



# TAXWORKS

Fall Newsletter 2008



## TaxWorks Institute Drops Price From \$200 to Only \$30

### FIND TAX QUESTIONS—INSTANTLY

We are proud to announce a new price for our TaxWorks Institute! In our efforts to make this valuable resource more available to our clients, we've dropped the price from \$200 to \$30!

Other research tools charge two or three times the cost for a simple paper based reference guide. TaxWorks Institute, a web-based research tool provides *instant access* to complex questions, case studies and more.

With the ability to do a category search, or narrow your search to a topic, or key words; it's simple to use, and results are instantaneous.

TaxWorks Institute provides practical guidance on today's federal tax law, and contains timely and precise explanations of federal income taxes for individuals, partnerships, corporations, estates, and trusts.

TaxWorks Institute can be purchased for only \$30 per year. If your research need is unique, you can submit a question to our tax research professionals for only \$35 per question. View the TaxWorks Institute demonstration video at <http://cache.taxworks.com/TWIDEMO.htm>

## Don't Blink!

### 2008 TAXWORKS

### JUST GOT FASTER

In addition to enhancements mentioned in our Summer Newsletter, we've made the speed of program operation and processing our top priority!

With the prospect of Microsoft® phasing out Visual Basic 6™, a main component in our past program structure, we started the process last year of migrating to a Dot Net structure.

While all of this may sound like a foreign language, the partial changeover was a main cause of "slowness" in last year's program.

After an extensive effort to refine this new program structure, our 2008 TaxWorks program now runs at a speed that will surprise you!

In addition to *improved program speed*, we've added *a link from the scheduler program to the organizers*, a *"find by" feature in the Invoice settings*, the ability to add *alpha characters in firm phone number* inputs (ex: 1-800-TAX-PREP), and much, much more! Visit [www.taxworks.com](http://www.taxworks.com) to view additional enhancements.

For information on all of our program enhancements, attend one of our TaxWorks Power Training Seminars.

### ONLINE VIDEO TRAINING AVAILABLE

As you gear up your office and staff for the 2008 tax season, don't forget we've added some helpful training videos for those new to your office and the software.

At <http://cache.taxworks.com/>, you'll find over 30 training videos to navigate your team through many of TaxWorks features. View them at your leisure.

Choose from our list of videos that includes Asset Manager, Client Management, E-File, Refund Calculator, and more at your convenience.



**CTEC Credit Now Available for Seminar Attendees**

**See Details on Inside!**



# New State Mandates

Many states have passed new mandates for electronic filing. The following is new information regarding the state mandates.

## Kansas

For returns filed in calendar year 2009 (TY08) all practitioners who prepare 50 or more TY07 individual tax returns will be required to file at least 90% of their clients' TY08 returns electronically. There is currently no opt-out provision. However, the mandate does not have a penalty for failure to comply with the electronic filing requirement.

## Maine

For returns filed in calendar year 2009 (TY08), a tax return preparer must file by electronic data submission all original Maine tax returns for individual income tax returns eligible for electronic filing, except:

1. Where for calendar year 2008 the tax return preparer prepared less than 100 original Maine tax returns for individual income tax that are eligible for electronic filing;
2. Where the taxpayer refuses to allow the return to be filed by electronic data submission and the tax return preparer notes the refusal in the taxpayer's records; or
3. Where the tax return preparer has been granted a waiver from mandatory participation under section .05. Note: The number of prepared returns drops to 50 in TY09

## Michigan

Beginning in January 2004, the Michigan Department of Treasury mandated electronic filing for both individual income tax and single business tax returns. Single Business Tax has been repealed for business activity after December 31, 2007, and replaced by the Michigan Business Tax (MBT) effective January 1, 2008. The e-file mandate for Single Business Tax is being continued for software developers supporting Michigan Business Tax, effective January 1, 2010, for the 2009 tax year. TaxWorks will continue to support e-filing for Business Tax.

## New Jersey

For returns filed in calendar year 2009 (TY08) all practitioners who prepared 25 or more TY07 returns will be required to file their clients' TY08 returns electronically. This number dropped from the mandate of 50 prepared returns in TY06.

## New York - Business Returns

Partnership: Partnership and individual returns fall under the same New York Articles so the Partnership mandate is being **combined** with the individual practitioner mandate. If a practitioner files a total of over 100 returns for both individual and partnership, they must file all of their individual and partnership returns electronically. This means that if they filed 101 individual returns and only 1 partnership return, they must file all of their individual and partnership returns

electronically. A \$50 penalty applies to each return or extension that they fail to e-file, unless the taxpayer opts out of e-filing or they have other reasonable cause for failure to comply.

Corporate: This new mandate requires tax return preparers who meet certain requirements to e-file authorized tax documents beginning on or after January 1, 2009. The mandate also requires electronic payment of the balance due on any authorized tax document.

## There are two parts to this mandate:

Part I – If a preparer prepares over 100 corporate business documents, then they must file their corporate returns electronically. The following are considered corporate business documents and figure into the threshold for the mandate: Estimated payments, Extensions, and Corporate return. So, the actual threshold could be as low as 17 corporate returns for a practitioner if they filed 4 estimated payments, the extension, and the return.

Part II – If a business files their own return and they use tax software that has been approved for corporate electronic filing, they must file their return electronically. A \$50 penalty applies to each document that they fail to e-file, unless the taxpayer opted out of e-filing or they have other reasonable cause for failure to comply.

The taxpayer will be subject to a \$50 per tax document penalty for failing to electronically pay the balance due. The Department cannot abate the payment penalty for reasonable cause.

## Rhode Island

Starting in calendar year 2009 (TY08), preparers who prepared more than 100 individual income tax returns in the previous tax-filing season are required to e-file all individual returns. The tax administrator won't require e-filing by a paid preparer's client who specifically requests that a return be filed on paper. ⚙️

## Correction on TaxWorks Blog & Forums

Our last newsletter introduced the TaxWorks Blog and Forums. However, the URLs were misprinted. The correct URLs are <http://blog.taxworks.com/> and <http://forums.taxworks.com/>.

On the Blog you'll find our thoughts, insights and opinions on the tax industry, recent IRS news, and the latest information on TaxWorks.

Join the TaxWorks Forums to communicate with other TaxWorks users and tax professionals. Discuss anything from tax law to software. Let the Forums and Blog be a valuable asset to you this tax season. ⚙️



# 2008 Housing Assistance Tax Act



## Critical IRS Notes

The American Housing Rescue and Foreclosure Prevention Act of 2008, also known as the Housing Act, was signed into law by President Bush on July 30, 2008. The Housing Act was set up to help stabilize the rocky housing market and tighten lending practices related to home loans. The Housing Act includes some tax breaks for homebuyers, a new standard deduction for property tax, relaxed alternative minimum tax (AMT) rules, and some enhanced business deductions. Following are some highlights from the 2008 Housing Act:

First-time homebuyers will be eligible for a tax credit of 10% of the purchase price of a new primary residence, not to exceed \$7,500 (\$3,750 for married filing separate). This is a refundable credit. However, the amount of the credit must be paid back to the government over a 15-year period starting the second year following the year in which the credit is claimed. In order to qualify for the credit, several conditions must be met. In particular, a taxpayer and spouse (if applicable) must not have owned a principal residence for three years prior to the eligible home purchase; and the new residence must be purchased after April 8, 2008, and before July 1, 2009. The credit for first-time homebuyers is phased out for joint returns showing AGI between \$150,000 and \$170,000, and between \$75,000 and \$95,000 for all other returns. Those who purchase a home after December 31, 2008, and before July 1, 2009, will be able to claim the credit on their 2008 or 2009 return.

For home sales after 2008, the exclusion of up to \$500,000 of gain on the sale of a principal residence may be restricted further than it would have been in the past. The

exclusion will be proportionately decreased for the period that a home was not used for a principal residence. In the past, the homeowner only had to use the home as a principle residence for two out of the previous five years.

For 2008, taxpayers may claim up to an additional \$500 standard deduction (\$1000 for joint filers) for state and local property taxes. This is only available for taxpayers who take the standard deduction.

The 2008 Housing Act has some effect on the AMT. The low-income housing credit and the rehabilitation credit can both be used to offset the AMT for eligible expenses incurred after 2007. Several types of bonds issued after July 30, 2008 are exempted from the AMT as well.

Corporations that are struggling to take advantage of the 50% bonus depreciation allowance available in 2008 may choose an alternate credit instead. For tax years ending after March 31, 2008, corporations may claim additional research tax credits or minimum tax credits instead of the enhanced depreciation deduction.

Beginning in 2010, banks and third-party vendors that facilitate credit and debit card purchases for merchants will be required to file an information return with the IRS. The total purchases received by a merchant must be reported on the return. This will encourage tax compliance for merchants.

There are several other provisions included in the 2008 Housing Act located at IRS.gov. Thorough research of the legislation is recommended before any tax decisions are made. TaxWorks will be fully updated to handle any new legislation for 2008. ⚙️

Are you aware of the following recent tax law updates?

The IRS will no longer print and send estimated payment vouchers to taxpayers who use tax software to prepare their returns. Instead, the vouchers produced by the software should be sent in with the estimated payments.

Third-party designees, indicated by checking the box on Form 1040, page 2, now have the same authority extended to them on amended returns filed for the same year. See IRM 11.3.31.

The “Extension of Time to File” for businesses filing Forms 1065 and 1041 will be shortened to five months instead of six, to allow K-1 recipients time to prepare and file their own returns. For calendar year returns, the new extended due date will be September 15<sup>th</sup> rather than October 15<sup>th</sup>. This change applies to partnerships and fiduciaries that have a tax year ending on or after September 30, 2008, and a tax return due on or after January 1, 2009. See IR-2008-84.

The late filing penalty for Forms 1065 and 1120S has increased. For 2008, the penalty is \$86 per 1065 partner per month for up to 12 months. The 1120S penalty is \$85 per 1120S shareholder per month for up to 12 months. See the Mortgage Relief Act of 2007 and Sec. 2 of PL 110-141 at IRS.gov. ⚙️

# 2008 Power Seminars

**POWER SEMINARS HELP YOU GET THE MOST OUT OF TAXWORKS—  
INCREASING YOUR SPEED AND QUALITY IN KICKING-OUT RETURNS**



## *Layton, Utah Seminar*

**DAVIS CONVENTION CENTER, DECEMBER 2ND & 3RD,**

Just minutes from several world famous ski resorts and downtown Salt Lake City. This hotel is just a few short miles from our new TaxWorks building.

**Special Room Rates:** Hilton Gardens Inn \$95 single/double occupancy. 1-800-861-8712.



## *Las Vegas, Nevada Seminar, One*

**TREASURE ISLAND, DECEMBER 8TH & 9TH**

Come and stay on the exciting Las Vegas Strip. Because of the popularity of our Las Vegas seminars we are once again offering a choice of two dates.

**Special Room Rates:** Treasure Island \$95 single/double occupancy. 1-888-503-8999



## *Las Vegas, Nevada Seminar, Two*

**TREASURE ISLAND, DECEMBER 11TH & 12TH**

Come and stay on the exciting Las Vegas Strip. Because of the popularity of our Las Vegas seminars we are once again offering a choice of two dates.

**Special Room Rates:** Treasure Island \$95 single/double occupancy. 1-888-503-8999



## *Orlando, Florida Seminar*

**DECEMBER 15TH & 16TH, CORONADO SPRINGS RESORT®**

Our Walt Disney World event is again at the much-requested Coronado Springs Resort in Orlando, FL. **Special Room Rates:** Disney's Coronado Springs Resort \$119 single/double occupancy. Call 1-407-939-1020.

*Come have  
fun, earn  
CPE Credits  
and learn the  
productivity  
secrets of  
TaxWorks*

### **NEW—CTEC CPE CREDIT AVAILABLE!**

TaxWorks is proud to announce that we have been approved to offer up to 16 hours of CTEC (California Tax Education Council) continuing professional education (CPE) credit! This is an important issue for many of our California attendees. Your CPE completion certificate will note this change.

### **HANDS-ON LAB NEW FOR SEMINAR**

Don't let the chance pass you by to sign up for one of our TaxWorks Seminars! This year, as a result of your suggestions, we're adding a Laptop Lab to the second day of the seminars. This lab will be catered to fairly new users of the software. We'll go through an initial configuration of the program, a case study, and various tricks to make your experience with TaxWorks more beneficial.

In order to participate in one of these lab sessions you MUST register when you sign-in the first day at the seminar. You must also provide your own laptop. We suggest you load the 2008 Early Release version of the program onto your laptop computer, as well as a copy of the 2007 program.

This session will be presented three times and space is limited so PLEASE arrive early for onsite registration if you plan to participate in one of these labs.

### **IMPORTANT CHANGE IN NASBA CPE CREDIT POLICY**

The National Association of State Boards of Accountancy (NASBA), the sponsor of our continuing professional education (CPE) credit, has informed us that we will be responsible for more closely monitoring attendance of participants at our training seminars. **Attendees arriving late or leaving early will be docked CPE credit.**

To abide by this change, we will have separate sign-in and sign-out sheets each day of the seminar. PLEASE plan your travel accordingly to ensure you receive the full amount of credit (16 CPE hours) the TaxWorks Power Seminars offer.

**Don't miss this  
year's Seminar**

**Registration information on back  
Hurry—some seminar seating is limited**

# Don't Miss The 2008 Power Seminars

## Your Power Seminar Will Include:

Special rates apply for the night prior to, and the first night of the seminars. If staying at the seminar location you **MUST CALL FOR RESERVATIONS NO LATER THAN NOVEMBER 1, 2008**, to receive the TaxWorks special discount.

Seminars include up to 16 hours of CPE\* credit, luncheon, continental breakfast, and materials. Registration fee is only \$275 per person (\$300 after November 1, 2008).

## Requirements

A basic understanding of computer use and tax law is required for attending this seminar. Topics will range from basic to advanced courses. Beginning topics include: Boot Camp for New Users (covers the basics of the program), use of new technology, electronic filing, sample returns, etc. Advanced topics include: Asset Manager, 1040 returns, Business returns, etc. Refer to [www.taxworks.com](http://www.taxworks.com) for topics and their level of complexity. This program is a "live-group" offering, and will include interaction between attendees and presenters.

## Learning Objectives

Our learning objectives are to display new enhancements to the program, provide an update on tax law changes that impact the program, and provide training in areas of tax preparation to assist with its efficiency and effectiveness. No advanced preparation is required for attending this course.



TaxWorks is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit.

Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417. Website: [www.nasba.org](http://www.nasba.org).

\*CPE Credit applicable to CPAs and EAs. Other professionals, please check with your licensing agency to see if this seminar fills your CPE requirements.

Seminar fee cannot be refunded after December 1st, 2008. Registration fee is only \$275 per person (\$300 after Nov. 1, 2008).

You must register with us to attend one of these seminars! Simply fill out and clip the coupon below and return it to us. Note: We cannot hold your place at the seminar without payment at the time of registration. No At-Door Registrations permitted. If you have questions, please call our Sales Team at: **1-800-230-2322**.

You may fax your completed registration form to: 801-529-9199. For more information regarding administrative policies such as refunds and complaints, please contact our offices at 1-800-230-2322.



**Phone Registration (800) 230-2322 • Fax Registration (801) 529-9199**

Your Account Number: \_\_\_\_\_ Firm Name: \_\_\_\_\_

Attendee Name: \_\_\_\_\_

Attendee Name: \_\_\_\_\_

Attendee Name: \_\_\_\_\_

### CHOOSE A SEMINAR

- LAYTON—DEC. 2-3       LAS VEGAS—DEC. 8-9  
 LAS VEGAS—DEC. 11-12       ORLANDO—DEC. 15-16

**YES, I would like CPE credit (applicable to CPAs & EAs)**  
(Registration after November 1, 2008 is \$300)

### PAYMENT METHOD

Check Enclosed: \$275 per attendee (before Nov. 1)

Credit Card Number

Type of Card

Address on Card

Expiration Date

# ArkWorks offers Offsite Storage

Since its inception, ArkWorks has sought ways to affordably provide offsite storage services. We are happy to announce that *The Guardian Angel* offsite storage is now available for only \$29.95 per month.



## Unlimited Offsite Storage

The Guardian Angel, a product of the Georgia-based company Kotter Group, is a provider of customized technology solutions. They have been protecting business data and providing remote access to client data for 11 years. The Kotter Group has created a special program for ArkWorks customers to provide *unlimited offsite storage, disaster recovery, and e-mail proof-of-receipt.*

## Benefits of Offsite Storage

Now you can enjoy both the benefits of ArkWorks Paperless Office software, and the peace of mind that your documents and files are safe. If your hard drive crashes or a natural disaster destroys your computer or server, your files are still safe. The Guardian Angel also keeps three copies of your digital files stored in two different states. Visit [http://arkworks.com/offsite\\_storage.aspx#](http://arkworks.com/offsite_storage.aspx#) to learn more and start benefitting from offsite storage.

