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# PA-NATP NEWS



Volume 23 , Issue 4

Winter 2011-2012

## President's Message



Dear PA-NATP,

I hope everyone had a nice holiday. Now it is time to get ready for tax season.

The 2011 Annual State Conference was held in Mechanicsburg on November 15th. The topics this year were very educational. Because of the way the holiday's fall in November 2012, next year's Conference will be in October on the 22<sup>nd</sup> & 23<sup>rd</sup> and will be held in Mechanicsburg again. 2012 will mark the 25<sup>th</sup> anniversary of the Pennsylvania Chapter of NATP. We have already started working on the festivities to celebrate this accomplishment. Please pencil this event into your calendar so that you can help the Chapter celebrate 25 years.

A tentative 2012 PA-NATP calendar of events appears elsewhere in this newsletter. The West seminar will be held in September in Cranberry, PA (outside Pittsburgh, PA) and the East seminar will be held in November at the Woodlands in Wilkes-Barre, PA. Please check the calendar for other Chapter events. As details of the events are finalized they will be announced in the *Chapter Weekly* and posted on our website [PaNATPTax.com](http://PaNATPTax.com).

I want to welcome Rebecca Mangold to the Board of Directors. She will be filing the vacant spot in Region 2. You can read her bio later in this newsletter. We are happy to have Rebecca on the Board.

Did you renew your PTIN? The renewal process on the IRS website [www.irs.gov](http://www.irs.gov) is fast and easy. If you are new to e-filing have you checked the e-file mandate for both the IRS and Pennsylvania?

Are you familiar with the changes ACT 32 brings to Local Earned Income Tax? They affect both the employer and the employee and take effect on January 1, 2012. Details can be found [here](#).

Congratulations to Patty Turner, Doris Cooper, Kathryn Bowman, Amy Gambler and Rebecca Mangold on becoming certified instructors recently.

In the spring, the Chapter will prepare the Chapter of the Year application. Please forward to me information about yourself or another member that has had articles published, appeared on television or radio and/or participated in charity work associated with tax preparation. These events earn points for the Chapter in the competition.

Have a healthy and prosperous new year.  
Sincerely,  
Justina Tushak, CPA, EA

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## 2012 Calendar of Events

Some dates and locations are tentative, watch for updates

**PA Chapter events in bold type, National events in italics.**

<b>January 9, 9am-noon</b>	<b>Board of Directors Teleconference</b>
<b>May 7, 9am-noon</b>	<b>Board of Directors Teleconference</b>
<b>May (TBA)</b>	<b>East Working Together Conference, Philadelphia</b>
<i>July 9 – 13</i>	<i>NATP National Conference, Baltimore</i>
<b>September (TBA – 20<sup>th</sup>?)</b>	<b>West Working Together Conference, Cheswick</b>
<b>September (TBA – 20<sup>th</sup>?)</b>	<b>Board of Directors Meeting</b>
<b>September (TBA – 21<sup>st</sup>?)</b>	<b>West Seminar, Cranberry</b>
<b>October 22</b> <b>October 22 &amp; 23</b>	<b>Board of Directors Meeting</b> <b>Annual Conference &amp; Meeting – 25<sup>th</sup> Anniversary</b> <b>Mechanicsburg</b>
<b>November (TBA – 13<sup>th</sup>?)</b>	<b>East Seminar, Wilkes-Barre</b>

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### Meet PA-NATP's Newest Board Member Rebecca K. Mangold, EA

On November 14<sup>th</sup> at the 2011 Annual Membership Meeting, four Directors were elected to PA-NATP's Board. In addition to three current Directors, Joyce Jones, Dave Fleming and A.C. Stickel who were returned to office, one new Director, Rebecca Mangold was elected.

Rebecca began her dual-major career at Millersville University majoring in Mathematics Education and Nursing. She graduated as a Registered Nurse and worked for seventeen years in maternal/child health in Lancaster, PA.

In addition to working as a registered nurse, shortly after her graduation Rebecca was employed by her mother-in-law as an income tax preparer where she continued to work until her mother-in-law retired in 2004. At that point Rebecca became an NATP member and began her own income tax business which provides tax preparation, financial and payroll services for individuals and small business clients.

Rebecca is an enrolled agent with over twenty years experience in income tax preparation and holds Series 6 and 63 credentials as well as maintaining an active RN license. In 2011 she became a Certified NATP Instructor and will serve on PA-NATP's Education Committee as well as on its Board of Directors.

An advocate of volunteerism, Rebecca provides volunteer services at a local inpatient unit through Hospice of Lancaster County.

Rebecca resides in Lancaster with her husband and two children.

## Welcome New Members October

Kent Brian Seagreaves	Allentown	Warren Hudak	New Cumberland
Raymond James Locke	Aston	Laura Rose Bracey	New Park
Mark D Cooper	Bensalem	Linda Hankin	Norristown
Charles W Fry	Bensalem	Jerry Come	North Warren
Thomas C Kelchner	Bethlehem	Debra Robinson	Oakmont
Carol G Moskowitz	Bethlehem	Michael Stanley Lester	Parkesburg
George H Treisner, Jr	Bethlehem	Anna Eileen Thompson	Parkesburg
Diane Robinson	Bolivar	Paul Cihan, PA	Patton
Ronald E Armstrong	Brockway	John W Palaia	Pennsburg
Mathew N Kariuki	Brookhaven	Stanley Field	Philadelphia
Carl A Mendarino, Jr	Carmichaels	Robert Thaddeus Janulewicz	Philadelphia
Edward Fawcett	Carnegie	Mary Lawton	Philadelphia
Robert Wright	Charleroi	Amanda Y Luc-Tran	Philadelphia
Paul J Pascuzzi	Clarendon	Milton Urias Oates	Philadelphia
Mary Louise Petrucci	Confluence	Kamaria S O'Reagan	Philadelphia
Frances Marie Burke	Coraopolis	Arthur William Stevenson	Philadelphia
Thomas Molitor	Crescent	Thomas Wible	Philadelphia
Louann Hoffman	Cresson	Danuta Zielinska	Philadelphia
Michael Mincemoyer	Danville	Darren Dunsey	Pittsburgh
Hilary B Wagner	Doylestown	Joseph M Mallino	Pittsburgh
Paul J Arduino	Dunmore	Steven Oberst	Pittsburgh
David Wilkins	East Stroudsburg	Michael G Radich	Pittsburgh
Sonja DeGangi	Easton	James Tate	Pittsburgh
Rosa Morrison	Eighty Four	Allen L Zeolla	Pittsburgh
Robyn Ann Bauder	Elizabethtown	Mary Lou Kline	Reading
Mark Alan Sinex	Emmaus	Paul Grimm	Saegertown
Thomas H Burniston	Erie	James John DeLorenzo	Secane
Susan Holtgrefe	Erie	Karlene A Novotny	Spring City
Donald Lee Shriver	Erie	Barbara A Gaggini	Springdale
Theresa Norris	Exton	William Laurence Purfield , Jr	Upper Chichester
Patricia Marie O'Bara	Feasterville Trevose	Howard Eisenthal	Warminster
Leann Weaver	Hunlock Creek	Paul Douglas Brock	Washington
Constance S Reihart	Huntingdon	Robert Dale Fay	Waynesboro
Lois M Ecenrode	Lancaster	Jonathan Fiorelli, CLU	West Chester
B. Jon Sherman	Langhorne	Maria Guadalupe Rodriguez	West Grove
Amy L Holz	Lewisburg	Karen Mazza Sciallo	Wexford
Sarah K Costa	Lincoln University	Mary McAvoy	Willow Grove
Daniel Bachak	Mayfield	Jeanetta Ulrich	Winfield
Emily C Clarke	Media	Debbie Fennell	Woodlyn
William Mayer, CFP(R)	Media	George Westfall, CPA	Yardley
Deborah McComb	New Albany		

## Welcome New Members November

Ira Anthony Nestlerode	Avis
Marie Hebbel	Bensalem
Larry M Carroll, CPA/CFF	Blue Bell
Candace Livingston	Bradford
George Maina	Brookhaven
Vonda McElhinny	Butler
Michael Jeffrey Monaco	Cecil
Nicole Odeh	Coatesville
Arline Fasching	Danielsville
Robert Lee Shannon	Dillsburg
Joanne L Ellinger	Doylestown
James J Fraatz, Sr	Drexel Hill
Alice Stile	Dunlevy
Leticia Couttten	East Stroudsburg
Hal Harris	East Stroudsburg
Francis Joseph Palombaro	Elkins Park
Karen S Reese	Ephrata
Steven L Barnett, EA	Erie
Raymond J. Pasavage	Exeter
LeeEsta Frishkorn	Fairfield
Sharon Brown	Hanover
Brian David McMaster	Hanover
Andrew L Kinsinger	Harrisburg
Juana A Tavarez	Hazleton
Susan Elizabeth Rozsas	Houston
Mon Kurian Sam	Huntingdon Valley
Paul K. Bunting	Jenkintown
Albert G Smith	Kennett Square
Patrick J Augustine	Lansdowne
James L Painter	Lititz

Cathy Shortledge	Lock Haven
Lee Slocum	Malvern
Charles D Brncic	Monroeville
Dale R Austin	Moon Township
Anthony J Pisano	New Galilee
Don Bordner, EA	Northumberland
Luke Snavely	Palmyra
Zhanna Filipova	Philadelphia
Jemal Hagos	Philadelphia
Joseph Kinsey	Philadelphia
Shailesh Parikh	Philadelphia
Robert Speck	Philadelphia
Arsenio Torres Jr	Philadelphia
Michael Conte, CPA	Philipsburg
Deborah J Scotto	Pittsburgh
Fred J Wiest	Pottsville
Mary Ann Kaiser	Quakertown
Andrea H George	Reading
Kelin Reynoso-Benjamin	Reading
Richard Lee Brown	Red Lion
Stanley A Przychodzion Jr	Sadsburyville
Silvana Benavides	Scranton
Stephen J Smith	Sellersville
Christopher Gamber	Sinking Spring
Ted Mejia	Stroudsburg
Donna Stropes	Towanda
Natalie Newcomer	Waynesboro
Cindy Raymond	Woodland
Nicholas Dello Buono	Wyomissing

## *NATP - Pennsylvania Chapter Publication Order Form*

<b>Book Title</b>	Price Ea.	Quantity	Total
<b>PA-NATP 2011 RCT-101/LLC Handbook</b> Covers the preparation of the PA Form RCT-101 for Limited Liability Companies. Two comprehensive case studies are provided: one for a single member LLC, the second for a multimember LLC doing business as a partnership.	\$ 60.00		
<b>PA Dept of Revenue 2011 Fall Tax Seminar Handbook</b> Updates on Personal Income Tax, Pass-Thru Entities, Corporations and Unemployment Comp Tax. Also discusses Use Tax Voluntary Compliance Pgm, Unclaimed Property and Board of Appeals.	\$ 20.00		
<b>Total Enclosed</b>			

**Orders must be received by January 10, 2011**

**Mail or Fax Order to:**

Richard Miller, PA-NATP Treasurer  
 168 McCabe Drive  
 Greensburg, PA 15601  
 Fax #: 724.853.8537  
 Questions call: 724.853.8536

**Ship to - PLEASE PRINT CLEARLY**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ ST \_\_\_\_\_ Zip \_\_\_\_\_

Check Enclosed Payable to **PA-NATP**: \_\_\_\_\_

Charge My Credit Card (Visa or MC only): \_\_\_\_\_ Complete below Phone: \_\_\_\_\_

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### *Credit Card Information Form*

Cardholder Name: \_\_\_\_\_

Billing Address: \_\_\_\_\_

City: \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Card Number: \_\_\_\_\_ Visa \_\_\_\_\_ MC \_\_\_\_\_

Exp Date: \_\_\_\_\_ V Code (last 3 digits on back of card): \_\_\_\_\_

I authorize PA-NATP to charge my VISA/MasterCard for \$ \_\_\_\_\_ (insert amount). All goods and services have been received and are in good order.

Signature: \_\_\_\_\_

## Quick Reference Book Reminder

The order forms for Quickfinder and TaxBook reference books are now available on the NATP website  
<http://www.natptax.com/taxstore/Documents/2011%20Quickfinder%20Order%20Form.pdf>  
<http://www.natptax.com/taxstore/Documents/2011%20TheTaxBook%20Order%20Form.pdf>

PA-NATP receives a nice donation from both of these companies when reference material is ordered on these specially coded order forms but only when ordered on these forms. So please remember when ordering your quick reference books to download and use only the coded forms, not ones that you receive in the mail.

## Revenue Department Reminds Cyber Monday Shoppers to Pay Use Tax

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

Shoppers who took advantage of Cyber Monday Internet sales on Nov. 28 are reminded to check receipts for sales tax charges, and save purchase records not reflecting sales tax to facilitate payment of use tax in the new year, Department of Revenue Secretary Dan Meuser reminds.

"Many online retailers do not collect sales tax, and some even falsely advertise that products can be purchased online tax-free," said Meuser. "When sales tax isn't collected by the seller on a taxable item or service, it becomes the purchaser's responsibility – by law – to report and remit use tax."

Though use tax has been on the books since 1953, when sales tax was first codified in Pennsylvania, many taxpayers are unaware of use tax liabilities.

In an effort to raise awareness about use tax obligations and encourage voluntary compliance with use tax law, beginning with tax year 2011, the department is simplifying the use tax reporting and payment process by adding a use tax line to the PA-40 Pennsylvania Personal Income Tax Return. Taxpayers will be able to easily report and pay use tax annually using padiirectfile, Fed/State e-File or the paper PA-40 beginning in January.

"It's a matter of fairness," Meuser said. "Pennsylvania businesses – those who employ our residents, pay state and local taxes and support our communities – are put at a 6 or 7 or 8 percent competitive disadvantage against out-of-state businesses when sales or use tax is not paid on taxable items purchased online."

As the popularity of Internet and mail-order shopping grows among Pennsylvania residents, individual consumers' use tax compliance will facilitate fair and equitable tax collection and level the playing field among e-commerce retailers and Pennsylvania's brick-and-mortar stores.

Taxpayers are encouraged to visit [www.revenue.state.pa.us/usetax](http://www.revenue.state.pa.us/usetax) for more information about use tax, including resources for determining when use tax is due and instructions for remitting the tax.

Pennsylvania electronic and paper income tax reporting options for tax year 2011 will become available in mid-January 2012.

## *Revenue Department Clarifies Existing Sales Tax Nexus Law for Remote Sellers*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

On December 1<sup>st</sup> the Department of Revenue issued a Tax Bulletin to explain existing sales tax nexus law for remote sellers, clarifying the law and the department's authority to require e-commerce and other out-of-state sellers with physical presence in Pennsylvania to collect sales tax.

"There have been many questions about when businesses are required to collect sales tax, and this bulletin spells out the law for remote sellers so they better understand how to comply," said Revenue Secretary Dan Meuser. "It's simply a matter of fairness under the existing law, and it's essential that both e-commerce retailers with nexus and brick-and-mortar stores in Pennsylvania, many of which are small businesses employing thousands of Pennsylvanians with retail jobs, are treated equally."

Sales and Use Tax Bulletin 2011-01 relies on in-state activity to establish nexus, as required by the U.S. Constitution, and provides examples of in-state activity sufficient to require sales tax registration and collection.

The Tax Reform Code nexus language has been in place for many years, but because taxpayers may not be familiar with it, the bulletin is being issued as a clarification of existing law.

This effort to address with retailers sales tax collection requirements coincides with a consumer-based approach to simplify use tax reporting and payment. Beginning in January 2012, individuals will be able to self-report use tax on the Pennsylvania personal income tax return.

"Our goal with regard to e-commerce and remote sellers is two-fold. On one hand, we're clarifying nexus and informing retailers with nexus they should begin collecting sales tax. On the other hand we're providing a clear and simple reporting mechanism for individuals to report and pay use tax annually, when sales tax wasn't paid," said Meuser. "The department's uniform collection and enforcement of sales and use tax is key to fostering fair competition among e-commerce and brick-and-mortar businesses."

Companies whose business activities establish nexus in Pennsylvania must become licensed to collect sales tax as soon as possible, but no later than by Feb. 1, 2012. Companies with Pennsylvania nexus that fail to begin collecting sales tax as required by law may be pursued by a variety of escalating enforcement options over time, including audit, assessment, lien and/or referral of the case to a collection agency or the Office of Attorney General.

In cases where companies with nexus blatantly disregard the Tax Bulletin and their obligations to begin collecting sales tax, the department has the statutory authority to look back at least three years for audit and assessment purposes.

Companies with legal questions regarding establishment of nexus are encouraged to call the department's Office of Chief Counsel at 717-787-1382. Companies with questions regarding sales tax registration, collection and reporting requirements are encouraged to call the business tax Taxpayer Service and Information Center at 717-787-1064.

Sales and Use Tax Bulletin 2011-01, found on the department's website, [www.revenue.state.pa.us](http://www.revenue.state.pa.us) clarifies the department's authority to require e-commerce and other out-of-state sellers with physical presence in Pennsylvania to collect sales tax.



## Revenue Department Board of Appeals Now Accepting Requests for Compromise

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

Department of Revenue Secretary Dan Meuser recently announced that the department's Board of Appeals will now accept requests for compromise of tax appeals.

"Accepting requests for compromise will provide a more efficient way for taxpayers to settle disputes with the department," Meuser said. "This is an important step toward fulfilling Governor Corbett's pledge to reform the appeals process, making it more taxpayer-friendly. Taxpayers can now resolve tax appeals in a matter of weeks, rather than endure a process that could last years. "

Miscellaneous Tax Bulletin 2011-02, issued today, allows a petitioner to propose a compromise with the department prior to a final decision by the Board of Appeals.

To propose a compromise, the petitioner must submit a written request for compromise by completing the Board of Appeals Request for Compromise form, found on the department's website. This form may only be submitted in conjunction with a petition to the Board of Appeals, either along with Board of Appeals Petition Form or as soon as possible after the petition is filed.

A compromise will only be considered when it illustrates doubt regarding liability or promotes effective tax administration.

Compromises addressing any of the following will not be considered:

- appeals of denials of property tax/rent rebate claims;
- denials of charitable tax exemptions;
- revocation of sales tax licenses; or
- appeals pursuant to the Gaming Control Act.

Under the compromise process, an informal conference (either by phone or in person) would be conducted by a Board of Appeals hearing officer. The conference may include representatives of the department. The purpose of the conference is to determine if the appeal may be resolved in a mutually satisfactory manner. If so, an order reflecting the compromise would be submitted for approval pursuant to the requirements of Miscellaneous Tax Bulletin 2011-02.

If an appeal is compromised, a compromise order will be issued and the petitioner waives any right to:

- appeal the compromise order;
- claim any refund of money paid pursuant to the compromise order; or
- file any petition or appeal that raises the same issues for the tax period(s) and liability(ies) addressed in the compromise order.

Article 27 of the Pennsylvania Tax Reform Code requires the Board of Appeals to render a decision within six months of a petition's filing date. This may be extended for an additional six months if agreed upon by both parties. This extension process will be used to ensure that there is adequate time for the parties to discuss a potential compromise and, if no compromise is reached, to issue a decision and order. If there is no agreeable compromise, the petitioner may proceed through the formal appeals process

## Local Earned Income Tax Law Change Effective Jan. 1, 2012

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

Act 32 of 2008, which becomes effective statewide Jan. 1, 2012, reforms the local earned income tax withholding system and establishes countywide tax collection districts for the remittance and distribution of local earned income taxes (except Allegheny County, which is comprised of four tax collection districts). Philadelphia is not regulated by Act 32, so the present system as administered by the Philadelphia Department of Revenue will remain in effect.

Every business that employs individuals at worksites within Pennsylvania, or employs individuals who work from their homes in Pennsylvania, is required to withhold the applicable local earned income tax amount from employees' wages and remit the tax to the appropriate tax officer.

For additional information regarding Act 32, including access to standard forms, rates and tax officer information, please contact the PA Department of Community and Economic Development by visiting [www.newPA.com](http://www.newPA.com) or calling, toll-free, 1-888-223-6837.

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## Update for Employers E-filing Local Tax Returns

Submitted by Fred L. Weaver, EA, ATA

Did you know that a Local Tax Collector cannot mandate electronic filing of local quarterly employee tax data? I did not know that until recently.

In discussions with Berkheimer about a customer where e-filing would be extremely problematic, the Berkheimer representative stated that NO local tax collector can mandate electronic filing unless the employer opts into statewide filing (the monthly option for multiple work sites in different local jurisdictions). I asked the Berkheimer representative for a copy of the law supporting that statement.

Paragraph 4 of Section 512 of the Local Enabling Act, as amended by Act 32, clearly states that the quarterly data shall be on a "form." Paragraph 5 (covering voluntary state wide reporting to a single locality) goes on to clarify that for voluntary state wide reporting, the return required in Paragraph 4 shall be filed monthly and mandates that, "The return and income taxes deducted shall be filed and paid electronically."

Therefore, in my opinion and as confirmed by Berkheimer, a local tax collector cannot mandate electronic filing of quarterly payroll data. A local tax collector can only mandate electronic filing of monthly payroll data for employers that opt into the state wide reporting option as detailed in Paragraph 5 of Section 512 of the Local Enabling Act.

A complete copy of the Local Enabling Act, as amended by Act 32, can be obtained by following this link:

<http://www.legis.state.pa.us/cfdocs/legis/PN/Public/btCheck.cfm?txtType=HTM&sessYr=2007&sessInd=0&billBody=S&billTyp=B&billNbr=1063&pn=2229>

"Section 512. Withholding and remittance," begins at the bottom of page 112 of the copy of the Local Enabling Act available from the above link. Paragraphs 4 and 5 appear on pages 113 and 114.

## *Real Estate Valuation Suspensions For Inheritance Tax*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

The department recently established the time period during which it will allow a real estate valuation suspension for inheritance tax calculation purposes. To ensure all such suspensions are handled uniformly, suspensions will now be allowed for up to 15 months after a decedent's date of death. Previously, the department did not specify a timeframe during which a suspended valuation would be accepted.

Pennsylvania's inheritance tax law provides that the value of property upon which inheritance tax is imposed is the value at the date of the decedent's death. The value of real estate often is difficult to establish, absent a sale between unrelated parties (also known as an arms-length sale). The department therefore has allowed the personal representative of an estate, upon filing an otherwise complete REV-1500 Inheritance Tax Return, to request that the tax calculation on the real estate be suspended until the value of the property is determined at the time of sale.

Effective immediately, the department will allow an estate to suspend the valuation on the original and timely filed inheritance tax return for up to 15 months. The 15-month period includes the nine months after which the inheritance tax return becomes delinquent, plus the additional six-month filing extension. When the property is sold after the inheritance tax return is timely filed and the suspension requested, the estate should then report the arms-length sales price on a supplemental inheritance tax return. If the real property is not sold within 15 months of the date of death, an estate will have to report an alternate means of establishing the value, including a professional appraisal or the common level ratio value.

A personal representative also may choose to report a value of real property on a timely filed inheritance tax return and pay the inheritance tax due on its transfer. If the estate then, at a point within 15 months from the decedent's date of death, sells the property at an arms-length sale for a lesser value, it may, on a timely filed petition, request a refund of any overpaid tax.

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## *New Fax Technology Introduced At DoR*

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

In an effort to improve customer service, the department recently introduced new fax machine technology that will expedite the posting of faxed information to taxpayer accounts, which will make the information available for review sooner than was previously possible.

The new process is currently in use in the Bureaus of Individual Taxes and Business Trust Fund Taxes. The Taxpayer Service and Information Center and the Bureaus of Corporation Taxes and Motor Fuels Taxes plan to begin using it within the next few months.

Instead of printing the faxes received, digital images are uploaded for faster posting to taxpayer accounts. Historically, posting faxed items could take five to 15 days depending on the time of the year. The new process is expected to reduce system posting time to about two days (again, depending on the time of the year). In addition, it will produce significant cost savings for the department by saving tens of thousands of sheets of paper and hundreds of print cartridges.

To ensure clients' faxed information is correctly processed, taxpayers and practitioners are encouraged to fax transmissions for a single taxpayer, one tax year or one tax period at a time. Grouping items could result in incorrect system postings of the information. It is also important to fax to the number on the department notice requesting the information. When responding to a notice, it is best to use the notice as the first (cover) page of the fax transmission. If using a custom cover sheet, practitioners should include the taxpayer's name, Social Security number or EIN and the tax year/tax reporting period in large print in a clearly visible area, preferably in the upper right-hand corner of the cover sheet.

## Capital Stock/Foreign Franchise Tax Reduced

Reprinted from the PA Dept. of Revenue's website with the permission of the Department's Press Office

In his first budget since taking office, Governor Corbett kept his commitment to reinstate the capital stock/foreign franchise tax phaseout. The rate will be reduced to 1.89 mills effective Jan. 1, 2012, and it is scheduled to be completely phased out by 2014.

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## Changes in Federal Sch F for 2011 Tax Filings

By Dave Fleming, EA

The new Schedule F (for Form 1040) was posted on the IRS Website on November 16. It has several changes from the 2010 form and some of the changes will require action before the tax filing season starts.

Two new questions are on Line F and G. The first is, "Did you make any payments in 2011 that would require you to file Form(s) 1099 (see instructions)?" Generally farmers must file Form 1099s for rents and payments of services over \$600 to unincorporated individuals and entities.

The second question on Line G is, "If "Yes", did you or will you file all required Forms 1099?"

While the 1099 reporting requirements have been in existence as long as I can remember, this is the first time that Schedule F and Schedule C have had the questions about filing the forms printed. It will be important to contact clients to file the required returns.

Lines 1a is now for "Specified sales" of Livestock and other resale items and Line 2a is for "Specified sales of products you raised. This will be for payments received from bank card merchants, PayPal, etc. that are reported on Form 1099K. The instructions for Schedule F say that Line 1a and 2a shouldn't be used for 2011 returns, but it appears that they will be used in the future.

In the past net profit or loss was reported on line 36. Profit or loss is now reported on Line 34. If the farm has a loss there is a new question to answer on line 35- "Did you receive an applicable subsidy in 2011?" The applicable subsidies from pages F8 and F9 of the instructions include Direct and Countercyclical payments and Commodity Credit Corporation Loans. If there is an "excess loss", the loss may be limited. Excess loss is defined as the greater of \$300,000 or the total farm profits from 2006 through 2010. There are worksheets which must be completed if this situation exists.

As of this writing, no changes have been made to the Pennsylvania Schedule F.

In conclusion, now is a good time to familiarize yourself with the changes on the federal form.

Due diligence has been used in preparing this publication, however, the possibility of mechanical or human error does exist. Laws, regulations and procedures do change so additional information sources should always be consulted before relying on any information herein contained. Additionally, the facts and circumstances of a particular situation may differ from those presented here. This material is presented with the understanding that this publication is not intended to render legal, accounting or tax advice.

## The Financial Page

<b><u>Income &amp; Expenses Year to Date</u></b>	
as of 30 November 2011	
<b>REVENUES</b>	
Dues	10050.00
Incentive	264.00
TMI Commissions	1243.00
Seminars	8680.00
Printed Matter Sales	958.12
Interest	16.76
Scholarship Receipts	<u>432.00</u>
<b>TOTAL REVENUES</b>	<u><u>21643.88</u></u>
<b>EXPENSES</b>	
Newsletter - Postage	75.41
Newsletter - Printing	193.62
Newsletter - Misc	<u>800.00</u>
<b>SUBTOTAL</b>	<u>1069.03</u>
Admin - Ofcer Reimb	900.00
Admin - Insurance	150.00
Admin - Audit	150.00
Admin - Faxes	4.20
Admin - Bank Fees	336.44
Admin - Ofc Supplies	41.83
Admin - Postage	35.40
Admin - Telephone	60.81
Admin - Photocopies	14.25
Admin - Miscellany	<u>205.26</u>
<b>SUBTOTAL</b>	<u>1898.19</u>
BOD - Conf. Calls	512.24
BOD - Mile Reimb	2830.57
BOD - Meals	317.06
BOD - Meeting Fees	200.00
Committee Expenses	<u>1353.85</u>
<b>SUBTOTAL</b>	<u>5213.72</u>
Scholarship Contrib.	<u>500.00</u>
National Conference	1275.90
East Region Seminar	2760.74
West Region Seminar	2130.99
Annual Conference	4115.48
<b>SUBTOTAL</b>	<u>10283.11</u>
Charity	300.00
<b>TOTAL EXPENSES</b>	<u><u>19264.05</u></u>
<b>NET INCOME</b>	<u><u>2379.83</u></u>

<b><u>Balance Sheet</u></b>	
<b>ASSETS</b>	
Current Assets:	
Commercial Bank Checking	4465.47
Commercial Bank Savings	8467.62
Commercial Bank PayPal	2097.91
Accounts Receivable	<u>                    </u>
<b>Total Current Assets:</b>	<b>15031.00</b>
Property and Equipment:	2442.10
Equipment - Accum Depr	<u>-1759.00</u>
<b>Total Property and Equipment:</b>	<b>683.10</b>
Other Assets:	
Deposits	<u>                    </u>
<b>Total Other Assets:</b>	<u>                    </u>
<b>Total Assets:</b>	<u><u>15714.10</u></u>
<b>LIABILITIES AND CAPITAL</b>	
Current Liabilities:	
<b>Total Current Liabilities:</b>	<u>                    </u>
Long-Term Liabilities:	
<b>Total Long-Term Liabilities:</b>	<u>                    </u>
<b>Total Liabilities:</b>	<u>                    </u>
Capital:	
Retained Earnings:	13334.27
Net Income:	<u>2379.83</u>
<b>Total Capital:</b>	<u>15714.10</u>
<b>Total Liabilities &amp; Capital:</b>	<u><u>15714.10</u></u>

## Help the Chapter & Help Yourself

### **Be a Volunteer**

The Chapter is always in need of volunteers to serve on its committees. Volunteers benefit the Chapter by bringing in new skills and fresh ideas. The volunteer benefits by not only establishing contacts with people and businesses that can be helpful in their own business but also from a sense of satisfaction in helping to accomplish the goals of the Chapter. Please contact Justina Tushak at [jtushak@tushakaccounting.com](mailto:jtushak@tushakaccounting.com) or any Board member, whose contact information can be found at [www.panatptax.com/contact.html](http://www.panatptax.com/contact.html).

### **Become a Certified Instructor**

Do you know what a "Certified Instructor" is? This is a recent designation instituted by NATP. Certified Instructors are eligible to teach a variety of classes developed by National. (The Essential 1040 & Beyond 1040 Workshops are not included.) With the IRS mandated education requirements soon to go into affect, it will be beneficial for our Chapter to have a number of certified instructors available to provide certified education at various times and places throughout the state. Our Chapter currently has four members who have been certified: Patti Blum, Bonnie Lewis, Patty Turner and Doris Cooper. Congratulations to them on passing this challenging certification course. Might you like to become a Certified Instructor? Plans are being made to hold the two day certification course in Pennsylvania next year. If you are interested in learning more or adding your name to the list of students, please email Justina Tushak at [jtushak@tushakaccounting.com](mailto:jtushak@tushakaccounting.com).

### **Are You a Celebrity?**

Compilation of data for the Chapter of the Year Award is an on-going process and work has begun on the application for the 2011 award. If you appear on TV or radio, have articles published or speak at a public function on a tax related topic or know a PA-NATP member who has, the Chapter of the Year Application Committee needs to hear from you. Publication and speaking are categories which earn the Chapter points toward the Chapter of the Year Award. Contact Justina Tushak at [jtushak@tushakaccounting.com](mailto:jtushak@tushakaccounting.com) for information on what type of documentation is needed for inclusion with the application. The deadline for the award application is June 1 of each year.

## PA-NATP NEWS Advertising Space Available

Your ad on these pages can reach nearly 1000 PA tax professionals.

### **Classified Ad Rates**

#### NATP Member rates, up to 100 words:

1 Issue \$20.00  
2 Issues, same ad \$30.00  
3 Issues, same ad \$40.00  
4 Issues, same ad \$50.00

Additional words flat rate 50¢ per word for 1- 4 issues, member and nonmember.

#### Non-Member rates, up to 100 words:

1 Issue \$30.00  
2 Issues, same ad \$45.00  
3 Issues, same ad \$60.00  
4 Issues, same ad \$75.00

### **Display Ad Rates**

#### NATP Member rates:

Full page \$150.00  
Half page \$ 85.00  
Quarter page \$ 50.00

#### Non-Member rates:

Full page \$225.00  
Half page \$125.00  
Quarter page \$75.00

All ads must be prepaid and tax/accounting/financial planning related.

#### Mail checks, payable to PA-NATP, to the treasurer:

Richard L. Miller, CFP  
168 McCabe Dr  
Greensburg, PA 15601

#### Send ads to the newsletter editor:

Samuel Wingard  
2652 Barnard Rd  
Dayton, PA 16222  
[sam1040@windstream.net](mailto:sam1040@windstream.net)

## 2012 PA-NATP Board of Directors

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## PA-NATP 2012 Committees

<p><b><u>BUDGET</u></b> - Executive Committee</p> <p><b><u>MEMBERSHIP</u></b> - Bonnie Lewis, Chairperson            Patti Blum, Patty Turner</p> <p><b><u>NOMINATIONS</u></b> - Gary Smith, Chairperson            Justina Tushak, Chuck Evans</p> <p><b><u>PUBLIC RELATIONS</u></b> - Co-Chairpersons            Patti Turner &amp; Kathy Kramer</p> <p><b><u>TAX AUTHORITY LIASON</u></b> - AC Stickel</p> <p><b><u>NEWSLETTER</u></b> - Sam Wingard – Editor            Joyce Jones</p> <p><b><u>AUDIT</u></b> - Kathy Kramer</p> <p><b><u>CHAPTER OF THE YEAR</u></b> - Justina Tushak, Chair            Patti Blum, Rich Miller, Gary Smith            Patty Turner</p> <p><b><u>EDUCATION</u></b> - Patti Blum, Chairperson            Patty Turner, Rebecca Mangold, Donald D,            Doris Cooper, Rich Miller, Justina Tushak            Dave Fleming</p>	<p><b><u>SEMINARS</u></b>  <b><u>East</u></b> - Gary Smith, Rich Miller, Chuck Evans</p> <p><b><u>Central (Annual Conference)</u></b>            Patty Turner, Rich Miller, Justina Tushak            Rebecca Mangold</p> <p><b><u>West</u></b> - Patti Blum, Dave Fleming,            Kathy Kramer, Rich Miller, Justina Tushak</p> <p><b><u>WORKING TOGETHER</u></b>  <b><u>East</u></b> - Chuck Evans</p> <p><b><u>West</u></b> - Patti Blum</p> <p><b><u>IRS/PRACTITIONER LIAISON</u></b>            Sean Brennan</p> <p><b><u>WEBSITE</u></b> - Justina Tushak</p> <p><b><u>DAVE KNICKERBOCKER SCHOLARSHIP FUND</u></b> - Justina Tushak - Chairperson            Gary Smith, Rich Miller</p>
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