NATIONAL CONFERENCE NASSAU/SUFFOLK NCCPAP CHAPTER OF CPA PRACTITIONERS

The National Conference of CPA Practitioners

Nassau/Suffolk Chapter Volume 9, Issue 1 JANUARY 2012

Date	**Thursday, January 12, 2012 - Chapter Meeting**
Topic	**PAPERLESS ACCOUNTING AND AUDITING FOR THE SMALL OFFICE**
Speakers	**Judi L. Dent of Thomson Reuters** **Khozem Master, CPA of Khozem Master CPA**
Credits	2 CPE/TAX
Location	Holiday Inn, Plainview
Time	Networking/Registration: 5:30 PM,Program: 7:00 - 9:00 PM
Cost Members	On or before Friday, Jan. 6 - $50.00, After Friday, Jan. 6 - $60.00
Non-Members	On or before Friday, Jan. 6 - $75.00, After Friday, Jan. 6 - $85.00

Sponsored By ADP

Installation Dinner Dance
and
The Honoring of the Executive Committee
of the
2011-2012 Long Island Tax Professionals Symposium

on

Monday, January, 16, 2012

Crest Hollow Country Club
8325 Jericho Turnpike
Woodbury, NY 11797

Time:
6:00 PM

Cost:
$85.00 Per Person

Pay on line at:
www.ns-nccpap.org
Register Online with your NATIONAL Username and Password

Date	**Wednesday, January 25 - MAP Meeting**
Topic	**DON'T GET CAUGHT WITH YOUR DRAWERS OPEN!** **HOW TO DEAL WITH IRS SECURITY RULES.**
Moderator	**Sandra G. Johnson, CPA, EA, CFE of Sandra G. Johnson CPA** **Douglas Sinetar, CPA of Douglas Sinetar CPA PC**
Credits	2 CPE/MAP/ADVISORY SERVICES
Location	On Parade Diner, Woodbury
Time	Registration: 7:45 AM, Program: 8:00 - 10:00 AM
Cost	On or before Friday, Jan. 20 - $25.00, After Friday, Jan. 20 - $35.00

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N/S NCCPAP - ALWAYS STRIVING TO MEET THE NEEDS OF OUR MEMBERS

PRESIDENT'S MESSAGE

As many of you know, I have now been President since November 1, 2011, and yet due to timing of our newsletters, this is my first official article.

In the first few months, our new board has done so much together in forming new committees and outlining tasks that lie ahead. In fact, as you are reading this, many leaders of our Chapter are joining with our affiliated chapters and leaders of our National board at the quarterly national meeting in Florida to discuss many of our mutual goals and plans for the coming year.

Our first chapter meeting of the year on January 12, 2012 is very timely for the beginning of the New Year and the beginning of another tax season. We will be featuring as guest speakers Judi Dent of Thomson Reuters and our own Khozem Master, CPA. They will be outlining the best methods of how we can efficiently transition to paperless accounting and auditing.

Harold Ogulnick CPA and Sandra Johnson CPA, EA. CFE, have worked diligently to guarantee that our very special dinner at Crest Hollow Country Club on January 16th will be one of the most special installation dinners in our history. We will be gathering for two (2) purposes: the first being Install the Officers and Directors of our newly voted board and secondly to honoring the Executive Committee of the Long Island Tax Symposium for their tireless hours of volunteerism, and clear success that our Symposium continues to garner due to their efforts. It promises to be an evening of celebration, and one not to be missed.

Finally, before most of us dig in for the winter, our MAP committee, led by Sandra Johnson, CPA, EA, CFE and Douglas Sinetar, CPA is hosting a joint meeting with our many friends at the counterpart MAP committee of the Nassau Chapter of NYS Society CPA'S. This meeting on January 25th will be dealing with all of the new IRS security rules that we need to follow as critical for our practices. We do expect to be completely booked, and unable to accept walk-ins, so once again register as soon as possible.

I will have much more to report in my next article regarding our involvement in adapting and expanding our presence in social networks, expanding our member services, providing expanded online newsletters and bulletins, and much more. As you can see, we are seeking new methods of reaching out to provide our membership with all of the technological and professional skills required.

In order to accomplish these goals, we have a remarkable group of Officers, Directors, and Committee Chairs that are all listed with their contact information in this newsletter. Each committee needs more involvement, and would welcome a call or an email from you to provide your time and skills.

I want to close my first message, by expressing appreciation to our past Presidents (listed in this bulletin) that have led our chapter over the course of thirty years, in enabling all of our members to achieve what remains as our single biggest goal of "**Practitioners helping Practitioners**".

On behalf of our Board of Directors, we all wish you the very best for a Healthy and Happy New Year, and of course a successful and prosperous tax season ahead!!

Gary Sanders CPA

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POLICY

THE FEES FOR REGISTRATIONS ARE:
CHAPTER MEETING (2 CPE): $50.00 WITH *PRE-REGISTRATION AND $60.00 REGULAR REGISTRATION, AND/OR AT THE DOOR REGISTRATION.
MAP MEETING: $25.00 WITH *PRE-REGISTRATION AND $35.00 REGULAR REGISTRATION, AND/OR AT THE DOOR REGISTRATION.
SEMINARS AND OTHER PROGRAMS: TBD

*PRE-REGISTRATION MEANS: A COMPLETED REGISTRATION FORM WITH PAYMENT AND POSTMARKED, FAXED OR E-MAILED TO THE N/S CHAPTER OFFICE THE FRIDAY PROCEEDING (Unless otherwise noted) THE CHAPTER MEETING, MAP MEETING AND/OR SEMINAR THAT YOU ARE PLANNING TO ATTEND.

CANCELLATION AND REFUND POLICY

A PRE-PAID REGISTRANT WHO CANNOT ATTEND THE CHAPTER MEETING, MAP MEETING AND/OR SEMINAR WILL BE ISSUED A REFUND IF CANCELLATION NOTICE IS GIVEN TO N/S NCCPAP CHAPTER OFFICE BY THE END OF THE CHAPTER MEETING, MAP MEETING AND/OR SEMINAR DAY.

MEETING SCHEDULE 2012

Holiday Inn @ Plainview
215 Sunnyside Blvd
Plainview, NY 11803

On Parade Diner
7980 Jericho Turnpike
Woodbury, NY 11797

February 2, 2012*	Federal Tax Season Update	2 CPE/Tax	Holiday Inn
February 29, 2012	Rockin' & Rollin' – Tax Season Round Table	2 CPE/MAP/ADVISORY SERVICES	On Parade Diner
March 1, 2012*	Tax Season Round Table	2 CPE/Tax	Holiday Inn
April 25, 2012	Post Tax Season Round Table – Crying Towels Will Be Provided!	2 CPE/MAP/ADVISORY SERVICES	On Parade Diner
May 3, 2012*	Buy/Sell - Succession Planning	2 CPE/ Tax	Holiday Inn
May 30, 2012	Help Wanted! Recruiting, Hiring, Alternative Staffing.	2 CPE/MAP/ADVISORY SERVICES	On Parade Diner
June 7, 2012*	Eldercare/Reverse Mortgage	3 CPE/Tax	Holiday Inn
June 21, 2012	Accounting & Auditing Update	8 CPE/A&A	Holiday Inn
June 27, 2012	Expanding Your Practice – How to Add Additional Services and Get Paid for Them	2 CPE/MAP/ADVISORY SERVICES	On Parade Diner
July 5, 2012*	NYS Tax Update	2 CPE/Tax	Holiday Inn
July 25, 2012	Let's Get Personal! - Stress Management, Time Management and How to Stay Sane	2 CPE/MAP/ADVISORY SERVICES	On Parade Diner
August 9, 2012*	401K/Retirement Plans Unraveled	2 CPE/Tax	Holiday Inn
August 16, 2012	Ethics Update	4 CPE/Ethics	Holiday Inn
September 6, 2012*	Preparation for Peer Review	2 CPE/A&A	Holiday Inn
October 4, 2012*	Topic: Partnership	2 CPE/Tax	Holiday Inn
November 14, 15 & 16	2012 Long Island Tax Professionals Symposium		Crest Hollow Country Club
December 6, 2012*	Employment Laws Update	2 CPE/Tax	Holiday Inn

* Chapter Meeting All Meetings Subject to Change

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Carol C. Markman, CPA	1993-94		

MAP – MANAGEMENT OF AN ACCOUNTING PRACTICE

The MAP (Management of an Accounting Practice) Committee met on November 2 to discuss issues related to succession planning. Our guest speakers were Neil Katz, Esq. from Katz, Bernstein & Katz, LLP and Max Krotman, Esq. from Global Force International, Inc. The meeting provided much needed information to our members regarding how to prepare for mergers, acquisitions, unforeseen emergencies such as disabilities, and more.

December's committee meeting, where Doug and Sandy spoke, was titled "Gearing up for Tax Season!" Where Did Another Year Go? Topics discussed included engagement letters, getting your staff on board, preparing for new clients, year-end marketing tips and more.

Our meetings are informal breakfast gatherings of 40 – 50 fellow CPA practitioners. Our open forum encourages members to ask questions, offer solutions and make friends. Register today for our next meeting on Wednesday, January 25, 2012 as we discuss IRS security rules and how to secure your office. Meetings begin at 8:00 am at the On Parade Diner, 7980 Jericho Turnpike in Woodbury. Arrive early, stay late. You'll be glad you joined us!

Sandra Johnson CPA & Douglas Sinetar, CPA

ESTATE PLANNING UNDER THE CURRENT TAX LAW

The 2010 Tax Relief Act ("Act") ushered in a retroactive tax structure which includes several benefits that must be considered. But act quickly, because some of these benefits are scheduled to end December 31, 2012.

Perhaps the most noteworthy part of the Act is the increase in federal exemption amounts. An individual can now transfer up to $5,000,000 worth of assets, gift, estate and generation skipping tax free. Furthermore, the Act makes the exemption "portable" among spouses, for gifting and estate purposes. This means that a surviving spouse or his/her estate may utilize the remaining exemption of the first deceased spouse, together with his/her own exemption, in an amount up to $10,000,000 ($5,000,000 for each spouse), by making the proper election. Although portability does not apply to the generation skipping transfer tax, the $5,000,000 exemption amount makes transferring assets to grandchildren a very viable option. For example, a trust may be created to protect children, but skip their estate for estate tax purposes, thus greatly benefitting future generations.

With the new $5,000,000 estate tax exemption, all wills and trusts must be reviewed. For example, in the case of a married couple, an unintended consequence, of a distribution based upon the estate tax exemption, might be to cause the surviving spouse to lose benefits and possibly result in a present New York State estate tax. New York State continues to have an estate exemption limited to $1,000,000.

In addition to the increased exemption amounts, the reduced the maximum estate tax rate to 35% and the gift tax and estate tax are again unified, thus facilitating lifetime gift planning.

Creative utilization of the gift exemption can be very useful to protect family assets from estate taxation. Due to the current economic environment, asset valuations are reduced and interest rates are extremely low. In addition, the IRS allows for a discount on gifts of minority interests even among family members. As such, a client can increase the effectiveness of gifting property by placing up to 49% of an asset in trust. Congress has threatened to limit the benefits of family discounts and place other restrictions on certain gift planning.

The Act is currently slated to sunset at the end of 2012, at which time the exemption amount is scheduled to decrease to $1,000,000 and the maximum estate tax rate will increase to 55%. In light of these impending changes, we recommend that clients plan in advance during this period of opportunity.

Best wishes for a Happy Holiday and a Happy New Year.

Article submitted by: Gregory L. Matalon,Esq., a Partner at Capell Barnett Matalon & Schoenfeld LLP in Jericho, New York, where he heads the Estate Administration Department and Brian G. Chirichigno, Esq., an associate of the firm active in the Estate Administration and Estate Planning Departments. They can be reached at (516) 931-8100.

NEW YORK MEDICAID ESTATE RECOVERY – ARE YOUR ASSETS PROTECTED?

The 2011-2012 Budget Bill passed by the New York State legislature and signed into law by Governor Cuomo in April 2011 made changes to the state Medicaid system, some of which will have a significant impact on Medicaid planning for seniors.

One such change involves Medicaid's authority to seek recovery of amounts paid on behalf of a Medicaid recipient. Until the passage of the recent budget bill, Medicaid had only been permitted to look to assets, if any, passing through the Medicaid recipient's probate estate on death. Assets passing automatically to a beneficiary at the death of the Medicaid recipient (and not requiring the assistance of the Court) were safe from claims by Medicaid. As a result, seniors planning for their Medicaid community-based care services or nursing home care services had commonly used planning techniques such as transferring title to their home while reserving a life estate in order to establish Medicaid eligibility and to protect their assets from claims by Medicaid upon their death.

The new law expands Medicaid's ability to recover the cost of care provided to a Medicaid recipient. Under the new regulations that were passed in September of this year (18 NYCRR 360-7.11), non-testamentary assets, such as joint bank accounts, pay-on-death accounts, jointly owned securities, life estate interests, and possibly retirement accounts are subject to recovery by Medicaid following the beneficiary's death. The regulations state that Medicaid may seek recovery from a Medicaid recipient's expanded estate, which is defined as follows:

> "(1) Estate means: (i) all of a decedent's real and personal property and other assets passing under the terms of a valid will or by intestacy; and (ii) any other real and personal property and other assets in which the decedent had any legal title or interest at the time of death, including such assets conveyed to a survivor, heir, or assign of the decedent through joint tenancy, tenancy in common, survivorship, life estate, living trust or other arrangement, to the extent of the decedent's interest in the property immediately prior to death" (emphasis added).

With the expanded definition of "estate," Medicaid is now able to file claims and liens against assets owned by the deceased Medicaid recipient or the Medicaid recipient's spouse if either retained any interest in the asset prior to death. It is expected that Medicaid will aggressively pursue these claims. To make matters worse, the new legislation is retroactive. Seniors who transferred their homes to their children subject to a retained life estate prior to the enactment of this legislation are subject to the expanded estate recovery provisions of the law.

Reserving a life estate as part of a deed transfer has been a common Medicaid planning tool used by elder lawyers to protect assets from Medicaid while keeping the asset in the Medicaid recipient's taxable estate at death. Planning in this manner has enabled seniors to continue benefiting from available real estate tax exemptions and to receive favorable tax treatment upon the sale of the house. The asset would also be eligible for a step up in the tax basis upon the death of the senior. In the wake of this new legislation, seniors who have transferred their home subject to a reserved life estate are strongly encouraged to consult with an attorney and to update their estate plan. In most cases, viable planning techniques remain available that will allow for the preservation of these tax benefits.

With regard to irrevocable trusts, it appears that the legislation continues to protect assets held in the trust, with the exception of any income or principal that is required, pursuant to the terms of the trust, to be distributed to the Medicaid recipient prior to his or her death. Typically, Medicaid qualifying trusts have included language that reserves the Settlor's right to live on the property for the rest of his or her life (i.e., a life estate). The provisions of the legislation are unclear as to whether Medicaid will be able to access trust principal when trusts include a reserved life estate. It is likely that New York courts will adjudicate this issue in the coming months.

It is important to note that this legislation defers estate recovery at a time when the deceased Medicaid recipient is survived by a spouse, minor child, or disabled child of any age. However, if and when the spouse or disabled child passes away (or the minor child comes to age), the Medicaid recipient's assets will then be subject to recovery. In addition, Medicaid may, but is not required to defer recovery at a time when a child of the deceased Medicaid recipient is living in the Medicaid recipient's home and is unwilling to sell, or when the recipient's heir cannot pay the claim unless the asset is liquidated. The legislation also includes a provision for a waiver of the claim for "undue hardship," which may be found to exist in exceptional situations such as when the deceased Medicaid recipient's asset is the sole income-producing asset of the beneficiaries.

In summary, the new legislation is not a new law to pass off lightly – seniors who have executed estate plans in the past, as well as seniors who have pushed off the idea of Medicaid planning for too long, are strongly encouraged to see their elder care lawyers. It is clear that unless the Medicaid recipient's assets are properly protected, Medicaid will vigorously pursue recovery against any interest in assets retained by a Medicaid recipient and his or her spouse.

Presented by Stuart H. Schoenfeld, Esq. & Marissa Daidone, Esq. Stuart H. Schoenfeld is a Partner at Capell Barnett Matalon & Schoenfeld LLP in Jericho, New York, where he heads the Elder Care and Medicaid Planning Department. Marissa Daidone is an associate of the firm and is active in the Elder Care and Medicaid Planning Department.

WALL STREET HAS BEEN OCCUPIED!

Thousands of Americans have built a little community in lower Manhattan where they eat, sleep and basically live. They spend the rest of the time continuing to protest corporate greed and Wall Street in general. If there is an actual place that represents the intersection of democracy and capitalism in America, it is probably in lower Manhattan at the corner of Wall and Broad. Protest movements have been drawn to Wall Street, both the physical location and the idea itself, since the founding of this country.

The media has been covering this event as it unfolds, demonstrating the further distancing between Wall Street big business and the individual working class “every day” person. Occupy Wall Street is an ongoing series of demonstrations that gained ground in New York City. The participants of the event are mainly protesting against social and economic inequality, corporate greed, and the influence of corporate money and lobbyists on government. By October, similar demonstrations had been held or were ongoing in over 70 other cities. As the momentum of such a demonstration gains, we can’t help but to look at the cases being made by the people who are protesting the infrastructure as it exists.

The first thing that needs to be acknowledged is the fact that our country is set up to allow the opinions of groups to be displayed however unpopular they may or may not be. With that being said, let us take a closer look at the people who comprise the group. The protesters include persons of a variety of political orientations. There are liberals, political independents, anarchists, socialists, libertarians, conservatives, and environmentalists. But perhaps the most interesting are the college students. A left wing newspaper recently quoted a New York University professor telling the “Occupy” crowd in New York about the suffering and humiliation of people who believe their debts will be un-repayable in their lifetime. So this professor and some other Occupy members have begun something that is being referred to in the media as the “Occupy Student Debt Campaign”. This new sub-movement allegedly is hoping to get one million students to default on their college loans. Their argument has been that student loan debt threatens to ruin the pursuit of higher education. Among the more outrageous reports of their intentions are their insistence that all public colleges be free and all existing debt be forgiven. Some are even asking for interest-free education loans. In order to consider whether or not these particular protestors have an argument about the downfall of higher education and its causes, one may need to look at some statistics. First of all, according to the College Board, about a third of students don’t borrow any money for college. Also, the average debt per borrower is about $22,000 for public schools and about $28,000 for private colleges. Furthermore, these numbers are only really up about 11% over the past decade adjusted for inflation. Does this suggest a student debt crisis? Adding to this, analysts still find that college graduates when entering the job market can expect to earn about $22,000 more per year than those with only a high school diploma. Of course we all know people who graduate with a load of college debt that makes the above numbers look almost silly by comparison. However, we must also consider that students who are graduating from expensive and prestigious universities likely would have an understanding of the financial consequences. That being said, one cannot deny that times are tough and there are of course many college graduates that cannot find jobs at all, let alone for higher salaries. But should we be blaming the financial aid system or predatory lenders for this? It’s only human nature to want someone to blame when things don’t go the way that we want and of course nobody is going to feel bad for the financial institutions that are making these college loans. Therefore, they become the easy and obvious target, but wouldn’t the sluggish economy be the real culprit? If the job market was better and more college graduates were getting hired for the salaries that they have come to expect, then perhaps this particular sect of the Occupy Wall Street movement would have a little less steam.

Eric Nirenberg is President of Nirenberg, Heyman & Associates, a full service financial advisory firm located on 7 Camp Avenue in Merrick. (516) 542-8900 Eric Nirenberg is securities licensed through Investacorp, Inc. A Registered Broker/Dealer Member FINRA, SIPC

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If you would like to be on any committee listed up above please contact the Committee Chairperson listed.

NOW THAT THE HOLIDAYS ARE OVER, IT'S TIME TO PAY YOUR BILLS

The holiday season is filled with gift-buying and charges on credit cards. Some people may delay paying bills, choosing to focus on presents instead. However, it is January and those bills are staring you in the face. For those who own a business, those bills include expenses such as electricity, branding costs, and shipping and packaging supplies. At times, expenses may seem overwhelming and owners worry that expenses will exceed sales. New York State may offer some relief. The tax law offers several exemptions from sales tax for certain activities. Three such exemptions include a manufacturing exemption, a printed promotional materials exemption, and a packaging supplies exemption.

There is an exemption from sales tax for machinery purchased and utilities used in manufacturing. As per New York State, manufacturing is the creation of a product that is substantially different in form, character, composition, and usefulness from its components. Or, as Aristotle would say, "the whole is greater than the sum of the parts." A manufacturer may purchase machinery exempt from sales tax as long as the machinery is used directly and predominantly in the manufacturing process. Predominantly, as opposed to exclusively, means that the machinery must be used at least 51% of the time in the manufacturing process.

Furthermore, the purchase of utilities such as electricity, gas, and steam used in the manufacturing process is exempt from sales tax. The difference between utilities and machinery is that the utilities must be used directly and exclusively in the manufacturing process. This means that the utilities must be used 100% of the time in the manufacturing process. In a factory, there is usually one bill for electricity used to run machines and to run, for example, phones, fax machines, copiers, and the coffee machine in the office. Only the electricity used to run the manufacturing equipment is exempt from sales tax and the owner must apportion a percentage of electricity use to that of the machines. The electricity used to run the office equipment in the factory is not exempt from sales tax. Furthermore the electricity for overhead lights, whether in the factory or in the office, is not exempt from sales.

A second little known exemption is for printed promotional material that is mailed to a customer or potential customer. When a taxpayer purchases printed promotional material, such as brochures, catalogs, and pens that are mailed to a customer or prospective customer free of charge, the purchase is not subject to sales tax. However, if the same brochure, catalog, or pen is physically handed to a person, the purchase is subject to sales tax. To obtain an exemption from sales tax, the purchaser would provide the seller with an Exemption Certificate for Purchases of Promotional Materials. The certificate has the purchaser allocate a percentage of the materials that are printed, promotional, and mailed to a customer or potential customer and it is these purchases that are exempt from sales tax.

A third exemption from sales tax is the sale of packaging or wrapping material that is used to package an item for sale. A company may purchase cartons, containers, bags, boxes, cellophane, and so forth exempt from sales tax if it is used to package or ship items for sale. The packaging materials must be transferred to the buyer and not, for some reason, returned to the seller. When purchasing the packaging supplies, a company would issue a resale certificate or an exempt use certificate to make the purchase exempt from sales tax.

When a company can make purchases exempt from sales tax, it can save a lot of money. It does not completely relieve the burden of expenses, but it helps. If your company paid sales tax when it was entitled to an exemption, they can apply for a refund up to three years back.

This article is authored by Jennifer Koo, Esq., a tax attorney at Sales Tax Defense LLC. Sales Tax Defense LLC specializes in helping professionals help their clients with sales and use tax problems. Jennifer can be reached at 631-491-1500 or by email at jkoo@SalesTaxDefense.com.

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