

May 2017

NY NATP E-News



President's Message

2017 NY Chapter Board

Edward Arcara, CPA
Chapter President

George Powers, EA
Chapter Vice President

Christina Parisi
Chapter Secretary

Christopher Bertuglia, EA
Chapter Treasurer

Chapter Office:

NY NATP
1129 Front Street
Binghamton NY 13905
800-822-3260
Fax 607-723-1022

Newsletter Committee:

Kathryn M. Keane, EA
Christina Parisi &
Tricia Santana

Contributors:

Edward Arcara, CPA
Dan Paoletti, EA
Christopher Bertuglia, EA
George Powers, EA
Richard Rottkamp, EA
Kathryn M. Keane, EA
Michael Novick, EA

Hello everyone, I hope you all had a better tax season than I did. We experience a lot of head winds with this new driver's license requirement along with that unexpected New York State audit notice for certain taxpayers.

I had received some calls from some NATP members regarding the notices that New York State was issuing to selective taxpayers regarding changing their returns to reflect the use of a standard deduction instead of the taxpayer's itemized deductions until the time they submit copies of their receipts.

Here is the back story.... New York State is sending out audit notices on currently filed tax returns (2016) if their Itemized deductions appear to be too high or that their Schedule C expenses appear to high. Many complaints to the Department of Taxation Acting Commission prompted a conference call that many tax professional leaders were invited to participate. I participated, representing the NY Chapter of the NATP. On this conference call, we were able to voice many questions and concerns that our members have posed to their leadership. The two most disturbing questions the New York State notice asked were; Who prepared your return and What did you pay for the preparation of that return.

The end result of the conference call was the following:

- The Department that is handling all of these notices is the "Desk Audit Division"
- The Department of Taxation is concern about the bad actors out there preparing returns that might be changing the taxpayer's information after they have signed the E-File forms
- The Department of Taxation made us aware that there were some tax preparer firms that were hacked and their EFIN was being used by those bad actors and those firms that were hacked were not aware of this fact. Thus the question on why is it important to know "Who prepared your return?"
- Lastly, it was conveyed to the Department of Taxation of the hardship of reducing a taxpayer's refund due to this "desk audit" brings upon the taxpayer.

Looking forward to our summer, we have some exciting CPE events planned for our members during our Summer and Fall Series. The details of the CPE and locations will out very soon. Keep an eye out for them.

I hope you get a chance to slow down a bit soon.

All the best,
Ed Arcara, CPA
President, NY NATP

Cyber Security & ID Theft Tip of the Month- WannaCry, Huh?

By Dan Paoletti, EA

After raising the concerns over ransomware computer viruses in last month's article, on May 12th, there was a major attack affecting hundreds of thousands of computers, mostly in Asia and Europe. Due to the fast actions of worldwide security experts, it was thwarted before it affected very many computer systems in the United States.

You most likely heard about it: it was called the "WannaCry" ransomware virus. Affected computers had their files locked and instructions were given to pay a ransom of \$300 to gain back control of their system. As we have discussed in previous segments, a typical ransomware attack requires an individual user to open an email attachment or click an advertisement that contains malicious software before the computer can be infected. What made this particular virus newsworthy is that the WannaCry infection transmitted itself without the user doing anything to invoke it, and it spread by taking advantage of flaws in unpatched and outdated Windows operating systems. It was an automatic attack that experts have warned can happen again and again, at any time!

Automated ransomware is a new weapon in the cyber underworld, requiring us to be more diligent than ever in our knowledges, processes, and practices, in order to stand the best chance of minimizing, or avoiding, if possible, any damaging effects on our daily business. In light of this notorious attack, I feel it be worthwhile to review helpful tips about office policies and procedures to help us avoid digital captivity:

USE ANTI-VIRUS SOFTWARE AND KEEP YOUR COMPUTER UPDATED - Be sure automatic updates are turned on for your operating system and anti-virus software. Do you run an operating system older than Windows 7? Then it is most likely time to completely replace your computer. You'll enjoy the ease of use of a much faster computer, and also benefit from continual development of security updates and patches to fend off future ransomware and virus mishaps.

ESTABLISH A NO CLICK POLICY - Not only as your personal policy, but also for your office staff. Do not open any unsolicited email. Especially those from unknown sources informing you that you have won a contest that you did not enter, an email that is offering you a free product, anything that may read "invoice attached," "pay this invoice," "request for quote," "we have been trying to contact you..." that comes from an unrecognized sender, emails with DocuSign links, etc.

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Cyber Security & ID Theft Tip of the Month- WannaCry, Huh?...*Continued*

By Dan Paoletti, EA

HAVE A BACKUP PLAN - Nothing thwarts a virus attack like a complete backup of your computer system. Having a good backup plan will allow you to restore your computer to a point before the attack. Purchase high quality backup software and use it regularly. See the March edition of NATP E-News at www.NewYorkNATP.com for more information on backup.

Cyber attacks, dear Colleagues, are real and all around us! If you are experiencing a lack of understanding how to go about implementing any of these safety measures, then it may be time to hire a local IT professional to come in to set up and maintain a cyber security program. Yes, it's an additional cost of running your office, and if you are hesitant to spend the money on it, consider the benefit in the event of a cyber attack and the cost of lost data! Much like a physical disaster to your office, such as a fire or a flood, a ransomware attack is unpredictable, and can have devastating results if you are not prepared. In an effort to offset the additional expense of running your business, you can consider it as another cost of operating a tax practice and build into your client fee structure.

Let me know your thoughts and experiences. I'd like to incorporate our constituents feedback in future articles. Question and comments can be directed to Dan Paoletti at DPaoletti@stny.rr.com.

2018 John Hnat Memorial Scholarship Awards

The New York Chapter of the NATP will offer scholarship awards in the memory of John Hnat in 2017. John was our Chapter's Past Vice President and was honored as the NATP 2003 Chapter Person of the Year. He believed strongly in the New York State Chapter and was always willing to do what was required to make our chapter a success.

In 2017 the Chapter offers two scholarships, one for the NATP-NY Essential Annual Seminar and one for the NATP-NY Chapter Comprehensive IT 201/203 Seminar. 2017 is the ninth year that we will offer these scholarships!

The 2017 Winners will be eligible to use their Scholarships toward a 2018 NY NATP Fall Seminar.

The winners will be chosen randomly during our October 23, 2017 Annual Meeting at Turning Stone (Verona, NY). **All applications must be submitted by October 6, 2017.**

Just a reminder for the 2016 Scholarship Winners, you must contact the State Office to utilize your Scholarship!

Richard Rottkamp
Chair, Education Committee

2017 NATP National Conference & Expo Meet & Greet!

Every year NATP hosts a 4-day National Conference where you can choose from various courses and earn up to 28 CPE. Attending the National Conference is a great way to learn from the high-quality courses given as well as network with other professionals. Throughout the conference, you can visit the expo hall where there are numerous vendors who will be giving out information on items from professional software to office supplies.

The NY Chapter will be hosting its annual meet and greet right after the charity event on Tuesday August 8th at 7:30pm. The NY Chapter's Board of Directors would like to show our appreciation to all NY members. Join us for a drink and some appetizers! It will be a great way for us to meet you and for you to meet other NY members!

Be sure to look out for our flyers when you get to the conference. We will be posting our location for the meet and greet.

Christopher Bertuglia, EA
Treasurer, NY Chapter NATP

P.S. Save the date for the 2018 National Conference in Anaheim, CA August 6-9!

**NY Chapter Meet &
Greet**
NATP National Conference
& Expo
Washington D.C.
Tues August 8th 7:30 PM



New York Business Express

New York has launched a new portion of their website for business the “New York Business Express”. If you have not seen it, you may want to take a look. It can be found on the New York Tax and Finance website, under business or go to <https://www.businessexpress.ny.gov/>.

It’s an interesting area that could be of value for new or existing businesses. For new business, it takes the user through a series of questions and produces a “Business Checklist” of items to address in starting a business. It also gives links for additional information. For example, if the business is going to be a sole-proprietorship it gives information on the local county clerk where the business would need to go for the DBA - and then gives a link to the county clerk and the county website.

There’s also an incentive wizard that takes the user through a series of questions and gives an entire list of incentives, tax credits and other items that may be of interest for that business.

I ran through a few scenarios for different types of businesses and found the list to be informative. The information is not unique, but it does give a relatively comprehensive list of what a new or existing business would need to get started or expand. Some of the items in the list are – a link to IRS to apply for an EIN number, link to get additional information for Workers Compensation insurance and even some industry trade associations.

The Business Checklist, when completed, is assigned an ID number so a person can go back in, enter the ID number and bring up the list. The list can also be e-mailed or downloaded.

I see this as a useful tool for new businesses looking to know what they need to do to get their business started, or existing businesses to determine if there are incentives’ they’re missing or are available to them when expanding. New businesses starting up like to know what they need to do, here is a good list as a starting point for those discussions. I can see where we could go through these questions with our clients and then provide them with this list.

The new Business Express and Incentive Express looks like a helpful tool for business in New York.

George Powers, EA
Vice President, NY Chapter NATP

Thinking of becoming an Enrolled Agent?

First in a series to help Chapter members reach this goal!

By Kathryn M Keane, EA (Brooklyn, NY)

In our recent call for topics, many members asked for articles, hints and guidance on becoming EAs. Thank you all for the input. This is your newsletter and we want it to be of use to Chapter members!

Becoming an Enrolled Agent (or EA) is growing in popularity. As many states require registration or educational criteria, being an EA often exempts the individual or puts them into a different category. In New York, Enrolled Agents are not required to register with the State nor are they required to take the 4 CPE hours. Additionally, if they own their company, employees that are directly supervised by the EA Owner are also exempt from the requirement. Passing Part I enables you to join the AFSR program without additional testing while your Part I period is open.

So, how do you do it? What steps are involved? Is it worth the work and money? Education is never a waste of time and money; well good education is never a waste. While there are many free CPE providers out there, for the most part you get your money's worth. When you start down this path, remember a few points:

- It will take some time
- Depending on your learning style, there will be an education cost
- Where do you see yourself in five years, ten years?
- It is definitely worth the time, effort and whatever reasonable costs you may incur!

Should you consider becoming an EA? On the road, I hear "I'm too old" or "It's too late for me". So, if you figure it will take you two years and you don't do it, where will you be in two years? Two years older! Honestly, if retirement is in your near future, maybe you're right. But consider this, I have met many that in their sixties left the preparation end and focused on representation.

Michael Novick, a past Chapter president and current NY NATP instructor wrote of his EA path, "At the time, I probably didn't appreciate the magnitude of my achievement but in retrospect, it had a profound effect on my career. Originally, I planned to prepare returns through my 4 years of college and that would be it. Along the way, I started to realize how much I enjoyed the interaction with taxpayers as well as the mental stimulation that I get from solving tax problems".

"...it had a profound effect on my career."

*Michael Novick,
EA*

NATP EA Exam Review Course: Part III Online Workshop

Thurs, June 15, 2017

10 AM - 2 PM EST

Offers 2 CPE for AFSP/CRTP

See:

<https://www.natptax.com/EventsAndEducation/Pages/course-details-online-workshop.aspx?k=OW1703>

Continued...

Thinking of becoming an Enrolled Agent?

Beginning the Path to Becoming an EA!

As soon as you decide to begin your path, set aside a time to think out your plan. One place to look at is the IRS's Candidate's Information Booklet published with Prometric (the current testing provider) which can be found at https://www.prometric.com/en-us/clients/SEE/Documents/IRS_SEE_CIB.pdf.

Because you will have two (2) years from the date of your first passed section or part, you will need to plan out how you will attack this goal. There are two main tracks of thinking about the exam parts. They are:

- “Easy Parts First”—this method advises Parts 1, then Part 3 leaving Part 2 to the end.
 - Advantages:
 - Most feel that Part 1 is a fair test of basic 1040 information with a sampling of estate and trust questions, requiring less intense studying for tax professionals with a practice of at least 250 diverse returns.
 - NATP Members have access to NATP's Part 1 Examination Preparation Course for FREE (yes, free..Check out <https://www.natptax.com/TaxKnowledgeCenter/Hot-Topics/enrolled-agent-exam/Pages/default.aspx>).
 - Passing Part 1 gives the candidate an exemption from the requirements of the Annual Filing Season Refresher Program allowing tax professionals to represent their own clients at examination of returns they (the tax pro) signed themselves.
 - Disadvantages
 - Passing Part 1 starts the 2 year clock and some report that it is stressful.
 - Tax Professionals with smaller practices or less diverse practices report difficulty with the diversity of questions
- “Get the Worst Over With”—this method advises Part 2 first, then Parts 1 and 3.
 - Advantages
 - Part 2 is the scariest with its focus on businesses, basis, and accounting. Getting past this for many starts the two (2) year clock giving some a break on studying.
 - Disadvantages
 - Part 2 does not exempt a candidate from the requirements of the Annual Filing Season Refresher Program.
 - Some report the difficulty level to be discouraging.

After you pick your path, then plot out a study plan...that's what we will cover next month! In the meantime, keep your eyes on the Chapter News; other Chapters sometimes offer a live EA exam prep course (NY tried in 2015 and only seven enrolled state wide, so it had to be canceled). You may also wish to consider a FaceBook group called *IRS Exam Study Group*.

If you have any questions, suggestions or comments, please send them to info@macanta.com. We want your input!

Education Corner- Tentative NY NATP Summer Series Lineup!

Day One: Preparing C Corporation Returns & Like Kind Exchange Section 1031 Transfer (8 CE)

Preparing C Corporation Returns: This hands-on course is designed for tax professionals who are looking to expand their practice by preparing C corporation returns. This course discusses general tax aspects applicable to domestic C corporations. It includes line item explanations designed to aid in the preparation of Form 1120. This class is ideal for individuals who have never completed a Form 1120 before or have very limited experience. (4 CE)

Like Kind Exchange: This Course is a comprehensive examination of the section 1031 transaction related to both personal property as well as the more complicated Real Estate Section 1031 transfer. We will start by defining what a like kind exchange is and is not, and finish with a multi-property Like Kind Exchange. This is an intermediate level course. (4CE)

Day Two: Life Cycle of a Business (8 CE)

Life Cycle of a Business: This course will take you through a life cycle of a business starting with the analysis of a choice of entity to obtaining business ID numbers for the various governmental agencies to record keeping, finance all the way through succession planning or sale/bankruptcy.

Date	Location	Site Information
July 17-18	Saratoga	Hampton Inn & Suites Saratoga Springs Downtown 25 Lake St Saratoga Springs, NY 12866 518-584-2100
July 19-20	Fishkill	Ramada Conference Center 542 US Route 9 Fishkill, NY 12524 845-896-6281
July 31- Aug 1	Turning Stone (Verona/ Syracuse area)	Turning Stone Resort & Casino 5218 Patrick Rd Verona, NY 13478 800-771-7711
August 21-22	Rockville Centre	Hampton Inn & Suites Rockville Centre 125 Merrick Rd Rockville Centre, NY 11570 516-599-1700
August 23-24	NYC	The Watson Hotel (Formerly Holiday Inn Midtown) 440 W 57 th St New York, NY 10019 877-424-2449

**Keep an eye out on the NY Chapter Website (NewYorkNATP.com)
for further updates as they happen!**

Education Corner

Tentative Dates for the NY NATP Seminars!

We are currently working to finalize our schedule of classes, please keep an eye out on our website (NewYorkNATP.com) for up to date information.

Before we can give you these dates, we must finalize all locations and sites, get CE approved by the IRS and request approval of our program from NATP. We are working diligently to provide our members an outstanding program. Information will be uploaded as soon as all the arrangements have been finalized.

Mark your calendars! Below is a TENTATIVE schedule of when we will be hosting our Seminars around the state.

Fall Series:

Topics Include: Tax Season Issues, Education Tax Issues, Retirement, NYS Update

Week of 10/16:

- Middletown
- Riverhead (East LI)

Week of 10/23:

- Turning Stone (An Mtg)
- NYC
- Rockville Center
- Carle Place
- Rochester
- Buffalo

Week of 10/30:

- Fishkill
- Albany
- Binghamton

Week of 11/27:

- Hauppauge (West LI)
- Tarrytown

Week of 12/7:

- Bayside (Queens)

Basic 1040/201

Topics Include: Preparing a Basic 1040/201, Inputting W2, 1099

January 2018

Buffalo Albany
Syracuse Long Island
Tarrytown

Save the Dates!

NATP Tax Forums

Atlantic City, NJ September 18-19, 2017

Las Vegas, NV September 26-27, 2017

NY NATP Annual Meeting

Turning Stone (Verona, NY) Monday, Oct 23, 2017

NY Chapter of NATP

1129 Front Street
Binghamton NY 13905
800-822-3260
607-723-1022 Fax

PHONE:
800-822-3260

FAX:
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E-MAIL:
stateoffice@newyorknatp.com

**NY Chapter
Founders Award
Past Winners**

Ralph Sommers
2013

Wendy C. Loomis
2014

Karl Herba
2015

Dwayne "Rocky"
Rhodes
2016

We're on FaceBook!
Search for NY NATP!



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Will you be buying a Quickfinder for the coming season? We all use these guides and the New York Chapter receives a donation for each book ordered when you use the **Association Code** below or **Special Order Form** provided at:

<http://newyorknatp.com/quickfinder-purchase/>

Quickfinder Association Code Q680

The NY Chapter THANKS YOU FOR YOUR SUPPORT!!

The NY Chapter is proud to announce
our new website:

NewYorkNATP.com

Visit our website to stay up to date on the most recent developments from NYS DTF, to learn more about our upcoming seminars, catch the newest edition of this newsletter and so much more!