

ACCOUNTANTS' REGISTER

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**FROM THE DESK OF
THE
PRESIDENT**

Michael H. Gilreath

As 2011 comes to a close, I sit here and wonder how a year can go by so fast. All of us remember our parents

saying the same thing, but as a child the time between Thanksgiving and Christmas was an eternity! My family and I had the pleasure of standing in the rain to watch the Egg Bowl. In front of us, were four little boys around 8 to 10; they were having a blast cheering and ringing their cowbells. During a lull in the action, one turned to the others and said “I can’t wait for Christmas.” They then began to discuss how slow time passed. We started counting the days and it was around four weeks! None of us can slow down or hurry time; we can only enjoy the ride. I trust that your “ride” for 2011 was enjoyable and successful. As we prepare for the upcoming tax season, remember it will go by just as fast as the previous one—even though it may not feel like it in the middle of March.

It’s not too early to be thinking about our 2012 convention in Pigeon Forge, Tennessee. The dates are June 27-30 at the Music Road Hotel and Convention Center. As with every year, it will be a great time to get together for fun and fellowship (and CPE) with our friends from TAA. Please let this be one of your first entries on your 2012 calendar.

More information will be sent via email as it becomes available.



**FROM THE DESK OF THE
EXECUTIVE VICE
PRESIDENT**

Pamela C. Stamps, CPA

I ran across a free app for my iPhone that deals with management tools as well as anger management and team building, to name a few. The

topic I felt would be most relevant for this newsletter was on Anger Management. I have pulled out a few items from the article. You can download Mindtools from your phone for free and take a look at it for yourself.

It basically gives a 12 step process for dealing with anger management. We all know that anger is an emotion that can get out of control. It leads to stress, physical problems and can harm both your personal and professional life.

These steps are designed to aid in directing anger constructively. They are based on the ideas of Duke University’s Redford Williams, MD, who, with his wife, authored the book *Anger Kills*. I am going to list the steps. If you would like more information email me and I will forward the article to you.

1. Maintain a “Hostility Log”
2. If you do, acknowledge that you have a problem managing anger
3. Use your support network. This would be the important people in your life

4. Use Anger Management techniques to interrupt the anger cycle
 - a. Pause
 - b. Take deep breaths
 - c. Tell yourself you can handle the situation
 - d. Stop the negative thoughts
5. Use empathy
6. Laugh at yourself
7. Relax
8. Build trust
9. Listen
10. Be assertive
11. Live each day as if it is your last
12. Forgive

Even if you do not feel you have anger issues, it is good to have these tools to ensure it remains a healthy emotion.

So, frame these steps next to your computer and have a wonderful tax season. Each year I say that I need to find a new career—well, maybe next year!!

IRS STANDARD MILEAGE RATES 2012	
Business Use	55.5 cents
Charitable Use	14 cents
Medical Use	23 cents
Moving Use	23 cents



**NSA STATE DIRECTOR'S
REPORT**

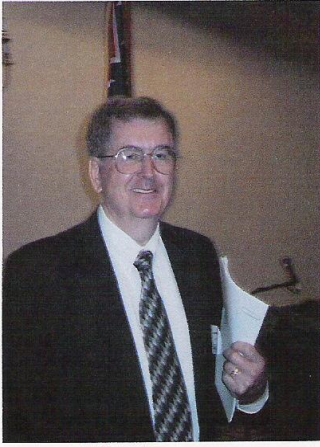
Pamela C. Stamps, CPA

As state director, I have a couple of things I would like to make you aware of before you get too heavy into tax season.

First, the annual convention is being held in Hawaii this year. In order to make your room reservations, you will need to register for the convention. On the website there is a link for that. When you register you can reserve up to two rooms by paying one night's room deposit. The link takes you directly to the hotel website that gives you our discounted rate. The dates are August 23-26, 2012. If you have never been to one of our conventions, you are in for a treat. We cram a lot of CPE in those few days, but always follow it up with fun events in the evening. With all of the changes in our profession, this would be a great way to meet with fellow practitioners as well as see the latest technology available.

Second, I have the pleasure of serving on the member benefits committee. We have had three telephone conferences and one live in person meeting in Alexandria, Virginia. We had two full days of committee meetings beginning at 8:00 and ending at 6:00. They were basically spent brainstorming ways to increase our numbers and also making sure we are serving our members. The NSA staff met with us for both days and I certainly have a better appreciation for the work they do. We will have telephone conferences January through April and I will keep you informed of any information as I receive it. I would also like to mention that Sharon Cook, president of NSA, as well as Harland Rose, VP, were also on hand for some of our meetings. It was great just getting to know the committee members.

Have a great tax season, and if you are not an EA, CPA, or RTRP, just stay tuned. We are offering the resources to accomplish this.



FROM THE DESK OF THE EXECUTIVE DIRECTOR

Sanford D. Warren, CPA

Tax planning with our clients is very difficult at this time. We are not certain what is happening or what is going to happen. One thing for sure is that taxes are going to increase. The information group from the White House is hinting at this more and more with the information being released to the media. At first it was the high income people (those with income over \$250,000). Now the suggestion is that it will also affect the middle class individuals.

One area that we are sure of is that capital gain taxes will increase to 20%. This has been announced for some time. The only question is could it be more? We have two more capital gains areas that are affected. One is the recapture of depreciation. This carried a 25% rate and nothing has been said about increasing or decreasing it. The other is the capital gain rate for collectibles. This rate is currently 28%. Again, nothing has been said about changing this rate. The increase to 20% will affect all of our clients for the most part. You will probably want to advise your clients to follow through with transactions that are affected before the change comes.

We do have a stimulus tax credit of \$400 to \$800 depending on the status of our client. Some individuals have withholding from their pensions. The credit will reduce the amount that is withheld for the year and may result in additional taxes owed at the end of the year.

Many of our clients are taking money from their IRAs or other retirement savings. The Tax Court recently ruled that no penalty would result if the individual was already taking money from the IRA penalty free (over 5 years or until 59 ½ age) if the money was taken out for paying tuition for a child. The same rule would apply for first time home buyers and medical expenses.

As the year progresses there will be other threats and/or actual changes in the tax law that will need to be dealt with.

Most of you are aware that the social security reduction has been extended for two months.

Pam and I completed the course for the EA examination. We had eight people in the class for parts 2 and 3 of the course. Three people have taken the exam and passed. In addition, several others have taken one part and passed. Several will be taking the exam in January 2012. The test will be taken from 2011 material starting in February. We updated the course to 2011 material as best we could based on the information available. We will be planning additional courses for the year 2012. This has not been much of a money maker at this point but it should improve.



DISTRICT VI GOVERNOR

Perry W. Smith, EA, ABA, ATA

As I write this, I am reminded of the motto of the NSA Committees, “Whatever it takes.” This is the spirit in which we serve our clients and this is the spirit I have adopted for my last year as your District Governor.

What do you **value** most from NSA? Is it the CCH Tax Update, the insurance program, the 30% discount on most of the supplies you use? Is it that NSA is an advocate at the national and state levels to protect your right to practice, or is it the fact that you have an NSA officer in your state and district that you can contact at any time to address your concerns in the accounting and tax arena? Maybe it’s the fact that NSA spends thousands of dollars to hire a research team to assist you in establishing a definitive tax position. Or maybe it is Tax Talk where you can seek advice from a fellow NSA member on an accounting or tax question.

Ask yourself; is NSA worth all this and more for \$200?

Rest assured that the Member Benefit Committee and staff are constantly searching for additional benefits for us.

The Internal Revenue Service announced in December 2011 that John Ames, NSA Executive Director, has been appointed to the Internal Revenue Service Advisory Council. Congratulation to John for this honor.

At NSA’s November Board Meeting in St. Louis, Missouri, President Cook appointed a Task Force to investigate ways to increase and improve affiliation between NSA and each ASO. If you have a comment or observation, please share them. I have the privilege to serve on this Task Force.

Our annual District VI Meeting is in the planning stage and I will get you the details soon.

My hopes are for each of you to have a successful New Year and Tax Season.



CENTRAL OFFICE NEWS

Susan W. Beard, EA, ABA, ATA
MAPA Executive Secretary, Treasurer and Editor

The seminars and conventions are behind you and tax season has officially begun. I hope each and every one of you enjoyed your Christmas and New Year holiday and are well rested and ready to tackle this tax season.

The response to MAPA's new and updated web site has been overwhelmingly positive. Many of you took advantage of the ability to register and pay online. The webmaster and I are trying to keep information updated. We want you to be able to go online at 2:00 a.m. and find the answers to your questions concerning future seminars, conventions and courses offered by MAPA.

Sanford and Pam did a wonderful job teaching the EA Study Courses. We are sure that word will spread about these courses and the benefits of having such top-notch instructors. In 2012 MAPA hopes to have even more people sign up for the EA courses. Not only do they benefit those attending, we are hoping the attendees will become active members of MAPA. So far everyone who has taken the course has passed the exam!

I have been in touch with Sue Parr at Gear Up and have asked her to "pencil" us in on September 25, 2012, for the One-Day Business Entities Seminar and November 1 and 2, 2012, for the 1040 Tax Seminar. I have met with Jan Smith at the Embassy Suites in Ridgeland as a possible site for the seminars.

The Annual May Accounting Forum is scheduled for Monday, May 21, 2012, at the Cabot Lodge Millsaps. I will have the registration form on the website soon.

INTRODUCTION OF OUR NEW MEMBERS

LaFaun Eric Thomas in Gulfport, Mississippi

Farra Smith - Employed by Janie Boleware Tax Preparation & Accounting in Ellisville, Mississippi

William T. Vincent - Employed by Roger C. Boyd, EA in Brookhaven, Mississippi

Charrie A. Berard - Student at William Carey University in Hattiesburg, Mississippi

Welcome to the MAPA family!

STARTING JANUARY 1: TAX PREPARERS NEED TO FILE DUE DILIGENCE CHECKLIST WITH ALL EARNED INCOME TAX CREDIT CLAIMS

IR-2011-122, December 20, 2011

WASHINGTON – The Internal Revenue Service today issued final regulations requiring paid tax preparers to file a due diligence checklist, Form 8867, with any federal return claiming the Earned Income Credit (EITC). This is the same form that is currently required to be completed and retained in a preparer's records.

The due diligence requirement, enacted by Congress over a decade ago, was designed to reduce errors on returns claiming the EITC, most of which are prepared by tax professionals. The IRS created Form 8867, Paid Preparer's Earned Income Credit Checklist, to help preparers meet the requirements by obtaining eligibility information from their clients. Preparers have been required to keep copies of the form, or comparable documentation, which is subject to review by the IRS.

To help ensure compliance with the law and that eligible taxpayers receive the right credit amount, the new regulations require preparers, effective January 1, 2012, to file the Form 8867 with each return claiming the EITC. The regulations also reflect recent congressional action to increase the penalty for noncompliance with the due diligence requirement from \$100 to \$500. Further details can be found in Treasury Decision 9570, published today in the Federal Register.

The EITC benefits low and moderate income workers and working families. The tax benefit varies by income, family size and filing status. Unlike most deductions and credits, the EITC is refundable – taxpayers can get it even if they owe no tax. For 2011 tax returns, the maximum credit is \$5,751.

Although as many as one in five eligible taxpayers fail to claim the EITC, some of those who do claim it either compute it incorrectly or are ineligible. The new requirement is part of the IRS initiative to ensure that the credit is afforded to taxpayers who qualify. This year, over 26 million people received nearly \$59 billion through the EITC. Tax professionals prepare close to 66 percent of these claims.

More information about EITC and the due diligence requirement for tax return preparers is available on IRS.gov.



Setting Up Shop in the Cloud

*What accounting firms need to know about cloud computing
and making the leap to online document management*

By Eric Pulaski, Founder & CEO, SmartVault

Moving applications and data to an online environment is inevitable. It's simply part of the accounting profession's evolution. If you look at the continuum of change, it becomes clear where next generation accounting firms are heading. Pencil and paper to green bar reports and manual data entry...DOS to Windows...software CDs to web download...and finally on-premise-based IT solutions to SaaS (Software-as-a-Service).

The message from thought leaders has been consistent and direct: Get on board with technology, or be left behind. The fact is that more firms *are* getting on board, though it's still only a fraction of the broad profession. Those that are adopting advanced technologies in their firms are doing the research and applying the right technologies to create integrated systems that support completely paperless processes. And SaaS has been at the heart of this movement, supplying accounting professionals with easy-to-use, powerful web-based solutions that turbo boost operational efficiencies and convenience. In fact, dedicated internet-based service providers—leveraging their expert resources and spreading their costs over thousands of customers—can deliver lower cost and far more reliable and secure services.

So, we know that a small percentage of the profession is in a state of transition. But the majority of firms have yet to get on board with SaaS. The biggest issue being that they simply don't know where to start on their journey to the Cloud.

What is the Cloud?

Let's first explore what it means to move to "the Cloud." There has been a fair amount of confusion around this term, as well as the term Software-as-a-Service (SaaS). And if you don't know what these are, how can you begin to adopt the technology?

Cloud computing and SaaS are overlapping terms. SaaS is technology that is designed from the ground up to live exclusively on the web. SaaS-based solutions support multiple tenants, meaning users share processing power and database space that is managed by the SaaS provider. The benefits of SaaS are many, which we'll explore a little later.

The acronym, SaaS, has slowly morphed into the popular pseudonym, the Cloud. The Cloud is a general term used to describe services (as opposed to applications) that are provided over the internet. Cloud computing looks like local computing, but the computing power and storage space live solely on the web, just like SaaS.

In a nutshell, here's the difference in meaning between these two terms: SaaS means web-based applications. *Cloud computing* means services used by computer programmers and IT gurus to access resources over the web. Many business users, however, use the terms interchangeably to mean "web-based solutions." To sum it all up, SaaS and the Cloud are both ways of describing solutions that live on the internet.

The confusion around these terms is important to note because firms can't be expected to adopt what they don't understand. And the first step toward making the transition to the Cloud is understanding what it means.

The Value of SaaS—and Getting Over the Fear

The list of benefits associated with SaaS is long and continues to grow. Nonetheless, the biggest obstacle in transitioning to SaaS still seems to be fear. Accounting professionals continue to question whether their data is safe and who has access to it once it moves online.

SaaS is indeed at the center of the next big paradigm shift in the accounting arena, but the actual move to fully web-based software can be scary for those not yet comfortable with data moving out of the walls of their office and into the Cloud. However, the efficiency and convenience that SaaS applications offer cannot be overstated. Consider the benefits:

- **Offers Security and Privacy**—The SaaS environment is far more secure than maintaining your software and data in-house. Consider the possibility of fire, flood, or theft. Once your computers and servers are damaged or gone, so is your data. SaaS securely houses data offsite and provides daily backups and backup tests. Many firms claim to perform data backups, but how many are actually testing the data that is backed up by initiating a restore?
- **Lives on the Web**—Because SaaS solutions are deployed on the Web, they offer ultimate convenience. Implementation is simplified because there is no hardware to buy and no software to install. Users simply access the service via the internet and get to work. Whether in the office or working offsite, the service is always available with an internet connection.
- **Supports a Paperless Environment**—Operating in a paper-heavy environment is costly, not to mention very "un-Green." SaaS supports electronic entry, flow, and delivery of data without requiring a printed document. Going paperless is gaining momentum in the profession, as more firms realize the immense time and cost savings associated with Cloud computing.
- **Eliminates CDs, Manual Updating, and Need for Hardware**—You no longer need to deal with physically boxed software. SaaS solutions are always up-to-date and accessible via the internet. That means you can say goodbye to ordering CDs, keeping up with hard-copy manuals, managing software updates, and investing in costly hardware or IT staff required to support desktop applications.
- **Offers Subscription Service Model vs. Software License**—SaaS is offered via affordable monthly or annual subscription rates, depending on the vendor, and is far less costly than software that is licensed. In addition, even larger than the initial cost of traditional software is the expense associated with long-term maintenance of the software and servers, which all goes away with SaaS solutions. Most SaaS vendors offer a fixed monthly or annual fee, so you can easily budget your application costs throughout the year, and there are also no up-front costs.
- **Enhances the Client-Accountant Relationship**—Today's clients demand service that is convenient. SaaS solutions provide an advanced platform for real-time delivery of services. Via the web, clients can easily view and access their documents without having to wait for an email or fax. Let's face it; clients have come to expect this level of service. Would anyone really use a bank that didn't offer online services?

When is the Right Time for Accounting Firms to Adopt SaaS?

Of the accounting, audit, and tax experts consulted on this topic, the consensus is: The time is now. SaaS is well established in the profession...with many proven solutions available. The selection of vendors is rich, many of which are established in the profession and viewed as reliable and forward thinking. Well past the “early-adopter” stage, where technology is still new and the risk is higher for users, most of today’s SaaS applications are advanced and have thousands within their user base that praise the convenience and efficiency SaaS offers.

With the solutions readily available, accounting professionals need to consider the positive impact Cloud computing has not only on their firms, but on staff and clients as well.

Implementing SaaS-based solutions puts the right tools in the hands of your staff. Working within a web-based environment supports highly efficient processing and the ability to establish standardized operations, so everyone is following the same procedures.

SaaS also opens the door to working remotely. Staff no longer need to be onsite. They can simply log in online and work from a client’s office, home, or even a plane! And don’t forget the heightened use of mobile devices as productivity tools, like popular electronic tablets. SaaS supports working on the go using these tools. In the end, staff will work more efficiently and appreciate having advanced resources to perform tasks.

Clients benefit as well. Web-based applications support real-time exchange of data and ultimate convenience. Not only can clients access their documents on a 24/7 basis via the internet, firms can also place other helpful information within SaaS-based portals, including helpful links, notices, and articles. Many SaaS solutions offer so much more than document storage and exchange—they provide a platform for extended client communication, which serves to continually strengthen the client-accountant relationship.

A Final Word...

It’s fast becoming a SaaS world. Cloud computing is being discussed in just about every media channel and online forum. Those who have set up shop in the Cloud realize the immense benefits—from working paperless to the convenience of accessing version-current, web-based solutions.

SaaS is at the core of today’s “e” movement. That’s simply where the profession is heading, so getting engaged now is critical. Remember what the thought leaders are saying: Get on board or be left behind. And fear not...today’s SaaS vendors are poised and ready to help you make a smooth transition.

About the Author

Eric Pulaski, CEO and Founder of SmartVault Corporation

With over 20 years of experience in network security systems and a focus on cloud computing, Eric founded SmartVault Corporation in November of 2007, and currently serves as the company's Chief Executive Officer. Eric has made it his personal mission to deliver a simple, low-cost, paperless SaaS solution to small businesses and accounting firms. Reach Eric at eric@smartvault.com.

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