The Bulletin
East Bay Association of Enrolled Agents
A Chapter of the California Society of Enrolled Agents Affiliated with the National Association of Enrolled Agents

July 2014

The speaker's outline is a good source of information about these topics with references to Code and regulations sections, rulings and court cases.

David M. Fogel, EA, CPA, USTCP, consults to other tax practitioners and represents clients before the various tax agencies. He has over 40 years of experience in tax controversy and planning, including 26 years with the IRS (as an Appeals Officer, Tax Auditor and Revenue Agent), and 6 years as a tax advisor for two Sacramento-based law firms. Mr. Fogel has written over 60 articles for journals including the California Enrolled Agent and EA Journal. He has also given presentations at CalCPA and CSEA events and the Sacramento County Bar Taxation Section.

PRESIDENT'S MESSAGE
by Patty Pringle, EA

Please note the new address for the East Bay Association of Enrolled Agents:

EBAEA
6400 Village Parkway, Suite 201
Dublin, CA 94568-3006
Phone: 800-617-1040 (toll free) or 925-320-7802

This year CSEA is holding its 38th Annual Meeting at the Dolce Hayes Mansion in San Jose. Of particular interest is the General Session and Town Hall Meeting (when the new slate of CSEA Officers will be elected) on Thursday, July 10th. This is your chance to participate in the decision making process. Only NAEA/CSEA Members in good standing are allowed to vote.

These meetings are free to attend, but registration is required. Thursday evening is the Grand Banquet Celebration, which includes: Reception, Dinner, Awards (maybe EBAEA will be Chapter of the Year), Officer

July Topic: “Passive Activity Losses”
Speaker: David M. Fogel, EA, CPA
by Peggy Hall, EA  Program Chair

Mr. Fogel will address the following selected topics in the passive activity loss rules (section 469 of the Internal Revenue Code):

1. General rules for passive activity losses, including passive loss carryovers.
2. Rules for qualifying as a "real estate professional," substantiating the requirements, and the election to treat all interests in rental real estate as a single activity.
3. Material participation -- requirements to satisfy, substantiation, what time qualifies, what time doesn't qualify, IRS's positions.
4. Rules for grouping activities.
5. Special topics: LLCs, potential audit issues, NOLs.

NEXT MEETING Wed, July 16, 2014
Place: DUBLIN Holiday Inn (ex-Radisson)
(goto http://www.holidayinn.com/hotels/us/en/dublin/dubrm/hoteldetail#Directions) or take BART!
4:30 Board Meeting
6:15 Networking
6:30 Dinner Buffet
7:00 Program: “Passive Activity Losses”

Cost: $35.00 with reservation by Friday July 11
     $45.00 with reservation after deadline

Sign up online at:
https://www.123signup.com/calendar?Org=ebaea
(please print out your confirmation to ensure that you clicked all the right buttons to register) Questions: email ebaea@ebaea.org (preferred) or call 800-617-1040.
and Board of Directors Installation, Dancing and CSEA PAC Silent Auction.

The entire event runs from Monday, July 7th through Sunday, July 13th. Educational events, Committee Meetings and the CSEA BOD Meetings will also be held. For the full list of activities and cost visit the CSEA website. Hope to see you there!

One of the most valuable benefits of being a member of our chapter is the assurance that if I’m stumped on a tax question I can reach out to one of my fellow members for help. We all have books and of course you can do a Google Search (but how reliable is that?). As a participant in one of the many online networking groups I know that I can rely on getting an answer or opinion from someone that has years of experience.

Another membership benefit is attending one of the many breakfast group meetings that are listed in this bulletin. If you have any questions about joining any of these networking groups please reach out to any one of the EBAEA Board Members and they will be glad to guide you to one of the groups.

By the time you are reading this article EBAEA will have held our Annual Retreat. Stay tuned in the August Bulletin for details.

Please be sure to mark your calendars for Monday, September 8th, for the 20th Annual Tax Practitioner IRS Fall Seminar at the Holiday Inn in Dublin, CA.

This year EBAEA will present Tax Talk 2014 on November 5th, 6th, and 7th, also at the Holiday Inn in Dublin. Once again, we offer topics that are current and relevant to tax professionals. Keynote speakers this year are Vicki Mulak, EA, CFP, Jennifer MacMillan, EA, Robert McKenzie, JD, EA, Lisa Ihm, EA and Mark Seid, EA, CPA.

**FREE DINNERS**

There may be no free lunches, BUT there is a free dinner or two with the Chapter. EBAEA Dinner Subscriptions begin in July 2014. We again offer the popular Monthly Dinner Subscription.

This plan grants you automatic reservations at all eleven EBAEA Chapter dinner meetings for one locked-in price. You pay for nine regularly priced meetings ($315) and get all eleven dinners (value $385). This plan is ONLY offered through our August meeting.

Enrolling before the July 2014 meeting assures you all eleven meetings for $315; enrolling after the July meeting and before the August meeting assures you of ten meetings for $315, which still gives you one free dinner. April is always dark (with no meeting).

There is no refund for missed meetings. You may send a substitute if you are unable to attend a specific meeting. Please call the Chapter Office and cancel if you cannot attend.

Go to https://www.123signup.com/calendar?Org=ebaea or contact the Chapter Office at 800-617-1040.

**DINNER MEETING CE INFORMATION**

“Selected Topics in the Passive Activity Loss Rules”, 7/16/14

- IRS: WZA09-T-00958-14-I: 1 hour of Federal Tax Law Topics
- CTEC: 1001 - CE - 7458: 1 hour of Federal Tax Law Topics
- CSEA/NAEA: 1 hour
- Target Audience: Enrolled Agents, Attorneys, CPAs, Unenrolled Preparers
- Learning Level: Level 2 (Intended to expand the working knowledge of the practitioner and exposes them to specialized areas of taxation and tax management. This level explores the details about more unusual tax situations or consequences and gives the practitioner the tools to assist clients in these areas).

**EBAEA EMAIL LISTS**

EBAEA sends news to Members via two one-way (send-only) email distribution lists. Subscription is free and completely voluntary, and you can subscribe or unsubscribe to either list any time you wish. For more information and to manage your subscription, visit: http://ebaea.org/cgi-bin/dada/mail.cgi
# Small Group Tax Meetings

<table>
<thead>
<tr>
<th>Area</th>
<th>Day</th>
<th>Time</th>
<th>Location</th>
<th>Contact Person</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antioch /Brentwood</td>
<td>Fridays</td>
<td>8:00am</td>
<td>Brentwood Café, 8500 Brentwood Blvd, Brentwood</td>
<td>Ken Seamann EA</td>
<td>(925) 634-8297</td>
</tr>
<tr>
<td>Danville Area</td>
<td>4th Tue</td>
<td>9:30am</td>
<td>Pascals French Oven, 155 Railroad Ave, Danville</td>
<td>Michael Power EA</td>
<td>(510) 366-8836</td>
</tr>
<tr>
<td>Oakland Area (Near BART)</td>
<td>4th Tue</td>
<td>9:00am</td>
<td>Buttercup Café, 229 Broadway, Oakland</td>
<td>Andy Rogers EA</td>
<td>(510) 332-0401</td>
</tr>
<tr>
<td>Livermore Area</td>
<td>Fridays</td>
<td>8:45am</td>
<td>Shari’s Restaurant, 1116 East Stanley Blvd, Livermore</td>
<td>Jerrilynn Krebs EA</td>
<td>(925) 606-8181</td>
</tr>
<tr>
<td>Castro Valley</td>
<td>3rd Tue</td>
<td>8:00am</td>
<td>Carrow’s, 2723 Castro Valley Blvd @ Lake Chabot, CV</td>
<td>Dagmar Bedard EA</td>
<td>(510) 537-3883</td>
</tr>
<tr>
<td>South Alameda County</td>
<td>1st Wed</td>
<td>9:30am</td>
<td>Mimi’s, 24542 Hesperian, Southland Mall, Hayward</td>
<td>Sal Romo EA or Walt Thomas EA</td>
<td>(510) 487-1691</td>
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<tr>
<td>Email-only Group</td>
<td>as needed</td>
<td></td>
<td>Send an email to <a href="mailto:halloftaxes@gmail.com">halloftaxes@gmail.com</a></td>
<td>Peggy Hall EA</td>
<td>(925) 388-1040</td>
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## CSEA ONLINE LEARNING PORTAL

Is there a SuperSeminar session you wanted to attend but conflicted with the one you chose? What about one you attended, and took careful notes, but now that you need to resolve an issue, they don’t make clear what the speaker said? What about a client matter that just came up and you’re not sure how to handle it?

CSEA offers online replays of SuperSeminar presentations. For just $39 per two hour session or $79 per four hour session, you get the whole audiotaped session AND the syllabus, synched together. For $20 more, you can get CE for reviewing your notes!

Currently, CSEA has the 2012 and 2013 sessions available. This is a great refresher, or a primer for a subject you need more info on now.

Check this out now! Go to [www.csea.org](http://www.csea.org) and mouse over the “Education & Events” tab, then mouse down and click on “Online Continuing Education”. You won’t be sorry…

## EAs AVAILABLE TO SPEAK

Although our speaker’s development group has been dormant this year, there are still a number of chapter members who welcome the opportunity to speak to the public on a variety of tax topics. If you know of a group that would like a guest speaker, please contact Andy Rogers, EA, or Mark Bole, EA for suggestions.

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## BULLETIN ADVERTISING POLICY

*By Robert Seymour, Bulletin Editor*

To encourage more Members to use the Bulletin to fill their needs, we present the Bulletin advertising policy:

1) All Bulletin notices are run for a maximum of three months. If you wish to run a notice for a longer period, you must resubmit the notice.

2) Maximum notice size is 1.5 column inches. This equals a space one and one-half inches high by one column (3.5 inches) wide. The standard Bulletin font is Times New Roman 11 point.

3) The Bulletin Editor reserves the right to edit any notice for style, content and length.

4) All notices must be submitted (and payment received) by the 25th of the month prior to initial publication. Send the desired text to: bulletin@ebaea.org

5) Member notices seeking or offering employment, clients or EA-practice-related matters are run at no charge as a Member benefit. This includes an ad run by a firm which employs a Member. Member notices offering other services or products, and all non-Member notices are run at the standard fee of $150 for the three-month insertion.

The Bulletin Editor reserves the right to modify or reject any notice which, in the sole opinion of the Editor, violates any of the principles of EBAEA.
When Karen Hawkins, Dir., OPR, spoke at the recent SuperSeminar, she provided an update on their disciplinary action and success at enforcement of Circular 230 rules, and noted that EAs are too often – for their expertise and professional standards – subject to disciplinary action. She also stated that an updated Circular 230 was still pending and almost ready to publish. Some day soon.

The Finals Regs revising Circular 230 became effective on June 12. One of the major areas of change is elimination of the former Section 10.35 on covered opinions, and clarification of rules on written advice in Section 10.37. The Background information provided by the Treasury Department devotes 15 pages to the subject.

Until recently, the old rules led to use of broad disclaimers in any written communication, which did not please the Treasury Department. In recent speeches, Karen Hawkins was quoted by BNA as saying, “I’m here to tell you to get that jurat, that disclaimer, off your e-mails. It’s no longer necessary.” William J. Wilkins, IRS Chief Counsel, stated strongly that the “Circular 230 legend is not merely dead, it’s really most sincerely dead. So please omit.”

However, the background info with release of the new Regs notes, “The rules do not, however, prohibit the use of an appropriate statement describing any reasonable and accurate limitations of the advice rendered to the client.”

This is an area we will hear more about, but caution is urged in using disclaimers.

MEMBERS SPEAK

For EBAEA members to list speaking engagements next month, please email details to Andy@TaxBuddha.com. Recent (and continuing) presentations included:

June 18: San Francisco - Basic Payroll, 455 Market Street, 6th Floor, Andy Rogers 510-332-0401
andy@taxbuddha.com

June 26 – July 24: “Real Estate: Do it Right!- Part 2,” Acalanes Adult Ed, Del Valle Education Center, 1963 Tice Valley Blvd, Walnut Creek
http://www.acalanes.k12.ca.us/Page/1323, Michele Zimmerman EA, michele.zimmerman@comcast.net

RETIRED PLANS, ANNUITIES & RMDS

by Robert Seymour, EA

Our clients are increasingly in need of advice (or compliance) dealing with retirement issues. At the recent SuperSeminar, for example, Social Security claiming strategies and taxation were session topics. Annuities are an insurance/investment tool that can provide income for life, avoiding the risk of depleting one’s capital in retirement, but they are often considered inappropriate for retirement accounts.

Annuities may soon be affecting your clients’ RMDs and retirement income strategy, and your work.

On July 1st, Mark Iwry, Deputy Asst. Treasury Sec. for Retirement Policy, announced that new rules will allow taxpayers to limit required distributions from retirement accounts and ensure lifetime income through income annuities, which may not pay out until after age 80, for example. Bloomberg quoted him saying, “As boomers approach retirement and life expectancies increase, longevity income annuities can be an important option to help Americans plan for retirement and ensure...
that they have a regular stream of income for as long as they live.”

Under the proposed new rules, as much as 25% of account balances up to $125,000 could be used to purchase annuities. The rules would allow a return of unused premiums as a death benefit, addressing the risk of buying an annuity but passing away prior to receiving income from it.

An example provided by one of the major sellers of annuities was that a man paying $50,000 for a deferred annuity at age 60 could receive $17,614 annual income for life, starting at age 80.

The announcement was made at an Insured Retirement Institute conference.

This is just a preview. Perhaps it’s a way to reduce RMDs while buying a lifetime pension, avoiding investment risk. More details to become known soon.

HUMOR

Airman Jones was assigned to the induction center where he was to advise new recruits about their government benefits, especially their GI insurance. It wasn’t long before Captain Smith noticed that Airman Jones had almost a 100% record for insurance sales, which had never happened before. Rather than ask about this, the Captain stood in the back of the room and listened to Jones’ sales pitch. Jones explained the basics of the GI Insurance to the new recruits, and then said: “If you have GI Insurance and go into battle and are killed, the government has to pay $200,000 to your beneficiaries. If you don’t have GI insurance, and you go into battle and get killed, the government has to pay only a maximum of $6000.” “Now,” he concluded, “which bunch do you think they are going to send into battle first?”

“Ever since we got married, my wife has tried to change me. She got me to stop drinking, smoking, and running around until all hours of the night. She taught me how to dress well, enjoy the fine arts, gourmet cooking, classical music, even how to invest in the stock market,” said the man to his friend. “Sounds like you may be bitter because she changed you so drastically,” remarked the friend. “I’m not bitter. Now that I’m so improved, she just isn’t good enough for me.”

A woman says to her lawyer “I want to divorce my husband.” “On what grounds?” “Grounds? We have two acres at the edge of town with a big lawn and some fruit trees.” “No, that’s not what I meant. Do you have a grudge?” “Yes, we have a two car garage but only one car so we use the rest for storage.” The lawyer is getting exasperated, “Does he beat you up?” “No, I’m up by 6:30 and sometimes he doesn’t get up until after I’ve left for work.” “WHY DO YOU WANT A DIVORCE?” “We just can’t seem to communicate.”

A friend and I were standing in line at a fast-food restaurant, waiting to place our order. There was a big sign posted. “No bills larger than $20 will be accepted.” The woman in front of us, pointing to the sign, remarked, “Believe me, if I HAD a bill larger than $20, I wouldn’t be eating here.”

A visitor to a certain college paused to admire the new Hemingway Hall that had been built on campus. “It’s a pleasure to see a building named for Ernest Hemingway,” he said. “Actually,” said his guide, “it’s named for Joshua Hemingway. No relation.” The visitor was astonished. “Was Joshua Hemingway a writer, also?” “Yes, indeed,” said his guide. “He wrote a check.”

The shopkeeper was dismayed when a brand new business much like his own opened up next door and erected a huge sign which read BEST DEALS. He was horrified when another competitor opened up on his right, and announced its arrival with an even larger sign, reading LOWEST PRICES. The shopkeeper was panicked, until he got an idea. He put the biggest sign of all over his own shop - it read “Main Entrance.”

EDITOR’S COMMENT

by Robert Seymour, EA

What a challenge!

Duncan Sandiland, EA, did a great job editing this Bulletin, and it is difficult to step into his shoes and try to ensure that we maintain the value of each issue. (He was generous with his time, educating me and Gail Nanbu on the process of bringing an issue “to print”.)

If you see ways that we can improve, please feel free to express your opinions.

One of the things that I would like to do on a regular basis is bring information from “other voices”, or share information on resources that we can use for reference or learning. A minor example is the commentary above regarding annuities in retirement accounts that may offer interesting tax planning opportunities. I haven’t seen it in EA publications yet, but it is a tax policy announcement that was made in the financial services arena.

There’s no need for me to go on at length today, partly because I would like to have already distributed this Bulletin to you.

I’m looking forward to helping my professional community and friends.

Thanks for reading!
# 2014 - 2015 Board of Directors and Committee Chairs

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**CTEC Panel:** Walt Thomas, EA 510-487-1691

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**Mini Seminar Team:** Mark Bole, EA 925-287-0366

**Program:** Peggy Hall, EA 925-388-1040

**SEE Class:** vacant

**Tax Talk:** Patty Pringle, EA 510-912-1682

**Town Hall:** Peggy Hall, EA 925-388-1040

**VITA Team:** vacant

**Administration Committee (IPP)**

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**Bylaws/SOP:** Sal Romo, EA 510-471-9492

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**Chapter Office:** Dagmar Bedard, EA 510-537-3883

**Financial Review:** Luciann Leraul, CPA 925-518-9076

**Nominating:** P Gail Nanbu, EA 925-943-3993

**Volunteer Coordinator:** Patty Pringle, EA 510-912-1682

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**EAST BAY ASSOCIATION OF ENROLLED AGENTS**

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