

The Silver State CPA

March/April 2011

CPA Executives Cite Significantly Increased Optimism for the Coming Year P.5



Tips for Avoiding Late Filing Penalties on Estate Tax Returns P.10

Getting Paid for What You Do P.12

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A Message from the NVCPA

Legislative Update

By Niki Neilon, CPA

NVCPA Legislation Committee Chairman



The state of the economy is a factor in the lives of CPA's personally and professionally. Not only do we face the same burdens that everyone else does, but we also have to advise and counsel our clients on the financial impacts that this economy has had on their lives. As CPAs we are intimately involved with the financial lives of our clients, and we often hear each other say "if only they had talked to me first" as we try to deal with a decision that was made without our advice. As we see the far reaching impacts that legislative decisions have on our clients, it is imperative that we use our influence to voice concerns over legislative issues before they become law, and we are left helping clients deal with the aftermath. We do have a voice, and the results can be powerful.

We are fortunate to have a national organization that monitors key issues and lets us know when to act. At that point it is our responsibility to take action. One example of this happened just this last week. On Wednesday March 2nd, we were asked to mobilize our forces to contact Senator Ensign regarding an amendment to the Patent Reform Act. The Senate was in session and tax strategy patents were being debated. That day many of us contacted our Senator with talking points at the ready, the AICPA provided us with real time information regarding supplemental language, and by 5 p.m. that afternoon we were advised that Senator Ensign was unlikely to offer the amendment that we opposed. By Tuesday of the following week the Senate voted 95-5 on the America Invents Act, which included a provision intended to stop the granting of patents for tax strategies. To quote Cynthia Lund of the AICPA, "This is what grassroots advocacy is truly all about – CPAs and others reaching out to elected officials to reinforce their positions."

This May, our NVCPA members who are members of the AICPA Council will be meeting with our federal representatives to discuss issues that are vital to our profession, and while our state legislature is in session, your Legislation Committee is monitoring the activity in Carson City to take action if needed. Areas of interest and concern include taxes on services, offshoring and the consolidation of state boards. Action does make a difference, and participation is vital. Many of us have personal and professional relationships with our state leaders. These relationships are key to opening the doors to having our voice heard, and this is the basis of the Key Person Initiative. Rest assured we are not lobbyists, and we do not call on our volunteers unless necessary, but when we do, the effect is powerful.

If you would like to be involved as a Key Person in our efforts in legislative initiatives, or have concerns that you believe we should be following on a state level, please contact Niki Neilon, nneilon@wealthcarecpas.com, Chairman of the NVCPA Legislation Committee, or Sharon Uithoven at uithoven@nevadacpa.org.

-Niki

NV CPA Picture Corner



Reno Chapter Luncheon - 2/16/11



Mike Reed and Bob Taylor



Ludmila Smith, Edwin Pereyra, and Greg Yup



Sheri Russell, Melvin Ray, and Kathy Freitas



Mark Jackson, Cynthia Birk, and Pat Brioady

Las Vegas Chapter Luncheon - 2/17/11



Lynda Hartzell and Barry Herr



Chapter News



The calendar has told us that winter is over and spring has sprung.

Our February and March luncheons have brought us two great speakers, Mike Reynolds of Global Studio and Ira Victor of Data Clone Labs. Mike gave a great history of what can be accomplished with social media and Ira helped prepare us for the issues of the computer. I want to thank both gentlemen for great and enlightening talks.

I also want to thank Huong Thai of New York Life Insurance Company, who put \$200 into our scholarship fund for a chance to discuss her business at our March meeting.

Through the luncheon contributions we have raised an additional \$1,000 for scholarships for UNR students this year.

Your local Chapter Board meets in July each year to plan our year of topics and speaker suggestions. We work to choose timely issues and obtain great speakers. January has traditionally been our update with IRS speakers. We started planning this past January's luncheon back in October, meeting with Chris Footit from the IRS. We had to adjust our original slate of speakers due to travel restrictions within the IRS, but we were lucky to get both Chris and Terri Malone.

The Board is listening to your comments and we are very appreciative to have feedback on our luncheons. We have discussed a change-up to what has been our traditional January meeting. We are rethinking what has been presented and are working towards an update to this meeting. Please continue to give us feedback; our goal is to keep the Northern Nevada Chapter a place where local CPAs want to come back each month.

There is no luncheon in April, and we will end our year with Professor Elliot Parker from UNR as our speaker on May 18th.

Your board appreciates your attendance and participation throughout the 2010-11 year. I hope to see you on the 18th of May.

Kelsey Hernandez
Reno Chapter President



The March 15th is behind us and April 15th is rapidly approaching and, like last year, in the spirit of the tax season, I will try to keep this brief.

Our February 17th meeting was a great success! Thanks goes out to Lynda Hartzell, who gave us a great presentation on Gaming Update. For those who may not have had the opportunity to hear Lynda, the 33rd Annual Gaming Conference will be at the Cosmopolitan on May 24-25, 2011, so sign up today.

Upcoming for the March 17th meeting we will have Neal Umphress speaking on "Current Fraud Trends – Las Vegas and Beyond" and April 21st will be the Legislative Update presented by Brin Gibson.

With the 2010/2011 year winding down, our chapter will be seeking individuals to serve on the chapter's board of directors for 2011/2012. If you know of someone or you are willing to serve, please contact me as soon as possible.

Happy Passover, Happy Easter, Merry Vernal Equinox and most of all a successful and happy tax season!

See you at the next meeting!

Barry Herr
Las Vegas Chapter President

Welcome New Members!

Aaron Roberts
Las Vegas

Kirstin M. Anderson
Reno

Ashwini Lata Prasad
Reno

Mark A. Yingling
Las Vegas

Cullen J. Parker
Las Vegas

Marlena D. Romero
Henderson

Eric E. Scheetz
Minden

Michael F. Bond
Las Vegas

James B. Kostecki
Las Vegas

Robert Brett Harman
Burlington

John Cunha
Reno

Shannon Erin Long
Las Vegas

Member News

LAS VEGAS, NEVADA (February 1, 2011) The accounting firm **Johnson Jacobson Wilcox** was named number 1 accounting firm to work for in the country by *Accounting Today* in their annual ranking of “Best Accounting Firm to Work For”.

LAS VEGAS, NEVADA (February 1, 2011) The Clark County Commission is pleased to announce that **Ed Finger** has been appointed assistant county manager for Clark County. He is a licensed Certified Public Accountant in Nevada and has more than 16 years experience in municipal finance. Finger most recently was assistant city manager for the City of Reno, Nevada. Previously, he was the comptroller for Clark County. Ed currently serves on the NVCPA Board of Directors, having served as President from 2008-2009.

LAS VEGAS, NEVADA (February 7, 2011) Piercy Bowler Taylor & Kern has promoted **Maria Gamboa** to audit manager and **Wade Christiansen** to tax manager.

RENO, NEVADA (February 16, 2011) The Bosma Group P.C., is proud to announce that **Kelsey Hernandez**, manager, has been accepted as a CPA in Nevada. Previously, Kelsey has been licensed to practice with the California Board of Accounting. Kelsey is currently serving as the president of the Reno Chapter of the Nevada Society of CPAs.

Mike Bosma, managing shareholder said, “While Kelsey has been serving clients here for years, she now can be proud to be listed as a Nevada CPA.”

RENO, NEVADA (February 21, 2011) **Kate Park** and **Marika Ponton** have been promoted at Barnard, Vogler & Co., Certified Public Accountants in Reno.

Park, a manager at the firm since 2010, was promoted to senior manager. She holds a bachelor’s degree in public accounting from Mesa State College.

Marika Ponton has been promoted to manager. She has been with the firm since 2007 and holds a bachelors degree in accounting from California State University, Fresno.

RENO, NEVADA (February 21, 2011) **Marla Hummel**, senior audit manager with Grant Thornton, will serve a second term as president of Animal Ark Inc., a nonprofit in Reno.

Other officers include **Susan Van Plew**, a CPA and senior tax manager with Kafoury Armstrong & Co, treasurer; **Kerry Kolvet**, a CPA and attorney at Drinkwater Law Offices, secretary.

LAS VEGAS, NEVADA (February 23, 2011) The local accounting and consulting firm of Ellsworth Gilman Johnson & Stout announces the hiring of **Elizabeth**

Londot. Elizabeth joined the firm in February 2011 as a tax consultant and holds bachelor degrees in both accounting and finance from UNLV. She is originally from Michigan.

LAS VEGAS, NEVADA (March 3, 2011) The Investment Counsel Company, which was recently recognized for being ranked as the number one investment advisor by *BARRON’S Magazine*, is pleased to announce that **Carlene Gaydosh, CPA** joined their firm in early January as their newest member of the Investment Consultant team. Carlene serves as an Investment Consultant specializing in Tax and Estate Planning.

Carlene also serves on the Board of Directors for the NVCPA and is the Nevada Council representative for the American Institute of Certified Public Accountants. Additionally, she served as the NVCPA President for 2006-2007.

LAS VEGAS, NEVADA (March 7, 2011) Diamond Resorts International has announced that Nikki Kirkhouse, the NVCPA Treasurer, has been hired to fill the position of Director of Internal Audit. In this new position Nikki will be responsible for global Sarbanes-Oxley compliance, identification and communication of all risks associated with financial reporting for Diamond Resorts International.

AICPA Announcement

International Administration of the Uniform CPA Examination to Begin August 1, 2011

The American Institute of Certified Public Accountants, National Association of State Boards of Accountancy, and Prometric announced the international administration of the Uniform CPA Examination will be offered during the month of August in Japan, Bahrain, Kuwait, Lebanon and the United Arab Emirates.

The U.S. CPA exam is being offered internationally for the first time as a service to foreign nationals in response to rapidly escalating international demand for U.S. CPA licensure. More information can be found by visiting www.aicpa.org.

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Retirement Minded CPA Seeks Office Sharing

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CPA Executives Cite Significantly Increased Optimism for the Coming Year

Provided by the AICPA

After an economic climate that has seen far more clouds of uncertainty than rays of optimism over the past two years, CPA executives are now looking forward to a rebound for U.S. businesses. Although the recession's economic fallout remains a harsh reminder that challenges remain, CPA executives' overall positive feeling is an encouraging sign for business owners and employees alike.

The AICPA/UNC Kenan-Flagler Business & Industry Economic Outlook Survey identifies, analyzes and tracks the financial and management issues that are top-of-mind for today's CPA executives – CFOs, CEOs, presidents, controllers and other senior leaders. “Our members are on the frontlines at their organizations and their positions provide them with first-hand knowledge of and insights to the economy,” said AICPA Vice President for Business, Industry and Government Carol Scott.

Introducing the CPA Outlook Index

The Q1 2011 survey introduces the CPA Outlook Index (CPOAI), a new, broad-based composite index that captures the expectations of AICPA members and their plans for a breadth of indicators of economic activity. It is a composite of nine survey measures at equal weights which show that the Q1 2011 CPOAI increased by .07 to .69. A reading above 0.5 indicates a generally positive outlook with increasing activity. A reading below 0.5 indicates a generally negative outlook with decreasing activity.

Optimism for the Year Ahead

Again this quarter CPA optimism about the prospects for their own organization has ticked up. A solid majority (57 percent) are now “optimistic” or “very optimistic” about their company's economic prospects. This finding represents a measurable increase of six percentage points from the previous quarter and is the highest percentage achieved since the fourth quarter of 2007.

That positive sentiment has now begun to translate into greater optimism about the U.S. economy as a whole. Forty-eight percent of CPAs participating in the survey are either “optimistic” or “very optimistic” about the country's economic outlook for the next 12 months. This percentage is in striking contrast to the previous quarter's 28 percent.

The restored confidence many CPA executives have in the economy has extended to the most critical indicators of an organization's success – expansion, revenue, profit and staffing. Sixty-six percent of surveyed executives expect their business to expand “a little” or “a lot” in the next 12 months. This finding represents an eight percent increase over the previous quarter and ushers in a welcome return to first-quarter 2007 levels.

It is notable that 13 percent of CPA executives have current plans to hire – up from the previous quarter's 10 percent. The number of companies needing employees, but reluctant to hire dropped a corresponding 3 points from 22 percent to 19 percent. Although all industries expect to increase hiring in 2011, the largest increases are expected to occur in the technology, healthcare nonproviders, wholesale trade and manufacturing sectors. However, those positive projections are tempered to some degree by the finding that 28 percent of respondents do not expect their organization's employment to return to pre-recession levels in the foreseeable future.

Concerns and Challenges

Although optimism, growth and profitability are making their first imprint on the economic landscape, organizations continue to face a number of concerns and challenges.

Upcoming NVCPA Events

33rd Annual Gaming Conference

The Road Ahead – A Journey to Reinvent and Revitalize

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64th Annual Business Meeting and Awards Luncheon

Nevada Society of CPAs



Keynote: Ernest A. Almonte

**Friday, June 10, 2011
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A resounding 55 percent of CPA executives responded that inflation was a more serious concern over the next six months – up from 34 percent in the previous quarter – than deflation. Deflation trailed far behind at only 5 percent.

When CPA executives were asked to identify which potential inflationary factors present the most significant risk to their business, raw material costs easily claimed the number-one spot (36 percent), followed by interest rates (20 percent), energy costs (18 percent) and labor costs (17 percent). Less than one-half of respondents (45 percent) expect to be able to pass all or part of the increased costs on to customers in the next quarter.

While burgeoning economic optimism is shared by many CPA executives, lingering impacts of the downturn and emerging forces in recovery present challenges in working-capital management. When survey participants were asked to identify their greatest business challenge in this area, the top three were collections/nonperforming accounts (36 percent), supplier pricing/terms/performance (25 percent) and inventory levels (15 percent).

Among broad-based business concerns, customer demand, healthcare costs and regulatory requirements held their place with the top three rankings. Political and economic instability (newly added to the survey options this quarter) debuted as the fourth most pressing concern. Given the global political and economic issues facing several middle-eastern countries right now, CPAs are cautiously keeping an eye on global unrest and considering how it might impact their businesses in the coming year.

For More Information

The quarterly survey was conducted from February 9-24, 2011 and reflects the personal insights, unique perspectives and wide-ranging opinions of more than 1,100 CPA executives in business and industry. For more information, view the press release and visit the survey website to find survey results.

NVCPA Business Valuation Committee

The NVCPA has formed a business valuation committee. Its goals include furthering the achievement and maintaining of quality performance among business valuation professionals, informing attorneys as to the vital role valuation professionals can play in best servicing clients, providing judges with a greater awareness of various issues involving business valuations, and educating the general public as to when and why someone may need to have a business valuation performed. These goals are to be achieved, in part, through the sharing of information and ideas among the committee members, and through presentations and articles by committee members. If you want more information about the committee, please contact Richard Teichner at (775) 828-7474 or accountingforensics@gmail.com, or Melanie Thompson at (775) 826-6800 or mthompson@nevadacpa.org.

YOUR TAXATION COMMITTEE

By Nina Gallagher, CPA, MST

What are the mandates of the Taxation Committee? The committee is broken down into several subcommittees in order to allocate the tasks involved.

First, there is a state tax subcommittee. Its mandate is to stay apprised of all matters related to state tax and communicate these findings to the rest of the committee to determine if any action is required by the society. The committee also determines whether this information should be disseminated to the rest of the membership.

Second, the committee publishes articles on a monthly basis in the Silver State newsletter, regarding recent changes in federal tax law and other matters of interest to the professional community.

Third, the chair of the committee attends the AICPA/IRS liaison meeting held in Washington D.C. every year in October. The purpose of this meeting is for the IRS to inform the AICPA what its future plans are and to review their performance for the past year. Our representative attends the daylong meeting with the IRS and extracts information to bring back to our members here in Nevada. Also, during this time period the AICPA holds meetings of its committees such as public policy, professional responsibilities in tax, and various tax committees. Our representative chooses the committee meetings he feels is most important and returns with that information. By way of disseminating this information, he writes an article in the Silver State CPA newsletter to inform the membership of his findings from the conference.

Fourth, the committee organizes the Southwest Tax Conference. This is a very important event, in that its purpose is to disseminate information regarding tax changes in all areas of tax, and professional ethics updates. We are on our third year of this event and expect it to be a great success.

We would like to invite you to participate in this committee. We believe that all the members of the committee profit greatly from their exchange of tax matters with each other and the rest of the membership. If you would like to join the committee, please contact Will McDonald at the Nevada Society office via e-mail at mcdonald@nevadacpa.org.

TAXATION COMMITTEE MEMBER BIOGRAPHIES

ROBERT BROME, CPA – Chair Taxation Committee. Shareholder, Kafoury, Armstrong, & Company, Las Vegas office. BS University of Wyoming in Laramie. Member AICPA and Nevada Society of CPAs. Primary responsibilities tax compliance and planning. Very diversified background.

NINA GALLAGHER, CPA, MST – BS University of Massachusetts, MST, Bentley College, Waltham, Massachusetts. AICPA, and Nevada Society of CPAs. Co Chair Taxation Committee, member of the Board of Directors and member of MAP committee, President-Elect for the Nevada society of CPAs. Specializes in Estate Planning, and Taxation of High Net Worth Individuals.

MARK JOLLEY, CPA – Tax Partner, Bradshaw, Smith, & Co., LLP. BS University of Utah, Salt Lake City. Member of the AICPA and the Nevada Society of CPAs. Expertise in taxation and accounting for contractors, real estate developers, broadcasters, wholesalers, and retailers. Also performs tax planning and estate planning for high net worth individuals and families.

JOHN C. ZIMMERMAN, CPA – Attorney – Associate Professor at UNLV, Department of Accounting. Specialization – Taxation. Taught at UNLV since 1989. Has published many articles on various taxation topics in tax journals.

BRIAN FRALICK, CPA – Senior Tax Manager, Grant Thornton LLP, Reno Office. BS University of Nevada, Reno. Member AICPA, Nevada Society of CPAs, No. Nevada AGC, U. of Nevada College of Business Alumni Assoc., Builder's Assoc. of No. Nevada, No. Nevada CFMA. Heads up the Reno Office Construction Practice for Tax and Participates Nationally in the Construction, Real Estate & Hospitality Groups. Specializing in SFAS 109/FIN 48 and Section 199 DPAD.

DENNIS MESERVY, CPA, CFE – Sole Practitioner, Las Vegas. BSBA UNR. MS UNLV. Forensic CPA. Member AICPA and Nevada Council Representative, Secretary of Certified Fraud Examiners, and Past Chairman for Nevada Society of CPAs. Currently Member of the Board, Taxation Committee, and MAP committee for the Nevada Society of CPAs. General Practitioner.

PETER GUBLER, CPA, CVA – Partner Layton, Layton, & Tobler, Las Vegas. MAcc and BS from Brigham Young University, Certified Valuation Analyst from National Association of Certified Valuation Analysts. Member AICPA and Nevada Society of CPAs. Expertise in Tax Compliance and Tax planning, Construction Accounting and Specialization in Business Valuations.

MARIA IGLESIAS, CPA – Manager, Deloitte Tax, LLP. BS in Accounting and BS in Finance, University of Nevada, Las Vegas. Member of the AICPA and Nevada Society of CPAs. Primary industry is consumer and industrial products with a focus in tourism, hospitality, and leisure.


MICHAEL D. BOSMA, CPA – Managing Shareholder of Bosma Group, P.C. BS Accounting and Master of Science in Tax UNLV. Member of the AICPA and the Nevada Society of CPAs. President, Arrow creek Equity Members Association. Alumni Relation Chair, Leadership Reno Sparks. Past practice leader for Grant Thornton Reno office Technology and Manufacturing practices. Overall general expertise in federal taxation and multi state income, sales, and property tax.

JASON THOMAS, CPA – Jason Thomas has been a Certified Public Accountant and tax specialist for more than 20 years. Jason joined Fair, Anderson and Langerman (FAL) in 2002 as a tax manager and was quickly promoted. As a firm partner and vice president of tax services, he oversees tax returns and reviews as well as provides consulting services to FAL clients in the areas of financial analysis, tax projections and wealth management. Jason graduated from Boise State University in Idaho in 1988 with a bachelor of science in business administration with an emphasis in accounting.

GREGG BENSON, J.D. – Mr. Benson's practice concentrates on virtually all aspects of tax and business planning, which includes rendering advice during the initial planning stages of choosing the appropriate entity and related structuring issues, operating the organization in a manner to receive preferential tax treatment and meet business objectives, structuring complex business deals involving mergers and acquisitions, counseling clients through reorganizations and related entity restructuring, and structuring sales or other dispositions of business assets and ownership interests.

RAVEN GILMORE, CPA – Raven received her Bachelor's Degree in Accounting from California State University in Long Beach in 1990. Raven moved to Las Vegas in 1992 with her husband Richard Gilmore. Her experience spans both the private and public accounting sector, with 20 years of experience. Raven's expertise are in the fields of Construction, Non-Profit, Home Owners Association, Employee Benefit Plans, Retail and Tourism. Raven is a Quickbooks Pro Advisor, member of the Las Vegas Chamber of Commerce, the American Institute of Certified Public Accountants, the Nevada Society of CPA's, and the Association of Certified Fraud Examiners. Raven enjoys scrapbooking and spending time with her two boys, Ethan and Austin.


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Tips for Avoiding Late Filing Penalties on Estate Tax Returns

By Anthony J. Cooper, J.D.

The estate tax return's irregular filing due date—nine months after the decedent's date of death—is the primary reason for missed estate tax return filings. Because of the steeply progressive tax rates for estate tax and rapidly accruing penalties—up to 5 percent per month—the late filing penalties often exceed \$300,000.

To avoid getting hit with such high penalties, implement a due date tracking system for estate tax returns, even if your firm does not use a similar tracking system for income tax returns. The system can be extremely simple, such as a calendar devoted solely to estate tax return due dates. Appoint at least one person to be responsible for paying attention to and tracking estate tax return filing deadlines. Continually review this due date tracking system to ensure that your firm meets any impending due dates the system identifies. It's also important to understand how the late filing and late payment penalties rules apply. Late payment penalties are assessed under 6651(a)(1) and run 5 percent per month or any portion thereof. Thus, if a return is due Sept. 10, 2008, and it is filed Oct. 12, 2008, it is two months late—one month from Sept. 10, 2008 to Oct. 10, 2008, and a second month from Oct. 10, 2008 to Oct. 12, 2008.

Additionally, CPAs should ask themselves the following questions:

- **On what amount is the penalty calculated?** Typically, the penalty runs on the original amount due. Using the example from the last bullet above, if the taxpayer owes \$150,000 with a Form 706 estate tax return and no extension obtained and no part of the tax is paid on or before the original due date of Sept. 10, 2008, the late filing penalty runs on the \$150,000 due. If a later audit increases the tax, it is deemed to have been due on the original due date.
- **What if the tax is paid within a few months?** If the facts are the same as in the preceding example, with the return originally due Sept. 10, 2008 but the taxpayer pays \$150,000 on Oct. 10, 2008, the late filing penalty still runs on the \$150,000 owed because it wasn't paid "on or before the date prescribed for payment."
- **What if an extension is obtained, but no return is filed by the extended due date?** Assume the taxpayer obtains an extension from Sept. 10, 2008, to Mar. 15, 2009 (the maximum extension allowed), pays the entire tax in October before the extended due date of Mar. 10, 2009, but files the return after the extended due date of Mar. 15, 2009. The extension is treated as if it had never occurred, and so the original due date of Sept. 10, 2008, is the date from which penalties are calculated.
- **How do you stop late filing penalties?** Keep in mind that payment after the due date will not stop the penalty. If less than five months have gone by, the only way to stop the penalty is by filing the return. Even an estimated return will work if it is the proper form and purports to be a return, is signed by the taxpayer under penalty of perjury, an honest and reasonable attempt was made to satisfy the tax law, and the return contains sufficient data to calculate the tax liability.
- **When does the penalty run (Mail Box Rule)?** The penalty runs from the date the return is due, to the date the IRS receives it. The "mail box rule," which says the return is deemed filed when deposited in the U.S. mail per Internal Revenue Code 7502, Regulation 301.7502-1(c), does not apply to delinquent estate tax returns per Revenue Ruling 73-133.

Dilatory Estate Agents and Attorneys

Sometimes, late filing or late payment is out of a CPA's control. A common cause of late filed estate tax returns or late paid estate tax and resulting penalties is the failure of the estate to provide adequate and timely information about the estate assets in order to prepare a return or to marshal assets to pay the tax. The CPA who has been

retained to prepare the return is left holding the bag when large penalties are assessed, due to the negligence of the estate's agents or their attorneys.

To reduce the chances of incurring penalties, CPAs who know that the return is not going to be filed on time should: estimate the amount of estate tax that will be owed, based on the best information available; make sure that this tax is paid to the IRS before the due date of the return along with the extension of time to file; and document the filing with correspondence to the client, outlining the nature of the estimate and why it was necessary.

If cooperation from the estate or its agents is lacking, consider disengaging well in advance of the return filing due date, payment due dates or extended due dates. If disengagement is not possible, consider filing the estate tax return timely, based on estimates, where the information needed to create a complete return is missing or not available. This will stop the late filing penalties, which are the largest of the section 6651 penalties.

Payment Penalties

While estate tax return penalties are most frequently late filing penalties, addressed in the preceding section, CPAs also periodically incur late payment penalties because they do not realize that:

- a separate section of federal form 4768 must be completed in order to request an estate tax payment extension;
- the payment extension is not automatic and requires evidence demonstrating "reasonable cause;" and
- the payment extension should be done well in advance of the estate tax due date because the IRS can exercise its discretion with respect to granting the payment extension based on the "reasonable cause" requirement and may deny the estate tax payment extension request.

If you do discover that there is a payment due that is late, make sure that the estate pays as much of the tax as it can, as soon as it can, as that will reduce the amount of the late payment penalty and interest. This is made all the more important because the IRS does not accept estate tax payment extension requests received after the estate tax return filing due date.

Anthony Cooper is a tax specialist with CAMICO, responsible for providing policyholders with information regarding corporate income, gift, and estate tax issues.

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Getting Paid for What You Do

By Philip Cohen

You've done the work. Now it's time to get paid. Does the money come easily or is it a struggle for you?

There are two parts to the collection process. The first is systems-oriented. The quality of things like your engagement letter and billing process will have a big impact on your collections. For example, is your engagement letter clear about what you will bill for, how you will bill, when billing will occur, and how you expect to get paid? Do you bill timely and do your statements have sufficient detail? Do your clients know what to anticipate or is each bill an unwelcome surprise? How do you handle a payment that isn't received timely?

When was the last time you thought through your entire billing process - including comments you've heard from clients about what they like, and what they don't?

If the process is broken, your collections will suffer. Not reviewing and modifying all your office processes will impact your entire practice.

And as important as process is, probably more important, and the second part of the collection process, is the quality of the relationship between you and your client. When your client likes and trusts you, they are more likely to pay you timely and willingly. When they value you and what you do for them they want to please you and make sure you're happy as well. For you, clients need to be a human relationships and not just another transaction. How do you do this?

Creating a relationship starts long before you ever make contact with a prospective client. It begins when you decide on the kind of work you want to do and who your ideal client is. Think about what you like to do and what kind of client brings out the best in you. You're going to be in business for a long time. Doesn't it make sense to have clients you like working with? If you don't figure out who you want to work with, you risk ending up with "The Client from Hell". Or, more likely, you risk ending up with lots of them.

Invest in some communication skills training. Learn how to talk and connect with your clients. Studies show that if you talk to your clients the way you like to be talked to, you're probably miscommunicating with three quarters of them. Communication skills training doesn't mean changing yourself; it means learning to communicate in different ways ... being able to meet your clients where they are, so to speak. And connecting doesn't necessarily mean you want to invite your clients to your home. It means you have a relationship that makes both you and your client happy - and money is never an issue.

Creating a good relationship means you learn about what's important to your client. You become a valued member of their team, not someone they resent being there. They become raving fans of you and the work you do. And if they don't value you, do you really want them for a client?

With sound processes and the skills to really speak with prospects and clients, you have what you need to establish lasting relationships. People generally do business with people they like. That translates to easier collections, stronger cash flow, and great referrals.

You are hired to do a job. Do it and do it well. And from the very start, nurture the relationship with your clients that will make paying your fees a natural part of the relationship.

Philip Cohen has been a business coach since 1994 and has the designation of Master Certified Coach. Before becoming a coach, he spent over 20 years as a CPA and business consultant, eventually becoming managing partner of his firm. His expertise is in helping professionals start and build successful businesses by helping avoid the pitfalls of being too close to their business to see it clearly. Philip will be submitting articles periodically that focus on practice management. Philip can be reached at philip@sparckint.com, 702-252-3652, or at <http://www.sparckint.com>

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Transportation, Shipping, Handling...oh my! What's in a name?

By Richard A. Vallari CPA, CMI

With tax season in full gear, I thought this month's sales tax article should be an easy read for tired practitioner eyes.

One of the most challenging and often misunderstood areas of sales and use tax compliance is the proper taxability of transportation, handling and related charges. Consideration must be given to the presentation of the charges on the invoice and the shipping terms. To complicate matters, states are not consistent in the treatment of these charges.

In Nevada, it is important to remember these key points:

1. If the sale is exempt, these charges are exempt.
2. Third party freight charges, such as those by common carrier, are always exempt.
3. Handling, crating, and packing charges are part of the tax base and always taxable if the sale is taxable.

Nevada is challenging because there are two sets of rules that may apply if your client is being audited. Two sets are the result of directives written into Assembly Bill 403 during the 75th Session of the Nevada State Legislature. This Bill was enacted as a necessity for Nevada to adhere to the rules of The Streamlined Sales and Use Tax Agreement. Currently, if your client's audit spans through the transition date of May 22, 2009, be aware different rules for freight, shipping, and related charges will apply. The transition date is simply when NRS Chapter 360B goes into effect, and puts the taxability of these charges in line with the requirements of Streamlined. Transportation, shipping, postage and similar charges invoiced after the transition date are exempt if separately stated, regardless of the shipping terms. However, handling, crating,

packing, preparation for mailing or delivery, and similar charges remain taxable.

Prior to May 22, 2009, the Nevada Tax Commission adopted a permanent regulation concerning the taxability of freight charges that became effective August 5, 2002. First and foremost, freight must be separately stated on the customer invoice. Next, in order for freight charges to be exempt, the terms regarding the freight must be F.O.B. origin. The purchaser will be deemed to have accepted title to the property prior to its delivery only if the retailer and purchaser have executed a written agreement clearly stating their intention that title should pass to the customer prior to delivery. Absent such a written agreement, the retailer is responsible for collecting sales tax on the freight charge.

Finally, it should be noted that regardless of the transition date, if charges are lumped with freight such as handling, the whole charge is considered taxable. In this instance, freight should always be separately stated from other charges to avoid taxability.



Rich is the founder of Southwest Sales Tax Solutions, LLC. He has over 20 years of experience handling sales and use tax issues. His company specializes in sales and use tax audit representation and consulting. Rich is a licensed CPA,

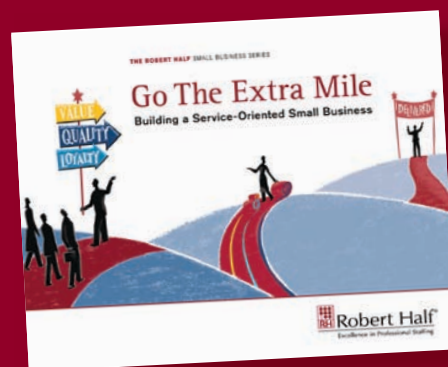
a member of the Nevada Society of CPAs and the American Institute of Certified Public Accountants. Rich is also a member of the Institute for Professionals in Taxation, earning his designation as a Certified Member of the Institute in Sales Tax (CMI). Rich may be contacted at (702) 233-0049 or at rvallari@cox.net. Visit www.swsalestax.com for more information.

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