



**California Society of Tax Consultants  
HIGH DESERT CHAPTER  
15 CHAPTERS STATEWIDE  
August 2011**



We look forward to seeing you at the August meeting.

**Speaker & Topic for August 10, 2011:  
#1000-CE-3386**

Lori L. Laplante, EA will be teaching on Charitable Deductions

Credit: 2 Hrs Federal

**Please note new meeting time: 5:30pm**

This presentation has been designed to meet the requirements going back to of the Director of Practice of the Internal Revenue Service, the California State Board of Accountancy, and the California Tax Education Council, Business & Professions Code #22250-222859, including Code 31 of Federal Regulations 10.6(g), continuing education rule 88(c) covering maintenance of attendance records, retention of program outlines, qualifications of instructions of instructors and length of class hours. This does not constitute an endorsement by these groups.

**REGISTRATION:**

**DINNER:**

5:00 PM Check-In

5:30 PM Dinner

**MEMBERS:**

**MEMBERS/GUESTS:**

\$ 25.00

\$ 35.00

1st time visitors – Free!

(If you join CSTC the same night)

**LOCATION:**

Lil' Bit of Country

14335 Hesperia Road

Victorville, CA

What do you think?

You have a student living with you this year. Assume the student:

-- lives in your home under a written agreement between you and a qualified organization as part of a program of the organization to provide educational opportunities for the student, and

-- is not your relative or dependent.

In which of the following situations would qualifying expenses be deductible?

- Marie, from France, who is attending the local Texas junior college full-time
- Jennifer, from Wyoming, who is attending eleventh grade at the Canadian high school just across the border, full-time
- Walter, from New York, who is attending the tenth grade at the local California high school, full-time
- Georgio, from Italy, who is attending twelfth grade at the local Texas high school, part-time

## Hi-Desert Chapter CSTC Officers

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What are the benefits of joining your local chapter of CSTC?

Keep abreast of tax laws with our professional education monthly meetings, seminars, workshops or a basic 60-hour tax course. We also offer tune-up workshops just prior to tax season. Education is discounted for members and is offered in locations throughout California. Members also receive a monthly newsletter from their chapter.

Receive assistance from other tax professionals with:  
researching tax laws, dealing with IRS, FTB, SBOE and EDD issues, practice management techniques to expand your business, professional assistance in selecting library, software & hardware products.

Get to know other professionals in your community.

CSTC SOCIETY [www.cstcsociety.org](http://www.cstcsociety.org)

The latest Reporter is available online now!

Don't forget to log into the society web page for the latest news, you can also view and print the reporter, and be sure to check out the members' only page and bulletin boards.

Past editions of the newsletter for our Chapter are on-line at [www.cstcsociety.org/HIGHDESERT](http://www.cstcsociety.org/HIGHDESERT) click on the Calendar/News link to view the education schedules and issues of the newsletter.

Anyone planning to attend a board meeting should contact any board members to confirm their attendance.

**\*\*The next board meeting will be held:  
August 10th, 4:00pm  
at Lil' Bit O' Country.**

To assure timely delivery of your monthly newsletter please notify Lori LaPlante of any change of address, phone number or email address.

We always look forward to seeing all our members. Take advantage of the opportunity to learn something new or just refresh your knowledge on some interesting topics.

REMINDER Wear your badge to be eligible for the drawing. If you do not have a badge, please tell T.C. Markowitz, so she can order one for you. If you have lost your badge, replacements are available at a cost of \$15.00, due at the time of ordering.

**FYI**  
**Federal**

**NATIONAL WEBINARS**

**Meeting:** The IRS Fresh Start Initiative

**Date(s):** August 31, 2011

**Time:** 2:00 p.m. (ET); 1:00 p.m. (CT); 12:00 (MT); 11:00 a.m. (PT)

**Location:** Your Home or Office

**Contact:** E-mail: [IRS.Live@irs.gov](mailto:IRS.Live@irs.gov)

**Event Information:** This FREE one-hour broadcast is for:

- CPAs
- Enrolled Agents
- Other Tax Professionals
- The Media

Learn about the IRS Fresh Start Initiative- Help for Struggling Taxpayers

The IRS is helping individual and small business taxpayers get a Fresh Start with their tax liabilities, which includes changes to Collection policy for:

- Lien filing threshold
- Lien withdrawals
- Installment agreements
- Offer in compromise

***Earn Continuing Professional Education credit:***

- Enrolled agents receive one CPE credit for participating for a minimum of 50 minutes from the start of the broadcast.
- Other tax professionals may receive credit if the broadcast meets their organization's or state's CPE requirements.
- To receive credit, you must attend the broadcast on August 31, 2011.
- Register for the broadcast using your e-mail address and use the same e-mail address to log in to attend. This will confirm your attendance and generate your Certificate of Completion.
- Groups cannot register with one e-mail address and then receive separate Certificates. If certificates are needed, each person must register and log in separately.

- Only August 31, 2011 participants will receive credit. If you do not need a certificate
- to obtain CPE credit, you may choose to view the archived version of the broadcast.
- Look for your Certificate of Completion by e-mail approximately one week after the broadcast. If you have met all requirements, you will receive your certificate automatically.

To register for this session, visit the [Internal Revenue Service Webinar Registration Web site](#).

If you experience difficulty viewing the event, please use the email option on the event page or call (888) 858-3240. This event will be archived on the [IRS Video Portal](#) for later viewing approximately two weeks after the date of the event.

**Sponsored by:** IRS Small Business/Self-Employed Division

**California**

**Does my Corporation Qualify for the First Year Minimum Tax Waiver?**

As you know, each year any C or S corporation doing business in California must file a state tax return and pay the greater of the \$800 minimum tax (Revenue and Taxation Code (R&TC) Section 23153), or the franchise tax (R&TC Section 23151). This is true even if the corporation is formed in a different state and has not qualified by registering with the California Secretary of State (SOS).

Most entrepreneurs know that for their corporation's first tax year, the \$800 minimum tax is waived and the smaller franchise tax, if any, is paid. This is only if their corporation qualified or incorporated with the SOS. This first-year relief is also available to Limited Liability Companies if they elect to be treated as either a C or S corporation.

However, what many entrepreneurs may not know is that when a corporation does not qualify by registering with the SOS, referred to as a non-qualified corporation, it is not eligible for the first year minimum tax waiver. This is often the case with corporations formed in a different state that are doing business in California.

For example, ABC Corporation formed in a different state, a foreign corporation, on November 1, 2010, began doing business in California in 2010, and had taxable income of \$1,000 from this state. However, ABC Corporation did not register with the SOS until July 2011. Accordingly, for 2010 ABC Corporation is a nonqualified corporation and must file a California corporate return and pay the \$800 minimum tax.

The good news is that a non-qualified corporation may still be able to receive first year relief. Back in 2002, we issued [Technical Advice Memorandum \(TAM\) 20020138](#) that states, in part:

“... [R&TC Section 23153(f)(1)] permits a nonqualified corporation the first year exemption of minimum franchise tax if... it commences doing business in California even though it thereafter qualifies with the Secretary of State within the SOL [statute of limitations].”

So, back to the example, after ABC Corporation registers with the SOS in July 2011, it may then file a claim for refund of \$711.60 for its 2010 return. The refund amount is the difference between the \$800 minimum franchise tax and the franchise tax of \$88.40 ( $\$1,000 \times 8.84$  percent). Since the claim would be filed within the statute of limitations, we would refund the \$711.60 plus interest.

More good news is that this year we began allowing corporations to e-file the [Form 100X](#) Amended Corporation Franchise or Income Tax Return. For more information go to [ftb.ca.gov](http://ftb.ca.gov) and click on the [Business tab](#).