



TAX BOARD BULLETIN

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Message From the Board Chair

~ Marilyn Johnston ~

This past fiscal year has been very busy for the Board staff as well as the Board. This has been my second year as Board Chair, and it has been very smooth. The staff has all had new jobs to learn, but they have done very well and made my job very easy.

After two years as Chair it is time for me to step down and just be a Board member. At our May 14th meeting Alan Twombly was voted in as Chair and Dorothy Hudson as Vice Chair. I am sure that both of these very capable people will do excellent jobs for the Board. Prior to this meeting on the 12th and 13th we worked on the consultants' exam with the help of four licensees who were very knowledgeable and very helpful in writing new questions and helping catch changes in the law.

We have only had three regular Board meetings since the last newsletter. We have also had two telephone meetings on specific issues, both of which were done very efficiently. The January 29th meeting resulted in the passage of the changes to the administrative rules. We are required to look at the administrative rules annually and make needed changes to keep up with our changing society.

The November meeting was our designated outreach meeting and was held at the Hood River Inn which included a special luncheon for

licensees. The luncheon was very well attended. Each Board member gave a short presentation. Michael Addington attended and presented his position paper on National Licensing. At this meeting the Board decided to change the preparer exam to an open book format. Janis Salisbury has written to explain the results of this decision.

We were unable to have an Instructors' Workshop last August, but have scheduled one this year on August 4th. Jane Billings, our Exam and Education Specialist, has written an article with all the particulars, so be sure to read it.

All licensees are encouraged to attend Board meetings; you are all more than welcome to attend. The meeting notices are published in advance on the Board's Web site. The next Board meeting will be July 23rd at the Board office in Salem. The outreach meeting this year will be in Ontario on September 23rd. I am looking forward to seeing all the licensees in the eastern part of Oregon. For those of you in eastern Oregon, be sure to put it on your calendar now.

I want to thank the staff and the Board members for their help and assistance while I was Chair over the past two years. It has been a pleasure getting to know all of you. Merry VanAtta will be leaving our Board soon, and we will definitely miss her wise counsel. Thank you Merry for all your hard work.

Board of Tax Practitioners

3218 SE Pringle Road #120, Salem, Oregon 97302

2009/2010 Annual Calendar

All meetings are open to the public unless otherwise stated. The Tax Board encourages interested licensees to attend any public meeting. Your input is appreciated!

Meeting notices and agendas are located on the Tax Board Web site at www.oregon.gov/OTPB approximately two weeks prior to the scheduled meeting date. A map and directions to the Board of Tax Practitioners office, which is located in the Morrow Crane Building, is available via our Web site. If notices and agendas have not been posted, please e-mail the Board office at tax.bd@state.or.us to find out when they will be posted.

Pursuant to ORS 192.660(1), Executive Sessions are closed to members of the public.

Month / Time	Topic	Location	Comments
2009			
January 8 th 9:00 a.m.	Board Meeting	Salem Morrow Crane Building	Public Welcome
January 29 th 8:00 a.m.	Board Meeting	Salem Morrow Crane Building	Public Welcome
May 12 th & 13 th	Exam Work Sessions	Salem Morrow Crane Building	Exam Work Sessions Executive Session
May 14 th 9:00 a.m.	Board Meeting	Salem Morrow Crane Building	Public Welcome
July 21 st & 22 nd 9:00 a.m.	Exam Work Sessions	Salem Morrow Crane Building	Exam Work Sessions Executive Session
July 23 rd 9:00 a.m.	Board Meeting	Salem Morrow Crane Building	Public Welcome
August 4 th 9:00 a.m.	Instructor Workshop	Salem Morrow Crane Building	Instructor Workshop
September 23 rd OUTREACH MEETING	Board Meeting	Ontario, Oregon TBA	Public Welcome
September 23 rd OUTREACH MEETING	Licensee Luncheon	Ontario, Oregon TBA	Licensee Luncheon: For a registration form please click on the following URL: http://www.oregon.gov/OTPB/docs/Licensee_Dinner/Licensee_Dinner_Registration_Form.pdf
November 5 th 9:00 a.m.	Board Meeting	Salem Morrow Crane Building	Public Welcome
December 12 th 9:30 a.m.	Board Administered Examination	Winema Place NW Center Building 50 4061 Winema Place NE Salem, Oregon	Space availability is 275 candidates. Application deadline: November 13, 2009.
2010			
January 7 th 9:00 a.m.	Board Meeting	Salem Morrow Crane Building	Public Welcome

- Meeting times and locations are subject to change. Please refer to the following URL for up-to-date information: http://www.oregon.gov/OTPB/tax_board_public_meetings_notice.shtml
- Committee meeting dates, times and locations will be scheduled as needed.

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Message From the Director

~ Ron Wagner ~

I love the story my mom tells about how I learned how to ride a bike at the age of four **before** my sister who was 15 months older. As a kid I also learned to ride a unicycle and to walk on stilts. To be successful at any of these feats required a good deal of balance. Achieving balance does not come with the first attempt, but is mastered with persistent effort. Little did I know that balance was a skill that would prove to be so important in my adult years.

We have been balancing a number of tasks at the Board office in the last six months. Here is a summary of those tasks.

The agency enjoys the most solid financial footing we have seen in many years. Our actual revenues exceed our projected revenues (thanks in large part to fines collected), and actual expenses are below projected expenditures. Our budget for 2009–2011 remains substantially the same as the current biennium's budget. The one exception is the staffing level for the Board. I have eliminated one Office Specialist 1 (OS1) position. This has been replaced with funding for temporary help which we will use on an as-needed basis.

Business Efficiencies

The Board is constantly looking for ways to streamline our business processes. As mentioned above we have eliminated one staff position. We have determined that our need for the fifth position is not a full-time need but a seasonal need. Eliminating the full-time position and hiring help when we need it will provide savings to the Board next biennium. As an example, we

have had our temporary office assistant come in and help us during the recent consultant renewal period to help us keep within our maximum ten day turnaround time on renewals.

The agency is finishing the programming of a compliance database which has been added to our existing database system. This will allow our compliance specialist/investigator to add all of her compliance data to our database system. This will be much more efficient than the current process of paper tracking. In the future, the system will also create reports which will save time and be helpful in reporting to the Board.

The agency has also been looking into developing an online licensing renewal system to replace the paper system we now use. This proposal was included in the 2009–2011 budget, but this item was not approved and was removed from the budget. We will continue to look for ways to accomplish creating an online licensing renewal system so we can enjoy the efficiencies this will certainly provide.

2009–2011 Agency Budget

In February Alan Twombly, who was then Board Vice-Chair and is now our newly elected Board Chair, attended the Ways and Means Committee meeting with me to present the Board's budget. The budget passed with overwhelming support. Between both the Senate and House, the bill received 77 votes in favor, only four votes opposed, and nine members were excused and did not vote. The agency's budget was signed by the governor on May 26, 2009. So we are good to go for another two years.

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(Continued)

Message From the Director ~ Ron Wagner ~

Besides the Board's budget bill, I tracked and testified on many other bills this legislative session.

- SB 172 Expands regulation of the Board to include those who prepare corporations, partnerships, estates and trusts (**Failed**)
- SB 865 Requires the Board to license all bookkeepers in Oregon (**Failed**)
- SB 690 Allows the Department of Revenue to provide to the Board of Tax Practitioners full copies of tax returns to assist with investigations (**Passed**)
- HB 3163 Includes additional requirements for facilitators of Refund Anticipation Loans (**Failed**)
- SB 5546 Board of Tax Practitioner's budget bill (**Passed**)

IRS National Tax Forum

I will attend the Forum in Las Vegas, July 7-9, 2009, and will give a presentation about Oregon's licensing program in a break-out session on July 9th. This is a great opportunity to "ring our own bell" and tell others about Oregon's successful program. I will also spend two days at a booth in the main hallway talking with attendees about Oregon's program. Interest in a national licensing program as well as state licensing programs is at an all time high. I have been contacted by a number of states over the last year. A group in Alabama, Impact Alabama, was created to devise a state licensing program. They called many times to get input into how their program should work. Ultimately, the Alabama legislature passed legislation adopting a state licensing program. Maryland passed legislation more than a year ago creating a licensing program for their state. All tax practitioners in

Maryland must become licensed by June 2010. So you can see that Oregon's program is having an impact in many other states.

National Licensing

As was highlighted in the Government Accountability Office's report to the US Congress last August, Oregon's program serves as a model for national licensing. The bills that were introduced in Congress last year received considerable attention, but in the end the national economy took center place and the bills on national licensing went nowhere. Congress has not yet reintroduced any bills so far this year dealing with a national licensing program. However, as reported in *The Kiplinger Tax Letter* dated June 12, 2009, "Regulation of unlicensed tax return preparers is moving closer to reality. The service is establishing a task force to review problems with preparers and offer options by year end. Among the likely recommendations are registration of any preparers who aren't CPAs, lawyers or enrolled agents and minimum education and training requirements." The article ends saying "IRS officials won't need much time. They've studied Oregon's program, which is seen as a model for preparer regulation." How is that for recognition!

I would like to take a quick moment to thank Board member Marilyn Johnston who just finished her second year as Board chair. Marilyn worked tirelessly for the Board always keeping the best interest of the Board and service to the consumers as her primary focus. Marilyn will continue her service to the Board as a Board member until she finishes her second term in 2011. Thank you Marilyn.

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Message From the Compliance Specialist/Investigator ~*Monica J. Walker*~

The Board of Tax Practitioners investigated several cases involving unlicensed tax preparation activity this past tax season and would like to extend a sincere thank you to those of you who notified the Board office of any possible unlicensed activity taking place. As you know, the Board is dedicated to concentrating its resources on stopping unlicensed activities. However, the Board needs your help. If you know of any unlicensed activity in your area, please contact the Board office as soon as you become aware of the activity by calling, e-mailing or faxing me by phone at (503) 378-4860; by e-mail at monica.j.walker@state.or.us or by fax at (503) 378-2757.

The Board has made a commitment to respond quickly to any complaints and/or reports of unlicensed activity received. Without your help, it is very difficult to successfully eliminate unlicensed tax preparation activity in Oregon. Therefore, I encourage licensees to continue to contact me with concerns regarding both licensed and unlicensed activity. In addition to unlicensed activity, I would like to report that while addressing return of records issues that were brought to the Board's attention this tax season, I was very pleased with the level of cooperation from licensees in working to resolve these issues.

During friendly field visits this tax season, we found a few areas that may be causing some confusion within the tax industry that we would like to clarify in hopes that the information will benefit you as licensees and business owners.

1) The Board mails out practitioner licenses along with business registrations to help the

consumer identify that the person or business is in compliance with the laws in Oregon regarding the preparation of personal income tax returns. Businesses should post all practitioner licenses and their business/branch registration(s) in public view. This means that all consultant and preparer licenses and business/branch registration(s) should be available for anyone to view when they come into a place of business. Licenses and registrations should not be posted in employee break rooms, in the *back* office or filed away in a drawer only to be available if a consumer asks to see it. Posting of licenses and business/branch registrations in a conspicuous place that consumers and the general public can easily determine that the person or business is in compliance is a requirement. Failing to post licenses or business/branch registrations or not having the correct business name filed with the Board could result in a violation.

Action needed: Review where your practitioner licenses, business and branch registrations are posted. If needed, move them to a place in which they will be in view when anyone enters your establishment. Check all posted licenses and registrations for errors. Make sure the information listed on the licenses/registrations is accurate, i.e., the business name listed is filed with the Board as well as with the Oregon Corporations Division. In addition, check to ensure the license you have posted is for the current year.

2) All expired practitioner licenses and business registrations shall be removed from public view

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(Continued)

Message From the Compliance Specialist/Investigator ~ *Monica J. Walker* ~

as they are no longer valid. Accordingly, this also includes the removal of any business cards or advertising until the practitioner's license has been restored to active status (is current) or the business is properly registered.

Action needed: Review all posted licenses and registrations. If any are expired and you are still providing tax preparation services, you must discontinue providing services until you submit a license restoration form and/or new business registration form along with the appropriate fees to the Board office for processing. All forms can be obtained from the forms page of our Web site at: <http://www.oregon.gov/OTPB/Forms.shtml>.

3) All licensees are obligated to maintain confidential information given to them by their clients. Licensees should take all necessary steps to reduce the risks to the consumer and to ensure that confidential information is not inadvertently disclosed. Be sure you do not leave a client's interview information, returns and tax preparation materials on your desk during appointments with **other** clients or while away from your desk during business hours.

Action needed: Review how confidential information is stored and disposed of at your place of business to avoid disclosure. If you haven't already, you should consider writing an office procedure concerning the storage and disposal of confidential information as well as make sure staff is trained on the procedure.

Although there are many more precautions that individuals can take to protect themselves against a security breach and/or identity theft, if you should fall victim, contact the fraud department of any of the following credit bureaus to report a fraud alert:

- A) Equifax: (800) 525-6285
- B) Experian: (888) 397-3742
- C) Transunion: (800) 680-7289

You do not need to contact more than one of the credit bureaus listed above as the bureau you notify will automatically contact the other two bureaus upon confirmation of your credit fraud. Once you have reported a fraud alert, creditors **must** contact you prior to making any changes to your existing accounts, charges for unusual purchases, purchases in excessive amounts and/or opening any new accounts.

Changes to Oregon Administrative Rule (OAR) 800-010-0040(2)

Identification ~ Effective as of 2/5/09 ~
http://arcweb.sos.state.or.us/rules/OARS_800/OAR_800/800_010.html

In a previous newsletter, I reported on the Board's efforts in working to find a resolution to the dilemma of having to include license numbers on both state and federal returns which was brought to our attention by many licensees. Effective as of February 5, 2009, OAR 800-010-0040(2) was changed to read as follows:

New Wording: *Where the licensee's signature appears on the state personal income tax return, there shall be included the State license number of the licensee preparing the return.*

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(Continued)

Message From the Compliance Specialist/Investigator ~ *Monica J. Walker* ~

Previous Wording: Where the licensee's signature appears on the tax return, there shall be included the State license number of the Licensed Tax Consultant responsible for the preparation and the State license number of the Licensed Tax Preparer preparing the return.

In closing, I would like to say that I sincerely enjoy working with you as well as meeting new licensees. As always, don't hesitate to contact me if you have questions, concerns or need any compliance information. Phone: (503) 378-4860 ~ E-mail: monica.j.walker@state.or.us

BOARD OF TAX PRACTITIONERS DISCIPLINARY ACTION LOG 2008 ~ 2009

Date	Name	City	Violation(s)	Disciplinary Action	Case Status
May 2009	Bell, John	Beaverton	1 violation of ORS 673.700(7) & OAR 800-010-0050(2) ~ Advertising or soliciting clients in a false, fraudulent, deceptive or misleading manner.	Settlement Agreement and Stipulated Final Order. Civil penalty in the amount of \$100	Closed
February 2009	Berardi, Gerard	Tigard	No Violation ~ Voluntary Relinquishment of License and payment to the Board for fees incurred in the proceedings re: The Board's issuance of a Notice of Intent to Revoke License.	Settlement Agreement and Stipulated Final Order. Paid fee of \$1,000.	Closed
July 2008	Maciel, Christy	Bend	1 violation of OAR 800-025-0020 ~ Failing to register a tax preparation business which offers tax preparation to the public.	Settlement Agreement and Stipulated Final Order. Civil penalty in the amount of \$200	Closed

NEWSLETTER SCHEDULE

Newsletters will be prepared and released on the following dates: June 30th and October 31st. If you would like to see articles concerning certain topics and/or updates included within our newsletters, please contact the Board office at (503) 378-4034.

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Message from the Exam & Education Coordinator

~Jane Billings~

Continuing Education Reminder

Tax Consultants and Tax Preparer must attest to a minimum of 30 hours continuing education (CE) annually in order to be in compliance for license renewal. New licensees are exempt from this requirement for their first year of renewal. Keep in mind that the Board does **not** require that you submit the actual CE completion certificates with the renewal application. You are required to submit the actual CE completion certificates only if you are audited. However, you are required to

provide a listing of all courses you wish to receive credit for during the year. By signing the renewal notice you are attesting that you have completed this CE requirement. Licensees should refer to the criteria outlined in Oregon Administrative Rule 811-015-0020 when choosing acceptable subject matter for any live continuing education courses which you plan on attending. Be aware that all correspondence and self-study courses you wish to take and submit for approval must be pre-approved by the Board. The most recent list of approved correspondence courses is updated and available for review on the Board's Web site at http://www.oregon.gov/OTPB/Approved_Corresp_Courses.shtml.

“Volunteers Rock”

“Volunteers Rock” and the Tax Consultants and Tax Preparers that contributed to the exceptional Item Writing Committee workshops this year deserve recognition for their hard work.

The Consultant Item Writing Committee workshop held on April 21-22, 2009 and the Preparer Item Writing Committee workshop held on June 3-4, 2009 were both successful and very productive. The volunteers spent two grueling days reviewing each and every examination question in the item bank; updating existing questions, checking and updating references, creating new questions and making recommendations for the Board's final consideration.

Thank you to the following individuals for a **job well done**:

Stephanie Cumpton, Vona Pease, Diana Ackerman, Jennier Farm, Michael Jones, Elizabeth Baughman, MaryAnne Lee, Bonnie Link, M. Renee Burchett, Gary Wells, Annette Holman, Audrey Jones, Geryy Bogan-Morgan, Ardith Muse, Phil Hoyt, Donna Hines, Becki VanderKarr, Gary Visser, Colin Close, Jaye Mathisen, Sandra Hanks, Jane Gamble Hall, Jessica Vescogni, Shirley Warner, Karen Gilbert, Eileen Slifman-Hines, Fay Littlefield, Jo Anne Vetter, Glen Longworth, Zella Hagner, Jusith Smith, Joe Lovato, Candace Morris, Leslie Couch, Jamie Taylor Crow, Laurie Mills, Charla Howard and Debra McKinney.

“Those who can, do. Those who can do more, volunteer.”

Author Unknown

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Message From Retiring Board Member

~ *Merry VanAtta* ~

It has been my pleasure to serve on this Board. A board, to work effectively, must work as a team. Each board member must make a special effort to understand and fit into the team effort. I have worked with several different board members over the years and

each one has made that special effort. The individuals who take on this responsibility are dedicated, hard working, and committed to doing the best job they can to protect the public and promote competent and ethical tax practitioners.

Lapsed vs. Inactive Licensure

With consultant renewals underway and preparer renewals approaching, it might be helpful to explain the difference between placing your license into an **inactive** status and allowing your license to go into **lapsed** status.

Inactive

Inactive status is when you choose not to work in the capacity of a tax preparer or tax consultant for a period of time—over one year, but not to exceed three years. To place your license into inactive status you would check the inactive status box in section 7b on the renewal application and pay the appropriate fee. The fee for inactive status is \$35 for preparers and \$50 for consultants. You will pay this fee in lieu of the active fee of \$80 for a preparer license or \$95 for a consultant license for each year you remain in inactive status. When you are ready to activate your license you will submit the renewal application and pay the active fee listed in section 7a of the renewal application. In addition, thirty (30) hours of continuing education for each year that you were inactive and the current year will be required upon license renewal.

However, if you allow your license to go into inactive status for more than three years, the licensing process will start over. This means that you will have to qualify to take the exam, pass the exam, and meet the minimum qualifications for licensure.

Lapsed

You may let your license go into lapsed status for up to three years. There is no fee for allowing a license to go into lapsed status. However, if you decide to reactivate your license within the next three years, you will be required to submit a reactivation application and pay the renewal fee (\$80 for preparers or \$95 for consultants) for each year you were in lapsed status, plus the current year. In addition you must pay a \$35 reactivation fee. You will also be required to submit the required amount of continuing education for each year that you were in lapsed status. If you are in lapsed status for more than three years, the licensing process will start over. This means that you will have to qualify to take the exam, pass the exam and meet the minimum qualifications for licensure.

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Certification of Continuing Education *~Janis Salisbury~*

Often questions arise as to what qualifies for CPE credit. Or there may be a course we take to enhance our business and then discover that it does not qualify for CPE credit. To complicate matters even further is when we are collecting hours for the practitioner, enrolled agent, and possibly other certifications we may have. It is just a matter of keeping track. This article will speak to the requirements for LTP and LTC continuing education.

The minimum hours we all need each year is 30. Hours collected are from the renewal month of the previous year through the following year's renewal month. Acceptable CPE is that which contributes directly to the expertise of preparing income tax returns. Courses may be taken at seminars, colleges, correspondence, or online. The Board must certify the latter two methods. Accepted correspondence and online courses are listed on the Board's Web site. An instructor will be allowed two hours of

for each hour of teaching, which includes preparation time, and can be no more than ½ of the total required CPE credits.

The following general subjects are acceptable when they contribute to expertise with income tax preparation: Taxation; Practitioner Ethics; Accounting and Payroll Theory; Estate, Tax or Investment planning; and Computer Technology. A word of caution, not any course under these topics qualify, just those that pertain directly to our industry.

Courses that relate to personal and business management do not qualify. A qualified instructor who has appropriate training, background, education, and experiences that qualify them to be able to lead a discussion on the subject must conduct programs.

As licensees, we submit a listing of courses. Renewal applications are randomly selected for audit of the listing. The Board will request evidence of participation. At that time, copies of certificate documents will be submitted by the licensee to the Board within 30 days of the request.

Taking the Preparer's Exam *~Janis Salisbury~*

Last December the Board made a major change for test takers of the preparer's exam only. It is now allowed as an open book exam. The list of references is limited to the sources listed in the Examination Booklet. All items brought to the test site are evaluated.

This decision was made after much discussion evaluating the tremendous changes to the industry over the last 20-30 years. Much more information is required of the entering practitioner than in decades past. An informed practitioner must know

where to find the right answers in order to provide the best service for their clients.

We realize that it is impossible for anyone to look up all 200 questions in the time allotted, as the five-hour time period has not changed. Thus, a test taker still needs to know their stuff. It was noted at the Board administered exam, more test takers were still present at the end of the five hours than at past exams. Putting all this together illustrates that the exam is far from being "dumbed-down."

As a former instructor of the Basic Class for preparers for many years; I was hesitant at first, but have come to realize the value of allowing the preparer's exam to be open-book.

So, What's The BIG DEAL About Trash?

~ *Toni Ellsworth* ~

Why are so many people annoyed by taking-out-the-trash? Why do we delay that particular chore both at home and at the workplace? If our trash was 1,000,000 years old, archaeologists would be spending their entire careers just sifting through our daily debris.

We have a new type of archaeologist that is at work in “real time” today and they can profit enormously from our carelessness. Identity thieves hit “pay dirt” when they find an office building’s dumpster full of records that should have been shredded. The tax professional would be wise to make sure that no client data of any kind ends up “downstream” in the hands of anyone who could use it. Even names and addresses can give I.D. thieves a head start on creating alter-ego identities. The Oregonian ran a front-page article showing a picture of a victim of I.D. theft, but this young man had managed to trace the criminal and he worked out a way for the police to intervene during the confrontation and arrest the culprit. Few victims are so lucky to stop this damaging crime, so most I.D. thieves just keep on looking for opportunities. Your office dumpster may be part of their marketing plan.

What does your advertising say about your business? Your business could be a target for an I.D. theft operator which means that you need to spend time and money to protect client data. A new client (aka thief) visiting your office could quickly observe how well you’ve prepared for a possible forced entry crime. Here are some things to consider:

- Do you display a sign or sticker showing an active alarm company?
- Do you display a sign that says “surveillance camera in use”?

- Do you have any easy-to-break into entry doors or windows?
- Are your filing cabinets (both current and archives) visible and accessible?
- Are your filing cabinets locked with both built-in and external locks?
- Is your staff trained on the security procedures that your office uses?
- Do you have confidential client data on your office hard-drives or your server?
- Are you using off-site servers for daily back-up security?
- Are you using incredibly difficult **PASSWORDS** on every electronic device?

Take the time now to look around your workplace for vulnerable security risks that you can solve today:

- Purchase a high-end shredder that cross-cuts papers and CDs. Don’t put CD waste into the waste-paper for recycling because the plastic pieces will contaminate the recycled material.
- Purchase external hard drives to store electronic data.
- Consider installing a fireproof and permanently attached safe to store CDs and external drives.
- Consider storing all data with online providers or servers at your home.
- Be confident that no one can access equipment where ever you store client electronic data.
- Install mini-cam units outside and inside your business, if possible.
- Consult with an alarm security company about the cost and hassle of installing a system.
- Ask your local police department for ideas

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about securing your place of business.

- Ask your local jewelry store what they do to protect valuable property.
- Hire a locksmith to install one or more deadbolts that cannot be reached from nearby windows.
- Install motion-detection lights outside and inside your business that are NOT easy to see.
- Display a sign that reads: no cash, documents or electronic data on these premises (true or not).
- Lastly, contact your liability insurance company for their security recommendations.

Take the time to read all of your obligations as a licensed tax preparer or licensed tax consultant,

especially those conditions applicable to the management of your business:

Oregon Administrative Rules and Oregon Revised Statutes (Laws)

http://www.oregon.gov/OTPB/oregon_administrative_rulemaking.shtml

- 800-025-0050 Management and Supervision of Tax Preparation Business
- 800-025-0070 Keeping of Records
- 673.690 Tax consultant's records

You must take the time and incur the costs to protect your business and your client's identity today!

Corporations, Partnerships, Estates and Trusts ~ Alan Twombly ~

Corporations, Partnerships, Estates and Trust returns. Who oversees these types of returns? Right now, no one. Currently consumers have little or no protection when it comes to the preparation of these types of entities. With that in mind the Board submitted the legislative concept which became Senate Bill 172.

On January 28, 2009 Marilyn Johnston, Board Chair at the time, Ron Wagner, Executive Director, and I testified during the public testimony session before the Senate committee regarding SB 172. This bill would expand the Board's jurisdiction to cover corporations, partnerships, estates and trusts and provide the same type of protection as is currently given to personal income tax returns. Wagner put in a great deal of effort with many visits to the capitol, trying to get SB172 to pass, which I genuinely appreciate. He also provided summary details about why this legislation is needed to further provide protection to Oregon consumers.

On February 11, 2009, the bill easily passed the Senate with an overwhelming majority. A couple of weeks after the public session, the committee held

a work session on the bill. The session lasted all of about three minutes. The chair stated that he had talked with friends who are CPAs to ensure they did not have problems with our bill. They did not. With that said, he asked if there were any questions. There were none. He then stated he thought it was a good bill that offered needed consumer protection, and the bill was passed to the Senate floor with a "do pass" recommendation. The bill was voted on by the full Senate and passed 27-3. The bill then moved to the House where it was assigned to the Business and Labor Committee. Here it didn't even get to a vote.

There are a couple of reasons we have been trying to add this to the Tax Board's oversight. The main reason is to protect the consumers who are having these types of returns prepared. The second is to come in line with upcoming national licensing. If we are able to add this kind of oversight to these entities, we have a much better chance of being grandfathered in under national licensing.

We have not given up on the idea. We can try again in two years in the next legislative session.

TAX BOARD BULLETIN

Public Awareness

~ *Jess Guiterrez* ~

Take a walk down any street in Oregon and ask people these simple questions: “Have you ever heard of the Contractors Board?” “Have you ever heard of a board for CPAs?” Then ask the BIG question, “Have you ever heard of a board for tax preparers or the Oregon Board of Tax Practitioners?” What do you think the response would be? More likely than not, the people you interview have heard of the Contractor’s Board or even the Board of Accountancy. By contrast, it is likely the people you speak to think their tax preparer is licensed through the Oregon Board of Accountancy and are not aware of the Oregon Board of Tax Practitioners.

The mission of the Oregon Board of Tax Practitioners is to protect the public from harm by setting standards and ethics for practitioners. The Board carries out its mission by administering licensing programs for LTPs and LTCs, and by investigating complaints filed by members of the public.

Ethical and competent tax preparers advertise and compete for customers in a very competitive market. In my years as a tax professional I have learned that public trust is probably the single most important issue facing the tax industry. If the public does not trust us as an industry to be accountable, competent, and ethical, they do not patronize our businesses.

Increased public awareness of the Oregon licensing laws can bring greater credibility to our industry. As licensees, we should do everything we can to inform consumers of Oregon licensing laws and the protections offered by the Board of Tax Practitioners. The Board of Tax Practitioners and licensees should work together to help maintain public trust in our industry.

What can be done to inform the public? The Board of Tax Practitioners has been around for over 30 years, and the public is still for the most part not aware we exist. Today I am asking, “What do you think?” Informing the public of their protections is not a simple task. It can only be accomplished with an effort from the entire industry including:

- OATC, OSTC and other consultant organizations
- Tax schools
- The Oregon Department of Revenue
- The Oregon Board of Tax Practitioners
- Licensees like you

Knowledge is power. An informed consumer who knows where to turn for help is a consumer the Board of Tax Practitioners can protect. If you have any ideas or opinions on this subject I encourage you to write the Board.

Drop and Run!

~ *Dorothy Hudson* ~

We all have them—the client that throws the papers at the receptionist and mumbles on their way out the door, “Same as last year!” What are we to do?

The interview is one of the most important parts of tax preparation. It is how we obtain all of the information necessary to prepare an accurate return. A complete interview makes the difference between a quality return and what I call the “McDonald’s” approach to tax preparation. I use a “mental” Form 1040 as my guide, going through each section to determine if anything there applies. After all, it has been a whole year since they won on that lottery ticket or received that unemployment check!

Sometimes conducting a thorough interview means asking questions that appear personal in nature, things you may not want to even know about. For example, you are preparing a return for a single parent who appears to qualify for the EIC. Did you ask who else lives in the home? Does the child’s other parent live there, is the child a qualifying child of more than one taxpayer? Do they live with someone who makes more money and thus, may provide more than half the cost of maintaining the home, eliminating the head of household status for your client? Do you consider the tax implications of claiming a dependent exemption, does someone else

qualify to claim that exemption, is your taxpayer benefitting from the deduction, or should the exemption go to one person, the EIC to another?

Are you asking enough questions to determine if there are credits that they may be entitled to? Could they benefit from an IRA contribution? Last year, as I was preparing a return for a new client, I observed that an IRA contribution would be of benefit to her (I could also tell that she had money in the bank to invest), her future income was going to be a very small pension and social security, thus withdrawals from an IRA might be tax free to her. After showing her the savings, her remark to me was, “Why didn’t my previous preparer ever mention that?”

I would encourage each of us to examine our interview process. Now is the time. Establish guidelines for your office, make everyone (even you) adhere to them. Let’s put the “consultant” part of our title to its intended use, actually consulting with our clients regarding their taxes. Take the time to explain things to them. That’s what you get paid for. The time spent will be of great benefit to your clients, and will make your job easier too! As for the “drop and run” guy, they appreciate that we take the time to call them and do a phone interview. A suggested policy—a good interview—or no tax return!



Oregon

Theodore R. Kulanga, Governor

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Dear Course Instructor/CE Sponsor:

The Board would like to invite you to attend the 2009 Instructor's Workshop. The workshop will provide valuable information in preparation for teaching the Basic 80-Hour Course as well as courses and seminars for continuing education credit with the Tax Board.

There is no fee to register for the workshop and a lunch period of 1.5 hours will be provided for you to have lunch on your own. Participants will receive 2 hours of Continuing Education for attending. (You must be present for the afternoon sessions to qualify for continuing education credit)

The workshop particulars are as follows:

2009 Instructor Workshop
Tuesday – August 4, 2009
8:30 a.m. through 4:00 p.m.
to be held at the

Clackamas Community College - Wilsonville Training Center
29353 Town Center Loop East
Wilsonville, Oregon 97070

Topics for discussion at the workshop have been developed and an agenda is attached for your reference OR can be viewed on the homepage of the Boards Web site at: www.oregon.gov/OTPB

Please register by completing the information below and returning a copy of this letter to the board office **no later than 5:00 p.m. July 21, 2009**. You may fax your registration form to 503-378-2757. We look forward to an information-packed day with you.

2009 INSTRUCTOR WORKSHOP – REGISTRATION FORM

Yes, I will attend the annual Instructor's Workshop on August 4, 2009.

Name: _____

Instructor in (Basic/CE) / for (Company/City): _____ / _____

License # _____ Telephone #: (_____) _____

Signature: _____

DEADLINE FOR REGISTRATION: July 21, 2009

*** Thank you for attending ***



AGENDA

2009 Instructor Workshop

Tuesday, August 4, 2009

Location: Clackamas Community College

Wilsonville Training Center, 29353 Town Center Loop East

Wilsonville, OR 97070

I. 8:30 a.m. - 9:00 a.m.

Registration

II. 9:00 a.m. - 9:15 a.m.

Welcome & Introductions (Marilyn Johnston, LTC)

III. 9:15 a.m. – 10:15 a.m.

SESSION ONE – Teresa Massey on “How We Learn and the Implications for Teaching”

(15 minute break – 10:15 a.m. to 10:30 a.m.)

IV. 10:30 a.m. – 11:30 p.m.

SESSION TWO – Rich Galvez on “Using Adult Learning Principles, Part I”

V. 11:30 a.m. – 1:00 p.m. – *****Lunch on your own*****

VI. 1:00 p.m. – 2:00 p.m.

SESSION THREE – Rich Galvez on “Using Adult Learning Principles, Part II”

(15 minute break – 2:00 p.m. to 2:15 p.m.)

VII. 2:15 p.m. – 3:15 p.m.

SESSION FOUR – Dorothy Hudson, LTC & Janis Salisbury, LTC on “Learning Tools to Enhance the Process”

VIII. 3:15 p.m. – 3:45 p.m.

Panel Discussion – Board Members & Staff on “What the Board Expects” and “Questions & Answers”

IX. 3:45 p.m. – 4:00 p.m.

Evaluation & Adjournment

COMPLIANCE FOCUS AREAS MATERIAL FOR PRACTITIONER GROUPS

Each biennium the Personal Income Tax Compliance Section of the Oregon Department of Revenue concentrates its resources on particular types of enforcement activities. For the '09 – '11 biennium, our focus areas will be:

1. Partnerships, LLCs filing as partnerships and related partners/members.

We began an audit focus in this area during the current biennium and will extend the project into next biennium. Auditors will devote their time to a variety of partnership related items, such as income and expenses and “issue” audits (e.g., property sales or large charitable contributions), losses in excess of basis, apportionment and nexus, distributions, liquidations and transactions between partnerships and partners. They will also do filing enforcement of delinquent partnerships and partners, as necessary.

2. The second audit focus area for the next biennium involves auditing and pursuing filing enforcement of self-employed trades¹ people.

Based on IRS research and our own audit experience, we're aware that cash-based businesses account for many filing errors as well as omitted income and overstated deductions. We also know that when some people don't pay their taxes or misreport their income and expenses, it creates an unfair advantage over those taxpayers “playing by the rules.” The scope of these audits will also be expanded to include not only personal income tax returns, but compliance with payroll tax and other programs, as well². These examinations will include review of both income and expense items. We'll focus our review on returns filed for both the 2007 and 2008 tax years. This is much earlier than in past years. We believe this will reduce the burden on taxpayers, avoiding problems with faded memories and lost records.

Our staff will also be pursuing self-employed trades individuals who have not filed tax returns. We'll provide assistance if taxpayers come forward and want to file true returns; otherwise, we'll make an estimate of their tax based on the best information available and move to collecting it. This means you might see more self-employed individuals coming to you for return preparation services.

By sharing our audit focus areas with you now, you'll be able to provide timely information and advice to your clients about our audit focus areas while preparing their 2008 and 2009 returns.

¹Examples of “trades” are occupations requiring manual or mechanical skills, e.g., plumbers, landscapers, repair & maintenance people, etc.

² Payroll/withholding, transit taxes, worker's compensation, unemployment tax, etc.