

MAIN STREET PRACTITIONER

The Magazine for Tax and Accounting Professionals



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PRESIDENT'S MESSAGE



BENCH STRENGTH WHAT ACCOUNTING FIRMS NEED TO SUCCEED AT SUCCESSION



FIVE DATA SECURITY TIPS FOR ACCOUNTING FIRMS



Main Street Practitioner

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Alfred Giovetti, CPA, ABA,
ATA, ARA,
NSA President, 2016-2017

Make the Most of Your Summer

I hope you're enjoying a short break after tax season. With the late arrival of brokerage statements, tax season, K-1s and other documents, most of us are busy all year. In the gap between the surges, we need to look at filling that time with other tasks that will help keep out businesses viable. This is where your National Society of Accountants membership shines.

These days, we're dealing with the fight to keep Congress from giving more time to brokerage houses, partnerships and corporations, while shorting the tax payer and tax preparer. Lately, the battle seems to be leaning towards the side with deeper pockets. This the time to make sure our issues and concerns are addressed.

The NSA Political Action Committee (PAC) is our voice on the Hill that helps our messages reach the ears of key legislators, and ensuring that we're represented in the nation's capital. The PAC will continue to work on our behalf for as long as we have the funding to do so. I would like to ask you to please make a generous contribution to help continue the efforts of our PAC so that they can make our voices heard.

I would like to take an opportunity to share other NSA resources that you can take advantage of when you're a member.

The National Society of Accountants State Directors (SDs) contact new NSA members to help make the most out of their membership, but they also help support you and your practice. They represent you to the organization as a whole, as well as to their respective Affiliated State Organizations (ASOs). SDs are also an excellent resource for information regarding your membership benefits and other aspects of your practice.

I encourage NSA members to contact their SD if they or their firm needs an expert in an area of taxes with which they're not familiar. An SD can help by assisting you when searching for subject matter experts using the NSA member search engine on the NSA website.

SDs also have an opportunity to work closely with the Regulation Oversight Committee (ROC) in keeping the committee informed on the best contact information in their own and surrounding ASOs. ROC needs to know all the new officers so that ROC can exchange vital information concerning accounting and tax legislation, policies, and procedures.

Any NSA member can find out the name and contact information of their SD or District Governor through the NSA website (nsacct.org). Simply go to the NSA main page, (NSA home if you are in NSA MemberConnect), and select the [About](#) tab. Included in this menu are the selections ["Board of Governors"](#) and ["State Directors and Affiliates."](#) Click on your state on the map, and once you have your State Director's name, go to ["Find a Professional."](#) Every NSA member's contact information is available via the basic or advanced member directory search.

Another valuable resource that I suggest you keep in mind is [Tax Talk](#). You can find it right on the home page of [NSA's website](#) and in your email inbox in MemberLink. Over thirty areas of specialization are listed in the community, and members willingly share their experience and knowledge when you post a question. You will find that many members are happy to network with their fellow NSA professionals, and that information is easy to get with a phone call or email.

Don't forget that your NSA membership includes discount on NSA ConnectED webinars that can help you expand your knowledge and gain CPE credits. Be sure to check out everything that NSA's [ConnectED](#) offers. I know you'll find great educational opportunities from top notch instructors.

Continued on the following page

There's still time to register for NSA's [Live EA Exam Review Course in Reno](#), too. There's no better way to get ready for the Enrolled Agent Exam than to do it in person, under the instruction of William Duncan, PhD., and John Everett, PhD. They will lead you through the complexities of the exam and make sure you learn the law, not just memorize the facts.

That's not the only course happening in Reno. NSA is also offering more than [17 hours of CPE programs](#) at the Annual Convention this year, and NSA's sister organization, the Accreditation Council for Accountancy and Taxation (ACAT), will be offering the [Accredited Tax Preparer \(ATP\) review course and exam](#), in Reno as well.

The ATP credential will qualify you for participation on the IRS Annual Filing Season Program (AFSP) with limited IRS representation rights. Credential holders are also exempt from taking the Annual Federal Tax Refresher Course and exam every year. Visit ACAT's add link website to learn more about their credentials and what they can do for you and your practice. The fall/winter exam registration is now open to take any ACAT exam between November 1-December 15, 2017.

As you can see, there are amazing CPE opportunities in Reno, but something for everyone, even spouses and guests at the Annual Convention. Social events are [scheduled](#) from the beginning of the convention until the end, so I urge you to attend and bring your family along.

In closing, I would like to thank the members of the NSA for allowing me to serve as your President for the 2016-2017 term. It has been my honor to fill this position. During the past year, I have met so many and I've been able to see—more than ever before—what a great organization the NSA is and how amazing our members are. Thank you.

With warmest regards,

Al Giovetti, CPA, ATA, ABA, ARA

President, National Society of Accountants

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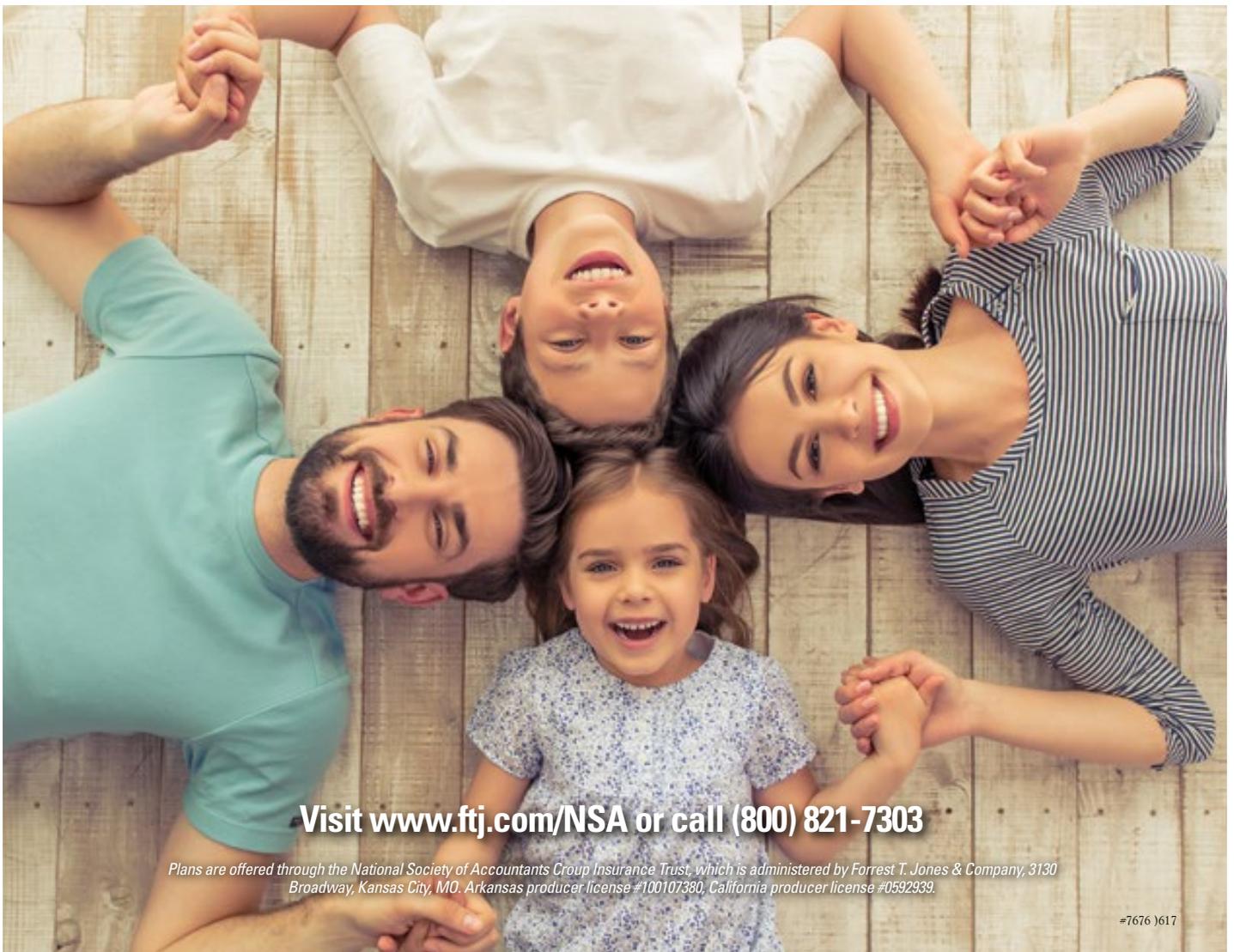
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Bench Strength What Accounting Firms Need to Succeed at Succession

Ronald L. Loberfeld



Who is available to succeed accounting firm leaders on the cusp of retirement? Finding answers to this “sixty million dollar” question is keeping many senior level partners awake at night. One of the reasons that Mergers and Acquisitions (M&A) activity is currently driving succession in the industry is that there are no quick fixes. In order to sustain firm growth and profitability into the next generation, firms need to identify, invest in and develop their next generation leaders. Not only that, they need to “fast track” the process.

As well as applying standard “best practices” solutions, what strategies can firms use to increase bench strength and stay ahead on the succession curve?

Build Succession into Your Firm’s DNA

This may seem obvious. Industry reports, statistics, frenetic merge and acquisition activity among accounting firms of all sizes suggests otherwise.

- Succession planning is a daily choice not a future option.
- Running a firm well now and having the people and systems in place to succeed at all levels is vital to survive.

Codify Succession, Leadership Expectations and Performance Standards

What does “leadership” look like at your firm? What qualities, skills, designations, technical abilities and expertise are needed? What will it take to succeed in the industry now and in future? What key roles will need to be replaced with successors and when? Who will the likely successors be? Can you reallocate roles? Do you need to hire and at what levels?

- A firm’s leadership “code” needs to be flexible, measureable and easy to execute within your chosen time frame.
- This exercise starts at the “top.”
- Having a succession plan, leadership “blueprint” and setting performance standards help direct a firm’s hiring and recruiting efforts, identify and evaluate potential leaders across the board.

Create a Clear Path to Leadership

Everyone in the firm needs to know what’s expected in order to grow or become a future firm leader. It goes without saying that existing leaders need to walk the talk. Leadership is not for everyone and not everyone will want to become one. Everyone will *want* to grow!

- Structure and share the firm’s path to firm leadership and career development.
- Make it part of the firm’s recruiting and “onboarding” process for new hires (focus on retention at the start).
- Identify, nurture and invest in high potential employees.

Continued on the following page

- Engage them in mentoring new hires.
- Have managers participate in the succession process.
- Emphasize “personal” as well as professional development (soft skills).
- Ask for and encourage “feedback” on the challenges as well as successes individually and as a group.

Coach – don’t Train – and Evaluate Often

Knowledge and experience is transferred from the top and begins with ongoing real-life exposure to a variety of work, clients and supervisors. Training is often a one-time only experience.

- Coaching is a necessary investment.
- Providing consistent, constructive communication, and on the spot insights helps staff increase their effectiveness and develop a real “leader mindset.”
- Though it takes courage, allow “leaders” room to fail – experience is the best teacher.
- Coaching is not training and vice versa.

Cultivate Culture

Commit to providing opportunity for and strengthening your own bench first. The best ambassadors for any firm are its own employees. Engage them at every level.

- Make it safe to challenge and question leadership and ask for ideas openly.
- Create learning opportunities.
- Have a system of rewards and recognition.
- Focus on team building and individual achievement.

Maintaining a pleasant working environment and cultivating a friendly, flexible, open, diverse and inclusive culture helps firms recruit and retain their brightest and best employees and clients. A firm’s reputation is mobile and travels far, wide and fast.

Make a Succession Choice

Organic growth in the industry is challenging. Merging, acquiring or selling a firm to support succession is a choice, and one that brings its own set of challenges. If it’s done well, M&A can give accounting firms distinct advantages in the growth and succession arena. Done badly – it can be a nightmare, risking longevity and the bottom line. Whether selling, merging or maintaining a status quo, the succession strategy and bench strengthening solution needs to resonate with the firm. There is no “one size fits all” approach. Don’t wait till the clock runs out to decide.



About the Author

Ronald L. Loberfeld, CPA is a Principal and Managing Partner of Abrams Little-Gil-Gill Loberfeld PC (ALL), a fullservice CPA and Business Advisory firm in Chestnut Hill, MA. ALL is recognized as a Fastest Growing Firm and Regional Leader in New England. Ron plays an integral part in driving the firm’s expansion, succession and emerging leadership through merger & acquisition. An accomplished public speaker, panelist and facilitator, Ron provides senior level management consulting, strategic succession planning, and coaching/advisory services to professional service firms across New England and the USA. He regularly addresses succession challenges and concerns for CPA and professional service audiences at national and regional level conferences, firm retreats, MAP (Management of an Accounting Practice) and roundtable forums. He can be reached at ronl@all-cpas.com or 617.383.0618.



Taxing the Gig Economy, Part 4: Artists, Musicians, and Makers Who Cross Borders Should be Proactive to Avoid Major Tax Pitfalls

Brittany Benson, JD

The changing definition of work is often referred to as the gig economy, the sharing economy, and the on-demand economy. For taxpayers and tax professionals, it isn't always easy to apply traditional tax law to less clear-cut scenarios that arise in the new economy. In Part 4 of this series, we'll discuss complications that can arise for artists and athletes who do business across state and national borders.

Tax exile ain't easy.

Consider the Rolling Stones. In 1971, the band left the U.K. for France to avoid the nearly 90 percent tax rate on individual income in the U.K. at the time. They even titled their album "Exile on Main St." after the time they spent living in France. The album was met by unsatisfied critics and fans alike. Perhaps the group was focused more on their tax bill than on perfecting their craft.

The Rolling Stones aren't alone in their tax concerns. Three of the Beatles, Mary J. Blige, and soccer legend Lionel Messi have also experienced consequences from various taxing authorities for claiming too little income or improperly claiming national residency to avoid higher taxes.

But these concerns extend well beyond famous entertainers and professional athletes. More commonly, musicians travel across the country performing songs in bars and music festivals, artisans sell their wares online and travel to craft fairs, and athletes pursue their dreams abroad playing in international leagues.

Athletes, performers, and artisans often have several things in common

Athletes and artists like this are generally classified as participants in the gig economy, where individuals earn income from their personal skills, usually as independent contractors. Typically, these individuals:

Continued on the following page

- Are self-employed
- Establish a sole proprietorship, LLC, or corporation to run their business
- Commonly cross state or national lines to pursue their careers

Being highly mobile and potentially earning a lot of money in the gig economy can mean major multistate and international tax consequences.

Taxpayers performing, playing, or selling in multiple states should do their homework

There are several tax rules that athletes and artists should know about before pursuing their careers across state or national lines.

More than one state can tax earnings

How individuals should report income from their business or sole proprietorship depends on their state of residency. Generally, the state of residency is the place where individuals establish themselves and their families to make their permanent home, although residency can also be based on prolonged presence within the state. Each state has different rules for determining resident status. In most cases, the resident state will tax all income a taxpayer earns, even if he or she earns it outside the state.

When taxpayers work in a state where they don't reside, that state (the nonresident state) will also tax the income they earn there.

Example: Jack travels from his home in Missouri to perform songs from his new album in the San Diego Bay Music Festival in California. Jack has not established a formal business for his music endeavor.

For California tax purposes, Jack isn't a resident. But he must include the income he earned in California on a nonresident California return. Nonresidents and part-year residents of California need to file either Form 540NR (short) or Form 540NR (long) if they earn a [certain amount of income](#) in California. Jack would also need to report the income on his Missouri return.

Multistate returns can be tricky. Taxpayers and their advisors should check the rules in resident states and nonresident states where individuals earn money.

“Jock tax” and nonresident withholding can also apply

If an athlete's annual salary is a pie, some nonresident states where the athlete plays during the year may calculate in-state earnings in a special way so that they can claim a bigger piece of the pie. Generally, states with these “jock tax” laws require nonresident professional athletes to allocate their salary based on the number of days they are playing in that state. Athletes don't pay a higher tax rate, but they will divide up the amount they make among states for tax purposes, resulting in a higher tax bill in some states.

To cover the likely income taxes owed, mandatory nonresident income tax withholding could apply to income that taxpayers earn working in other states. For example, if Jack travels to California to perform in the festival and earns more than \$1,500 at the festival (or during the year), California will withhold 7 percent of his earnings of more than \$1,500. Some taxpayers may qualify for exemptions that reduce the amount of withholding.

Sales & use taxes vary by state

Whether an individual owes state sales and use taxes depends on the taxpayer's business connections with the state. Each state has specific rules for sales tax collection and payment.

Example: Maureen established her jewelry-making business in Georgia. She generally sells her jewelry by mail order and

Continued on the following page

through her online craft marketplace store.

She goes to Massachusetts to sell her jewelry at the multiday Boston Jewelry Maker Faire. Under a special rule for nonresident sellers in Massachusetts, her jewelry sales are subject to sales tax only if she solicits sales at trade shows in Massachusetts for more than three days in one year.

Fortunately for Maureen, she attends the trade show for only two days, and doesn't attend any other trade shows in Massachusetts during the year. She doesn't owe sales and use tax to Massachusetts.

If individuals sell art or other merchandise, they should research each state's rules for sales tax collection and payment ahead of time.

A few states allow the foreign tax credit and foreign earned income exclusion

Generally, state returns don't allow for a foreign tax credit or an exclusion for foreign earned income, even if the federal return allows the exclusion, but this varies by state.

For example, California doesn't allow for the foreign earned income exclusion or the foreign tax credit. But California does provide safe harbor rules for determining an individual's residency, which can be helpful to nonresident taxpayers. On the other hand, Arkansas allows taxpayers to subtract foreign earned income from their federal income and allows a deduction on the state return for foreign taxes paid.

Foreign taxpayers working in the U.S. must follow specific rules

In most cases, foreign citizens working in the U.S. must file a U.S. tax return. But tax treaties sometimes provide limited exemptions.

The U.S. has tax treaties with 67 countries (not including proposed treaties) that set rules on taxation between the two countries. Under the treaties, foreign residents (not necessarily U.S. citizens) may be exempt from U.S. income tax or can claim a reduced withholding rate on certain income they make in the U.S.

While each treaty varies, most have rules specifically for artists and athletes. Generally, if athletes or artists receive more than a threshold amount, then the "source" country (generally, where the payer is located) can tax the income. If the income is below the threshold, the income is exempt from source-country tax.

Example: Jorge comes from Mexico to play soccer for Sporting Kansas City. Under the U.S.-Mexico Tax Treaty, the U.S. can tax that income if it's more than \$3,000, because Sporting Kansas City is based in the U.S.

Check the income tax treaty for an article on personal services (dependent or independent)

Some treaties don't specifically address artists and athletes, but these individuals may instead qualify for exemption from tax in the U.S. or another country under the "Personal Services" or "Independent Personal Services" articles of a tax treaty, if available.

Example: The U.S.-Greece Tax Treaty has an article applying to personal services performed in the country, including playing for a sports team or playing a gig with a band. If Sven comes to the U.S. from Greece to play basketball, he can exclude income from U.S. tax if he is in the U.S. for less than 183 days during the tax year, and either a Greek entity pays him or he makes less than \$10,000 during the year.

All nonresident taxpayers working in the U.S. should still file Form 1040NR to report the income they earned in the U.S. and to claim the treaty benefit, if required to do so.

U.S. citizens or residents living abroad may be able to claim the foreign earned income exclusion to avoid U.S. tax on their

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foreign earned income, if they meet all the requirements.

Takeaways for athletes and artists

People who travel to different states and countries to sell, play, or perform will benefit from researching the rules ahead of time to avoid potential tax complications and get the most out of their time and money.

Here's a summary of tips:

- Be proactive; look into the tax implications before traveling to sell, perform, or play.
- Check state residency rules and filing requirements.
- File appropriate forms for reduced withholding rates.
- Check for credits available for taxes paid to other states and the foreign tax credit for taxes paid to foreign countries, provinces, and territories.
- Check tax treaties for exemptions.

Read [Taxing the Gig Economy, Part 1: 'Interesting Tax Situations' Create Gray Areas for On-Demand Drivers](#)

Read [Taxing the Gig Economy, Part 2: Nontraditional Home Rentals Aren't Always a Perfect Fit with the Tax Law](#)

Read [Taxing the Gig Economy, Part 3: The Unintended Consequences of Being a Small Business](#)



About the Author:

Brittany Benson, JD, is a tax research analyst at The Tax Institute. Brittany specializes in the issues that affect Native American, international, and ministerial taxpayers.

This article originally appeared at www.TheTaxInstitute.com

Five Data Security Tips for Accounting Firms

Wade Yeaman

From working hand-in-hand with our tax practitioner clients, accounting services, and bookkeeping clients over the years, I know a thing or two about data security and how best to protect your firm from data losses or data breaches. In today's world, accounting firms and tax practitioners must do everything they can to protect their client's sensitive financial information. I've pulled together a few best practices for you to keep in mind.



1: Assess your current data protection and security levels

If you never measure your security performance, you never know if your network and data are secure or not. That is, until you learn from a breach or malicious virus that you had poor security after all. We recommend an outside firm provide an annual security assessment and review. You may not have the time or budget to implement all suggestions, but at least you will know your weaknesses and you can develop a plan to improve over time.

2: Physical security, Information Systems Policies

Your network can be bullet proof to hackers and your data encrypted, but if your team isn't trained or your office isn't physically secure, your data is still at risk.

- Ensure the physical security of your office with card keys, visitor logs and badges, and proper locks on doors leading to all critical infrastructure.
- Use cable locks to ensure laptops, desktops, tablets, and any other critical devices are locked to desks.
- Policies for each employee
 - Clean desk (no sensitive information left on desks, whiteboards or print stations)
 - Password policies that define the proper construction and maintenance of passwords
 - Acceptable use for utilizing company data and technical assets
 - Mobile device policies to help employees understand the risks associated with mobile devices
- Keep users informed and accountable
 - Training classes are great vehicle for delivering written policies and procedures
 - Weekly (or even monthly) information security newsletters can help remind users of the importance of information security, as well as provide updates on the latest trends and threats.

3: Secure technology solutions

This is the sweet spot. We feel you need to start from the outside and work toward each user device to implement proper security.

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- Are your cloud vendors Payment Card Industry (PCI) compliant? It's a great standard that can generally be trusted.
- Follow best practices when setting up office infrastructure
 - Place a business grade firewall at the front of the network that is supported and continually updated
 - Ensure WiFi networks use strong passwords and encryption protocols. Keep guest networks separate from internal networks.
 - A business-grade Anti-virus solution for all PCs
 - Standard email defense software

Do you know what compliance regulations your business or your customer's business requires you to have?

4: Automated backup and disaster recovery

What if you are hacked or a malicious virus infects your system? If major financial institutions or fortune 500 companies have some vulnerability, you probably will to (even if you follow some of these tips).

Can you recreate lost data or data held hostage by a malicious virus? Do you conduct a periodic test of your data backups to confirm their validity? Do you have multiple layers of backup – local, onsite, or offsite?

A good, up-to-date backup or disaster recovery solution can be your “get out of jail (almost) free” card if you run into a problem.

5: Address your Bring Your Own Device (BYOD) policy and its security implications

The use of personal devices on a company network to handle client data is always one of your largest security concerns. If you allow company data on personal devices, there are some steps you can take to limit the security vulnerabilities this may cause. Here are a couple of ideas:

- Have a policy in place that states when it is acceptable to use personal devices for work purposes. If it is acceptable, provide guidelines to help employees understand the risks of using personal devices for business purposes.
- Have a mobile device management (MDM) solution deployed to help manage all company data on personal devices.

The cost of proper security, if done proactively, will generally be much cheaper than the cost of a data breach or work stoppage from an IT problem. Your firm can work on some of the solutions on your own, but be sure to reach out to security specialists if you get stuck.



About the Author:

Wade Yeaman, with more than 20 years of experience in business and information technology, Wade founded [Fluid IT Services](#) because he passionately believes that small and medium businesses deserve the same technology support services that big companies enjoy. He attended Texas Tech University. When Wade isn't working with his favorite people (that would be Fluid staff and clients), he can be found fly-fishing or playing his guitar.



20-Steps to Pass with the NSA EA Exam Review Course

John O. Everett

I understand the frustration of accountants and tax preparers who stress over, or avoid, the EA Exam, but remember that you will never pass the exam until you take it. If you wait until you feel you are absolutely ready, then you will never take it because NO ONE feels absolutely confident when they go in to take the exam.

On the other hand, we need to be reasonable and come up with a plan that doesn't overwhelm you and is doable within a limited time frame. With that in mind, here is a possible plan of attack.

FIRST STEP: Get the NSA self-study [Enrolled Agent \(EA\) Exam Review Course](#).

SECOND STEP: Register for the exam at <https://www.prometric.com/en-us/clients/see/Pages/landing.aspx> (and while you are at it, print the bulletin and take the tutorial before the exam). What date? Exactly 20 days for each part after you begin the program below; no excuses!

THIRD STEP: Now to the 20-day program: vow to work no more than 5 topics for each part per study session (about 1½ - 2 hours maximum). In each session, review the slides for each topic, rework the questions on that topic in the slides, and then read the Study Guide in the full materials for a preliminary final review. As you review the slides and study guide for each topic, decide on one of four courses of action based on your confidence level:

- Feel fairly confident about this topic, but will work 1-2 extra problems in the full materials
- Feel somewhat OK about topic, but will skim full-course material for this topic and work a few extra problems if available
- Feel not so confident about the topic, so will review full course material thoroughly, work all problems, and check final review card to see if short-hand notes make sense

[Get the NSA's Enrolled Agent Exam Review Course](#)

Pass the IRS Special Enrollment Exam the first time with NSA's Enrolled Agent Exam Review Course, written by John O. Everett, Ph.D., CPA, a nationally recognized tax author and lecturer. This comprehensive, three-volume reference, available in both print, and online formats is an intensive review geared toward a single purpose: to help you master tax basics and pass the EA exam. This course is differentiated from other study guides with its emphasis on diagrams, examples, and case studies that allow you to LEARN the law, and not just memorize facts.

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Interactive Online Review and Practice

- Feeling lost on this topic; that's OK, just move on to the next one; one topic will not make or break you. But as you start feeling better about the exam (and you will!), look over the troublesome topics one final time before the exam.

After a final quick run-through of the slides once again, take the sample exam for that topic. This exam is slightly more difficult than the real thing, so if you score around 50% you are in the game. If you score 60%-70%, you are ready to take the exam. Anything higher than this you are not only ready, you WILL pass.

Here is one way to manage your time: 20 days per part (limit each day to 1-2 hours at the most):

- First 10 days of studying (5 topics per day as outlined above)
- Days 11-15 (quick, quick run-through of all slides and read the Study Guides for 10 topics per day)
- Day 16 (take Sample Exam, Questions 1-50)
- Day 17 (take Sample Exam, Questions 50-100)
- Day 18 (review sample exam result, look at explanations of those questions you got wrong)
- Day 19 (review the study guides, skim over problem areas)
- Day 20 – take the exam

If you follow this schedule and stick with it, YOU WILL PASS, and in 60 days you will be an Enrolled Agent; it's that simple. You can do this!

There will be no better feeling in the world than going in for this exam and seeing most of the questions are not only answerable, but you have actually seen a few of them in the materials. Don't give up now; you have taken a big first step by taking the EA Exam Review Course.

Go for it! Good luck!

Questions - Test your knowledge and get immediate feedback from detailed explanations and analysis.

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Weekly Study Guides - Plan and manage your study time and schedule and avoid burnout using these guides with detailed assignments and time allocations.

E-mail the Author to Answer Your Questions - Stumped on a particular topic? Need help understanding something? With our course, you can simply email your questions to the author.



About the Author:

John O. Everett, CPA, Ph.D., is Professor Emeritus of Accounting at VCU in Richmond, VA. John's teaching specialty is federal taxation. He has authored or co-authored over 90 articles in academic and professional journals including the NSA EA Exam Review Course and 1040 101 Course, and is the coauthor of several textbooks, including CCH Practical Guide to Schedule M-3 Compliance, The HBJ Federal Tax Course, Income Tax Fundamentals, and Tax Planning With the Computer.

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Successful Strategies to Raise Your Fees



Craig Weeks

Ideally, accountants seeking more income from their practice (after tax season) will upgrade their business development effectiveness and attract more “A” level, higher profitability clients while culling their practice of low/no profit clients.

But, what if there really is a strong reason (or even a need) to raise fees for your existing clients?

For example, you may have a highly desirable client whose rates haven’t been raised for a long time and after an analysis you realize you are literally losing money with the client. Their fees need to be raised. Or, you realize your overall charge rate structure is lagging behind the current market and to arrest the practice’s eroding profitability you need to raise your fees. Or, you acquire additional/upgraded capability (personnel, space, computers, etc.) and you wish to not only cover these new costs, but you want your rates to reflect your practice’s higher service level.

The underlying challenge facing you and your accounting practice and the owner of a manufacturer of swimming pool sweepers is exactly the same. Neither of you has a client/customer base wishing to pay more; both will encounter resistance, both want to reduce the number of lost clients/customers to the absolute minimum, and both want to implement the increase with a minimum of disruption.

The following seven “best practices” have been hard won by the thousands of sales people who sell goods and services to America’s businesses. They must get it right because poor technique offers up the potential for lost business, reduced personal income, unhappy clients/customers and a very negative experience.

Understand the reason(s). First of all, ensure you really clarify to yourself why you need the price increase. What’s the rationale? What factors are relevant? This sounds self-evident, but you may be challenged by a client, e.g. “Maria, you say you wouldn’t do this unless you had to, but what does that really mean? Why do you have to?” In this instance you should be prepared to respond without stumbling around, sounding unsure and lacking conviction. As a general statement, you want to avoid talking specifics, i.e. “Our pretax profit percentage is down to only 17% and all the partners have had to reduce their annual bonus.” That’s too much information and comes across as a bit whiny or “poor me.”

Something like this will be more effective: “For the past several years many of our clients have been stressed financially and we’ve been very hesitant to raise our fees except in specific instances when it was absolutely necessary. Unfortunately, our overall costs of doing business have continued to increase and while the fee adjustments we’re discussing won’t catch us all the way up, they are necessary for us to continue offering the level of service our clients expect.” And then stand firm, but see **“Discuss...”** below.

Leverage your status as an owner and/or partner. You are a professional accountant and your client is well aware you understand numbers. Take the position that the increase is necessary (why else would you do it in today’s uncertain economic environment?) and is a final decision reached after much deliberation and analysis. Convey that it is final; the decision won’t be rescinded.

Discuss and offer suggestions how the blow can be softened. In industrial sales it is common to tell a client, e.g. “Arthur, the price of 24” rolled .060” steel is going up 9% in July. That gives you three months to place an order at the present price.” The idea of this technique is that it both generates an immediate sale and gives the customer a means to soften the impact and defer the increase’s effect.

In an accounting world this may come out something like, “Victoria, for reasons I’ll explain in detail if you wish, we’ve concluded we have to increase our rates. Now, this won’t occur until July 1st. We have a couple of ways we can soften

the impact for you. The first is that we can get your next quarterly filing accomplished at the lower rate. I'll make sure that happens. And, you also talked about doing a cost study analyzing the feasibility of opening the new sales office. If we can get going on that before July I can freeze that at today's lower rate."

Don't surprise your best clients. It is overly impersonal and just bad form to send out invoices with previously unannounced higher rates. While a letter sent to all clients is OK as far as it goes, you will get far better results if you personally contact at least the top 20% – 25% of your clients. Face-to-face is best. If you have been proactive about maintaining contact with your "A" level clients (meetings, lunch, conversation when you see each other at the Elks, etc.) and there is an actual relationship, they expect this from you and will react much more positively.

Be empathetic. If your client gets angry or annoyed, let them do so. Don't debate or argue (if you do, it may carry the suggestion that the increase is rescindable or negotiable). And, don't, in effect, tell them they are wrong for being upset. After all, you're telling them you're your services are going to cost them more. When things settle down and you can continue your discussion, an effective approach is to talk about how you and your partners agonized for months about this; that it is necessary to maintain services, acquire key resources, etc. In other words, it was unavoidable. The idea is to give the client a plausible, believable rationale. That it makes business sense and gives them confidence that your decision was considered, sound and not capricious.

You might offer a delayed date of effectiveness. In addition to the techniques described above designed to soften the impact of the price increase, you also have the option of simply delaying the effective date in some instances. For example, you might compromise with a good client by agreeing to do their compliance work at the old price for the rest of the year, but the projections and P&L/balance sheet work will have to be at the higher rate.

Finally, your staff should know about the increase(s), when they become effective and how you would like them to react should a client broach the subject to them.

The foregoing best practices won't guarantee your clients will openly embrace your upwardly revised fee structure, but will go a long way to ensuring you have handled the situation with a minimum of angst for both you and your client.

NSA Income and Fee Survey

Do you know what the competition is charging? Access the latest data from the [NSA 2016-2017 Income & Fee Survey](#) that includes fees for tax preparation and other services broken down by state, geographic region and practice size.



About the Author:

Craig Weeks, after years of practicing law and then holding executive positions in various companies, he became a senior member of a large SoCal Business Consulting firm. Because of his professional services experience, he worked frequently with accounting, law and engineering firms. Craig realized almost immediately that most of the firms were relatively ineffective at business development, and discovered he had a talent for helping them grow and elevate their practices. For the past ten years he has worked exclusively with accountants and accounting firms to teach them effective business development skills. In 2009 Craig began authoring a series of practical "how-to" manuals detailing these proven methods ... a first for the accounting profession. [You can check them out here.](#)



Justice Department Sends Stern Warning to Employers with Continuing Crackdown on Employment Tax Fraud

Matthew D. Lee

Ensuring that employers collect and pay over to the Internal Revenue Service taxes withheld from their employees' wages is one of the highest priorities of the Justice Department's Tax Division. Unpaid employment taxes are a substantial problem for the U.S. government, as amounts withheld from employee wages represent nearly 70 percent of all revenue collected by the IRS. As of June 30, 2016, more than \$59.4 billion of federal employment taxes remained unpaid, and employment tax violations represent more than \$91 billion of the "Tax Gap," which represents the difference between the amount of taxes owed to the U.S. Treasury and the amount actually collected. In this context, several recent criminal prosecutions demonstrate the perils businesses, and their officers, face if they fail to carry out their legal duty to remit employment taxes to the IRS.

Background

Employers have a legal responsibility to collect and pay over to the IRS taxes withheld from their employees' wages. These employment taxes include withheld federal income tax, as well as the employees' share of social security and Medicare taxes (collectively known as FICA taxes). Employers also have an independent responsibility to pay the employer's share of FICA taxes. The IRS takes the position that when employers willfully fail to collect, account for, and deposit with the IRS employment tax due, they are stealing from their employees and ultimately, the U.S. Treasury. The IRS also contends that employers who willfully fail to comply with their obligations and unlawfully line their own pockets

with amounts withheld are gaining an unfair advantage over their honest competitors.

The Justice Department's Tax Division pursues civil litigation to enjoin employers who fail to comply with their employment tax obligations and to collect outstanding amounts assessed against entities and responsible persons. In the last two years, in an effort to send a clear message to delinquent employers who treat taxes withheld from employee wages as a personal slush fund or loan that can be put off or ignored entirely, the Justice Department filed 55 injunction complaints in federal courts across the country and obtained 47 permanent injunctions. These injunctions require the timely deposit of employment tax and filing of employment tax returns, prompt notice to the IRS after each deposit, and notice to the IRS if the employer begins operating a new business. In addition, the injunctions preclude employers from assigning property or making payments to other creditors until the company's employment tax obligations are paid.

The Tax Division also investigations and prosecutes individuals and entities who willfully fail to comply with their employment tax responsibilities, as well as those who aid and assist them in failing to meet those responsibilities. According to former Principal Deputy Assistant Attorney General Caroline D. Ciruolo, "[t]he willful failure to comply with employment tax obligations is a crime – plain and simple. Stealing employee withholdings and failing to pay them over to the U.S. Treasury, gives dishonest employers an unfair advantage over their law-abiding competitors.

The department will continue to work with the Internal Revenue Service to prosecute these offenders and level the playing field.”

Recent Employment Tax Criminal Cases

On January 26, 2017, two West Virginia business owners were sentenced to prison for failing to pay over employment taxes. Michael Taylor and his wife, Jeanette Taylor, were sentenced to serve 21 months and 27 months in prison, respectively. According to documents filed with the court, from 2000 through 2010, the Taylors owned and operated a construction business that transported steel and sold gravel and concrete throughout West Virginia and Kentucky. The Taylors changed the name of the business several times, though the operations of the business remained the same. From 1999 to 2004, the business was operated as Taylor Contracting & Taylor Ready-Mix LLC. In 2004, the name changed to Taylor Contracting/Taylor Ready-Mix LLC. In 2010, the name changed a third time to Bluegrass Aggregates. Both Michael Taylor and Jeanette Taylor were responsible for collecting, accounting for, and paying over to the IRS federal income taxes and social security and Medicare taxes that were withheld from the wages of their employees. From July 2007 through 2010, the Taylors withheld over \$850,000 from their employees’ paychecks, but instead of paying over the withheld taxes to the IRS, the Taylors used the funds to purchase property and finance their horse farm. The Taylors also failed to pay over \$490,000 in employment taxes for their prior business. The total tax loss for the Taylors’ conduct is \$1.4 million. In addition to the term of prison imposed, Michael Taylor was ordered to pay \$1,440,130 in restitution to the IRS. Jeanette Taylor was ordered to pay \$766,273 jointly and severally with Michael Taylor to the IRS.

On January 12, 2017, a Pittsburgh tax attorney was sentenced to four years in prison for failing to remit employment taxes to the IRS. According to court documents and the evidence presented at trial, between 2004 and 2015, Steven Lynch co-owned and operated the Iceplex at Southpointe, a recreational sports facility located in Washington County, Pennsylvania. Iceplex included a fitness center, ice rink, soccer court, restaurant and bar. Lynch controlled the finances for these businesses and was responsible for collecting, accounting for, and paying over tax withheld from employee wages, and timely filing quarterly employment tax returns. The jury found that between 2012 through 2015, Lynch failed to timely pay over to the IRS more than \$790,000 in taxes withheld from the wages of the employees for these businesses. In addition to

the prison term sentence, the Court ordered Lunch to pay \$793,145 in restitution to the IRS.

On December 15, 2016, an Iowa businessman was sentenced to 13 months in prison after pleading guilty to failing to pay employment taxes. Darrell Smith was the president and general partner of Energae, which was a minority investor in Permeate Refining LLC., an ethanol-production business in Hopkinton, Iowa. In his position at Energae, Smith had significant control over the finances of Permeate and was responsible for paying over to the IRS employment taxes on behalf of Permeate’s employees. From the first quarter of 2011 through the third quarter of 2012, Smith failed to pay over \$502,863. After Smith discovered that a subordinate employee had made some payments to the IRS, Smith stopped that employee from making further payments.

On October 24, 2016, the owner of several Nevada landscaping and rock hauling businesses was sentenced to 10 months in prison for failure to pay over employment taxes. In addition, the company’s bookkeeper was sentenced to five years’ probation with three months home confinement for willful failure to file an employment tax return. According to documents filed with the court, Kyle Archie was the part owner of Reno Rock Inc., GKPA Inc., and D Rockeries Inc. Kyle Archie admitted that he was responsible for the day-to-day operations of the businesses and that from 2003 through 2009, he had a legal duty to collect, truthfully account for, and pay over employment taxes to the IRS. He further admitted that although he collected these taxes from his employees’ wages and held them in trust, he failed to pay them over to the IRS for the third quarter of 2008. Linda Archie, who is Kyle Archie’s mother, worked as the bookkeeper for Reno Rock Inc., GKPA Inc., and D. Rockeries Inc. and was responsible for maintaining the books and records of the companies and filing documents with various government agencies. She admitted that between 2003 and 2009, she failed to file employment tax returns on behalf of these businesses to account for the taxes that were withheld from the employees’ wages. The Court also ordered both Kyle and Linda Archie to pay restitution to the IRS in the amount of \$1,235,528.

Conclusion

These criminal cases demonstrate the harsh consequences that employers face if they willfully fail to comply with their legal duty to collect and remit employment taxes. Such cases will not simply be addressed civilly by the IRS with back payment of taxes and penalties by the employer, but instead

may be criminally prosecuted and with responsible corporate officers facing prison sentences. This is particularly the case if the withheld taxes are used to pay personal expenses of the business owners and/or to fund luxurious lifestyles. The Justice Department and IRS are especially focused on “pyramiding,” which refers to the common practice of repeatedly filing bankruptcy once a substantial employment tax liability has accrued and opening a new business entity so as to avoid the payment of employment taxes, as occurred in the Taylor case described above. And the “willfulness” legal standard is not particularly difficult for prosecutors to satisfy, as nearly all employers are aware of their obligation to remit taxes withheld from their employees’ paychecks. Employers must take special care to ensure that withheld employment taxes are properly remitted to the IRS given the intense focus now being paid to this area by the Justice Department and IRS.



About the Author:

Matthew D. Lee is a former U.S. Department of Justice trial attorney who focuses his practice in the areas of white-collar criminal defense and investigations, federal tax controversies, financial institution regulatory compliance and complex civil litigation. Matt represents companies and individuals in federal grand jury investigations and criminal prosecutions in a wide variety of areas, including tax, money laundering, health care, securities, public corruption, antitrust, Foreign Corrupt Practices Act, False Claims Act and fraud offenses.



INDEMNITY PROVISIONS

A risk of any engagement is being named or joined in civil or administrative proceedings. Claims relating to the accuracy of an accounting professional's work can arise in connection with the performance of any service, from the preparation of a simple tax return to the audit of a complex financial statement. Often these claims result from inaccurate or incomplete information being provided by the client or a misconception as to the scope of the accounting professional's services.

The potential exposure to accounting professionals from such claims far exceeds the compensation for such services. Legal costs may be defrayed by insurance, but such claims still result in expenses in the form of deductibles, lost time, and potentially increased premiums. While there is nothing to prevent the assertion of a claim, one potential means to limit the likelihood or effect of such claims recognized by the courts is to include an indemnity provision in your engagement letters.

"In practical terms, an indemnity provision in an agreement requires that one party pay the expenses incurred by, and potentially the damages awarded against, the other resulting from a claim arising out of the performance of services."

WHAT IS INDEMNITY?

Indemnity is defined as "[a] duty to make good any loss, damage, or liability incurred by another." In practical terms, an indemnity provision in an agreement requires that one party pay the expenses incurred by, and potentially the damages awarded against, the other resulting from a claim arising out of the performance of services. As applied to accounting professionals, the questions which arise are who can be indemnified and for what.

CAN ACCOUNTANTS BE INDEMNIFIED?

Engagement letters are contracts, meaning that they are governed by the same rules as other contractual arrangements. Indemnity provisions are typically considered to be a normally accepted means for parties to contractually agree to the apportionment of risk. Accordingly, as long as the particular indemnity provision is not deemed to violate public policy, it is likely to be enforceable.

It is worth noting that not every professional is permitted to use indemnity agreements. Professionals who are deemed to have fiduciary obligations, such as attorneys, are precluded from transferring the risks of liability to their clients. However, the law treats the relationship between accountants and their clients differently. As a result, courts that have considered the issue have held that accountants performing traditional accounting services are free to utilize risk allocation provisions, such as indemnity clauses.

WHAT DO THESE PROVISIONS COVER?

Indemnity provisions are as varied as the clients and professionals using them. Some are narrowly limited to the requirement to pay the costs and fees associated with defending a professional liability claim. Others are so broad as to obligate the client

to pay damages awarded against the accountant. Similarly, indemnity provisions can also be tied to an accountant's liability. Some provisions apply only when the accountant is adjudged not negligent. Others impose obligations even if the accountant has been found to be at fault.

Another consideration in the drafting of indemnity provisions is whose claims are being covered. Traditionally, indemnity provisions were thought to apply only to claims brought by a third party. However, many states have held that indemnity provisions are not required to be so limited. That means that depending on the language, an indemnity provision can be drafted broadly enough to require that a client pay the costs and fees associated with claims brought against an accounting professional even by the client itself. Whether or not such a provision will be enforced is dependent on the laws of the particular state where the issue is being addressed.

WHAT PRACTICAL CONSIDERATIONS ARE THERE?

One of the biggest concerns in seeking indemnity from a client is whether that provision truly has any value. While it is always good to have such a provision in an engagement letter, it may not be practical to count on them to defray expenses. That is because indemnity is only as good as the client's ability to pay the incurred expenses and damages.

Even if a client can provide indemnity, depending on the nature of the claims they may not be required to do so. While parties are generally free to decide for themselves the measure of risk they are willing to assume and apportion, there are instances in which restrictions are placed on indemnity provisions for public policy reasons. For public policy reasons, most states will not enforce a provision which requires indemnity for intentional acts, willful misconduct, or gross negligence. Additionally some states have statutes which address the enforceability of certain indemnity provisions.

Finally, if a client declines to provide indemnity there may be issues as to when to seek enforcement of your agreement. This is dependent on both the language of the indemnity provision and the type of claim for which indemnity is sought. In some instances, claims may need to be brought immediately, even while another action is pending. In other cases, the claim may not be said to be "ripe" until there has been a determination in another action.

CONCLUSION

Use of indemnity provisions are just one more potential means of practice risk management. Like any other contractual requirement, they need to be properly tailored to your jurisdiction. And like any other part of your engagement letter, they need to reasonably reflect the nature of your services. While they are generally recognized as both legal and enforceable (not against public policy), because they transfer risk from one party to another, courts generally limit their reach to circumstances reasonably contemplated by the parties. So documenting a discussion about this provision with your client is advisable, and having them initial it separately is even better. Consider their use as part of an appropriate apportionment of risk.

Commentary provided by Steven J. Bolotin, Senior Partner, Morrison Mahoney, LLP, Boston, MA.
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• ALL AROUND NSA

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2017 NSA VOTING PROCEDURES, PROXY VOTING & PROPOSED BYLAW AMENDMENTS

Proxy Voting is now open.

Voting Members may submit proxy voting forms between July 15 – August 6, 2017

[How to submit a proxy vote](#)

NSA strongly urges all members who are either an Active or Life member on July 15, 2016 (“Voting Members”) to exercise their right to vote in this year’s annual elections. This date is called the “Record Date.” A member’s voting right may be exercised either in person at the Annual Convention in Reno, Nevada, or by a proxy vote. A “proxy” is a “signed statement authorizing a person to vote in the stead of the signer in the signer’s absence at a meeting”.

This voting right may be exercised either in person at the Convention in Reno, Nevada or by a proxy vote. A “proxy” is a “signed statement authorizing a person to vote in the stead of the signer in the signer’s absence at a meeting”.

There are two types of proxies authorized by the NSA Board of Governors: General and Limited.

- General Proxy: give your right to vote to a member attending the annual meeting. They will then be authorized to cast your vote for you as the proxy holder sees fit for any issue or matter requiring a vote, including any proposed amendments to the NSA Bylaws.
- Limited Proxy: the NSA Immediate Past President is directed to cast your vote for the specific candidates you indicate on the Limited Proxy form.

A Voting Member may give another individual either a limited proxy or a general proxy, but not both.

General Proxy holders are allowed to vote on [Bylaw](#) changes but Limited proxy holders are not because it is unknown whether there will be a vote on a specific proposal at the Convention.

In addition, the NSA Bylaws allow nominations for candidates for office to be made at the Convention, so if you

are unable to attend the Convention, NSA urges you to vote either by Limited or General proxy to ensure that your vote for a candidate for office is counted. We want to make sure you exercise your right to vote!

Active and Life Members of NSA may submit limited and general proxy forms to NSA between July 15 – August 6, 2017. The easiest way to submit a proxy is online.

New or amended proxy forms must be received in the NSA office no later than 5 PM EDT on Sunday, August 6, 2017 to be valid. Proxy forms may be revoked if such revocation is received by the NSA office no later than 5 PM Pacific on Monday, August 21, 2017.

For all general proxies submitted online, both the proxy giver and the proxy holder will automatically receive confirmation emails; members who submit limited proxies online will also receive an email confirmation upon submission. For members who submit general or limited proxies by mail, fax or email, it can take up to two business days to receive an email confirmation. If you submit a proxy and do not receive an email confirmation, contact the NSA office at members@nsacct.org or 800-966-6679 as soon as possible. Do not wait until after August 6th when proxy voting concludes to contact NSA.

Quick Links

[Meet the Candidates](#)

[Proxy Forms and Instructions](#)

[Proposed Amendments to the NSA Bylaws](#)

[Register for the Annual Convention in Reno](#)

PROPOSED AMENDMENTS TO THE NSA BYLAWS

Members of NSA:

Pursuant to Article XVIII, Section 3 of the Bylaws and as directed by the Chair of the Governance Committee, I am writing to inform you that proposed amendments of the Bylaws have been received by the National Office. As required by Section 3, the proposed amendments have been signed by at least five members in good standing.

The proposed amendments can be downloaded from this webpage and below is a statement in support of the proposed amendments that explains the proposals and provides a pro and con about the changes.

The proposed Bylaw amendments will be voted on at the NSA Annual Convention in Reno, Nevada, on August 22. Members may submit comments on the proposed amendments to the NSA Bylaws Committee at members@nsacct.org or at the email addresses listed in the summary statement. Responses to any questions or comments will be posted to the NSA website.

Thank you for your consideration of the proposed Bylaw amendments.

John G. Ams
Executive Vice President

Proposed Amendments to the NSA Bylaws

Pursuant to the NSA Bylaws, Article XVIII, the following NSA members sign and propose adoption of all of the following twelve NSA Bylaw Amendments at the 2017 Annual NSA Convention in Reno: Marilyn Niwao, Dean Taylor, Gilbert Matsumoto, William Feeley, Jerome V. Sweeney, Alfred Giovetti, Jim Weickgenant, Bernadette Koppy, Robert Genovese, Dick Oshima, Terry Bakker, William Silzer, Vicki Lynn McGuar, and John Roberts.

The Bylaws Committee invites written comments and questions regarding the Proposed Bylaw Changes to be submitted for the Committee's consideration prior to the beginning of the Annual Convention on August 22, 2017 by emailing comments and questions to Marilyn M. Niwao, Chair of the Bylaws Committee, at mniwao@gmail.com, with a copy to Governance Admin Chair Mary Lemons at mary@itabk.com and NSA Executive Vice President and General Counsel John Ams at jams@nsacct.org.

In addition, the Bylaws Committee and Governance Chair Mary Lemons invite all NSA members to ask questions and provide comments for the Committee's consideration at the Bylaws Committee forum to be held on Monday, August 21, 2017 from 3:30 p.m. to 5:30 p.m. at the 2017 Annual Convention site in Reno, Nevada. We look forward to seeing you there and addressing any of your concerns.

Summary of the Proposed Amendments to the NSA Bylaws

Proposed Bylaw Amendments 1 through 5 are what the sponsors considers to be "housekeeping issues" in correcting the language of the Bylaws.

Proposed Bylaw Amendment 1 – eliminating the RTRP credential which is no longer recognized by the Internal Revenue Service

Proposed Bylaw Amendment 2 – inconsistent reference to dues

Proposed Bylaw Amendment 3 – scrivener error

Proposed Bylaw Amendment 4 – reinstates definitions previously removed inadvertently as "housekeeping" and clarifies that proxy holders can vote at the Annual Convention

Proposed Bylaw Amendment 5 – removes redundant language

Other Proposed Bylaw Amendments include the following:

Proposed Bylaw Amendment 6 – (Internal Control issue) – Requires the EVP expenses to be approved by the President

Proposed Bylaw Amendment 7 - Requires Roberts Rules of Order Revised to be used at the Convention.

Proposed Bylaw Amendment 8 – Eliminates a conflict on who certifies eligibility for elections (Leadership Development Committee).

Proposed Bylaw Amendment 9 – Unless the current term of a Board member or Director expires at the electing convention, a candidate must resign from office no later than the first day that a candidate may announce for another office.

Proposed Bylaw Amendment 10 – (Governance issue re: conflict of interest) – Precludes a member from serving as NSA Officer if a member of his/her immediate family is an NSA employee.

Proposed Bylaw Amendment 11 – Name of Constitution & Bylaws Committee changes to add Administrative Policies

Proposed Bylaw Amendment 12 – A retired NSA member is allowed to serve as a Chair of a Committee.

Thank you very much for your consideration of the above Proposed Bylaw Amendments.

Proposed Bylaw Amendments

Below are proposed NSA Bylaw Amendments for download.

[Proposed Bylaw Amendment 1](#)

[Proposed Bylaw Amendment 2](#)

[Proposed Bylaw Amendment 3](#)

[Proposed Bylaw Amendment 4](#)

[Proposed Bylaw Amendment 5](#)

[Proposed Bylaw Amendment 6](#)

[Proposed Bylaw Amendment 7](#)

[Proposed Bylaw Amendment 8](#)

[Proposed Bylaw Amendment 9](#)

[Proposed Bylaw Amendment 10](#)

[Proposed Bylaw Amendment 11](#)

[Proposed Bylaw Amendment 12](#)

LIVE EA EXAM REVIEW COURSE & ATP REVIEW COURSE/EXAM IN RENO

EA Exam Review Course & ATP Review Course/Exam August 20th – 22nd

NSA's Enrolled Agent Exam Review Course will be held at the Nugget Casino Resort in Reno, Nevada prior to the National Society of Accountants' Annual Convention. This review is a comprehensive and intensive—and we mean intensive—course geared toward a single purpose: to help you master tax basics and pass the EA exam.

Detailed study notes will be provided for each topic, including figures and charts that prove the old adage that "...a picture is worth a thousand words." Hundreds of past exam questions from the open-exam era and many more potential questions on newer topics are incorporated and each is reviewed in class so the real exam itself will look like an old friend. Study tips, tricks and shortcuts are a staple of this course.

Both the Live Enrolled Agent Exam Review Course and the ATP Exam Review Course will be taught by two leading experts:



John O. Everett, CPA, Ph.D., is Professor Emeritus of Accounting at VCU in Richmond, VA. John's teaching specialty is federal taxation. He has authored or co-authored over 90 articles in academic and professional journals including the NSA EA Exam Review Course and 1040 101

Course, and is the coauthor of several textbooks, including CCH Practical Guide to Schedule M-3 Compliance, The HBJ Federal Tax Course, Income Tax Fundamentals, and Tax Planning With the Computer.



William A. Duncan, CPA, Ph.D., is an Associate Professor of Accounting at Arizona State University. Dr. Duncan was formerly a Director with Ernst & Young where he guided tax education for the firm. He is the author or co-author of three textbooks and has published

a number of articles on a variety of tax topics in publications ranging from Taxes and The CPA Journal to the Journal of the American Taxation Association. He has taught in the AICPA National Tax Education program for over 20 years.



Earn the Accredited Tax Preparer (ATP) Credential:

The Accredited Tax Preparer (ATP) designation, offered by the Accreditation Council for Accountancy and Taxation (ACAT), is also a leading national credential for tax practitioners who have a thorough knowledge of the existing tax code and the preparation of individual tax returns with an expertise in comprehensive 1040 issues including supporting schedules, self-employed returns, and ethics. **Earning the ATP credential exempts practitioners from taking and passing the Annual Federal Tax Refresher course and exam each year, which are a component of the Internal Revenue Service (IRS) Annual Filing Season Program (AFSP).**

The ATP course package also includes:

- Extra hour on day 1
- The Accredited Tax Preparer digital course materials
- The proctored ATP exam on Tuesday morning (additional fee)

The Accredited Tax Preparer exam is offered by the Accreditation Council for Accountancy and Taxation (ACAT), established in 1973 as a non-profit independent testing, accrediting and monitoring organization. [Learn More](#)

Register Online

Schedule

Sunday, August 20

EA Part 1: Individuals & Accredited Tax Preparer (ATP) Exam Review

8:00am - 5:00pm

ATP course ends at 6:00pm

CPE: 2 Hours/Federal Tax Law Update; 2 Hours/Federal Tax Law; 4 Hours/SEE Exam Preparation

Monday, August 21

EA Part 2: Businesses

8:00am - 5:00pm

ATP Exam

9:00am - 12:00pm

Tuesday, August 22

EA Part 2: Businesses, continued

8:00am - 12:00pm

Total CPE Part 2: 3 Hours/Federal Tax Law Update; 3 Hours/Federal Tax Law; 6 Hours/SEE Exam Preparation

EA Part 3: Representation, Practices & Procedures

1:00pm - 5:00pm

CPE: 2 Hours/Ethics/Regulatory Ethics

Choose Any 1 Part or All 3

More Information

[Download a Registration Form](#)

Complete Course (all three parts)

NSA Member Discount: \$699

Nonmember: \$775

EA Part 1/ATP Course:

NSA Member: \$275

Nonmember: \$325

ATP Exam Fee: \$100

EA Part 2:

NSA Member: \$375

Nonmember: \$425

EA Part 3:

NSA Member: \$200

Nonmember: \$250

The fee for the ATP exam is \$100.

Requests for refunds must be received in writing and will be subject to a \$75 cancellation fee. For more information regarding refund, complaint and/or program cancellation policies, please contact our offices at (800) 966-6679.

Program Level: Basic/Intermediate

Prerequisites: Basic knowledge of federal taxation

Advance Preparation: None

Delivery Method: Group Live



Hotel Information

Nugget Casino Resort

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Sparks, NV 89431

Room Rate includes round trip airport transportation, wifi in sleeping room, (2) bottles of water per day, use of pool & fitness center and parking.

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Group Code: GNSA17

Complimentary wifi included. The hotel offers a free airport shuttle departing from the hotel every hour, on the hour from 5:00 a.m. to 11:00 p.m. The airport shuttle picks up at the airport every hour on the half hour from 5:30 a.m. to 11:30 p.m. outside door D of the baggage claim area.

For more information and to register, visit <http://www.nsacct.org/eacourse> or contact NSA at 800-966-6679 or members@nsacct.org.

Learn more about NSA at www.nsacct.org.



NSA'S 72ND ANNUAL CONVENTION AND LIVE EA COURSE IN RENO, AUGUST 21-24



There is Still Time to Register!

The National Society of Accountants 2017 Annual Convention begins on Monday, August 21st with an exciting Roaring 20's Opening Party. Dress as a gangster or silent screen star. Come as a flapper, in Great Gatsby inspired-garb or as you are! Other social events and networking opportunities will be happening throughout the convention, including an Awards Luncheon and an evening at the National Automobile Museum on Tuesday. Business sessions, elections and other business related events will be held on Tuesday, August 22nd as well. To wrap up the convention, an Installation Banquet is scheduled for Thursday, August 24th.

Social activities schedule can be found [here](#).

Education

Prior to the start of the convention, NSA is presenting the live [EA Exam Review Course & ATP Review Course/Exam August 20th – 22nd](#).

NSA is offering over 17 hours of CPE credit presentations on Wednesday, August 23rd and Thursday, August 24th at this year's convention. Sessions will include four hours accounting topics accounting fraud cases, fiduciary accounting for 1041, statement of cash flows and unpleasant current trends in Peer Review, and ethics for difficult situations.

John Everett, CPA, William Duncan, CPA and Cherie Hennig, CPA will be teaching a brand new [Tax Planning Bootcamp](#) that covers Individual Tax Planning, Retirement

Planning, Gift & Estate Planning and Business Tax Planning.

Just added: "Data Compromises: A Tax Professional's Nightmare". This presentation by IRS Criminal Investigation will provide an overview of data vulnerabilities common to recent data compromises involving tax professionals and insights of dark-web activities indicating that tax professionals remain a valuable target of identity thieves. The session takes place during the NSA business session on Tuesday from 2:30 pm to 5:00 pm.

CPE SCHEDULE

TUESDAY, AUGUST 22

2:30pm – 5:00pm

NSA Business Session featuring "Data Compromises: A Tax Professional's Nightmare"

WEDNESDAY, AUGUST 23

8:00am - 8:50am

Current Issues in Accounting Fraud

Presented by: Bill Leonard CPA, CFFA

8:00am - 12:00pm

Tax Planning Bootcamp Day 1

Presented by: John O. Everett, CPA, Ph.D.; William A. Duncan, Ph.D., CPA; and Cherie J. Hennig, CPA, Ph.D.

9:00am - 9:50am

Fiduciary Accounting and Form 1041

Presented by: Bill Leonard, CPA, CFFA

10:00am - 10:50am

Statement of Cash Flows

Presented by: Bill Leonard, CPA, CFFA

11:00am - 11:50am

Trends in Peer Review

Presented by: Bill Leonard, CPA, CFFA

1:00pm – 5:00pm

Tax Planning Bootcamp Day 1, continued

Presented by: John O. Everett, CPA, Ph.D.; William A. Duncan, Ph.D., CPA; and Cherie J. Hennig, CPA, Ph.D.

CPE SCHEDULE, continued

THURSDAY, AUGUST 24

8:00am - 9:40am

Where Do You Keep Your Ethics? Ethics for the 21st Century Tax Professional

Presented by: Beanna J. Whitlock, EA, CSA

10:15am – 12:00pm

Tax Planning Bootcamp Day 2

Presented by: John O. Everett, CPA, Ph.D.; William A. Duncan, Ph.D., CPA; and Cherie J. Hennig, CPA, Ph.D.

1:00pm – 5:00pm

Tax Planning Bootcamp Day 2, continued

Presented by: John O. Everett, CPA, Ph.D.; William A. Duncan, Ph.D., CPA; and Cherie J. Hennig, CPA, Ph.D.

Convention Registration

Full Conference Registration Rates: NSA Members: \$679; Nonmembers: \$825

2-Day Registration Rates: NSA Members: \$499; Nonmembers: \$550

Spouse/Guest Registration Rates: Spouse/Guest Registration: \$550 - Each child 3-12: \$99

The Spouse/Guest Package is intended for guests of NSA members and is not available to NSA members.

[REGISTER ONLINE](#)

Not an NSA Member? Not a Problem. Sign up for NSA's 72nd Annual Convention at the nonmember rate and get a FREE year of NSA membership!

Hotel Information



Nugget Casino Resort
1100 Nugget Avenue
Sparks, NV 89431

Room Rate includes round trip airport transportation, wifi in sleeping room, (2) bottles of water per day, use of pool & fitness center and parking.

[Reserve Online](#)

(800) 648-1177

Group Code: GNSA17

Complimentary wifi included. The hotel offers a free airport shuttle departing from the hotel every hour, on the hour from 5:00 a.m. to 11:00 p.m. The airport shuttle picks up at the airport every hour on the half hour from 5:30 a.m. to 11:30 p.m. outside door D of the baggage claim area.



NSA ConnectED Webinars

CPE Made Easy with Live or On Demand Webinars



NSA SEPTEMBER 2017 CONNECTED WEBINARS

The NSA has scheduled new CPE-credit webinars for September on topics like Innocent Spouse, and Recognizing International Issues. Check out the listings here, and on <https://nsaweinars.nsacct.org>.

NSA ConnectED webinars are offered both live and on-demand.

Order four or more live or archived webinars in one order and receive a 20 percent discount.

Piling It On: Tax Penalties and How to Fight Them

Thursday, September 7, 2017

2:00-4:00 pm (EDT)

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

[Register](#)

When the IRS determines a tax deficiency, you can bet that a tax penalty is not far behind. From failure to file or pay to fraud to trust fund recovery penalties, the IRS has used its ability to impose penalties with vigor.

This webinar will cover the most common tax penalties, how to protect a client from such penalties on the front end, and how to defend your client after penalties have been asserted.

Presented by Travis A. Greaves and T. Joshua Wu

Issue Spotting International Issues and How to Handle Them

Tuesday, September 19, 2017

2:00-4:00 pm (EDT)

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

[Register](#)

The globe is shrinking to where a lot of clients have international issues and may not realize it. Whether your client accidentally invested in a PFIC or they receive a K-1 with international reporting requirements, practitioners need to know how to handle these issues, especially since the penalties can be very large for simple mistakes. In this course, we will discuss common international issues that arise for clients and how to properly deal with them. We will also look at common international issues where practitioners need to be asking their clients for additional information.

Presented by Nicholas Preusch, CPA

Who is Really the Innocent Spouse? IRC §6015

Thursday, September 21, 2017

2:00-4:00 pm (EDT)

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

[Register](#)

Many times after filing a joint return spouses have opposing views of who should be responsible for a resulting tax obligation when the IRS comes to call. The IRS innocent spouse rules allow more taxpayers to receive relief from joint tax obligations.

Presented by Robert McKenzie, EA, ESQ

Medicaid Eligibility and Nursing Home Asset Protection

Tuesday, September 26, 2017

2:00-4:00 pm (EDT)

IRS CE: 2 Hours/Federal Tax Law

NASBA CE: 2 Hours/Taxes

[Register](#)

This webinar will discuss the use of Long Term Care benefits under the Medicaid program and the best ways to incorporate this benefit into future health and asset protection planning. In particular, explanations of the Long Term Care benefit will focus on:

- The difference between nursing homes and other types of long term care
- The different asset limits for married vs single individuals
- An explanation of “penalty periods” and gifting exclusions
- and the effect of State law on Medicaid benefits

We will also discuss planning strategies and how to advise your clients regarding “strategic” liquidation of assets, approaches to tax withholding within a Medicaid context, and asset protections approaches to qualified retirement accounts.

Presented by Michael B. Mathers, P.A.

Understanding Individual Retirement Account Funding and Tax Rules

Thursday, September 28, 2017

2:00-4:00 pm (EDT)

IRS CE: 2 Hours/Federal Tax Law;

NASBA CE: 2 Hours/Taxes

[Register](#)

Everyone in the financial services industry knows what an IRA is, but did you know that IRAs are one of the most complicated retirement plans in regards to rules and taxation?

This webinar will cover the 6 different types of IRA plans, explain the contribution and distribution tax rules for the various IRA plans, and provide you the knowledge you need to recommend an appropriate IRA to meet a client’s financial needs.

Presented by Eric A. Smith, ATP, CFP, CLU, ChFC, CRPC

For the full schedule of NSA ConnectEd webinars, visit [this page](#).



CONGRATULATIONS TO THE 2017 NSA SCHOLARSHIP WINNERS!

In 2017 the National Society of Accountants (NSA) Scholarship Foundation awarded scholarships to 30 accounting students. Together, they will receive \$37,950 in scholarship awards.

The Foundation has provided more than \$1 million since 1969 to deserving undergraduate and graduate students who are committed to pursuing a career in accounting, helping to develop more qualified young accountants.

The scholarships range from \$500 – \$3,000. Recipients were selected on the basis of an overall outstanding academic record, demonstrated leadership and participation in school and community activities, honors, work experience, stated goals and aspirations, and financial need.

“These students are the best and brightest candidates working to earn accounting degrees,” says NSA Scholarship Foundation President Sharon E. Cook, EA, ABA, ATA, ATP, ARA. “We are pleased to support them and look forward to having them join the accounting profession.”

NSA’s 2017 scholarship recipients are listed below with universities, the NSA Affiliated Organizations or the named scholarships that provided funding, and the amount of each scholarship.

Katelyn Adams
Robert Morris University
Milton Brown Award: \$1,000

Aileen Duong
Gonzaga University
Washington Association of Accounting and Tax Professionals: \$2,000

Adam Cochran
University of Missouri-Columbia
Missouri Society of Accountants: \$1,000

Rachel Colburn
University of Georgia
Stanley H. Stearman Award: \$2,000

Bailey Skinner
Louisiana Tech University
Louisiana Society of Independent Accountants: \$2,000

Amanda Wicstrom
Washington State University
Washington Association of Accounting and Tax Professionals: \$2,000

Bethany Scheerer
University of Maryland-College Park
Maryland Society of Accounting & Tax Professionals: \$1,000

Esther Chai
St. John’s University-New York
New York Society of Independent Accountants: \$750

Caleb Niemietz
Arizona State University
Arizona Society of Practicing Accountants: \$1,000

Courtney Burchett
George Mason University
NSA Sager Award: \$1,000

Dillon Groves
Ouachita Baptist University
Ronny Woods Memorial Award: \$1,000

Daisjuan Burns
University of Illinois at Urbana-Champaign
Independent Accountants Association of Illinois: \$2,000

Erin Kilpatrick
Jacksonville State University
Alabama Association of Accountants and Tax Preparers:
\$1,800

Cassi Johnson
Stetson University
Florida Society of Accounting & Tax Professionals: \$1,000

Jessica Martinez
The University of Tampa
Florida Society of Accounting & Tax Professionals: \$1,000

Jordan Hamada
University of Oregon
Oregon Association of Independent Accountants: \$1,000

John Neu
University of Wisconsin-Parkside
Wisconsin Association of Accountants
Southeast Chapter: \$500

Kiki Smith
University of Colorado Denver
Chester Borelli Award/Public
Accountants Society of Colorado: \$1,000

Kingston Handley
University of North Carolina at Charlotte
North Carolina Society of Accountants: \$2,000

Lauren Schmidt
Doane College
Nebraska Society of Independent Accountants: \$1,000

Melissa Harris
Athens State University
Alabama Association of Accountants and
Tax Preparers: \$1,000

Audrey Manser
University of Wisconsin-Madison
Wisconsin Association of Accountants: \$1,000

Nathan Nalley
University of Arkansas at Little Rock
Arkansas Society of Accountants: \$1,100

Amanda Parr
Milwaukee Area Technical College
Wisconsin Association of Accountants
Southeast Chapter: \$500

Rosemarie Rivard
University of Alaska Southeast
Alaska Society of Independent Accountants: \$500

Stephen Snyder
Virginia Polytechnic Institute and State University
Millard Ashley Memorial Award: \$1,000

Terrence Henderson
University of Phoenix-Phoenix-Hohokam Campus
Arizona Society of Practicing Accountants: \$2,000

Tyler Westover
Brigham Young University
Florida Society of Accounting & Tax Professionals
Peace River Chapter: \$300

Yena Yang
University of California-Berkeley
Foundation Trustees Award: \$1,500

Zhishan Liang
Florida International University
Florida Society of Accounting & Tax Professionals: \$3,000



To learn more about the NSA Scholarship Foundation program or to make contributions, visit www.nsacct.org/scholarships. Submit your online application between January 1, 2018 and April 1, 2018.



2-DAY GEAR UP TAX SEMINAR AT MOHEGAN SUN RESORT

NSA's Gear Up returns to Mohegan Sun Resort November 15-16 2017

Gear Up's industry-leading two-day 1040 course attracts thousands of attendees each year. Gear Up is an extensive education and information source for tax and accounting professionals. Their speakers are superlative in their fields as hands-on practitioners and recognized authorities.

"This Gear Up course is back by popular demand," says NSA Executive Vice President John Ams. "The rapid pace of tax law changes make it invaluable to tax professionals, especially this year when we expect potentially more changes to be implemented by the time this course is held in November."

2-Day 1040 Course Details

This comprehensive course covers key tax issues for completing complicated individual returns. All topics include coverage of new legislation and extenders, revenue rulings and procedures, as well as case law to help the busy practitioner keep current.

Speakers are all practicing preparers who will share practical tips and insights to help tax and accounting professionals get ready for tax season. Topics include:

- Changes to health care law.
- Resolving ID theft problems.
- Reporting in the sharing economy.
- Adjusting for compensation-based covered securities.

All new law, once passed, will be covered.

Attendees receive a comprehensive manual that alone is worth the price of registration!

Prerequisites: None

Advance Preparation: None

Who should attend? CPAs, EAs, CTEC, CFPs, ALL TAX PROS

Hotel Information



Mohegan Sun Casino and Resort,
1 Mohegan Sun Boulevard
Uncasville, CT 06382

General Information: 1.888.226.7711
Hotel Reservations: 1.888.777.7922

[Click here to reserve your room online](#)

Group code: NSACC17
Group rate: \$149 plus 15% tax*
Resort fee not included
Dates available: November 14-15, 2017

*Reserve your room by October 24, 2017 to receive the group rate.

Mohegan Sun, created in 1996 by the Mohegan Tribe of Connecticut, is one of the world's most amazing destinations with some of New England's finest dining, hotel accommodations, retail shopping, live entertainment and sporting events. Amenities include: three world-class casinos, a 10,000 square foot pool, a luxurious day spa, and a state-of-the-art Poker Room. Make a vacation of it!

Register by September 1st and Save!

NSA Member: \$365 Nonmember: \$425

After 9/1/17:

NSA Member: \$399 Nonmember: \$479

Register

Refunds and Cancellations: Requests for refunds must be received in writing by October 15, 2017 and will be subject to a \$75 cancellation fee. No refunds will be granted after October 15, 2017. For more information regarding refund, complaint and/or program cancellation policies, please contact our offices at (800) 966-6679.

REGISTRATION OPEN FOR WINTER 2017 ACAT TAX AND ACCOUNTING ACCREDITATION EXAMS

Those passing the exam and earning the ATP and ABA credentials have exempt status for the IRS Annual Filing Season Program.

Registration is now open for the Accreditation Council for Accountancy and Taxation® (ACAT) spring/summer 2017 exams for accountants, tax preparers and students seeking to earn the Accredited Business Accountant/Advisor (ABA), Accredited Tax Preparer (ATP) and Accredited Tax Advisor (ATA) credentials. The Comprehensive Examination for Accreditation in Accountancy (ABA), Accredited Tax Preparer (ATP) exam and the Accredited Tax Advisor (ATA) exam can be taken between November 1 – December 15, 2017 at test sites across the United States.

ACAT Credentials



The ABA is a high-level credential that tests the technical proficiency of accounting and tax professionals in financial accounting, financial reporting, financial statement preparation, taxation, business consulting services, business law and ethics. Emphasis is on a practical approach to public accounting. To become an ABA, candidates must pass the Comprehensive Examination for Accreditation in Accountancy and have three years of related work experience, up to two of which may be satisfied through college credit. In Iowa and Minnesota achieving the ABA designation meets state regulatory requirements to practice public accountancy.

The exam is divided into two parts: Practice 1 and Practice 2. **Practice 1** covers financial accounting and financial statement preparation, presentation and reporting. **Practice 2** covers the taxation, business law, business accounting and ethics.

The ABA is accredited by the National Commission for Certifying Agencies (NCCA), an independent resource recognized as the authority on accreditation standards for professional certification organizations and programs.

As part of the voluntary IRS Annual Filing Season Program which requires annual testing, an Annual Federal Tax Refresher Course and continuing education, holders of the Accredited Business Accountant/Advisor (ABA) and Accredited Tax Preparer (ATP) credentials issued by the Accreditation Council for Accountancy and Taxation:

- are exempt from the Annual Federal Tax Refresher Course and testing requirements
- automatically qualify for the AFSP-Record of Completion (with a valid PTIN, CPE and Circular 230)

- as Record of Completion holders, will be included in the IRS public database of tax return preparers
- have limited representation rights, meaning they can represent clients whose returns they prepared and signed, but only before revenue agents, customer service representatives, and similar IRS employees, including the Taxpayer Advocate Service.



The ATP is a leading national credential for tax practitioners who have a thorough knowledge of the existing tax code and the preparation of individual tax returns with an expertise in comprehensive 1040 issues including supporting schedules, self-employed returns, and ethics. To become an Accredited Tax Preparer, candidates must pass the 100-question ATP exam.



The ATA is a premier national tax credential for practitioners who handle sophisticated tax planning issues, including planning for owners of closely held businesses, planning for the highly compensated, choosing qualified retirement plans and performing estate tax planning. Their expertise covers tax returns for individuals, business entities, fiduciaries, trusts and estates, as well as tax planning, tax consulting and ethics. To become an Accredited Tax Advisor, candidates must pass the 100-question ATA examination and have three years of experience in tax preparation, compliance, tax planning and consulting, of which 40 percent must be in tax planning and consulting.

The exam fee for both Practice 1 and Practice 2 of the ABA exam is \$400 or \$250 for one Part of the exam. The ATA and ATP exam fees are \$250.

ABA and ATA candidates must pass the exams and meet experience requirements to earn the credentials. A blueprint for each exam with more information on topic areas is available at www.acatcredentials.org.

The National Society of Accountants (NSA) offers preparatory course [study guides](#) for both the ABA, ATA, and ATP exams and preview exams, which mirror the topics and question format of the ACAT exams.

To learn more about ACAT credentials, [click here](#).

REGISTER ONLINE

NSA PARTNERS WITH LENOVO, DELUXE AND UPS

NSA is constantly working to find new partnerships and programs that will help our members save money. We're proud to announce more ways we help our members and their practices!



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Experience the Lenovo difference! For more information and easy ordering, call 1-800-426-7235, ext. 7142 or visit the [online store](#).



NSA has recently negotiated a partnership with Deluxe that will benefit our members. Details are coming soon!

NSA is also excited to announce our continued partnership with UPS.



Make the most of your NSA membership and save up to 34%* on UPS® shipping services, plus 50%* off select services for up to four weeks after you enroll.* Save on a broad portfolio of services, including air, international, ground and freight. To enroll and start saving today, visit savewithups.com/nsa or call 1-800-MEMBERS (1-800-636-2377), M-F, 8 a.m. – 6 p.m. EST.

*Visit savewithups.com/nsa for specific services and discounts. [Click here](#) for details on Introductory Program discounts.

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Books of the Month

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Get the latest tax developments

ACA Repeal and Replacement Tax Briefing

The Senate has released a revised version of its Better Care Reconciliation Act of 2017 (BCRA), but leadership has announced that it will abandon this effort to repeal and replace the Affordable Care Act (ACA). Download our [free tax briefing](#) to learn more.

TECH TOPICS



The Cloud Is Here! *Now, Where Is It?*

Marc Staut

Recently, I was working with an accounting firm that wanted help in assessing their technology roadmap. They'd been hearing about the benefits of the cloud for years but weren't sure they were ready to take the leap. They knew there were some advantages, but couldn't definitively list them, and the risks they'd heard were all worst-case scenarios and fears rather than reality. But with an impending server refresh to replace older and unsupported hardware looming, and the associated capital costs set to wipe out their IT budget, they wanted to reevaluate.

They were surprised to learn how far "the cloud" has come. Many services they needed but didn't think would be affordable (such as data protection services, real time backups and versions and better remote access options) have been commoditized and are more accessible through cloud services. The costs and the security benefits were also very enticing. Excitement built quickly, and they were ready to get started right away. Then the Managing Partner called me aside and said "Great! The cloud is here! Now, where is it?"

It's a question a lot of people in the industry ask. Fortunately, like the firm I was working with, you have some options.

What type of cloud is right for me?

There are generally three cloud categories, organized around the location of the cloud: private, public and hybrid. But there are also newer terms that are coming into the discussion these days: "outsourced cloud" and "true cloud."

The nomenclature varies as different people and companies have different definitions for some of the variables in each, but the general categories and descriptions below are enough to get everyone moving in the same direction.

Private Cloud – 'Private' comes from the distinction of the remotely located environment not being shared with any other companies or their data. In this scenario, the intention is to keep as much control and minimize risk as much as possible, while still providing some of the benefits and 'feel' of being in the cloud. Often, the company moves servers and applications to a firm controlled data center. This centralizes the data, making it easier to consolidate storage, run proper backups and plan for business continuity scenarios. Employees access the information either directly over the local network or through a variety of remote access tools, often including RDP, Citrix or VMware. VPN's and information portals are also leveraged frequently.

One of the misconceptions about building a private cloud solution is that it will be one of the most secure options available. In fact, it is considerably riskier for the firm from a security perspective. To gain the remote access benefits, the data must be accessible from anywhere. That makes it a target. And the security and compliance responsibilities still fall on the firm's technology team, which often doesn't have specialized security experts.

Another drawback of this setup is that it still requires a large amount of capital expenditure. Servers, storage, routers, bandwidth, licenses and repair warranties will all continue to be the responsibility of the firm. It may be cheaper and more efficient than a local distributed server system, but it doesn't save nearly as much as people initially think.

Continued on the following page

TECH TOPICS

Note: This can also be done at one of the firm's physical locations instead of 3rd party data center.

Private Cloud

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none">• Centralized data• Virtualized systems• Increased remote access• Better DR/BC options• Single tenant system	<ul style="list-style-type: none">• Have to purchase and support equipment• Doesn't save as much as expected• Responsible for security• Additional bandwidth node

Public Cloud – In this model, resources like storage, applications, connectivity, memory and processing power – the complete computing structure – are made available via the internet to anyone who subscribes to the services. Your firm's data, while segregated and heavily restricted for accessibility and security, is stored on servers that house the data of other companies as well (multi-tenant). Due to the prevalence of encryption (in-transit and at rest) and the capability to privately control encryption keys, this poses much less risk for data privacy and security than it once did. And because these are essentially distributed data networks, economies of scale keep costs low and scalable. Providing additional resources is simple and straightforward.

In our industry, we often see the public cloud offerings as a subscription to a specific application (Software as a Service). Examples would be GoSystems RS or CCH Access.

Hybrid Cloud – This model is the most common, and can be any combination of on-premises, private cloud, or third party public cloud service integrations. The system is maintained by both the firm and the vendor, with each being responsible for some parts of the whole.

Some services are migrated into either a private or public cloud, while others (particularly legacy systems or applications with low latency tolerances) might remain installed locally on site.

An example would be outsourcing some functionality, such as backups to a data center or email to the public cloud while retaining some localized services (like legacy or specialty applications) for performance or compatibility reasons.

Hybrid Cloud

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none">• Can be done in phases• Leverages best-of-breed approach• Can balance risk and accessibility• Keep legacy systems, but gain some cloud benefits• Take advantage of commoditized services with low entry barriers	<ul style="list-style-type: none">• Less control over the location of the data, may be in any number of data centers• Multi-tenant• May have long support Service Level Agreements (SLAs)• Biggest security risk remains your employees

Outsourced Cloud – One final variation is “outsourced cloud.” Leveraging this entails moving all server functionality off-

Continued on the following page

TECH TOPICS

site to be managed by another company. Staff accesses all resources remotely, even when they are working from an office. Most applications and services are run in a virtual environment hosted by the provider.

The most common example of this is XCentric, which specializes in providing this service to accounting firms.

Outsourced Cloud

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none">• Everything is handled by the provider• Simplified management• Support included• Built in backup and DR• Costs are known and predictable• Easy to get started with conversion help to their systems	<ul style="list-style-type: none">• Support times can vary• Updates need to be cleared and scheduled in advance• Bandwidth needs must be provisioned and planned for properly• No internet = no access or applications

The time has come to move your practice into the cloud. The benefits can be enticing and there is a path forward for every firm. Once you've determined your tolerance for risk, available budget and project timeframe you can choose which of the cloud solution models work best and start your journey into the cloud!



About the Author:

Marc Staut, Principal & Consultant at [Boomer Consulting, Inc.](#), helps meet the growing needs of CPA firms by leveraging his experience to provide strategic technology assessments, planning, visioning and coaching. He feels that “technology should be an enabler – something that’s approachable, aligned with and integral to the success of each firm.”

Marc is a regular speaker, author and panelist on technology in the accounting profession, cloud computing, mobile technology, leadership and vision.

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Legislative Link



John Ams
Executive
Vice President

Congressional Tax Bills that May Affect You And Your Clients

It is anybody's guess whether Congress will be able to enact a tax reform bill or any tax-related bill this year. However, there are various measures percolating at various stages of the legislative process, so it is wise to keep informed. Below is a chart that summarizes the status of key tax policy legislation currently pending in either the House or Senate.

Topic	Legislative Purpose	Bill Status	Outlook
Tax Reform	Corporate, Individual and International Taxation		
	(To be introduced) Congressional tax-writers want a revamp of the tax code.	House: House GOP tax reform blueprint released in June 2016 calls for a 20 percent corporate tax rate; a shift to territorial taxes on overseas income under destination-based taxes; a border adjustability provision that would tax imported goods but exempt exports; three tax brackets at 12 percent, 25 percent, and 33 percent for individuals; a 25 percent tax rate for passthroughs; and a repeal of the estate tax and alternative minimum tax. Senate: Finance Committee Chairman Orrin G. Hatch (R-Utah) had been working on a dividends paid corporate integration idea as a way to eliminate double taxes on corporate income. However, he has not released the plan and has said he is now focused on a broader tax reform effort.	House: Ways and Means Committee Chairman Kevin Brady (R-Texas) and his staff are working on turning the blueprint into legislation and plans to hold hearings in the coming weeks. He has said he will wait to mark up a bill in his committee until seeing more details from the White House plan, which he says is about 80 percent in alignment with what the House wants. The border adjustment tax is facing opposition from big retailers and some members in the House and Senate over concerns it could raise costs for consumers. Senate: Republican tax counsels in the Senate are looking at previously introduced tax reform plans for ideas. Many of them include ideas to broaden the tax base to lower tax rates. Sen. Hatch has said that his staff is working on a tax plan, but that it was too early to get into details. White House: The administration released a one-page outline April 26 that would cut the corporate rate to 20 percent. The document doesn't mention the border adjustment provision of the House plan, a signal that the administration is still working through the issue. The administration is expected to release a more detailed document in June.

Continued on the following page



Legislative Link

Health Care	Tax Credits		
	(VETERAN Act) H.R. 2372, introduced May 4 by Rep. Sam Johnson (R-Texas), says a veteran isn't eligible for health coverage under a Department of Veterans Affairs program unless enrolled. The bill is in response to criticism from Democrats that the American Health Care Act could bar veterans from using tax credits to pay for health insurance if they are eligible but not enrolled in VA coverage.	House: The bill passed by voice vote on June 15.	
	(Verify First Act) Rep. Lou Barletta (R-Pa.) on May 22 introduced H.R. 2581 to require a Social Security number before an individual can receive a health care tax credit. The bill is part of an effort to address concerns with the American Health Care Act.	House: The bill passed 238-184 on June 13.	
	(Broader Options for Americans Act) H.R. 2579 would allow some individuals to qualify for premium tax credits if they continue group health plans under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Rep. Pat Tiberi (R-Ohio) introduced the measure May 19. The bill is part of an effort to address concerns with the American Health Care Act.	House: The bill passed 267-144 on June 15.	

Corporate Inversions	Debt-Equity		
	(H.J. Res. 54) The legislation disapproves of the final Section 385 debt-equity rules released in October 2016. It also would use the Congressional Review Act to revoke them.	House: The bill, introduced Jan. 31 by Rep. Todd Rokita (R-Ind.), has been referred to the Ways and Means Committee. A floor vote hasn't been scheduled.	House: Democrats released a letter Feb. 8 criticizing the bill. Senate: No companion legislation has been introduced.
Estate and Gift Taxes	Estate Tax Repeal		
	(H.R. 451, H.R. 198, H.R. 30, H.R. 631, S. 205) Several bills have been introduced in both chambers to repeal the estate tax.	House, Senate: Senate Finance Committee member John Thune (R-S.D.) and House Ways and Means Committee member Kristi Noem (R-S.D.) are the lead sponsors on companion repeal legislation, H.R. 631 and S. 205.	House: The House GOP tax reform blueprint includes a repeal of the estate tax. White House: President Trump called for a repeal during his election campaign, replacing it with a capital gains tax for assets held until death.