



## President's Message...

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Can you believe that it's already November? I don't know where the time has gone. Time flies when you're having fun. We are having fun, aren't we? All I know is that this was a very interesting year for me. Hopefully, the upcoming year won't be as interesting.

Anyway, now is the time to start getting organized and preparing for tax season, which is just around the corner. I know that many will get caught up in the holiday season and not think about tax season. At least, that's what I usually do. But spending a little time now getting ready will pay tremendous dividends during tax season. So my pre-New Year's resolution is to start getting myself organized before the end of the year.

Of course, one of the easiest ways to start preparing is by attending an income tax workshop. And of course, I'm pushing attendance at the NCPE Income Tax Workshops, which PSEA co-sponsors. There is information on dates and locations in this newsletter. Even if you can't or don't want to attend NCPE, please try to attend one of the many other updates available to tax professionals. As I said last year, one of the things that sets enrolled agents apart from unlicensed preparers is the continuing education that we receive. Yes, I know that it's required for us to keep our enrolled status, but I like to think that most of us would take various education courses anyway. I think the fact that we've taken the time and effort to become enrolled agents proves this.

On October 23rd, Dawn Filetti, EA, Kathy McCusker, EA, Roxanne Witmer, EA and I attended the IRS - Practitioner Liaison Annual Meeting in Philadelphia. The IRS-



Practitioner Liaison exists to try to solve systemic problems and issues that tax practitioners are having with the IRS or that the IRS is having with tax practitioners. Another goal is to improve the working relationship between the IRS and tax professionals. It was a very informative meeting and progress is being made. Although the resolution is not always what we'd like it to be, at least the IRS seems to be listening. I'm PSEA's representative, so if you have any issues that you think need to be addressed, please let me know.

Mark your calendars now for the next fEAsT of the East. It will be held on June 23 and 24, 2008 in State College. If you have any topic suggestions, please contact me.

Finally, I want to wish all of you a Happy Thanksgiving, a blessed holiday season, and a Happy New Year. Take some time for yourselves and enjoy, because it does pass too quickly. Until next time...

*"[American tax laws] are constantly changing as our elected representatives seek new ways to ensure that whatever tax advice we receive is incorrect."*

Dave Barry, Pulitzer Prize winning humorist and commentator

## Upcoming Events...

### NCPE OFFERS INCOME TAX UPDATE WORKSHOP

Once again, PSEA is sponsoring the NCPE Income Tax Workshop in three locations in Pennsylvania. This is an excellent workshop and the course book alone is worth the price of admission. It can be used as a reference, not just during tax season, but all year, and it contains a variety of useful worksheets. The workshops are:

Philadelphia/Mt. Laurel – Nov. 27 & 28  
 Allentown – Dec. 12 & 13  
 Pittsburgh – Dec. 6 & 7

If you haven't received a brochure from NCPE, you can contact them at 1-800-682-2163 or go to their website: <http://www.ncpeseminars.com>. You won't regret attending either of these workshops. You may also contact Bill Matesevac at 1-724-468-5086 or email [wpmatzea@alltel.net](mailto:wpmatzea@alltel.net) for further information.

### SOUTHEASTERN PA REGION

EA Breakfast Meetings in 2008 are planned for the following dates:

January 2	May 7
June 4	July 2
August 6	September 3
October 1	November 5
December 3	and January 7 in 2009

Please put these dates on your calendar. Future meeting notices will be sent via e-mail only if there is a change or special topic. Meetings are at Michael's Deli and Restaurant of King of Prussia on Town Center Rd in the Valley Forge Center (one mile north of King of Prussia Mall on Rte. 202). Meetings begin about 9 a.m. An RSVP is not needed. Bring your questions, ideas, and experiences to exchange with other EA's. Invite other EA's to the meeting. Any ideas for special meeting topics, or if you wish to be updated on any changes, contact Craig Argo, 610-701-3319 or [argotxpro@verizon.net](mailto:argotxpro@verizon.net). Sure hope to see you at the meetings.

CPE available...

Can't make any more seminars before the end of the year, but still need some CPE? Don't forget, NAEA's EA Journal offers 2 hours of CPE in each issue—4 hours for the November/December issue! Issues from earlier in the year are available online for your convenience, including an issue on Ethics. Grab your printed copy or go online to access the CPE test. Log in at <http://www.naea.org/memberportal/> for more information.

## Electronic IRS Fall 2007 e-file Seminar

Date(s): November 29, 2007

Time: 1:00 p.m. - 5:00 p.m.

Location: Woodlands Inn and Resort, 1073 Highway 315, Wilkes-Barre, PA 18702

Contact: Margaret Petty; Phone: (570) 408-4460; E-mail: [Margaret.Petty@Wilkes.Edu](mailto:Margaret.Petty@Wilkes.Edu)

As technology continues to change at a rapid pace, coupled with the public's awareness and comfort with electronic filing, many tax practitioners will soon be at a competitive disadvantage if they do not make electronic filing and other online services available to their clients. As a result, the Electronic IRS Fall 2007 e-file seminar has been designed to help tax professionals successfully incorporate electronic IRS into their tax practice by making use of electronic filing, e-pay and e-service options available through IRS.gov.

The seminar will consist of distinguished and experienced speakers from the Internal Revenue Service, PA Department of Revenue and a member of the Pennsylvania Society of Enrolled Agents for a well-rounded perspective and in-depth discussion of IRS Electronic Tax Administration.

Topics included:

Building the Business Case for Fed/State e-file into a Tax Practice

Online Firm Enrollment to become Electronic Return Originator (ERO)

Establishing Office Procedures for e-file

Tax Professional Best Practices Tips

Educating Your Clients and Marketing e-file Services

Electronic Payments

IRS e-services: Powers of Attorney, Transcripts, and Account Resolution services for eligible CPA Firms

Electronic IRS latest enhancements

Navigating IRS.gov

Attendees will be entitled to receive up to four CPE credits in the category of "other."

Seminar fee: \$50; payments can be made by check or credit card (Visa or Master Card). Any fees charged by the sponsoring institutions are exclusive of the Internal Revenue Service. There is no charge by the IRS for the event.

To register for this event, please download the registration form (PDF). Please return your completed registration form by; Mail: The Center for Continued Learning, Max Roth Center, 215 South Franklin Street, Wilkes-Barre, PA 18766; E-mail: [Margaret.Petty@Wilkes.Edu](mailto:Margaret.Petty@Wilkes.Edu). For further information or questions, please contact the Registration Point of Contact: Margaret Petty; Phone: (570) 408-4460; E-mail: [Margaret.Petty@Wilkes.Edu](mailto:Margaret.Petty@Wilkes.Edu).

Sponsored by: IRS Stakeholder Liaison Office, Pennsylvania Department of Revenue, Pennsylvania Society of Enrolled Agents (PSEA), and Wilkes University

Updating your information...

If you need to update your address, business information, telephone number or email address contact Samantha Stewart [sstewart@sisterson.com](mailto:sstewart@sisterson.com).

## Member News...

### CONGRATULATIONS!!!

The PA Society of Enrolled Agents congratulates our president William Matesevac of Delmont, PA for receiving the EA Outstanding Volunteer Award in recognition of his volunteer service to NAEA, its affiliates and local chapters. Bill was one of five recipients recognized by the NAEA for the significant amount of time and effort spent on providing service to the public, enrolled agents and the NAEA during the past year.

Bill was also recognized in the October 19<sup>th</sup>, NAEA@lert for being the moderator at the "LLC Blockbuster" panel at the Working Together Conference 2007 on September 28th. The conference is a partnership of public and private tax professionals where practitioner groups join the IRS and the Pennsylvania Department of Revenue to sponsor this annual event. It is for a full day and the subjects are about federal and state tax topics. Approximately 220 people attended the event this year.

On August 30, 2007, NAEA announced 84 National Tax Practice Institute Fellows graduates. Among them was PSEA member Deborah Leef, EA. From all your fellow PSEA members, congratulations!

For those of you unfamiliar with NTPI, on NAEA's website it is described as "the premier tax representation training program in the nation" sponsored by NAEA. The program "develops and enhances the knowledge and skills professionals need to effectively represent taxpayers before the Internal Revenue Service (IRS)". It is a formal three-year curriculum taught by practicing experts that enhances the representation skills of practitioners at all stages of their careers.

Well done Deborah!

For photographs of this year's National Tax Practice Institute, link to <http://picasaweb.google.com/sammatlick/NTP12007>

## Editor's Notes...

We're changing to a different email service to transmit the newsletter to you. This may involve another change before the next newsletter as we try to get the email address integrated with the website's domain server. For the time being, to ensure that it won't be rejected as spam, please include [pa.enrolledagents.nl@gmail.com](mailto:pa.enrolledagents.nl@gmail.com) in your address book. This email is for distribution purposes only.

If you have news items to submit to the newsletter, ideas for content, or wish to contribute an article, you can still contact me at [michelle.long@bmc-llp.com](mailto:michelle.long@bmc-llp.com). The deadline for submissions to the February newsletter is January 15, 2008.

Thank you,

Michelle Long, EA  
Editor

## Member Feature...

One of the goals in providing a newsletter is to become better acquainted with other EAs in the Pennsylvania organization. So we're launching a feature to introduce various members. If you think someone would be a good and willing candidate, please send their contact information to [michelle.long@bmc-llp.com](mailto:michelle.long@bmc-llp.com). The following member was kind enough to be the first. Ashley Miller only recently entered the tax profession with an established tax practice in New Holland, PA. This young man completed basic tax training in 2004 and bravely dove right into taking and passing the enrolled agent's exam after his first tax season. He has a terrific sense of humor along with being incredibly intelligent.

Meet Ashley G. Miller, EA...

Where do you live and work? I live in Terre Hill, PA and am employed at Gehman Accounting LLC in New Holland, PA.

How long have you been a tax professional? I joined the tax profession in August of 2004.

How long have you been an EA and a member of PSEA? I have been a member of NAEA/PSEA for almost two years and have been an EA since May 3, 2006.

What do you do currently in your profession? My profession covers a broad field of work. I find taxation for farmers is my most enjoyable challenge and I'm also responsible for the business related tax filing (forms 1065, 1120, 1120S, RCT-101). I have been doing more and more tax consulting throughout the year as well as minimal amounts of representation.

What area of tax practice do you find most challenging? I personally find reconstructing basis for properties involved in a 1031 exchange that have then been gifted to the children in subsequent years the most challenging. Right beside that is dealing with multi-state partnerships/corporations.

What is your background educationally or did you have a prior career? I completed a home education course through ISC, known currently as Hartcourt Learning, for my high school diploma. Prior to my volunteer service as a teacher in a Christian Day school in South Dakota I was a construction worker by trade.

Do you have a favorite hobby or activity? My favorite activity outside of work is spending time with my girlfriend. As far as hobbies go I always enjoyed hunting or just spending time in nature, but hunting is something I haven't done since 2003.

Are you involved with any charitable or professional organizations? I am currently on the board of C.A.R.E. (<http://www.communityaidrelieffort.org>) as we are attempting to structure the organization to best meet the needs of victims of natural disasters.

What are your priorities in life? I personally have chosen to keep my faith in Christ first followed by family and then business.

What do you hope to accomplish in the next five years? If you asked me what I hoped to accomplish in the next five years in August of 2004, I have almost reached that goal. Currently my goals would be to expand my knowledge base in taxes to include a greater understanding of inheritance issues as well as FLPs. I also would hope to change my filing status.

## Meet the Board...

George J. Meyers, EA – Immediate Past President

George is the principal of a tax preparation and representation firm operating out of King of Prussia, PA that specializes in audit and appeal representation, as well as tax crisis intervention for individuals and businesses. He entered the tax profession in 1967 and passed the SEE in 1968. He serves on the steering committee of the Working Together Program, is a member of the National Council for Taxpayer Advocacy, the Pennsylvania Society of Public Accountants (member of the IRS Liaison Committee). As a member of NAEA he became a Fellow of the National Tax Practice Institute, and the American Academy of Tax Practice.

Formerly a corporate tax executive, he held positions as Tax Director of Exide Battery Corporation, Corporate Tax Manager of Jerrold Electronics and Scott Graphics, Inc. While a corporate executive, he was a member of the Tax Executives Institute. George also holds a BS in Accounting from Drexel University. Taxes are both his vocation and hobby. He finds representation for audits, appeals and collection to be the most challenging aspects of tax practice. George would like to see Enrolled Agents get the kind of professional recognition that California has demonstrated. He would also like to see "new blood running PSEA!"

Helen O'Planick, EA - Treasurer

When you ask Helen where she lives and works, she says, "some days they are one and the same". That happens to be in Manchester, PA with her office conveniently located only one half mile from home. Helen started learning to prepare taxes at the very young age of six and has been an EA since 1994. She's been a member of NAEA and PSEA since 1995. In describing her business, Helen says, "If it has numbers with it, we do it." That includes taxes, bookkeeping, notary work, and personal financial work. She is also a Series 6 Registered Representative and employs a Series 7 Registered Representative, Registered Investment Advisor and Certified Financial Planner. She has been involved with various seminars, teaching tax practitioners and tax professionals on a variety of topics. She has the distinction of being the "Philadelphia IRS and PA DOR ...E-file poster child for life."

She's been on the board of PSEA in some capacity since 1995 as director, 1<sup>st</sup> and 2<sup>nd</sup> president and currently treasurer and once held the position of director for NAEA. But tax work is not all Helen does. She enjoys cultivating her roses, long distance (50 mile) walks, water gardening and her family. The area of tax practice she finds most challenging is anything that comes in the door on April 14<sup>th</sup>. When asked what she would like to see develop within the profession of Enrolled Agent, she stated, "I want the world to know the term Enrolled Agent and know we are indeed the Tax Professional."

William P. Matesevac, Jr., EA – President

Bill has been an Enrolled Agent since 1991 and has been working in the tax and accounting profession since 1972. Actually, from 1972 to 1979, he was a sales tax auditor for the PA Department of Revenue. He resides in Delmont, PA servicing clients mostly in Western PA, though he keeps trying to find a way to get to visit one client who lives in Hawaii. Bill has been a member of PSEA since 1991 and a Board member since 1992, holding every position on the Board except Secretary. Currently, he is President of PSEA and Chair of a couple of committees. Bill majored in accounting at Duquesne University and years ago took some courses toward a Masters in Taxation. One of his major goals as a Board Member is to get more PSEA members actively involved and to promote the EA credential. He was honored and surprised when he was selected to receive NAEA's Outstanding Volunteer Award.

## News and views...

As we wind down the calendar year and rev up for tax season, we're faced again with last minute tax legislation, usually in the form of quick fixes rather than substantive lasting changes. Maybe that's a good thing, but it certainly makes our jobs harder if we're doing any year end planning. Based on the tug-of-war going on in Congress and the Senate, it looks like we can expect a delay in the AMT patch which certainly will make it more difficult to get returns for our AMT clients completed in a timely fashion.

Perhaps by now you've had more time to consider the impact of the §6694 and Circular 230 changes to enforce the "more likely than not" standard for tax professionals. The October issue had an editorial by George Myers on this topic and a related concern is how this affects our engagement with a client.

There is a greater burden of proof placed on the practitioner. So how do we ensure that we can demonstrate to the IRS that we've done the necessary due diligence? Should we be asking our clients for more disclosure? Do we redefine the engagement? Should questions that invite disclosure be part of the engagement process? In other words, should the client be required to answer due diligence questions before signing off on the engagement? How do we as practitioners ensure that we've not taken an undisclosed position? Recently Laurie Tuzynski, program manager, for IRS Servicewide Penalties tried to reassure tax professionals at an AICPA meeting that the service would be fair and that penalties would be based on the facts and circumstances. Considering the IRS' preference for objective rather than subjective tests, it's ironic that preparer conduct is going to be scrutinized subjectively. Many of us probably don't feel comfortable with that. So what are we doing to improve our comfort level? It would be interesting to know what "best practices" PSEA members are implementing to limit exposure to tax preparer penalties under the new "more likely than not" standard. Perhaps we can include your various solutions in the next newsletter in February.

George J. Meyers, EA forwarded suggestions for language in an engagement letter for engagements that involve an examination. He cautioned to beware of certain language pertaining to your retainer. It's not unusual for practitioners to encourage a client to be cooperative about providing documentation by holding them responsible for payment up front. However, the following are examples of language you do not want to employ:

*In the event we elect to terminate our services due to your non-payment, we shall be entitled to any retainer or fee balance as a minimum fee...*

*or....*

*In the event you fail to communicate with this office when requested and this condition continues for twenty business days, we reserve the right to terminate our services. In that event, we shall be entitled to any retainer or fee balance as a minimum fee.*

The threat of keeping a retainer balance to encourage clients to honor their commitments to supply requested documents in a timely fashion is not allowed and you need to make sure the language of your letter doesn't make it sound like that.

Some recommended alternative wording is, "we shall be entitled to retain the amount of fees earned and costs incurred to that date. If a balance remains from your retainer, after deducting fees earned and costs incurred, the balance shall be sent to you by USPS Certified Mail, within five business days."

Thanks George for the tip!

Have a great holiday season! Look for the next newsletter in February.

*From the Taxpayer Advocate Office:*

*Please let your clients know, the IRS does not send out unsolicited e-mails. They do not use e-mail to ask for detailed personal and financial information. Additionally, the IRS never asks people for the PIN numbers, passwords or similar secret access information for their credit card, bank or other financial accounts. Always exercise caution when you receive unsolicited e-mails or e-mails from senders you don't know.*

*Recipients of questionable e-mails claiming to come from the IRS should not open any attachments or click on any links contained in the e-mails. Instead, they should forward the e-mails to [phishing@irs.gov](mailto:phishing@irs.gov) and follow the instructions.*

**Theresa Post**

**Local Taxpayer Advocate**

**West Virginia**

**Phone - 304-420-8659**

**FAX - 304-420-8660**

What you can do to protect yourself from phishing...

There are utilities you can use to protect yourself from phishing. Perhaps your security software protects you, but if not one resource that works with both Firefox or Internet Explorer is Netcraft. At <http://toolbar.netcraft.com/>, you can download a free utility that will rate the safety of the site you are visiting. It also tells you when that site was created, so obviously if you hit a link that takes you to [irs.gov](http://irs.gov) and Netcraft shows the page being in existence only since June of 2007, the site is bogus. By the way [www.irs.gov](http://www.irs.gov) has been up since July 1997. This tip came from Bob McCaa, network administrator for Juniata School District.

**Announcement 2007-72**

Under Title 31, Code of Federal Regulations, Part 10, attorneys, certified public accountants, enrolled agents, and enrolled actuaries may not accept assistance from, or assist, any person who is under disbarment or suspension from practice before the Internal Revenue Service if the assistance relates to a matter constituting practice before the Internal Revenue Service and may not knowingly aid or abet another person to practice before the Internal Revenue Service during a period of suspension, disbarment, or ineligibility of such other person.

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify persons to whom these restrictions apply, the Director, Office of Professional Responsibility, will announce in the Internal Revenue Bulletin their names, their city and state, their professional designation, the effective date of disciplinary action, and the period of suspension. This announcement will appear in the weekly Bulletin at the earliest practicable date after such action and will continue to appear in the weekly Bulletins for five successive weeks.



## State Tax Update...

Here are some brief highlights of state tax updates for Pennsylvania and some of our border states. Be aware that there is a trend among the states toward nexus being created by economic presence rather than physical presence. If your client is doing business in another state, you need to check the definition of nexus for that state. Another trend is to come up with a streamlined definition of which products and services are subject to sales and use tax. Right now PA is not a member of a project to streamline sales taxes, but 15 other states are. See <http://www.streamlinedsalestax.org/>. Other trends include taxing gross receipts taxes, unitary combined reporting, higher sales factor weighting and state sharing of information. Also, over the next couple of weeks, we should see a Supreme Court decision on the taxation of out of state municipal bond interest by the states.

If you are aware of key changes that would be helpful to our border practitioners, please email them to [michelle.jong@bmc-llp.com](mailto:michelle.jong@bmc-llp.com) to be posted in the February newsletter. Some members have indicated that the sharing of such information would be helpful.

### Pennsylvania

For more information on PA, go to <http://www.revenue.state.pa.us/revenue/cwp/view.asp?a=180&q=272513>. The RCT-101 can now be e-filed. Unfortunately Creative Solutions is the only 3<sup>rd</sup> party software vendor approved at this time. There will be no more settlement notices for corporate returns. Active duty income earned in PA will be exempt if it's emergency duty. Note that there are new credits and modification of credits. Don't forget that there is a requirement to report unclaimed property by holders even if there is no unclaimed property to report. See <http://www.patresury.org/upforms.htm/>. Pennsylvania doesn't aggressively pursue Delaware Holding Companies, but if they come across it in an audit, they will contest it even if the appropriate protocol has been followed. Act 55 of 2007 lists changes for items subject to sales and use tax.

### New Jersey

New Jersey is asserting nexus on Delaware Holding Companies. Filing a tax return for a DHC in New Jersey may avoid a double taxation situation. Non resident withholding payments are required on non resident unregistered contractors. The requirement for mandatory e-filing of individual returns has dropped from 100 to 50. Also, there are several new items subject to sales tax.

### Maryland

The corporate tax has been raised to 8.5%. There are changes to the tax on transfers of real property and combined corporate reporting is now required. Some corporate loopholes have been eliminated.

### West Virginia

Corporate tax combined reporting will be required. The franchise tax is being phased out and minimal nexus threshold is being repealed.

### New York

The combined reporting requirements for corporations have been updated.

### Links

<http://www.tax.state.ny.us/>  
<http://www.state.nj.us/treasury/taxation/>  
<http://revenue.delaware.gov/>  
<http://www.comp.state.md.us/>  
<http://www.state.wv.us/taxdiv/>  
<http://www.state.oh.us/tax/>

## PSEA Board 2007-2008...



*From left to right:*

*Ron Calhoun, Roxanne Witmer, Helen O'Planick, Kathy McCusker, Jacob Himmelstein, Bob Nugent, Dawn Filetti, Diana Dugan, Mary Ann Jesse, Lynda Moscatello, Dave Campsey, George Myers, Bill Matesevac, and Ed Sulkoske.*

Your PSEA Board works hard to provide you with your benefits of membership. Please consider joining the Board in a Board Member or Committee capacity to improve the benefits for all of our members.

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