has come to a halt during tax season except for some "behind the scenes" activity. I know our Executive Director, Byron always has something on his plate!



**Jim Molenda,
President**

So now is the time we do what we do best. I'm sure we're all making commitments we cannot possibly keep, but we do. We are "The Professionals"! Give yourself credit, no one else understands.

Since my letter is more like a note, I'm giving you two quotes of the month.

Stay the course....I'll check in next month to see how we're all doing.

Jim Molenda, EA
WAA President

NSA Happenings from the District V Governor . . .

The time is here when we have to decide what to complete next so I don't have a lot to report and know you have little idle time to read. The 2009 ASO Survey is nearly complete and ready to be posted on the NSA website. This time around it will be online making it easier and quicker for ASOs.



**Harlan Rose
NSA District V Governor**

International Mobility is a concern to watch for, yes it could even affect us in Wisconsin. The SROC Committee met in Oklahoma City in January to discuss, and attempt to develop a recommendation for a NSA position.

Don't forget if you need some tax help, NSA members have access to assistance from the "NSA Tax Desk".

Good Luck in your upcoming weeks utilizing your WAA/NSA seminar updates. At least no "stimulus rebate" check questions this year.

Harlan Rose, EA, ABA
District V Governor

IRS and Partners Mark EITC Awareness Day with Nationwide Events; EITC Could Mean Bigger Refunds for Millions of Taxpayers

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Generally, earned income and adjusted gross income must each be less than:

- \$38,646 (\$41,646 married filing jointly) with two or more qualifying children;
- \$33,995 (\$36,995 married filing jointly) with one qualifying child;
- \$12,880 (\$15,880 married filing jointly) with no qualifying children.

The maximum amount of investment income is \$2,950 for tax year 2008. For families, there also are certain requirements for child residency and relationship that must be met. Also, unemployment benefits are considered in AGI calculations but are not considered earned income.

Even in better times, IRS research indicates that one in four eligible taxpayers fails to claim EITC each year. Eligibility requirements can be complex. Those missing out include people who have earned income but may not have a filing requirement, non-English speakers, non-traditional families, the homeless, childless workers and rural residents.

For example, people over age 65 usually are not eligible. However, if they are raising a grandchild who meets certain requirements, they may be eligible for EITC. Workers who do not have a child or who do not live with their own child may be unaware that they still are eligible for a credit. Military families also have the options of calculating combat pay or leaving out, which ever may be more beneficial.

Community coalitions and IRS partners across the nation marked EITC Awareness Day with a series of local news conferences or news releases promoting this refundable tax credit for low-wage taxpayers. These organizations operate thousands of free tax preparation sites for low-income individuals, for seniors and for other eligible taxpayers in every state.

“The IRS wants all eligible taxpayers to claim this important tax credit. We also want people to know that free help is available. There are thousands of volunteers staffing free tax-help sites nationwide. And, many professional tax preparers also donate their time and services to low-income taxpayers,” said Shulman. “The IRS will do its part by opening its doors on some Saturdays to help EITC taxpayers.”

The IRS also will open 172 Taxpayer Assistance Centers beginning Saturday January 31. The special Saturday assistance also will be available on Feb. 7 and Feb. 21. A list of TAC openings for EITC Awareness Day is available at IRS.gov, under “Contact My Local Office.”

EITC claimants are eligible for free tax preparation services provided at nearly 12,000 volunteer sites nationwide. They can also use Free File through IRS.gov if they wish to prepare their own returns. Free File offers a choice of free tax preparation software or fillable forms and free electronic filing but only through www.irs.gov.

Nearly 70 percent of all EITC returns are prepared by a third party or tax professional. Tax preparers and taxpayers can find a wealth of information at EITC Central, which includes statistics, online tools and marketing products. Both also can use the EITC Assistant, which is an easy-to-use interactive tool to help determine if the taxpayer is qualified for EITC. The EITC Assistant also is available in Spanish.

The credit was created in 1975 in part to offset the burden of Social Security taxes and to serve as a work incentive. The amount of the credit varies but it is generally determined by income and family size. Some states also have a local version of EITC also can increase a taxpayer's refund.

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- 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.



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Claiming Section 179 Expense

Submitted by The WI Dept of Revenue

Section 179 of the Internal Revenue Code allows taxpayers to elect to deduct (in lieu of depreciation) the cost of certain property used in a trade or business. For federal tax purposes, for tax years beginning in 2008, the maximum sec. 179 expense deduction is \$250,000.

The maximum sec. 179 expense deduction allowable for Wisconsin for tax years beginning in 2008 is generally \$25,000. However, for taxpayers who are actively engaged in farming the maximum sec. 179 expense deduction is \$115,000 for property used in farming. There is a question as to the allowable amount when a taxpayer has qualifying sec. 179 property from both a farm and nonfarm business.

When a taxpayer may claim a sec. 179 deduction for both farm and nonfarm property, it is the department's policy that the sec. 179 deduction should be applied first to the farm property. If the sec. 179 deduction for the farm property is \$25,000 or more, no sec. 179 deduction may be claimed for the nonfarm property. If the sec. 179 deduction for the farm property is less than \$25,000, the difference between the sec. 179 deduction for the farm property and \$25,000 may be applied to other than farm property.

Example 1: The taxpayer is actively engaged in farming. During 2008, the taxpayer placed in service \$40,000 of farm property that qualified for the sec. 179 deduction. The taxpayer also had a nonfarm business and placed in service \$20,000 of property that qualified for the sec. 179 deduction. For Wisconsin tax purposes, the taxpayer may claim a sec. 179 deduction of \$40,000 based on the farm property. The taxpayer cannot claim any sec. 179 deduction for the nonfarm property.

Example 2: The facts are the same as in Example 1, except that the cost of the farm property was \$22,000. For Wisconsin tax purposes, the taxpayer may claim a sec. 179 deduction of \$22,000 based on the farm property plus a \$3,000 (\$25,000 less \$22,000) sec. 179 deduction based on the nonfarm property.

Individuals use Wisconsin Schedule I to adjust for the difference between the sec. 179 deduction allowed for federal and Wisconsin purposes.

MY *tax* ACCOUNT Opens DOR's Integrated Tax System to Business Taxpayers

Submitted by The WI Dept of Revenue

The Department of Revenue (DOR) continues the process of integrating its tax computer systems with the unveiling of My Tax Account, an online functionality for business taxpayers. My Tax Account will allow business taxpayers and their representatives to have online access to their tax accounts. Taxpayers will be able to do the following:

- Electronically file original and amended tax returns and make payments for sales and use tax, premier resort area tax, local exposition center tax, rental vehicle fee, and withholding tax.
- View information about those same tax programs, such as filing history, payments made, and balance due information.
- Review the demographic information on file for their account and submit requests to update that information, such as address changes.
- View and print selected notices and correspondence from DOR.
- Initiate certain kinds of requests, such as requesting an extension to file a return or applying for an installment payment agreement.
- Authorize a tax practitioner to take these actions on their behalf.

This marks the first time that taxpayers will be able to electronically file premier resort area tax, local exposition center tax, and rental vehicle fee. This new offering should ease the filing burden for taxpayers who owe these taxes.

My Tax Account will be available for taxpayers to use in February 2009. Instructions on how to register to use My Tax Account have been posted on DOR's web site and will be inserted in many DOR mailings over the next few months.

DOR's current sales tax electronic filing option, Sales Internet Process (SIP), will remain available through June 5, 2009; however, no new registrations to use SIP will be accepted after February 2, 2009. The SIP sign-on page will provide a link to instructions on how SIP users can convert their logon ID to a My Tax Account ID. The XML bulk file transmission process for sales tax returns and sales tax TeleFile will remain available.

Taxpayers with a withholding account will also need to transition to using My Tax Account over the next year. The EFT Registration and Payment System will no longer accept withholding tax payments after December 31, 2009. No new registrations to use the EFT Registration and Payment System for withholding tax will be accepted after March 1, 2009. Watch for instructions on how to reregister on DOR's web site.

My Tax Account is a module of the Wisconsin Processing and Audit System (WINPAS), which was first put into production on December 1, 2005. WINPAS now includes corporation income/franchise tax, premier resort area tax, local exposition center tax, state rental vehicle fee, individual income tax, fiduciary income tax, sales and use tax, business tax registration, occasional consumer use tax, withholding tax, pass-through withholding tax, partnership returns, and composite tax returns.

Quotes of the month

“People matter.....
Minutes don't.”

“Procrastination is the thief of time.”

Recent Federal Law Changes Do Not Apply for Wisconsin

Submitted by The WI Dept of Revenue

For taxable years beginning in 2008, Wisconsin generally follows the Internal Revenue Code enacted as of December 31, 2006. Unless later adopted by the Wisconsin Legislature, changes to federal law enacted after December 31, 2006, do not apply for Wisconsin.

Taxpayers who file Form 1 or 1NPR must use 2008 Wisconsin Schedule I to adjust for Wisconsin and federal differences in the definition of the Internal Revenue Code. Schedule I provides a listing of the various items that must be adjusted.

An additional federal law was enacted after the 2008 Schedule I was sent to the printer. Listed below are additional changes to federal law that must be considered when completing Schedule I. These law changes were made by Public Law 110-458, enacted December 23, 2008.

1. Rollover of Amounts Received in Airline Carrier Bankruptcy to Roth IRAs

a) Federal – For transfers after December 23, 2008, an airline employee whose defined benefit pension plan was terminated or frozen due to bankruptcy filed after September 11, 2001 and before January 1, 2007 may roll over bankruptcy payments intended to replace lost retirement income to a Roth IRA. (Public Law 110-458)

b) Wisconsin – The rollover provision does not apply for Wisconsin.

2. State/Local Health Insurance Reimbursements

a) Federal – For purposes of the exclusion from income for amounts received from accident and health plans (sec. 105, IRC), amounts paid (directly or indirectly) from certain governmental accident and health plans to a taxpayer (including employees, former employees, and dependents and beneficiaries of the employees or former employees) will not fail to qualify for the gross income exclusion solely because the plan provides for reimbursements of health care expenses of a deceased plan participant's beneficiaries on or before January 1, 2008. (Public Law 110-458)

b) Wisconsin – Payments from plans that allow payment of amounts upon the death of the employee or retired employee to a designated beneficiary other than the employee's spouse or dependent in the form of a reimbursement of medical expenses do not qualify for the exclusion.

Tax Provisions in the American Recovery and Reinvestment Act of 2009

Submitted by The IRS

Congress has approved new economic stimulus legislation, the American Recovery and Reinvestment Act of 2009. The IRS is working closely with Congress and the administration on the stimulus legislation and will implement tax-related provisions of the new program as quickly as possible.

Additional details will be available on this Web site, IRS.gov, as soon as they become available.

Following are a few questions and answers on the legislation.

Could the new legislation affect 2008 tax returns? Generally, no. The new legislation does not have any major impact for the vast majority of individuals preparing their 2008 tax returns due April 15. Instead, these changes will largely impact 2009 tax returns filed next year, in 2010. Taxpayers should continue to prepare their 2008 tax returns as they normally would.

There are a few limited areas in the legislation that could impact 2008 tax returns. For example, for some small businesses, changes in the net operating loss provisions could affect 2008 tax returns. More details on this and other changes – such as the first-time homebuyer's credit – will be available soon.

When and how will people get the \$400 to \$800 "Making Work Pay" tax credit? Taxpayers will not get a separate, special check mailed to them like last year's economic stimulus payment.

For many taxpayers, the additional credit will automatically start showing up in their paychecks this spring. For people who receive a paycheck, the credit will typically be handled by their employers through automated withholding changes. For some other people, the credit can be claimed when they file their 2009 tax return next year.

More details about the "Making Work Pay" credit will be available soon, including an updated version of the withholding tables contained in Publication 15, (Circular E), Employer's Tax Guide.

Does this new stimulus legislation have any impact on the recovery rebate credit for 2008 tax returns being filed now? No. But the IRS reminds taxpayers and tax preparers to make sure they properly determine eligibility for the recovery rebate credit before they file their 2008 federal tax returns.

Where are more details on the tax provisions of the legislation? The IRS will be providing more details on this web site as it becomes available. A summary of the key provisions is available from the Senate Finance and House Ways and Means committees.

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