

# WYOMING ASSOCIATION OF PUBLIC ACCOUNTANTS NEWSLETTER

June-July 2013



## In the news:

The confiscation of 401-K plans is on the News. Ick! \$ 19 Trillion the Government would like to get their meaty hands on and convert it to much safer US Treasury Bonds, so says The US Consumer Protection Bureau. They could balance the budget with your retirement.

*from the desk of Mike Liesch*

## Happy 100th to the Income Tax.

Without much fanfare, the tax system will celebrate its 100th Anniversary later this year. In 1913 the 16th Amendment was ratified on October 3rd from which the current tax system was born. The top rate back then was 7% later jumping to 7.5% to help fund WWI.

In 1920 the Tax rates took an incredible jump from the lowest of 1.5% to a high

of 25%. During WWII we had our highest income tax rates at the onset of the Great Depression.

In 1944 and 1945 the lowest tax bracket started at 23% and capped at 94% for incomes over 200,000.00.

During Regan's presidency in the 1980's the rates melted back to 28%. And currently Obama brought back the top rate of 39.6% from the Clinton era.

Actually even though the income tax as we know it was not ratified until 1913 the

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### Editorial—By Jarvis Windom

I got back from watching my youngest grand daughter graduate from HS. They live in Arkansas. We missed the terrible Tornados but only by a few miles. So sorry for those around the Shawnee OK area where the tornado was a mile wide for about 5 miles. It sure cleaned the countryside.

Summer has arrived, Don't know how long it will last but, compared to you folks down south in the muggy land, this is heaven. 60's at night and 80-90 with no humidity in the days. Quite nice. After being down in the Arkansas area and experiencing the hot and muggy. Wyoming is Heaven. I hope all of you are experiencing a wonderful summer.

I notice our nations state of affairs, and I wonder the outcome like everybody else. Our recommendation to our clients is to invest in things that are real. Count the costs and think ahead. I have a saying in life and that is...."If you fail to plan, then ultimately you plan to fail." A nasty but true saying. So with clients who sit down, write it down, and plan their business, they usually do much better than people that just stumble into life hoping the world owes them a living.

So with the Health Care plan coming on, and the economy shaky, I recommend spending more time with your clients and guiding them to make good decisions. Until next time.

*Jarvis*

first income tax was assessed by Abe Lincoln to help finance the Civil War. It was the time the office of Commissioner of Internal Revenue Service was created. Lincoln's tax rates were from 3-5% on incomes higher than 10,000. The Confederacy also enacted a progressive income tax by 1863 to raise cash needed to support the Confederacy in their wartime efforts.

After the Civil War, the income tax lapsed with Tariffs generally supporting all of the government programs. In 1894 the Government attempted to bring back an Income Tax, however the Supreme Court Struck it down. The public was willing to reinstate a tax targeting the wealthy. It got struck down. Sounds like now right?

When President Taft came along they introduced Corporate Tax and then by the Amendment to the Constitution they brought back the Individual Income tax. They never expected that this amendment that all this would be helpful in supporting the 36 States of US. It was approved over the next 4 years by 37 States and by enlarge only wealthy individuals were subject to the tax.

From 1939 to 1945 the number of taxpayers jumped from 4 million to 43 million in 1945. It seems we went from a "class tax to a mass tax."

The Code had 400 pages from its inception to more than 73,000 pages in the current tax code.

The IRS has increased its workforce from 64,000 employees in 1966 to over 95,000 employees in 2011. the cost to maintain this workforce is approximately 51 cents for every 100.00 of taxes collected.

#### **In comparison by the numbers:**

1913 the Income tax raised \$28 Million from 357,598 filers, to 1.4 Trillion from 146 million filers in 2012.

**The original intent was to only tax the wealthy and that constituted about 1% of the public taxpayers.**

**Happy 100 years.**

## **Heal American, Yea!**

Today, it seems as though every form of evil is celebrated in America. The USA is ill, and desperately needs healing. Our Creator told us that He would heal our nation if we do our part. This promise is still valid 2000 years later.

**Evil in the USA is increasing on a daily basis. Murder, rape and child abuse are flooding America. Children are destroying schools and killing their fellow students. Terrorism has finally entered The United States of America.**

**One poor way to find out how to heal The USA is to watch the news. The anchors will gladly interview the Democrats and Republicans to find out the answer. The Liberals and Conservatives, and the racial and gender activists talk as though they know how to fix these problems.**

In striking down the "Defense of Marriage Act," the United States Supreme Court today has made a ruling that virtually ensures the spread of the practice of "same-sex marriage." Something that practically no one would even have dreamed of 20 or 30 years ago—the idea that two men or two women can have a valid "marriage" receiving the same benefits as a traditional marriage—has now been established as the law of the land in the United States.

This is **not** a small matter. As you will see, this will be a truly **massive** way in we file tax returns. It will sweep across this country, and involve millions of human beings.

**If WE begin by humbling ourselves in front of God, take time to pray to Him, seek his face, and turn from our sins, He will heal our land. We must not turn FROM Him, we must turn TO Him. He promised that He would make our land well if we follow His commands, and He ALWAYS keeps His promises. This nation was at one time, "One Nation under God..."**

# What-Why-Who?

## IRS changes Hands .

The IRS again finds itself in court. From the director of Exempt Organizations and their crew sandbagging the Tea Party and Patriot applications. They then find themselves not necessarily liking the tenure of an application for exempt status so they delay it absolutely as long as possible.

Well of course this caused them ensuing scrutiny and gave them lots of egg-on-the-face problems.

So Acting Commissioner Steven Miller and Joseph Grant and Lois Lerner both with Exempt Organizations left.

Along with this, additional law suits were filed by numerous Citizens for Responsibility and Ethics in Washington to crack down on the IRS forcing them to address the conflicts in the Tax Code Regs.

There has been back lashes from the American public, so Miller tendered his resignation and Daniel Werfel, 42 was appointed acting director of the IRS through Sept 30.

So now Werfel, is giving IRS a pep talk on team spirit and of all things "ethics". Credibility was the topic and responsibility was the insurance.

We are ready for ethics, "Right". I think.....

## The Patient Protection and Affordable Care Act.

In 2010 Congress passed the Health Care act and now employers are bouncing all the provisions back and forth to see if they can afford it or go out of business.

If that happens, mass unemployment is on the way or we all will just get a Civil Service Job and work for the Government and they will pay for it..

But the majority will find a way to work with it and ramp into compliance. The State of Wyoming has sent out flyers telling how they will direct their involvement.



Wyoming does not have a State Income Tax and Wyoming Balances their budget. Wonder How?

Julie Wood is Famous. She has been our State Director for NSA for many many years. She has served the NSA Organization, the State Organization and the Clients with wonderful faithfulness. So here's kudos to Julie Wood. We love you Julie.

Teresa Moore is doing a remarkable job being our President. She has served over her terms and continues to pick up the ball and run with it, over and over. She coordinates with all of the State and Federal Organizations and brings such professionalism to the table.

Teresa is the current President of the Wyoming association of Public Accountants. Lets continue to support her with our time and assistance.

# F a m o u s

## Here are some of the most famous (or infamous),

well known people in human history, ranked according to Google searches and approximate number of books written about them.

Sir Isaac Newton 1642–1727 Number of books written about this person: c. 400,000 hits per month.

Leonardo di ser Piero da Vinci 1452–1519

William Shakespeare 1564–1616 3.5 Million hits per month.

Paul the Apostle of Tarsus 27 Million Google hits per month.

Adolf Hitler, Number of book sold monthly: 175,000  
Along with some interesting facts: From Google.

We have covered Hitler many times on Listverse, but rarely from a somewhat historiometric perspective. We all know that he remains the primary cause of WWII. He instigated it to suit two profound desires: to become the most powerful person on Earth, preferably in history, if not to rule the whole world; and, for his own enjoyment, to cause

.humiliating and miserable defeat in WWI, and its squalid poverty between the wars. Germany was forced to pay every other nation's wartime expenses after the First World War, and this utterly destroyed Germany's economy. The Deutschmark became so worthless that children burned millions of them at once to keep warm in the streets.

The Jews, meanwhile, largely kept their money in gold and jewelry, safe in international banks. Gold and diamonds do not depreciate, and Hitler seized on his own hatred of the Jews' prosperity in the Interbellum to sway as many people to his side as possible. Add to this a supreme mastery of oratory, and history

He is routinely listed alongside the following names on lists of the most evil people, real or fictitious, in history, especially those of public polls: "the Devil," "Satan," "Lucifer," "Stalin." It can be argued that Hitler shaped the 20th Century more than any other person, except possibly Einstein, and Hitler is the only person of the 20th or 21st Century on this list. Quite an impressive ranking to have been dead for only 68 years.

Abraham c. 1812–c. 1637 B.C. 9.1 Million Hits per month.

## Growing your Business:

### The advantages of Networking with your peers.

Networking is the best way for you to advertise your services but you don't do this overtly or through classified ads in newspapers or even AdWords on the internet. The best way for an Accountant to gain new clients is by recommendation.

A recommendation by a fellow member from a professional organization is one that carries a lot of 'kudos' for your business and for you personally. A recommendation is slightly different to a word-of-mouth suggestion because they are actually recommending you rather than just telling someone about your services.

When you joined your professional body of like-minded professionals, you would have most likely been asked what your business did and what your position was in the company or corporation. This is your opportunity to say what you did and what your specialty was (if any). After this, any time you talk about your accounting business needs to be done in more general terms because you will have given them a broad and comprehensive outline of your services in order to be invited into the organization.

Professional organizations are very 'picky' about those who they invite to join. After all, they are:

- 1) A professional body of educated and serious business people and
  - 2) People will always be "labeled by the company they keep" so they need to be very particular. So run a clean practice, and be ethical with everything you do.
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## Discussion on whether to be an Accountant or a Lawyer.

It is a general discussion on what is the best way to go in school, and what profession has the biggest demand. Here are some thoughts.

California discussion: The folks who make 100K+ to start as lawyers are from top schools who do among the very best in their schools. Thus, you are talking about the top 1-2% of the law school graduates. In addition, most lawyers who work for top firms and receive 100k++ are working like animals. Many usually hate their jobs and are looking to find more stable jobs with less stress.

Also, you can't really compare law to accounting. Accounting is generally an undergraduate major, although you can get a masters in accounting, which would satisfy the CPA requirements. Law is a graduate degree.

Accountants do somewhat different types of work. If you go into accounting, you have close to a 100% chance for a job (as long as you have some personality at the interview). And you should make a good living. Lawyers are having a hard time finding any job. When they do, most don't make significant money for quite a while. Yes, you hear about the few who started out making \$120,000++ or who won a huge law suit in the millions, but these are the small exceptions when compared to the large number of students graduating from law schools.

Bottom line, as one PA noted, accountants can make a LOT of money and also have a life. In fact, they can make more than most other fields of endeavor. They just keep quiet about it so their profession seems to "be under the radar" among college students. In addition, even if they don't make partner or have their own practice, a good PA is pretty well guaranteed a decent career for life! How many fields of employment, whether it be math, economics, English, history, management, MBA grads etc., can say that?

Finally, I should note that if you want to be in big demand forever and make nice bucks, you eventually want to be competent in some accounting specialty, whether it be tax, financial statement preparation and auditing, banking, auditing of tax exempt organizations, computer controls, forensics etc. A good specialist is hard to find, and they make great money because of it.

So this is a series of good thoughts in deciding a career choice, and a good one for the accounting profession.

# IRS Stakeholder Liaison and Practitioner Representatives Meet

From President Teresa Moore

Julie Wood and I were recently asked to participate in a round table discussion with the IRS Stakeholder Liaisons from Idaho and Wyoming and other practitioner representatives to discuss potential Issue Management Resolution System (IMRS) and other Hot Issues. These meetings will be held the first Tuesday of each month via conference call and a webinar program. These meetings are scheduled to be short and last about 30 minutes.

I would like to encourage any of you to bring to Julie or my attention issues you may have with IRS programs, policies, or procedures. It will give us an opportunity to see if those issues have been appearing in other areas or if they are isolated.

Or if you have a complex issue, you can email it to our Stakeholder Liaison for Wyoming, Steven Phillips [steven.phillips@irs.gov](mailto:steven.phillips@irs.gov) so that he can discuss the situation in advance to clarify what the exact issue is and generally present it on the call.

Our first meeting was held June 4<sup>th</sup>. There were 12 participants from the Northwest area which includes Wyoming, Colorado, Idaho, Washington, Oregon, Utah, and Alaska. Problems with field audits, penalties on partnership returns, ITIN rejects, and the IRS in the newspaper headlines were the topics discussed at our first meeting. Kim Boyack, IRS Stakeholder Liaison from Idaho was the leader of the discussion. Kim and others had looked over the issues presented ahead of time in order to give participants some ideas to help resolve the issues.

If you go to the IRS website, [www.irs.gov](http://www.irs.gov) and search IRS audits, the first item that comes up is IRS Audits. Inside of this page is a video series you can watch to help you better deal with an IRS audit. Also you can read Publication 556. Whenever you have audit issues, it is best to talk to the supervisor to get your issue resolved. If you need a name or phone number for this supervisor you can contact your local Stakeholder Liaison and they will help you. If you feel like you are being intimidated by the IRS examiner you can contact TIGTA, the Taxpayer Inspector General for Tax Administration, at

1-800-366-4484.

It was brought up that both paper and electronically filed extensions on partnerships returns were being rejected by the IRS. Preparers had to provide proof of filing on these extensions. This issue has been sent to IMRS, Issue Management Resolution System and you can do further research on this within the IRS website. It was requested that we be updated on the status of this at our next meeting to see if this is a widespread issue.

Another issue was returns with ITIN were being rejected even if they had provided valid documents. This issue was also sent to IMRS. With all the headline news about the IRS, it was suggested that if you have a client who feels like they are being targeted, there are questions you should ask. It was noted there will be numerous people or groups who "feel" like they are being targeted. If they have a 501(c) (3) or 501(c) (4) and they think they are being targeted, you should ask, "Do you have a grant application?" and "Do you have funds in jeopardy?" before you decide how to proceed. If funds are in jeopardy then you have a more elevated case. Once again the agency to contact is TIGTA or you can contact your IRS Stakeholder Liaison to help you.

Please feel free to contact me or Julie or Steven Phillips so that we can assist you in whatever IRS issues you may have. Our next meeting will be July 2<sup>nd</sup>, so make sure to get your concerns to us in a timely manner, so the Stakeholder Liaisons and other leaders in the meeting can research them prior to the meeting. I will keep you informed of the discussion topics and any information that is presented that will help all of us in our daily efforts to assist our clients.

I am meeting with the IRS Stakeholder Liaison people today to plan a possible virtual practitioner meeting to be held in the fall. Will let you know details at a later date.



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**2013 Calendar Of Event**

**October—Tax Seminar, Casper**



**[www.wyopa.com](http://www.wyopa.com)**

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