



Serving the Public Accounting Profession for over 50 years

November 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

NO WINNER THIS MONTH.

Buxmont Accountant

Buxmont Chapter

PA Society of Public Accountants

PRESIDENT'S NOTE

Dear Fellow Buxmont Members,

The October Chapter meeting was PAC night. Buxmont Chapter will be forwarding to PSPA over \$1400. Thank you all.

Make sure to check out the up and coming seminars, you will see we are preparing you for the up coming tax season.

Very truly yours,

Monty Anderson

President Buxmont Chapter

NOVEMBER MEETING

IRS UPDATE & ETHICS

Next meeting is scheduled for Tuesday, November 27, 2007

Speaker: Richard Furlong

Place: Williamson's Restaurant
Willow Grove, PA

Meeting: 4:00-9:00 PM

Dinner: 6:00-7:00 PM

Must pre-register for dinner reservation.

Please complete and mail the registration form with payment.

Deadline for registration is Wednesday November 21, 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.

NEW EIN APPLICATION

For Single Member Limited Liability Companies (LLC) who have or will have employees within the next 12 months:

IRS regulations require a single member limited liability company that is (1) owned by one individual and (2) has or will have employees within the next 12 months to have two EINs. One EIN is assigned to the individual owner (as a sole proprietor) and one is assigned to the LLC. If you do not already have an EIN as a sole proprietor, you cannot use the online EIN application to apply for the LLC EIN. Please call the Business and Specialty Tax Line at 800-829-4933 An assistor will take your information and assign you the two required EINs. We are sorry for the inconvenience.

No matter how you apply, it will take 2 weeks before your EIN becomes part of IRS permanent record.

Welcome New Members



Leonora Pennington, EA
Feasterville, PA

James Dalaimo, CPA
Pennsauken, NJ

Lee Fleishman,
Kintnersville, PA

Patrick Sharkey, CPA
Morrisville, PA

Linda Siegfried, CPA
Bensalem, PA

Michael DiSantis, CPA
Jamison, PA

Kelly-Jean Kwiatkowski, CPA
Chalfont PA

ENROLLED RETIRMENT PLAN AGENT (ERPA)

Circular 230 establishes the new category of practitioner who may practice before the Services.

The ERPA program will mirror the Enrolled Agent Program.

To obtain ERPA designation, individuals will be required to pass an examination covering retirement plan matters, apply for enrollment with the Service, and satisfy renewal and continuing education requirements. They will have to

demonstrate competency and adhere to professional and ethical standards of conduct. ERPAs will be authorized to represent taxpayers under the Employee Plans Determination letter program, the Employee Plans Compliance Resolution System, and the Employee Plans Master and Prototype and Volume Submitter programs. ERPAs also may represent taxpayers on matters related to Form 550 Filings, but not on actuarial issues.

EBSA CALCULATOR

The U.S. Department of Labor's Employee Benefits Security Administration (EBSA) today launched an interactive calculator that makes it easier for employers and plan administrators who are delinquent in meeting annual reporting requirements under the Employee Retirement

Income Security Act (ERISA) to accurately compute penalties owed under the agency's Delinquent Filer Voluntary Compliance Program (DFVCP).

www.askebsa.dol.gov/dfvc/ 202-693-8360

LIVING EXPENSE STANDARDS

IR-2007-163 Allowable living expense standards, also known as collection financial standards, are used to determine the ability of a taxpayer to pay a delinquent tax liability. For purposes of federal tax administration the standards are effective Oct. 1, 2007.

This year the standards have been [redesigned](#) to incorporate:

- ...a new category for out of pocket health care expenses
- ...the elimination of income ranges for national standards for food, clothing and other items
- a nationwide set of tables for national standard expenses, eliminating separate tables for Alaska and Hawaii
- ...an expanded number of household categories for housing

and utilities

- ...an allowance for cell phone costs in housing and utilities
- ...equal allowances for first and second vehicles under transportation expenses
- ...fewer Metropolitan Statistical Areas for vehicle operating costs
- ...a separate nationwide public transportation allowance

The Allowable Living Expense standards rely on data from the Bureau of Labor Statistics, the Medical Expense Panel Survey and other governmental surveys of actual consumer expenditures and provide a basis for allowances. The IRS adjusts survey data for inflation according to the Consumer Price Index.

LATE S CORPORATION ELECTIONS

IR-2007-166 Businesses that are eligible to elect S corporation tax treatment now have a simpler process for requesting relief for late elections under a change announced by the Internal Revenue Service today.

Revenue Procedure 2007-62 allows small businesses that missed filing Form 2553, Election by a Small Business Corporation, before filing their first Form 1120S, U.S. Income Tax Return for an S Corporation, to file both forms simultaneously. The change is effective for taxable years that end on or after Dec. 31, 2007. Internal Revenue Bulletin 2007-41, published on Oct. 9, 2007, includes this new guidance.

The IRS cautioned that the requirement for filing Form 2553 to establish the election in advance of filing the initial Form 1120S remains in effect. However, the new process will save time and effort for those taxpayers who can establish reasonable cause for making a late election.

Form 2553 will be updated to reflect the new rules, so

taxpayers filing paper Forms 2553 should download the most recent revision from IRS.gov. Form 2553 can also be submitted electronically as an attachment to an e-filed Form 1120S.

The new guidance provides a simplified method to request relief by permitting taxpayers to file their first Form 1120S along with Form 2553 and include the statement on the form.

Small business corporations that are eligible for tax treatment under Subchapter S of the Internal Revenue Code enjoy the advantages of the corporate structure while being taxed similarly to a partnership or sole proprietorship.

The new procedure will reduce taxpayer burden by allowing the agency to process a properly completed tax return and its corresponding election without delays or additional contacts with taxpayers to resolve the issue of a missing election.

FORM 5500 ANNUAL RETURN/REPORT

2007 Form 5500 Annual Return/Report of Employee Benefit Plan instructions contain a "Changes to Note" section, which incorporates revisions made by the Pension Protection Act of 2006 (PPA).

...A simplified reporting option for eligible plans with fewer than 25 participants
...Revised Schedule B instructions to reflect updated mortality tables and the list of codes used for valuation purposes and for calculating current liability
...Reporting on Schedule B, line 12g the amortization of the "unfunded mortality increase" combined with any outstanding balance of unfunded old liability
...The increased plan asset limit (\$250,000) for determining whether a

one-participant plan is exempt from filing Form 5500-EZ

The instructions also offer a preview of changes to come for the 2008 plan year filings, including the elimination of Schedule B. Also, the PPA's requirement for separate actuarial information Schedules for the 2008 plan year will prevent the use of the 2007 Schedule B for short plan year filers. Similarly, those multiemployer pension plans that must file PPA-required information as a separate attachment starting with filings for the 2008 plan year and short plan year filers will not be able to use the 2007 Schedule R without the attachment to satisfy their 2008 filing requirements.

FORECLOSURES

[The IRS](#) also reassured homeowners that, although mortgage workouts and foreclosures can have tax consequences, special relief provisions can often reduce or eliminate the tax bite for financially strapped borrowers who lose their homes.

The [new section of IRS.gov](#) includes a variety of information, including a worksheet designed to help borrowers determine whether any of the foreclosure-related relief provisions apply to them. For those taxpayers who find they owe additional tax, it also includes a form they can use to request a payment agreement with the IRS. In some cases, eligible taxpayers may qualify to settle their tax debt for less than the full amount due using an offer-in-compromise.

The IRS said struggling homeowners need to consider their options carefully before giving up their homes through foreclosure.

Under the tax law, if the debt wiped out through foreclosure exceeds the value of the property, the difference is normally taxable income. But a special rule allows insolvent borrowers to offset that income to the extent their liabilities exceed their assets.

Under the law, relief may be limited or unavailable in some situations where, for example, part or all of a home was ever used for business or rented out.

Borrowers whose debt is reduced or eliminated receive a year-end statement (Form 1099-C) from their lender. By law,

this form must show the amount of debt forgiven and the fair market value of property given up through foreclosure. Though the winning bid at a foreclosure auction is normally a property's fair market value, it may not necessarily reflect its true value in some cases.

The IRS urged borrowers to check the Form 1099-C carefully. They should notify the lender immediately if any of the information shown on their form is incorrect. Borrowers should pay particular attention to the amount of debt forgiven (Box 2) and the value listed for their home (Box 7).

The IRS also reminded lenders of their obligation to provide accurate information on the Form 1099-C. By law, the lender must send a copy of this form to the IRS. IRS follow-up contacts with taxpayers involved in foreclosure are based largely on the information reported on this form, and whether it conflicts with information provided by the taxpayer on their federal income tax return.

The IRS normally initiates these follow-up contacts by sending the borrower a notice. The tax agency urged borrowers with questions to call the phone number shown on the notice. The IRS also urged borrowers who wind up owing additional tax and are unable to pay it in full to use the installment agreement form, normally included with the notice, to request a payment agreement with the agency.

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for all seminars
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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

- ◆ IRS Ethics & Tax — 4 HR Tax CPE
Tuesday, November, 27, 2007
- ◆ PA Individual & Corporation Tax — 4 HR Tax CPE
Tuesday, December 18, 2007
- ◆ NJ Tax Update - 2 HR Tax CPE
Tuesday, January 22, 2008