

# ROBERT D FLACH'S **THE TAX PRO**

SEPTEMBER 15, 2017

## TAXPRO BUZZ

+ A good resource from the Joint Committee on Taxation - "[The Taxation of Individuals and Families](#)"

+ What do you think – "[Is Doing Taxes Fun](#)"?

+ Are you following my tax blog THE TAX PROFESSIONAL? In recent posts I –

- ✓ talked about ethics – [here](#) and [here](#),
- ✓ posed some questions - [here](#),
- ✓ discussed tax reform – [here](#), and [here](#),
- ✓ reminded tax pros how important it is to check completed tax returns [here](#),
- ✓ suggested a practice development idea [here](#), and
- ✓ shared my client wish list – [here](#).

+ I recently attended the National Association of Tax Professional's National Conference in Washington DC. Click [here](#) and [here](#) to read my "review".

+ Now that Congress is back it is taking up the issue of tax reform. I provided my thoughts on "[What Tax Reform Should Look Like](#)" in and editorial at TAXPRO TODAY.

+ Speaking of tax reform – check out this great editorial on "[Tax Reform Conservatives Can Get Behind](#)" by Professor Aaron Hedlund from THE NATIONAL REVIEW. This item proves that great minds do think alike.

+ One more "horn-toot". Andy Frye of the PRONTO TAX SCHOOL has reviewed my e-book in "[My Review of Robert Flach's New Book So You Want to Be a Tax Preparer](#)" at the school's blog.

+ Russ Fox announced "[IRS Appeals Steele Decision](#)" at TAXABLE TALK. So I won't be looking for a refund check for past fees in the mail anytime soon.

Welcome to the premiere issue of THE TAX PRO!

Your thoughts and comments on this issue, and suggestions of topics for future issues, are welcomed and solicited. Email me at [rdftaxpro@yahoo.com](mailto:rdftaxpro@yahoo.com) with THE TAX PRO in the subject line.

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The IRS has provided tax relief for victims of Hurricanes Harvey and Irma –

["Parts of Texas Now Eligible; Extension Filers Have Until Jan. 31 to File"](#)

["Retirement Plans Can Make Loans, Hardship Distributions to Victims of Hurricane Harvey"](#)

["Tax Relief for Victims of Hurricane Irma in U.S. Virgin Islands"](#)

["IRS Gives Tax Relief to Victims of Hurricane Irma; Like Harvey, Extension Filers Have Until Jan. 31 to File; Additional Relief Planned"](#)

And warns of scams –

["Beware of Fake Charity Scams Relating to Hurricane Harvey"](#)

Obviously similar scams will pop up related to Irma.

***When donating to hurricane rescue and relief don't forget animal charities.***

My former home state of NJ joins the IRS in providing relief –

["New Jersey Extends Tax Filing Deadline for Hurricane Harvey Victims"](#)

Share this information with your clients.

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Check out my long-running tax blog [THE WANDERING TAX PRO](#). Every Tuesday I post "What's the Buzz?"



## MEET AND GREET

A regular feature of THE TAX PRO will be an interview with a prominent tax professional, always asking the same 10 questions (some of which I have “borrowed” from TaxGirl Kelly Phillips Erb’s “Getting to Know You” similar interview blog post series).

I am kicking off this feature with Gerard Cannito CPA, CFP of Denver NC, President of the Board of Directors of the National Association of Tax Professionals.

1. First question – why taxes?

**I first fell in love with taxes when I was a teenager helping my father with his sales tax calculations when NJ first started the sales tax. He had a small luncheonette and I had to tally the daily guest tickets to do the calculations**

2. How did you get started in “the business”?

**My first job was as a junior accountant in a small local CPA firm near the college I was attending in 1975.**

3. How did you learn how to prepare tax returns?

**I had not taken my college tax courses at the time I got my first job with the CPA firm, so they sent me to the H&R tax school to learn taxes.**

4. What is your area of special interest?

**Over the years, I would have to say that my area of special interest is in construction accounting and taxes.**

5. What's the best tax advice that anyone ever gave you?

**When I was in my first year working I asked the senior partner at lunchtime if he wanted to go out to lunch and his reply was, “Lunch is for wimps!” Advice still practiced today, although I do sneak out, once in a while.**

6. If you had the opportunity to rewrite the US Tax Code what deductions, credits, etc would you keep and what deductions, credits, etc would you do away with?

**There are so many areas needing attention but if I must pick one I would say to eliminate the Inheritance & Gift Tax regulations. Taxpayers should not be penalized at death for the good job they did paying incomes taxes and preserving their wealth while alive.**

7. Do you think the government, specifically the IRS, should license and regulate all tax preparers?

**Yes, I believe there should be some sort of regulation. The manner and form is difficult considering the diverse population of tax preparers doing taxes today, CPAs, EAs, CFPS, uncredentialed, etc...**

8. Other than THE WANDERING TAX PRO or THE TAX PROFESSIONAL, what's your favorite tax related blogs or web sites?

**www.natptax.com is my first go to when I need information.**

9. If you weren't working in the tax profession, what would your dream job be?

**My dream job was and is that of a jet fighter pilot. Somehow life got in the way.**

10. What is your favorite –

✓ tv show – **The Honeymooners**

✓ movie – **Top Gun (I would have given Maverick a run for his money!)**

✓ Broadway musical – **Mame**

So we both started while in college in the 1970s, although I started as a college freshman in 1972. I guess we both learned to prepare taxes the best way – preparing manual returns.

We differ a bit on the issue of licensing. While I see the need for a voluntary tax credential other than EA, best case administered by an independent industry-based organization, but not formal licensure, GC supports some sort of actual regulation.

Good choice in MAME. I saw the original on Broadway with Angela Lansbury and Bea Arthur as a youngster. I do believe that Jerry Herman was from my home town of Jersey City NJ.

FYI, ACCOUNTING WEB published an interview with Gerald last year on the topic of "[Top Challenges for Tax Professionals: Now and in the Future](#)".

Thanks to GC for being my first "meet and greet".

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Speaking of NATP, if you are not already a member you should be. Email me at [rdftaxpro@yahoo.com](mailto:rdftaxpro@yahoo.com) with NATP in the subject line and I will send you membership information.

*I have been preparing 1040s since 1972. Over the years I have developed a collection of forms, schedules and worksheets that have proven very helpful in my practice.*

*Some of my forms are given to clients to help them provide me with the information I need to properly prepare their returns. Some are used as "memos" to the client's copy and my office file copy to back-up items reported on the returns. Others are used as attachments to the returns.*

*I offer this compilation to you for **only \$7.95!***

*Click below for more information-  
<http://robertdfiach.blogspot.com/p/blog-page.html>*

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In my opinion the area of the Tax Code where proper documentation and strict adherence to the law is perhaps the most overlooked (or actually ignored) is the deduction for mortgage interest – both on Schedule A and Form 6251.

Taxpayers are required to keep separate track of acquisition debt and home equity debt, to make sure that the deduction on Schedule A does not include interest on debt principal that exceed the statutory maximums, and to determine what interest deduction to add back on Form 6251 when calculating Alternative Minimum Taxable Income. However, I firmly believe that 99.5% of taxpayers do not do this. I do not know of any taxpayer who does. And I expect that the majority of tax preparers do not do this for their taxpayer clients.

I have created a MORTGAGE INTEREST GUIDE. In it I explain the various types of mortgage debt and the deduction limitations, and go into detail on how refinancing an acquisition debt mortgage can result in home equity debt.

I include in this guide two worksheets – one for Acquisition Debt Activity and one for Home Equity Debt activity – and provide a detailed example of how to use the worksheets.

My MORTGAGE INTEREST GUIDE is a great way for tax preparers to introduce new homeowners to the rules and responsibilities for deducting mortgage interest. You can give this guide to clients who have just purchased a new home, or offer it as a free "gift" to new homeowners in your town as a part of a marketing and promotion program to get new clients.

And the debt activity worksheets in the guide are excellent tools for use in your practice if you choose to maintain the documentation for your clients.

I am offering limited “reprint rights” for my Mortgage Interest Guide to my fellow tax professionals to purchase and use for just such purposes. The cost of the limited license and right to reprint the Mortgage Interest Guide is **only \$14.95**.

The reprint rights are for use in your own practice only – for free distribution to current or potential clients. You cannot use the reprint rights to sell the guide to the public. You can order a review copy for \$1.00, which will be deducted from your order if you decide to purchase the reprint rights.

The guide will be sent to you as a word document email attachment. The signed reprint rights license will be sent via postal mail.

Here is what fellow tax pro Susan Bure said about the guide in an issue of the newsletter of the PA chapter of NATP (highlight is mine) -

*"I ordered the guide 'the limited reprint rights' version for \$11.95. I must say that it was the best \$11.95 I have ever spent. There is a wealth of information in that guide, some I knew and some I didn't. Hey, folks spend the \$1.00 to look it over and see if it is something you can use. I guarantee you it will be worth your \$1.00. I printed it out and put it in my Quickfinder binder to have as a reference for future tax seasons."*

**Members of the National Association of Tax Professionals receive a 25% discount** and can purchase the reprint rights for \$11.25! Please provide your NATP membership number with your order.

Send your check or money order for \$1.00 or \$14.95 (or \$11.25), payable to **TAXES AND ACCOUNTING, INC.**, and your email and postal addresses to **TAXES AND ACCOUNTING INC, MORTGAGE INTEREST GUIDE, POST OFFICE BOX A, HAWLEY PA 18428.**

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Each issue I will put forth a question for discussion among tax pros. This issue's question is – **What is your tax season “bible” – The 1040 Quickfinder Handbook or The Tax Book – and why?**

You can email your answers to me at [rdftaxpro@yahoo.com](mailto:rdftaxpro@yahoo.com) with THE TAX PRO QUESTION in the subject box.

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The final topic covered by the “Panel Discussion” at the August NATP National Conference in Washington DC – the last session on the last day – was that of “remaining silent” with respect to the question of full-year health insurance coverage on the Form 1040, or 1040A.

As you know, in the past the IRS rejected returns during processing when the taxpayer didn't provide information related to health coverage – i.e. they were “silent” and did not check the box to indicate that they had “full-year coverage”, did not identify an exemption, and did not calculate and include the penalty. However, during the tax filing season the IRS announced it would accept both electronically filed and paper filed 2016 returns that were silent with regard to health care coverage. If you submitted a return that was silent regarding coverage and requested a refund the return was timely processed and the refund issued.

I have a problem with the “self-assessment” of IRS penalties. I especially oppose requiring a taxpayer to pay a preparer to assess them a penalty. The client is getting no value or benefit for the fee paid to a tax professional to calculate a penalty. If the IRS chooses to calculate and assess a penalty that is their right, but forcing a taxpayer to pay someone to do this upfront is wrong, and adding insult to injury. I also believe the concept of protection from “self-incrimination” may be involved.

For example, I will never, under any circumstance, prepare a Form 2210 to calculate a penalty for underpayment of estimated tax as part of the filing of any tax return. If the IRS does calculate and assess a penalty I have no problem charging a taxpayer a fee to assist in reducing, removing, or abating it – because the client is getting real benefit and value for the fee paid in that situation.

I feel the same way about the “Shared Responsibility” penalty, especially considering –

- the IRS announcement that remaining silent about health coverage will not delay the processing of the tax return or the issuance of a requested refund,
- collection of the Shared Responsibility Penalty is not subject to criminal or civil penalties under the Tax Code, and interest does not accrue for failure to pay such assessments in a timely manner. The only way the IRS can collect an unpaid penalty is by offsetting a current or future refund, and
- Donald T Rump had signed an executive order directing the Secretary of Health and Human Services and other department and agency heads to exercise all available authority and discretion to “*waive, defer, grant exemptions from, or delay the implementation of any provision or requirement of the Act that would impose a fiscal burden on any State or a cost, fee, tax, penalty, or regulatory burden on individuals, families, healthcare providers, health insurers, patients, recipients of healthcare services, purchasers of health insurance, or makers of medical devices, products, or medications.*”

It is different with calculating the 10% for premature withdrawal from a pension account. I believe this is in reality an additional tax and not a penalty assessment. There is no additional form actually required for adding this to the tax liability calculation, and I do not charge any additional fee for simply multiplying the distribution by 10%. I will charge a fee if I prepare a Form 5329 to reduce or eliminate the assessment.

The official NATP position, and that of some preparers, seems to be that it is unethical not to calculate the Shared Responsibility penalty when preparing the return, as we are allegedly not preparing a “complete and accurate” tax return. I disagree. Assessing the penalty has nothing to do with completely and accurately determining the client’s **tax** liability. I believe it may perhaps be unethical to assess the penalty upfront.

I do believe that tax preparers must reconcile any Advance Premium Credit and calculate and report on the tax return any required payback. This is an actual tax credit, and the reconciliation is truly part of completely and accurately determining the client’s tax liability.

So, my fellow tax pros, what do you have to say about this issue?

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The Internal Revenue Service recently revised its website [www.irs.gov](http://www.irs.gov), to the surprise of many tax pros.

When I first saw the new format I was confused, and thought I was not at the actual IRS website, as did other preparers.

Ranica Arrowsmith discusses the new website in “[IRS debuts new website](#)” at TAXPRO TODAY.

I don’t like the new format. I had no problem with the old one. It well laid out and easy to navigate. It appears that other tax pros feel as I do, based on comments in tax professional Facebook groups. Change is not always good – if it ain’t broke, don’t fix it.

So - what do you think of the new IRS website?

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I have prepared tax guides that explain the various tax benefits available to volunteers and contributors- a long-version and short-version “Volunteer Tax Guide” and a “Contributor Tax Guide”.

A qualified tax-exempt non-profit organization, including a qualifying church, can reprint these guides for the purpose of providing copies **free of charge to volunteers, members, and contributors** of the organization. **There is no charge to the church or charity for the “reprint rights”**.

These guides cannot be sold to anyone or distributed to the general public.

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*This report was written by Robert D Flach, the internet's "Wandering Tax Pro". You can learn more about Mr. Flach at <http://robertdflach.blogspot.com>. And you can keep up-to-date on tax matters, including charitable contributions, by being a regular visitor to his popular blog at <http://wanderingtaxpro.blogspot.com>.*

*The worksheets that follow are copyrighted material and are for your personal use only.*

I only ask that any organization that uses these guides send me a letter on its official letterhead telling me that it will be doing so.

These guides will be delivered as an email attachment in word document format, so the organization can personalize them with its name and address.

Churches and charities who would like to use my tax guides as free gifts to contributors and volunteers should email me at [rdftaxpro@yahoo.com](mailto:rdftaxpro@yahoo.com) with "TAX GUIDES FOR CHARITIES" in the subject line.



You can now purchase my book THE JOY OF AVOIDING NEW JERSEY TAXES from AMAZON.COM to read as an e-book on Kindle.

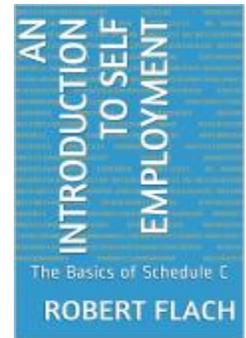
I share my knowledge and experience from 45 years as a professional tax preparer to help you to learn how to pay the absolute least amount of NJ Gross Income Tax possible.

This is the only book I know of that deals exclusively with tax planning for and preparation of NJ state income taxes

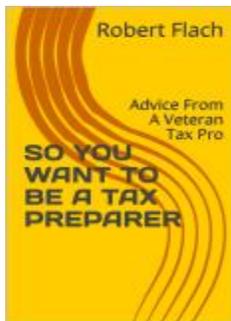
Click on the image of the e-book cover to order this e-book from AMAZON.COM in Kindle format for \$9.99.

I have also converted my book AN INTRODUCTION TO SELF-EMPLOYMENT: THE BASICS OF SCHEDULE C to e-book format. It is available from AMAZON.COM for \$8.99.

Are you thinking about starting a business – either full-time or part-time? Or will you be starting a business in the near future? This book is an extensive "must-have" guide for the newly self-employed sole proprietor who will be reporting business income and expenses on Schedule C, and also a good source of information and advice for the already existing business. It covers a wide range of topics related to tax planning and preparation for Schedule C filers.



Click on the image of the cover to order this e-book.



And finally there is SO YOU WANT TO BE A TAX PREPARER, available at AMAZON.COM for \$5.99.

I love my profession, and share my advice and comments on the tax preparation business for those who are thinking about becoming a paid tax preparer. This book can also provide help to tax preparers who would like to expand their practice. The APPENDIX includes copies of a Code of Ethics, Standards of Professional Conduct, an Engagement Letter and the Tax Professional's Online Resource Guide.

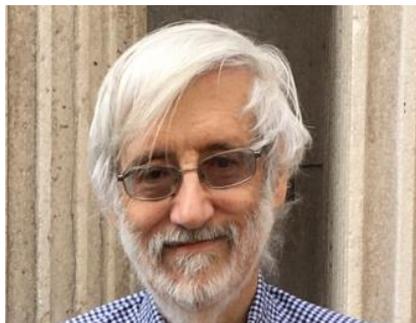
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Please share this issue of THE TAX PRO with your colleagues and co-workers.

I look forward to hearing your thoughts and comments on the items discussed in this issue.

You can follow me on TWITTER at @rdftaxpro.



### ABOUT THE AUTHOR – ROBERT D FLACH

*Robert D Flach, a transplant from Jersey City NJ to rural Northeast PA, has been preparing 1040s for individuals in all walks of life since 1972. He is “winding down” his tax practice and no longer accepts new clients.*

*In his 45 years of preparing individual income tax returns he has never used flawed and expensive tax preparation software to prepare a Form 1040. One of the last of the dinosaurs, he prepares about 250 sets of returns every year manually.*

*Robert is a great fan of the Broadway musical theatre and for a brief time earlier in his life he produced musicals and plays locally in Hudson County. Once the tax filing season ends he enjoys travel, domestic and international, via all methods – car, bus, plane, ship and train (not necessarily in that order) – and has become known as “The Wandering Tax Pro”.*

*He is neither a registered Democrat nor a registered Republican, but believes that current President Donald Trump is dangerous, deplorable, incompetent, unconcerned, unfit, and truly mentally unstable and must be removed from office as soon as possible. He feels strongly that anyone who cares about the future of America - Republican, Democrat, conservative, or liberal - has a patriotic duty to vocally and aggressively oppose and denounce Trump.*

*Robert has been writing the popular tax planning and preparation blog THE WANDERING TAX PRO (<http://wanderingtaxpro.blogspot.com>) since the summer of 2001, inspired by a workshop at the NATP National Conference. He also writes the tax blog THE TAX PROFESSIONAL (<http://thetaxprofessional.blogspot.com>) and is the creator and author of the tax-related websites FIND A TAX PROFESSIONAL (<http://www.findataxprofessional.com>) and A TAX PROFESSIONAL FOR TAX REFORM (<http://taxprosfortaxreform-com.webs.com>) and the monthly anti-Trump online political newsletter LIBERTY TIMES (<http://denouncetrump.blogspot.com>).*

*He has been a member of the National Association of Tax Professionals for over 30 years, and often writes for the Association's TAXPRO JOURNAL as well as the newsletter of the New Jersey state chapter. He has also written for the membership newsletter of the National Society of Tax Professionals.*

*He has created and compiled several packages of forms, schedules and worksheets and special reports and guides on tax planning and preparation for the average taxpayer.*

*Robert is available to write articles and columns for websites and portals and print or email newsletters, on general tax topics, or specifically for your individual audience. Go to <http://robertdflach.blogspot.com>, and check out his AMAZON.COM Author Page at <http://amazon.com/author/robertflach> for samples of his writing.*

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# LOIS

## *Lots Of Interesting Stuff*

FROM ROBERT D FLACH

LOIS (Lots of Interesting Stuff) is my new bi-monthly "e-newsletter" with, as the title suggests, lots of interesting stuff. While I talk each issue about a tax issue, this newsletter will cover a multitude of topics – including entertainment, popular culture, politics, and travel.

Each issue will contain -

- ✓ BOBSERVATIONS – my observations on popular culture and life in general.
- ✓ IF YOU ASK ME – my thoughts on important issues.
- ✓ SURFIN' USA – links to and descriptions of helpful and interesting websites.
- ✓ TAXING TALK – a discussion of federal tax issues.
- ✓ THINGS NO ONE EVER TOLD YOU – stuff you probably didn't know.
- ✓ TRAVELIN' MAN – tales of my past and present wanderings.
- ✓ WORKS FOR ME! – stuff I have come across that save time, money, and effort.
- ✓ And other interesting "stuff".

As I said, this is an "e-newsletter", and will only be available in pdf format. Each issue will be delivered as an email attachment. There is no print version available.

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