

Buxmont Accountant

Buxmont Chapter

PA Society of Public Accountants

December 2007

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E-Mail & Address Changes

Don't miss out on important information regarding upcoming seminars and chapter meetings because you didn't let us know of an email or address change. Notify us of any changes via email at:

info@pspabuxmont.org



FREE SEMINAR DRAWING

Congratulations!
Eric Storti

The winner of a free one day seminar of their choice at the drawing held at the **November** business meeting. The Buxmont Chapter holds a drawing for a free seminar at the conclusion of every business meeting.

PRESIDENT'S NOTE

Dear Fellow Buxmont Members,

As we approach Tax Season you can see the Chapter is doing its part. December will have Gear Up 1040 and then PA Dept of Revenue will be in the end of the month.

Enjoy the Holidays because we all know what is coming!

Very truly yours,

Monty Anderson

President Buxmont Chapter

DECEMBER MEETING

PA INDIVIDUAL & CORPORATE TAX UPDATE

Next meeting is scheduled for Tuesday, December 18, 2007

Speaker: Jeff Creveling & David Braden Place: Williamson's Restaurant
PA Dept. of Revenue — 4 CPE Willow Grove, PA

Meeting: 3:30-9:00 PM Dinner: 5:30—7:00 PM

Must pre-register for dinner reservation.

Please complete and mail the registration form with payment.

Deadline for registration is Wednesday December 12, 2007

"Meeting Only" Registrants at the door will be subject to a \$5.00 surcharge.

REMEMBER, IT IS YOUR RESPONSIBILITY TO CONFIRM THE CHAPTER HAS YOUR RESERVATION

To review the registration list, go to: www.buxmontpspa.eboard.com and look at registrants under the meeting tab.

AMT DELAYS?

Readers of NSAlert have been informed that Congress and the President are agreed that the Alternative Minimum Tax provisions in current law will snare twenty million more taxpayers this year than last year unless the law is changed. It is likely that a one-year 'patch' of the AMT (in essence, to prevent these 20 million from being subject to the AMT this year) is likely to be enacted in December, but the IRS has stated in a number of forums that it will need ten weeks after enactment to ensure that its computer systems are re-programmed for any change in the current law. This is due, in part, to the interplay of the AMT with various other forms and the ordering rules for taking deductions and credits. Forms that are impacted, and which must be completed and filed with the Form 1040 in most cases, include: Form 2441 for child and dependent care expenses; Form 1116 for claiming the foreign tax credit; Form 5695 for claiming

Continued on page 3.....

Welcome New Members



Thomas Agzigian
Newtown, PA

Robert Wiseman CPA,
Richboro, PA

FORMS

Redesigned Application Forms

The Office of Professional Responsibility has redesigned two forms for applying to practice before the IRS.

[Form 23](#), Application for Enrollment to Practice Before the Internal Revenue Service

[Form 8554](#), Application for Renewal of Enrollment to Practice Before the Internal Revenue Service

New 2007 Forms

Form 8917, Tuition & Fees Deduction

Form 8919, Uncollected Social Security and Medicare Tax on Wages

Form 8925, Report of Employer-Owned Life Insurance Contracts

Form 8453, US Individual Income Tax Transmittal for an IRS e-file Return

I-9—Employment Verification Form

Obsolete Forms

Form 1120-A US Corp. Short Form Income Tax Return

Form 8913 Credit for Federal Telephone Excise Tax

Form 8914, Exemption Amount for Taxpayers Housing Individuals Displaced by Hurricane Katrina

Before taking the deductions, check www.irs.gov website for additional details

Ford Credits IR-2007-174

◆ Ford Escape 2WD Hybrid, Model Year 2008	\$3000
◆ Ford Escape 2WD, Model Yrs 2005, 2006 & 2007	\$2600
◆ Ford Escape 4WD Hybrid, Model Year 2008	\$2200
◆ Ford Escape 4WD, Model Yrs 2005, 2006 & 2007	\$1950
◆ Mercury Mariner 4WD Hybrid, Model Year 2008	\$2200
◆ Mercury Mariner 4WD Model Yrs 2006 & 2007	\$1950
◆ Mercury Mariner 2WD Hybrid, Model Year 2008	\$3000

GMC Credits IR-2007-175

◆ Chevrolet Silverado Hybrid 2WD, Model Yrs 2006 & 2007	\$250
◆ Chevrolet Silverado Hybrid 4WD, Model Yrs 2006 & 2007	\$650
◆ GMC Sierra Hybrid 2WD, Model Yrs 2006 & 2007	\$250
◆ GMC Sierra Hybrid 4WD, Model Yrs 2006 & 2007	\$650
◆ Saturn Vue Green Line, Model Year 2007	\$650
◆ Saturn Aura Hybrid, Model Year 2007	\$1300

The Honda Civic IR-2007-181

GX Model Year 2008 is \$4,000. The Qualified Alternative Fuel Motor Vehicle Credit was enacted by the Energy Policy Act of 2005. To qualify these vehicles can operate only on alternative fuels or mixed fuels (a combination of alternative fuel and petroleum based fuel). The 2008 Honda Civic GX is an alternative fueled vehicle that operates on compressed natural gas. This vehicle should not be confused with hybrid vehicles.

2008 Nissan Altima Hybrid vehicle certification of the is \$2,350

Honda Hybrid Begins Phase-Out on January 1

Under the current tax law, the credit for buying a hybrid vehicle begins to phase out in the second calendar quarter after the quarter in which the manufacturer sells its 60,000th hybrid or lean burn technology vehicle.

The credit for all new qualified hybrid passenger automobiles or light trucks manufactured by Honda will begin to phase out on Jan. 1, 2008.

Vehicles purchased before Jan. 1, 2008 qualify for the full credit. For Honda hybrid vehicles bought on or after Jan. 1, 2008, and on or before June 30, 2007, the credit is 50 percent of the otherwise allowable credit amount. Taxpayers buying vehicles on or after July 1, 2008, and on or before Dec. 31, 2008, can only get 25 percent of the credit.

Here are the credit amounts for Jan. 1, 2008, through June 30, 2008:

- Honda Accord Hybrid AT, Model Year 2007 — \$650
- Honda Accord Hybrid Navi AT, Model Year 2007 — \$650
- Honda Civic Hybrid CVT, Model Year 2007 — \$1,050
- Honda Civic Hybrid CVT, Model Year 2008 — \$1,050

Here are the credit amounts for July 1, 2008 – Dec. 31, 2008:

- Honda Accord Hybrid AT, Model Year 2007 — \$325
- Honda Accord Hybrid Navi AT, Model Year 2007 — \$325
- Honda Civic Hybrid CVT, Model Year 2007 — \$525
- Honda Civic Hybrid CVT, Model Year 2008 — \$525

Beginning Jan 1, 2009, taxpayers who buy a Honda hybrid cannot claim the related tax credit.

Independent Contractors

Sen Bill 2044 would make changes in how businesses treat ICs and the records kept. Also it would eliminate the Sec 530 ability to treat an IC as an IC if that is what the industry is doing. SB 2044 was introduced by Senators Obama and Clinton on September 12, 2007.

Independent Contractor Proper Classification Act of 2007

Section 2..Reformation of Safe Harbor to Close its use as a tax loophole

Section 3. Review of Classification Status

Section 4. Coordination, Enforcement, and compliance

Section 5. Notice to Employees and Independent Contractors and Maintenance of Information Regarding Independent Contractors

If you wish to read the bill you can see it at <http://thomas.loc.gov/> and enter SB 2044 in the search box and say searching on Bill Number. The issue of IC vs Employee needs further guidance but eliminating the business protections of 530 only puts a higher burden on business until guidance is received.

....Continued from page 1

the residential energy credit; Form 8863 to claim education credits; and Form 8880 used to claim the credit for qualified retirement savings contributions. This is not an exhaustive list but the picture is clear: you and your clients should be prepared for longer wait times to get IRS assistance, a delay in the acceptance of returns by the IRS, and a delay in your clients receiving a tax refund.

What about timing? Well, let's do the math: if the AMT bill is signed into law by President Bush on December 15, ten weeks will take us to February 23. If the IRS estimate of the time it will take them to get ready is accurate, that will be roughly the first date on which returns will be accepted for processing. If your client is due a refund, clearly there will need to be additional time for the refund to find its way to their bank account.

What to do? Follow the Boy Scout motto: be prepared. If you have clients who do their holiday shopping by credit card in December with the expectation of paying the bill at the end of January with their tax refund check, by all means let them know now so they will not be surprised. If you use paper forms, make sure your forms are up to date. Your tax software provider will likely have the necessary changes to tax forms in a matter of days of the enactment of the legislation, but that will mean little if the returns are not accepted for processing by the IRS. Adjust your schedule – returns you usually file in January or early February will be delayed and you (and your clients) will have to wait until IRS is ready.

NSA will keep you informed about any changes whenever there is news to report on this issue. The IRS personnel with whom NSA has been in contact are as frustrated with this situation as you are but they do not write the law: Congress does. Let your Senator or Representative know that it is way past time to enact something that everyone agrees needs to be done. Encourage them to follow the Boy Scout slogan: do a good turn daily. Encourage them to swiftly enact the AMT relief bill.

—NS Alert November 21, 2007

Saver's Credit

IR-2007-187 The saver's credit helps offset part of the first \$2,000 workers voluntarily contribute to IRAs and to 401(k) plans and similar workplace retirement programs. Formally known as the retirement savings contributions credit, the saver's credit is available in addition to any other tax savings that apply.

Eligible workers still have time to make qualifying retirement contributions and get the saver's credit on their 2007 tax return. People have until April 15, 2008, to set up a new individual retirement arrangement or add money to an existing IRA and still get credit for 2007. However, elective deferrals must be made by the end of the year to a 401(k) plan or similar

workplace program, such as a 403(b) plan for employees of public schools and certain tax-exempt organizations, a governmental 457 plan for state or local government employees, and the Thrift Savings Plan for federal employees. Employees who are unable to set aside money for this year may want to schedule their 2008 contributions soon so their employer can begin withholding them in January.

The saver's credit can be claimed by:

- ◆ Married couples filing jointly with incomes up to \$52,000 in 2007 or \$53,000 in 2008;
- ◆ Heads of Household with incomes up to \$39,000 in 2007 or \$39,750 in 2008; and
- ◆ Married individuals filing separately and singles with incomes up to \$26,000 in 2007 or \$26,500 in 2008.

Like other tax credits, the saver's credit can increase a taxpayer's refund or reduce the tax owed. Though the maximum saver's credit is \$1,000, \$2,000 for married couples, the IRS cautioned that it is often much less and, due in part to the impact of other deductions and credits, may, in fact, be zero for some taxpayers. A taxpayer's credit amount is based on his or her filing status, adjusted gross income, tax liability and amount contributed to qualifying retirement programs. [Form 8880](#) is used to claim the saver's credit, and its instructions have details on figuring the credit correctly.

Other special rules that apply to the saver's credit include the following:

- ◆ Eligible taxpayers must be at least 18 years of age.
- ◆ Anyone claimed as a dependent on some one else's return cannot take the credit.
- ◆ A student cannot take the credit. A person enrolled as a full-time student during any part of 5 calendar months during the year is considered a student.

Certain retirement plan distributions reduce the contribution amount used to figure the credit. For 2007, this rule applies to distributions received after 2004 and before the due date (including extensions) of the 2007 return. Form 8880 and its instructions have details on making this computation.

FOR 2008—Standard Mileage

Beginning Jan. 1, 2008, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be:

- ◆ 50.5 cents per mile for business miles driven;
- ◆ 19 cents per mile driven for medical or moving purposes; and
- ◆ 14 cents per mile driven in service of charitable organizations.

The new rate for business miles compares to a rate of 48.5 cents per mile for 2007. The new rate for medical and moving purposes compares to 20 cents in 2007. The rate for miles driven in service of charitable organizations has remained the same.

Buxmont Chapter Officers, Committees and Directors

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Chapter Profile:

The Buxmont Chapter is the PA Society of Public Accountants' largest chapter, representing over four hundred Certified Public Accountants, Public Accountants, Enrolled Agents and tax practitioners in the Bucks and Montgomery Counties of Southeastern PA. If you are a small practitioner in search of an organization interested in your needs, you'll want to consider the Pennsylvania Society of Public Accountants.

Chapter Meetings:

Meetings are generally held on the fourth Tuesday of the month at Williamson's Restaurant, Route 611 & Blair Mill Rd, in Willow Grove, PA (unless otherwise noted)

Dinner & Meeting:(2 Hr.)	Member \$25.00	Non-member: \$49.00
Dinner & Meeting:(4 Hr.)	Member \$35.00	Non-member: \$59.00
Meeting Only: (2 Hr.)	Member \$15.00	Non-member: \$39.00
Meeting Only: (4 Hr.)	Member \$25.00	Non-member: \$49.00

2007 Gear-UP Seminar Programs

Seminars are held at the Radisson Hotel located at 2400 Old Lincoln Highway, Trevose, PA (1/4 mile south of PA Turnpike Interchange 351)



- ◆ 1040
Monday & Tuesday December 3 & 4, 2007

2007 Chapter Program Schedule

- ◆ PA Individual & Corporation Tax — 4 HR Tax CPE
Tuesday, December 18, 2007
- ◆ NJ Tax Update - 2 HR Tax CPE
Tuesday, January 22, 2008