

September 2017

Volume 21 Issue 1

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The Informer

The President's Message



Hello Kansas NATP Chapter & friends:

I hope you were able to enjoy the wonderful Spring weather and a relatively mild Summer. Many preparers are still at work on approaching deadlines for extensions caused by IRS's delayed refunding and delay for issuing of 1095 Health Coverage forms in addition to the typical issues, i.e. investment 1099 statements, business expenses and clients with numerous obligations, i.e. health, job, family, etc. Because much more of our tax work gets compacted into a shorter time span of about two months, we again tell ourselves it is essential to create better workflows, efficiencies, gain more in-depth tax knowledge, quicker tax research, etc. Many of the tax returns on extensions, federal & state notices, multi-years of tax returns, collections, research & tax planning for numerous life changes, Fed./state law changes & entity issues, tax practice & personnel changes, etc., amount to some of the more difficult situations yet to finalize. In confronting these issues many are considering what is needed to be able to significantly improve our operations and tax knowledge. The National Association of Tax Professionals (NATP) and state Chapters provide numer-

ous opportunities for tax training, live events, webinars, CD/DVD's, reference books, on-line services, etc. provide a multitude of much needed resources. It takes dedicated efforts to focus on what is most important of the wide-ranging responsibilities of operating a tax firm. We have to optimize our performance by learning to set the right priorities. "...there's a huge difference between acquiring information and understanding it. And there's an even wider gap between understanding it and implementing it, or actually doing it". "It is the effort to improve that is valuable. By repeating it over and over you will master it." (Organize Tomorrow, Today).

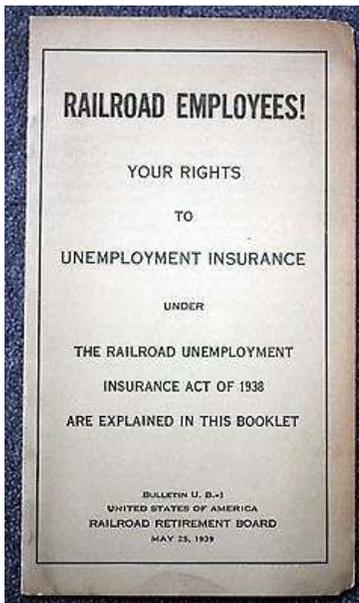
Being able to meet & learn from a variety of expert instructors/presenters/research staff (who have done it) and get acquainted with other NATP members nationally and at the local state level provides tremendous resources to help further our abilities in our tax firms. The 2017 NATP National Conference in Washington, DC, August 7-10, was such a great opportunity. It provided many ways that you can learn from others - how best to deal with your situations & how to avoid major difficulties. If you were not

able to attend, I highly recommend purchasing the Playback Now recordings of the National Conference sessions. Since the National Conference, there have been additional live events to attend, i.e. NATP's two-day S Corp sessions at the Overland Park DoubleTree. You will make contacts from education events that you can call, email, or contact via social media, to ask for suggestions, as well as use NATP Research, contact the Chapter Leadership Advisor, National/Chapter Board Directors, Education Presenters, Vendors, website education, etc. The National Conference also provides exceptional keynote speakers, i.e. Tony Brigmon, previously with Southwest Airlines, who inspired attendees to take fun seriously, use the power of fun to bring out the best in people.

The KS NATP/IRS Tax Symposium, was held August 24, 2017, again provided very economical CPE, an opportunity to meet with a local IRS Taxpayer Advocate (presidents letter continued on page 5)

Railroad Unemployment & Third Party Sick Pay

By: Timothy D Graham Jr EA (Tim Jr)



Did you know that railroad unemployment and third party sick pay is not taxable by any state?

We should never trust our software! I may be a younger preparer and never prepared many returns by hand, but I can if needed and that is what our office does every year when the software comes out. This does not mean that I prepare everything by hand, it just means that we walk down the form to make sure that it is calculating everything correctly.

The key point of this article, deals with Railroad unemployment and the software we currently use, which is Drake. We used Pro Series back in 2013 and I checked the software and it was not handling railroad unemployment correctly either.

Drake software has a screen to enter the 1099-G with a box for unemployment, so that it transfers to the correct line of the 1040 return. (By the way, that is the only form we produce in our office.) On the unemployment screen, in the bottom left hand corner is a box to mark if the unemployment is from the Railroad. We checked that box and then walked through the state side of the return and nothing changed.

This led me to research why the box was there if it was not changing the Federal or State tax return. This led me to “The Railroad Unemployment Insurance Act” which specifically provides that railroad unemployment and sickness benefits are not subject to State income tax. Therefore, the RRB will still send out a form 1099-G showing the total amount of unemployment benefits paid during the previous year so you can report them on the Federal return, and there should be a subtraction on the State return.

I sent this information to Drake Software, and the Kansas Department of Revenue, so that we could get a change done for the software. This issue was corrected within a week during tax season after getting with Drake Software, and the E-file Coordinator for Kansas Department of Revenue. Anyone with Railroad Unemployment or Sick Pay that was completed early in tax season, you may want to check that it did not tax it at the State level.

If you are wondering why I mentioned that we used Pro Series in the past, I am a notoriously curious person. I know curiosity killed the cat, but I had to go back and check to see if Pro Series handled it correctly. I looked at the 2013 tax program, and it did not handle the railroad unemployment or sickness pay correctly.

Just because you have a box to mark and you mark, it does not mean that the software is doing what it is supposed to do. Therefore, we all need to take some time to review everything about our tax returns to make sure that we are doing everything that we can for our clients.



Important Dates to Remember for 2017:

WHAT	DATES	WHERE
Annual Meeting	October 30, 2017	Double Tree by Hilton, Wichita Airport, Wichita
NATP 1040 Workshop	October 31, Nov 1, 2017	Double Tree by Hilton, Wichita Airport
NATP 1040 Workshop	November 13,14, 2017	Double Tree, Overland Park
Fall Seminar	November 15, 2017	Double Tree, Overland Park

All seminars: Registration 7:00 a.m. Seminar 8:00 a.m. If you have a suggestion for a topic for these seminars, please contact Tim Graham or Tim Cain. Their phone numbers are located on the last page

*KANSAS
EDUCATIONAL
SEMINARS
&
MEETINGS*

Fun Tax Laws

Delaware is one of five states with no sales tax. The state also has a low 8.7 percent flat income tax on corporations, which is probably why more than half of the country's publicly traded companies call the First State home.

In 2014, Georgia became the first state to cap its income tax rate through a ballot measure. The tax rate cap of 6 percent is now part of the state's constitution. This year (2017), a bill was introduced in the state legislature that could replace the state's six income tax rates with a flat 5.4 percent tax.

Want to ride in a hot air balloon in Kansas? If it is tethered to the ground, passengers are taxed for the entertainment. But if the rope is untied, it's treated as air transportation and the ride is tax-free. Wisconsin and Missouri have similar laws.

Massachusetts residents traveling for a holiday or celebration might run afoul of the law if they bring a bottle of liquor or wine. A special permit and fee are required to bring any alcohol that wasn't purchased, and isn't intended for resale, in the state.



Since 1999, the Mr. Olympia bodybuilding competition has been held in Las Vegas. Like everyone else, bodybuilders can deduct ordinary and necessary business expenses. But it's one of the few professions that can count body oil among those expenses.

New Hampshire has neither a sales tax nor an income tax (with the exception of a 5 percent tax on interest and dividends above \$2,400, or \$4,800 for joint filers). Instead, many local governments rely on property taxes, which are among the highest in the nation.



Most states have property taxes, but several counties in Oklahoma stand out because they tax personal possessions that aren't used to generate income. Even basic household items, such as furniture, could be subject to the "tangible personal property" tax.



GOING PAPERLESS

Terri L. Ryman, EA

I should tell you that this project was not nearly as daunting as I had imagined. I've taken numerous surveys over the years, asking if I thought my company kept up with technology, and I have always answered near the top, but never at the top, because I was always putting off the "going paperless" process.

In December, I made up my mind that it was now or never. So I researched scanners, paying particular attention to Bob Jennings's recommendations. I ended up getting 3 Fujitsu scanners, two Fujitsu FI-7180 High Performance Color Duplex Scanners, and one Fujitsu FI-7280 Color Scanner with a flatbed.

We tested them extensively during the month of December, scanning in copies of books, bank statements, and documents from our monthly bookkeeping files. We figured out a file tree to use so that our scanning would be labeled and filed consistently from client to client. In that regard, I must give my son, Josh Ryman, credit for getting us started down this path so that document filing for all client files are uniform. He is also the one with the flatbed scanner.

As tax clients came in and dropped off their documents, he scanned in their Driver's Licenses, Social Security Cards (if they had them) and their health insurance cards. This year we also required birth certificates as an additional document to substantiate child tax and earned income tax credit claims. He scanned these documents in as well as the current year tax documents. The scanned copies are much crisper and clearer than the "copier" equivalents.

Additionally, he also scanned in the prior year tax return, along with the tax documents provided by the clients to prepare them. If there were IRS Letters in the file, these were also scanned in along with any response that our office may have made regarding IRS/KS/OK/CO inquiries.

Before tax season was even half over, he could combine files in his office to eliminate one entire file cabinet! I stole it for my office so that I would have a place to file the pending tax returns (waiting on responses/documents from clients) and the returns not started yet.

The feature we particularly like is the fact that every computer has access to the Drake Document Manager (DDM, the "file cabinet" that we utilize to store all scanned documents.) So, when I'm on the phone, like I was yesterday with a client's medical insurance rep, I could provide the information from her Medicare Card (in ID Dox in the DDM) including the date she became eligible for Medicare, along with information from her Driver's License (ie zip code and date of birth). Additionally, I had access to 2015 and 2016 tax information (he needed income) all in one place, rather than opening Drake for two different years.

When speaking to KDOR representatives, how handy it is to be able to bring up my response letter to their inquiries to clarify information for them, including when I mailed information in, and reviewing documentation with the rep. Before, I would have to put them on hold, run up to the front office to locate the client file, dig through it to find the correspondence KDOR was questioning, then return to my desk to continue the phone call.

Our poor copier is hardly getting any use at all! Often when I do have something to copy, I must wait for it (all of 10 seconds) to warm up before I can scan the copy in. I know that we will be downgrading our copier contract when it comes due again. And this is only one thing we're saving on. Our paper consumption has dropped dramatically. Which consequently means that I am purchasing less toner for our printers.

No more paper tax discs



Scanning does not seem to take any more time to perform than copying documents did. And I remain seated at my desk for the entire process. And with our network, everyone has access to client data. VERY helpful when phone calls come in requesting information. Now that we've converted to paperless (mostly) I am kicking myself for not making this change years ago. Just jump in and start doing it! You will be glad you did!



PAPERLESS

Nolin Christensen, EA

I started scanning documents about 5 years ago. But I still had to have my paper copies as well. This past tax season, I finally started to toss out the paper! And BOY what a difference. My full filing cabinet is now less than 1/3. All I keep is a summary page (current and two past years), the 8867, and the 8879 (both which are stored in separate note books). My biggest storage is now the bank applications (7 years worth) and 4 years worth of 8867's and 8879's (please don't make us go to 7 years, please don't make us go to 7 years). But this next year we will be scanning all of those forms as well. This again, will eliminate another two filing cabinets. So for those who have a hard timing "letting go of your paper", it's now time. Believe me, you will be glad you did.

About 8 years ago, I tried to get my clients to go paperless. I provided a CD for each of them and copied the return to the CD. Well, they, like me, had a hard time separating from their paper. Out of all our clients, about 5 still have their CD's and we still copy their returns to the CD. What we are planning on doing is for all clients younger than age 40, they will be offered to have their returns put on a CD. Hopefully the Generation X and the Millennials will switch to paperless. So good luck to those who are going paperless. It's been a really freeing feeling to not have all that paper that can go up in smoke (heaven forbid a fire) or up into the sky (a Kansas tornado). So if you have questions about paperless, ask one of us who have switched.

(continued from page 1, presidents letter)

representative, hear informative presentations on Identity Theft, Audit Exams, Appeals, etc. as well as obtain Ethics credits, engagingly presented by KS-NATP Past President/Education Chairperson Tim Graham to help us protect our tax businesses. It is also a great opportunity to meet/get acquainted with the Kansas IRS Stakeholder Liaison, Eden Holsman. Other KS-NATP Education events that the Board Members, Committee Chairpersons and other KS-NATP volunteers, have been working to arrange are the KS-NATP Annual Meeting & Seminar in Wichita at the Airport DoubleTree, 10-30-17 and the Fall Seminar in Overland Park at the DoubleTree, 11-15-17. Hope to see you at these coming events. Register by going online at natptax.com and go to Chapters, & the Education tab. The National website has many resources that the Chapters and members have available to use. If you are hunting for something, feel free to call and ask the National staff (800-558-3402) or Kansas Board Members, Officers & other volunteers (see contact info. listed in this newsletter) for help in finding what you need. These KS-NATP events provide the opportunity to get State (KS, OK & MO) updates (no CPE with certain exceptions) as well as Federal sessions for CPE. The NATP 1040 workshops are held in the two days following the Annual Meeting and the two days leading up to the Fall Seminar. NATP National has advised that for the size of the KS Chapter, we have a high rate of attendance at our education events and even more of you find these events well worth your attendance. Please feel free to advise Kansas Board of Directors, Committee members and others in the leadership group of your suggestions. NATP helps make you successful and you make NATP successful.

Best Wishes! Tim Cain, President of KS NATP



CONGRATULATIONS ON THE FOLLOWING PEOPLE FOR BECOMING AN ENROLLED AGENT

The following people have become Enrolled Agents since the last newsletter. Congratulations to each of them:

- Neala Burnett — Lawrence KS
- Nolin Christensen — Wichita KS

Volunteering for KS-NATP

KS-NATP is always in need for volunteers to help with the local chapter events. You don't have to be a board member if help. If you are interested in helping with one of our local events, please contact any of the KS-NATP members listed below. It takes a lot of work and the more helpers the less work each person has to do. For those who have volunteered in the last year, thank you so much for all that you do. We couldn't have a great chapter without you!!!

Member Get a Member

Do you know someone who might be interested in NATP and all the benefits for members?

You might want to check out National's "Member Get a Member" campaign. You could win a \$15 or \$30 gift card, a free membership, or even \$1,000 in cash!

Just put your name on NATP Membership Enrollment forms in the "Who recommended your to NATP?" line and hand them out to non-member tax professionals. When they join...you win!!

"Here to Serve"

KANSAS STATE ANIMALS



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- Mary Giesler**
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- Tim Graham**
Education
- Leahann Snow**
Chapter Weekly
- Vonda Nail**
Seminars & Website
- Terri Ryman**
Communications

Attention:

We are seeking a few individuals that might be interested in writing to the newsletter. If you are interested please contact Nolin Christensen via phone (316) 522-2880 or email nolin@cfs.tax