

APRIL 2004

THE PENNSYLVANIA ACCOUNTANT



The Magazine Of The Pennsylvania Society of Public Accountants

**CPE Made Simple...
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& Webcast CPE**
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TRIAL OFFER TO PSPA MEMBERS

**Register for the
57th Annual Meeting,
June 2004**

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(717) 234-4129
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A Message From The President



I am quickly finding out that a year is simply not enough time to accomplish the many goals that I have set for PSPA. I came into my term evaluating our current package of membership benefits and decided that I would focus my efforts on enhancing the products and services that sustain PSPA members. However, I didn't want to add new programs for "fluff." I wanted those that offered a true benefit, something that was meaningful to small business owners trying to run an accounting practice.

In January we rolled out a unique Long Term Care Insurance program through Northeast Brokerage Inc. that offers PSPA members a discount on the purchase of Long Term Care Insurance through Met Life LTC for them and their immediate family members. Additionally, the program offers PSPA members who would like to sell this insurance the opportunity to do so as a PSPA representative. I don't have to tell you that Long Term Care Insurance is an integral part of the financial planning and wealth preservation process, and I think our alliance with Northeast Brokerage streamlines this process for our members.

There are many challenges in the realm of medical insurance these days. Last fall we commenced a pilot program through CBDI in the five-county Philadelphia area to test the waters for the rest of the state. While we are still trying to work out some wrinkles, some members have taken advantage of the program, and others will be coming on board during the open enrollment period next fall and will forego the administrative fees they are currently paying to their providers. The market is currently structured so that there are currently no "great deals" in the purchase of medical insurance. We will continue to explore this issue and pursue alternatives.

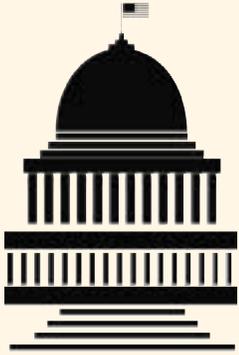
As tax season draws to a close, PSPA is getting ready to kick-off an exciting new CPE program. We've joined the ranks of many CPA societies throughout the country to bring you more choices. On page 10 & 11 of this magazine you will read about a partnership we've entered into with the Accounting Continuing Professional Education Network (ACPEN) to offer our membership a new, innovative CPE program.

Beginning in May and for the next eight months thereafter, we will offer an eight-hour CPE program via satellite technology in Erie, Pittsburgh, Altoona, Dubois, Harrisburg, Reading, Scranton, Lehigh Valley and Philadelphia. We have chosen locations that are geographically spread throughout the state to offer the most convenience to our members.

The flexibility and convenience that satellite and webcast CPE adds is phenomenal. Please read the information provided on the center pages of this magazine; it will explain the format, the topics, the speaking panel etc. I strongly encourage you to give this program a try; I know you will not be disappointed. If you register for the May seminar, you will receive an additional \$50 discount off of the current member rate. I hope to see you there!

Respectfully Submitted,
Timothy J. Sundstrom





PSPA 2nd Annual DAY AT THE CAPITOL

is scheduled for
TUESDAY, OCTOBER 12, 2004

in Harrisburg.

*Mark Your Calendar & Make Plans
to Attend this Important Event!*

Announcing **PSPA's Annual Scholarship**

We are currently accepting applications for the Pennsylvania Society of Public Accountants' annual scholarship. Three scholarships in the amount of \$1,000 each will be awarded to students attending a Pennsylvania college or university. Applications can be obtained by contacting the PSPA Executive Office at 1-800-270-3352 or online at www.pspa-state.org, click on 'scholarship.' The deadline for application is June 1, 2004.

Join us in Philadelphia for PSPA'S 57TH ANNUAL MEETING

JUNE 24-27, 2004

**Convention Registration
Material on Pages 7-8**

or

**Log on to
www.pspa-state.org
to download a
registration form.**



In this Issue....

**A Message From The
President2**



**PSPA 2nd Annual
Day at the Capitol3**

**PSPA Membership Directory
Available Online3**

**Announcing PSPA's
Annual Scholarship3**

PSPA's 57th Annual Meeting ..3



**PSPA's 57th
Annual Meeting
Schedule of
Events4**

**PSPA's 57th Annual Meeting
Registration Form5-6**

Pennsylvania Tax Update.....7



**Quality CPE Just
Got More
Convenient &
Less Expensive....
.....8, 9-10**

Keeping You in the Know 11

Chapter Meeting Dates 13

Seminar Dates 13-14

Odds & Ends 15

Classifieds 16



**57th Annual Meeting
Sheraton Society Hill
Hotel, Philadelphia**

June 24-27, 2004



Dear PSPA Colleague,

It is with much enthusiasm that I present the PSPA 57th Annual Meeting registration packet. I encourage you to take a walk back in history in Philadelphia with your colleagues of PSPA from June 24-27, 2004.

If you've attended a PSPA Annual Meeting in the past, you already appreciate the importance and value of these informative meetings. I hope that you will join us once again to experience the fun and camaraderie associated with this event. If you have never attended an Annual Meeting, I personally extend you this invitation to foster new professional relationships, learn more about your organization, and mold the future of the PSPA.

A memorable time awaits you at the PSPA 57th Annual Meeting as we "Celebrate History" in Philadelphia, Pennsylvania. Attendees and their families will enjoy many activities including:

Welcome to Philadelphia - 50's Night Philly Style. We'll kick everything off on the opening night with a 50's Theme Night with traditional Philadelphia fare. Come and enjoy the oldies as we celebrate Philly style.

History Thrives in Philadelphia - Tour Olde City. The tour will include the Betsy Ross House, Elfreth's Alley, the Liberty Bell, Independence Hall and the National Constitution Center.

Dinner & Mystery Theatre. An evening of intrigue and entertainment which you won't want to miss!

Amphibious Tour. The land-to-water tour will take attendees on a scenic tour through Old City, the Historic District and South Street before plunging into the Delaware River for a floating tour along Penn's Landing that will include close up views of the historic Olympia Ship, the Moshulu and the WWII submarine, the Becuna.

President's Installation Dinner. Attend PSPA's most important evening as we install the newly elected line officers. A cocktail reception with open bar, dinner and entertainment are included in the registration fee.

Pre-Convention Sight-Seeing Tour of Philadelphia. For those members arriving a day early, why not take in the sites of Philadelphia which may include: the Franklin Institute/Fels Planetarium, the U.S. Mint and the Battleship New Jersey. The specific itinerary has not yet been finalized, but it is sure to be an event you won't want to miss! Please see the enclosed registration form to reserve your space!

Free time for families to enjoy Philadelphia's many renowned museums, Society Hill and shopping too. I hope to see you there!

Sincerely,
Joyce P. Huttman, PA
Chairperson, 57th Annual Meeting

PSPA 57TH ANNUAL MEETING SCHEDULE OF EVENTS JUNE 24-27, 2004 • Sheraton Society Hill Hotel, Philadelphia

THURSDAY, JUNE 24, 2004

- 10:00 A.M.-12:00 Noon **CPE Program: Topic TBA**
- 1:00-3:00 P.M. **CPE Program Resumes**
- 2:00 P.M. - 3:30 P.M. **PSPA Annual Meeting Registration**
- 4:00 P.M. **PSPA Board of Director's Meeting
OPEN ANNUAL MEETING**
- 5:30-6:30 P.M. **Hospitality Suite - Welcome Reception**
- 6:30 P.M. **"50's Night Philly Style"**
- 9:00 P.M. **Hospitality Suite**

FRIDAY, JUNE 25, 2004

- 7:30-9:30 A.M. **Group Breakfast**
- 9:00-11:00 A.M. **PSPA Business Meeting
Tour Olde City**
*Betsy Ross House, Elfreth's Alley, Franklin Square
Liberty Bell, National Constitution Center*
- 12:30 P.M. (promptly)
- 4:30 P.M. **Return to Hotel**
- 6:00 P.M. **Dinner and Mystery Theatre**
- 10:30 P.M. **Hospitality Suite**
- 10:30 P.M. **Nominating Committee Meeting**

SATURDAY, JUNE 26, 2004

- 7:30 - 9:30 A.M. **Group Breakfast**
- 9:00-11:30 A.M. **PSPA Business Meeting
Election of Officers**
- 12:30 - 3:30 P.M. **Super Duck - Amphibious Tour
Independence Seaport Museum**
- 5:30 P.M. (promptly) **Officer Pictures**
- 6:30-7:30 P.M. **Cocktail Reception**
- 7:30 P.M. **Installation of Officers**
- 8:00 P.M. **Dinner & Entertainment
Hospitality Suite**

SUNDAY, JUNE 27, 2004

- 8:30-10:30 A.M. **Group Breakfast**
- 10:00 A.M. **Board of Directors Meeting**





PSPA 57TH ANNUAL MEETING REGISTRATION FORM

JUNE 24-27, 2004

Sheraton Society Hill Hotel, Philadelphia

Please complete this form and return it to the PSPA with your registration fee prior to May 20, 2004. All registrations received after May 20, 2004 will be made on an availability basis and negotiated group rates are not guaranteed.

PLEASE PRINT CLEARLY

Member's Name: _____ Spouse's/Guest's Name: _____

Name as you wish it to appear on name badge:

Member _____ Spouse/Guest _____

If attending, children's names and (ages):

_____ () _____ () _____ ()

Address _____

City _____ State _____ Zip _____

Telephone _____ Fax _____

Email _____ PSPA Chapter _____

HOTEL ACCOMMODATIONS

Group Rates Available for PSPA Members June 22-29, 2004

Arrival Date _____ Departure Date _____

Attendees must contact the *Sheraton Society Hill* directly at **1-215-238-6000** to make overnight reservations, please identify yourself as a member of the PSPA room block. The rate for single and double occupancy is **\$99** per night plus applicable state and local taxes (14% currently). Suites are available at an additional cost.

MEAL/ACTIVITY REGISTRATION

The meal/activity fee registers you and your guests for meals and activities from June 24-27, 2004. Including: three breakfasts, three dinners, entertainment, cocktail reception with open bar and hors d'oeuvres, tours and attractions, member/spouse gift and all applicable taxes and gratuities.

Member/Spouse/Guest @ \$436.42 per couple \$ _____

Children ages 12 & over @ \$195 \$ _____

Children 5-11 @ \$105 \$ _____

Any child requiring adult meals, regardless of age should register at the \$195 rate

Subtotal: \$ _____

(PLEASE COMPLETE BOTH SIDES OF THIS FORM)

OPTIONAL EVENTS

If you are staying at the hotel for selected days only, or if you will be attending only specific convention events and are not staying at the hotel, please complete this section, follow the payment options below (listed prices include all applicable taxes and gratuities), and mail to the PSPA Executive Office no later than May 20, 2004.

THURSDAY, JUNE 24, 2004

"50'S NIGHT PHILLY STYLE" DINNER AT THE SHERATON SOCIETY HILL HOTEL

_____ members/guests/children @ \$40 per person \$ _____

FRIDAY, JUNE 25, 2004

GROUP BUFFET BREAKFAST

_____ members/guests @ \$20 per person \$ _____

_____ children(3-11) @ \$12 per person \$ _____

"TOUR OLDE CITY"

(Independence Hall, National Constitution Center, Betsy Ross House, Elfreth's Alley, Franklin Square, Liberty Bell)

_____ adults/children @ \$30 per person \$ _____

MYSTERY DINNER THEATRE

_____ adults @ \$50 per person \$ _____

_____ children (3-11) @ \$25 per person \$ _____

SATURDAY, JUNE 26, 2004

GROUP BREAKFAST BUFFET

_____ adults @ \$20 per person \$ _____

_____ children @ \$12 per person \$ _____

AMPHIBIOUS TOUR/INDEPENDENT SEAPORT MUSEUM

_____ adults/children \$30 per person \$ _____

PRESIDENT'S INSTALLATION DINNER

(Cocktail Reception, Hors d'oeuvres, Dinner, Entertainment, all taxes & Gratuities)

_____ adults @ \$80 per person \$ _____

_____ children @ \$30 per person \$ _____

Subtotal: \$ _____

Subtotal Registration Fee: \$ _____

Subtotal Optional Events: \$ _____

Grand Total: \$ _____

Payment method (check one)

Check Enclosed (payable to Philadelphia Chapter PSPA) MasterCard Visa

Account # _____ Expiration Date _____

PLEASE WRITE CLEARLY

Please Return Registration Form To:

PSPA
ATTN: Convention Registration
20 Erford Road, Suite 200A
Lemoyne, PA 17043

Payment and Cancellation Schedule:

Full registration fees for meals/activities or optional events are due with this form. Cancellations received in writing before May 20, 2004 will be fully refunded. Cancellations received on or after May 20, 2004 are subject to a \$100 cancellation charge.

PLEASE SEND THIS SEPARATE FROM ANY OTHER DOCUMENTS



PENNSYLVANIA TAX UPDATE

By Sharon R. Paxton

Catch-Up Provisions for Personal Income Tax Withholding

The Department of Revenue has issued a Notice allowing employers a grace period for adjusting their tax withholding to conform to the 2004 change in the Personal Income Tax rate. No interest will be imposed on catch-up withholding that is collected on or before March 31, 2004 and remitted no later than the employer's first scheduled remittance date thereafter. Any catch-up withholding remitted after this deadline will be subject to applicable interest and penalties.

Potential Business Privilege Tax Refunds

The Commonwealth Court recently issued a decision that may affect a business' liability for business privilege taxes, and create a refund opportunity for taxes paid on services performed outside the jurisdiction in which the business' offices are located.

On January 23, 2004, the Commonwealth Court ruled in *J & K Trash Removal, Inc. v. City of Chester* that the City of Chester has no authority to collect a business privilege tax on gross receipts earned outside the limits of Chester. The tax ordinance reviewed by the Court in *J & K Trash Removal* imposed a "business privilege tax" on "business transacted within the territorial limits of the City." Although it is well settled that the Local Tax Enabling Act permits municipalities to impose a business privilege tax on a taxpayer's entire gross receipts under a properly drafted ordinance, the Court held that the City's tax ordinance did not do so. Unlike the ordinances reviewed by Pennsylvania courts in prior cases (e.g., *Gilberti v. City of Pittsburgh*), the City of Chester's ordinance contains a specific territorial limitation.

While the City has filed an application for reargument and could seek further appeal to the Pennsylvania Supreme Court, there is a very good chance that the Commonwealth Court's ruling will be upheld.

Although this decision will not impact all business privilege taxes, it will affect the taxing authority of jurisdictions with ordinances that contain territorial restrictions on the scope of the tax. Taxing jurisdictions have traditionally ignored these territorial restrictions and asserted authority to tax all Pennsylvania receipts of service providers with an office in the jurisdiction. Taxpayers should determine whether their business is located in a jurisdiction that imposes a tax with a territorial limitation. If so, current filing practices should be re-evaluated and such businesses should consider filing for a refund of taxes previously remitted on receipts from services performed outside the taxing jurisdiction. Generally, a request for refund must be made within three years of the due date for filing the tax report or one year after actual payment of the tax, whichever is later. Refund claims for amounts paid as a result of a deficiency notice must be filed within one year of the date of payment.

Audited Periods May be Closed to Sales & Use Tax Refund Claims

In a reaction to the Pennsylvania Supreme Court's decision in *McNeil-PPC, Inc. v. Commonwealth* (Oct. 2003), the Department of Revenue has taken the position that an audited taxpayer must file a petition for refund within six

months of the mailing date of the Notice of Assessment or forfeit the right to claim a refund or credit for any tax overpayments made during the audit period (even if the standard three-year limitations period has not yet expired). The Department's interpretation is arguably inconsistent with the refund statute. However, to avoid potential jurisdictional problems, a business that is audited should consider filing a protective refund petition to preserve the right to claim a refund for Sales and Use Tax overpayments made during the audit period that have not been credited by the auditor.

Bulk Sale Enforcement

According to the most recent edition of the Department of Revenue's Pennsylvania Tax Update, bulk sale enforcement is becoming a major focus for the Department. Since January 2003, the Department has netted \$15 million from its increased enforcement efforts in this area. A bulk sale occurs when a taxpayer transfers 51% or more of its assets or any class of assets (real estate, equipment, inventory, etc.). If the purchaser does not secure a bulk sale clearance certificate from the seller, the purchaser becomes liable for the seller's state tax liabilities up to the date of sale, regardless of whether the taxes were settled, assessed or determined prior to the sale. In addition, a purchaser who fails to obtain a bulk sale clearance certificate is generally precluded from challenging the merits of the liability after the seller's appeal period has expired, even if the purchaser was unaware of the liability until after expiration of the appeal period.

Tax Settlement Must Be Approved by School Board

In *Berkheimer Associates v. Norco Motors*, the Commonwealth Court held that a settlement agreement negotiated by Berkheimer Associates, as the "duly appointed" collector of business privilege/mercantile taxes for the Owen J. Roberts School District and North Coventry Township, could not be enforced by the taxpayer against the School District absent formal school board approval. The school board had rejected the terms of the settlement agreement negotiated by Berkheimer Associates as its tax collection agent. The Court based its decision to reject the taxpayer's motion to enforce the terms of the settlement agreement on Section 508 of the Public School Code, which requires that any "contract" in excess of one hundred dollars be approved by a majority vote of the school board. Failure to comply with this provision rendered the settlement agreement between the taxpayer and Berkheimer Associates "void and unenforceable." The Court rejected the taxpayer's argument that the agreement should be honored because Berkheimer Associates had "apparent authority" to negotiate a settlement and warned that "[p]ersons relying on agreements with an agent of the school district without first obtaining approval by a vote of the majority of the members at a public meeting do so at their peril." The Court did not address whether the Township represented by Berkheimer Associates was bound by the agreement.

Sharon R. Paxton is a member of McNeese Wallace & Nurick LLC's State and Local Tax Group. Additional Pennsylvania tax information may be obtained at the firm's "Pennsylvania Tax Page" on the Internet at: www.mwn.com.



ACCOUNTING CONTINUING
PROFESSIONAL EDUCATION NETWORK
A Service to the Accounting Profession by, and for, State CPA Societies

QUALITY CPE JUST GOT MORE CONVENIENT & LESS EXPENSIVE!

We have been trying to find a way to better serve the CPE needs of those members who don't happen to live near the larger cities where we hold most of our CPE programs. Additionally, many members are forced to pay outrageous fees for more specialized CPE such as Yellow Book Auditing or Non-Profit Accounting. We are pleased to announce a new program that will satisfy all of these needs, plus it's convenient, inexpensive and will offer the same high quality you are used to. Sound too good to be true? Read on!

Beginning May 19, 2004, and each month thereafter, we are partnering with the Accounting Professional Education Network (ACPEN) to make top quality, live, interactive CPE programming available to all of our members. Using satellite technology at various locations throughout the Commonwealth, you will have a chance to join a national panel of experts as they discuss the latest accounting, tax and other CPE topics of interest to you.

Each program is specially crafted by ACPEN to take advantage of the best national talent available to offer powerful insights into the subject of the month. The unique ACPEN discussion format gives you hard information in an organized way that is engaging and thought provoking.

WHAT DOES IT COST?

PSPA members get 8 hours of CPE for as little as \$120. Register for the May 19th seminar and save an additional \$50. Attend three courses during the year and your 4th course is free!

You may participate in ACPEN programs in two formats:

- **Live Broadcasts received at satellite downlinks. Locations are listed on this announcement.**
- **Live Webcasts received on your own computer as the program is taking place.**

FREQUENTLY ASKED QUESTIONS

What is ACPEN? The Accounting Continuing Professional Education Network (ACPEN) is an innovative cooperative effort of many State CPA Societies, designed to help accounting and tax professionals like you gain the skills and knowledge that will help you succeed into the future.

What is it like to attend the satellite broadcasts and webcasts?
Each ACPEN broadcast is delivered to public sites by

satellite technology. Each site location (listed on this brochure) is a classroom setting similar to those with which you are familiar. Attendees will receive a course book and evaluation form upon arrival. The program will be presented on one or more large television monitors or, at some sites, large screen TVs.

Attendees can call or fax in questions which the panel will respond to during the program. In this way, **attendees can help plan the program to meet their needs exactly.** While the course is organized much like a traditional seminar, with breaks and a lunch period, ACPEN courses deliver a **unique educational bonus!** Instead of a single Discussion Leader, *each ACPEN course will give you the insight of a whole panel of anywhere from three to a dozen national experts, regulators and practitioners.*

Finally, the learning continues after the course is over! Again, ACPEN courses are unique in the CPE world, in that, after the course is over, you have 48 hours to email questions to the faculty! Speakers will respond to questions and expand on points that you need clarified.

Each ACPEN program provides eight CPE credit hours. The program begins at 10:00 am, and ends at 6:00 pm. You will have a morning break, a one hour lunch break and an afternoon break (lunch is not included in the registration fee). CPE credit certificates will be sent to participants following each satellite broadcast via email. ACPEN is on NASBA's National Registry of Approved CPE Sponsors.

ACPEN courses are also available as live webcasts (Pennsylvania CPA Learn), for full CPE credit, through internet video streaming technology. Participants, using their own computer, can join the rest of the thousands of accountants and other financial and tax professionals as an attendee through *Pennsylvania CPA Learn*. You are able to watch the broadcast, download the written materials and interact with speakers, live, during the program. A certificate documenting either full credit or some lesser amount, based on the Attendance Verification Code provided by the student at the end of the program. This will be sent as an email. Business Professionals' Network, Inc. is an accredited member of the NASBA National Registry of CPE Sponsors. **If you are interested in registering for a live webcast please go to the PSPA Home Page at www.pspa-state.org, and click on the red button for 'Webcast CPE'.**



WHERE WILL THE BROADCASTS BE HELD?

We will be holding the ACPEN broadcasts at the following locations:

Edinboro University

Porreco Center, Barn Classroom #9
2951 W. 38th Street, Erie, PA 16506
www.edinboro.edu for driving directions

Community College of Allegheny College (CCAC)

Boyce Campus, W413 & 415 West Wing
595 Beatty Road, Monroeville, PA 15146
www.ccac.edu for driving directions

Saint Francis College (SFU)

Business Resource Center
117 Evergreen Drive, Loretto, PA 15940
www.francis.edu for driving directions

Penn State Dubois (PSD)

Quiet Lounge, College Place, Dubois, PA 15801
www.ds.psu.edu for driving directions

Lock Haven University of PA (LHU)

401 North Fairview Street, Lock Haven, PA 17745
www.lhup.edu for driving directions

Penn State Mont Alto (PSMA)

One Campus Drive, Mont Alto, PA 17237
www.ma.psu.edu for driving directions

Harrisburg Area Community College (HACC)

Ted Lick Wildwood Conference Center, Mumma Hall
One HACC Drive, Harrisburg, PA 17110
www.hacc.edu for driving directions

Luzerne County Community College (LCCC)

Educational Conference Center, Room 119
1333 South Prospect Street, Nanticoke, PA 18634
www.luzerne.edu for driving directions

Reading Community College (RCC)

Berks Hall, Ten South Second Street, Reading, PA 19603
www.racc.edu for driving directions

Pennsylvania Institute of Technology (PIT)

Call 1-800-270-3352 for additional information

Delaware Valley College (DVC)

Sigety Room, Student Union Building
700 East Butler Avenue, Doylestown, PA 18901
www.devalcol.edu

De Sales University-Allentown (DSU)

Gates Distance Learning Center
2755 Station Avenue, Center Valley, PA 18034-9568
www.desales.edu for driving directions

2004-2005 Annual Curriculum

<u>Date</u>	<u>Subject</u>
May 19, 2004	Business Fraud Practical Techniques for Prevention and Detection
June 16, 2004	A Guide to Funding College and Retirement in a Tax-Efficient Way
July 21, 2004	Governmental Accounting & Auditing Update (Yellow Book)
August 18, 2004	Tax Controversy Tool Kit
September 22, 2004	Accounting & Auditing Update (Partial Yellow Book Credit, TBD)
October 20, 2004	Financial Planning Issues and Tactics in Today's Economy
November 17, 2004	Effective Tax and Retirement Planning for Small Businesses, Partnerships and LLC's

December 8, 2004 Annual Tax Update

January 12, 2005 Effective Controllershship Skills

May 19, 2004 - Business Fraud Practical Techniques for Prevention and Detection, #5194S

How does fraud affect your organization? Panelists will look at fraud from the technical, legal, and operational perspectives. Learn the steps every accountant can and should take to protect assets and financial statements from fraud. **CPE Hours: 8 hours Other**

June 16, 2004 - A Guide to Funding College and Retirement in A Tax Efficient Way, #6164S

Panelists will explain how to effectively and profitably serve clients who need help with one of the most important investments they make, their children's higher education. Our panel will show how the rules impact the various options parents can use for saving for college. **CPE: 8 Hours Tax**

July 21, 2004 - Governmental Accounting and Auditing Update (Yellow Book), #7214S

Hear the details about how the revised Yellow Book will affect your engagements and practice. Panel will review recent governmental accounting and auditing developments including including Single Audit issues, Yellow Book revisions (including new CPE requirements), new GASB pronouncements, audit issues, audit reports and issues on the horizon. **CPE: 8 Hours A&A (Yellow Book)**

August 18, 2004 - Tax Controversy Toolkit, #8184S

Learn the ins and outs of practice before the audit and collections divisions of the IRS. Topics will include: How to handle ethical issues, New Circular 230 rules requiring disclosure of documents in the possession of third parties, Handling the 100% penalty, Offers in Compromise and installment agreements, Why is the IRS winning its recent attacks on Family Limited Partnerships and many others. **CPE: 8 Hours Tax**

September 22, 2004 - 2004 Accounting and Auditing Update, #9224S

Our panel of experts will provide you with the technical and practical issues that must be addressed in 2004. Learn what the effect of Sarbanes-Oxley will be on small-to-medium sized entities not directly impacted by this revolution oversight of corporate accounting. Learn about the exposure drafts that will require dramatic changes in the performance of audits, and revisions to ethical rules that may restrict services to smaller clients. **CPE: 8 Hours A&A**

October 20, 2004 - Financial Planning Issues and Tactics in Today's Economy, #10204S

In recent years many CPAs have shifted their practice emphasis to include helping traditional accounting clients with this critical part of their lives. This seminar will focus on financial planning techniques in light of the important changes made in the tax laws since 2001, and the improving investment landscape. **CPE: 8 Hours Tax**

November 17, 2004 - Effective Tax and Retirement Planning for Small Businesses, Partnerships and LLCs, #11174S

The panel of experts will explore many issues that affect small business owners, including: changes in reasonable compensation rules, choosing the right retirement plan,

Continued on page 10



Quality CPE Just Got More Convenient & Less Expensive!

continued from page 9

effective use of cafeteria plans, planning for buyouts upon death or disability, accounting methods for small businesses-recent IRS initiatives, and many others. CPE: 8 Hours Tax December 8, 2004 - Annual Tax Update, #1284S The Expert ACPEN panel will provide you with the last-best preparation for your tax practice. This is one course we can't tell you exactly what will be discussed - and you wouldn't have it any other way! Our experts will focus on the important tax developments that will be in place by December 8, 2003. We can't tell you now what the changes will be but we can guarantee the best information anywhere on current tax issues...current to the day of the broadcast! Explore in detail the latest statutory, regulatory and judicial developments impacting tax issues. CPE: 8 Hours Tax

January 12, 2005, Effective Controllershship Skills, #1125S With this rapidly changing environment comes a need to master a variety of management techniques to fit constantly changing business requirements. This seminar will develop the skills needed to evaluate the unique circumstances in each business organization, and apply the appropriate management technique to maintain competitiveness and continuing improvement in a changing environment. This seminar will draw on the practical experiences of industry Controllers and CFOs from firms of varying size to give you the guidance you need to become a more efficient and more effective business partner in your company. You will end the day with truly useful tools to build your company in an uncertain tomorrow. CPE: 8 Hours

All courses outlined above are available on Live Webcast and be viewed at your own computer. Please go to www.pspa-state.org and click on the "Webcast CPE" red button to register or to receive additional information.

Registration Form or You Can Also Reigster at www.pspa-stat.org.

Please mail or fax the Registration Form with full payment to PSPA, 20 Erford Road, Suite 200A, Lemoyne, PA 17043 or FAX: (717)234-9556.

Table with 4 columns: COURSE CODE, PROGRAM TITLE, LOCATION (CODE), PRICE. Includes rows for 1-4 courses and a TOTAL row.

\$120 - EARLY BIRD - REGISTER BY MAY 5
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Indicate Method of Payment: Check Enclosed or Bill my: Visa MasterCard
Card # Signature:

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Attach this Coupon to Your Registration Form (above) & Mail Today

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KEEPING YOU *in the Know...*



From the staff of Custom Broker's Insurance

PSPA'S ENDORSED PROFESSIONAL LIABILITY INSURANCE COMPANY

Most accountants' professional liability policies are priced using a "Step Rating System." If you have never purchased professional liability insurance in the past, your firm will most likely pay the least amount for your first year of coverage. That is because the exposure is very small - the insurance company only covers your firm for services provided from the date you purchased "claims-made" insurance forward.

In year two, however, the insurance company is now covering two years of business activities, as the Prior Acts Date remains the date first used, thus making the exposure to a claim even greater. Step Rating is an automatic incremental process that takes each year of exposure into consideration when establishing premiums. After a period of continuous coverage, your firm will be at a "mature" rate and will continue to be rated based on the mature rate.

These Step Rate increases are independent of any overall rate increases that take place in the marketplace.



Left to right: Paulette Novak, Jeff Novak, Fred DiTomaso, Rose DiTomaso.

Registration with the Public Company Accounting Oversight Board Deferred Unit January 1, 2005

The Securities Exchange Commission has decided to defer until January 1, 2005, the requirement that auditors of nonpublic broker-dealers register with the Public Company Accounting Oversight Board. The Sarbanes-Oxley Act established a requirement that auditors of financial statements of public companies or "issuers" as defined in the law, register by October 22, 2003. However, there was no registration deadline with respect to auditors of broker-dealers that do not issue securities. While the SEC could change its mind about the 2005 registration deadline, for now, it permits privately held broker-dealers to file annually with the Commission and send their customers a balance sheet certified by an independent public accountant not registered with the Oversight Board.

The following amendment to the PSPA by-laws is being submitted for consideration at the 57th Annual Meeting. The amendment was drafted and submitted by Clem Piscitelli of the Buxmont Chapter, PSPA.

1. Any member reaching the age of 80, having ten (10) years active membership and being active as an accountant/tax preparer, be classified as "Semi-Retired" (SR).
2. Annual dues shall be \$75.00 per annum.
3. Proof of age shall be a copy of PA drivers license, birth certificate, baptismal certificate or any other official document(s) showing date of birth.
4. The Executive Office will be notified, prior to March 1 of each year, that a member has obtained 80 plus ten (10) years active service so that a correct invoice will be prepared for the coming fiscal year.
5. In the event that a member has not timely notified the Executive Office of their attaining age 80, then the member will change the amount on the invoice, submit proof of age and remit payment to the Executive Office.
6. The Executive Office shall make mention of this classification yearly at the annual meeting and the monthly newsletter.
7. This accomplishment will be recognized with a certificate to the member, signed by the President and the Executive Director.



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**PENNSYLVANIA SOCIETY OF
PUBLIC ACCOUNTANTS**

ACCOUNTANTS QUICK INDICATION FORM

- Firm Name: _____ Contact: _____
 Address: _____
 City: _____ State: _____ Zip: _____
 Phone: _____ Fax: _____ E-mail: _____
 Date Established: _____ Full Time Part Time
- Do you currently have Professional Liability Insurance? Yes No
 If Yes: Insurance Company: _____
 Retroactive Date: _____
 Expiration Date: _____ Current Premium: \$ _____
 Policy Limit: _____ Deductible: _____
 How many years have you had continuous coverage? _____
- Percentage of income derived from the following types of practice (total = 100%):

0% _____ Audit	0% _____ Bookkeeping	0% _____ Fiduciary/Trustee
0% _____ Review	0% _____ Tax	0% _____ EDP
0% _____ Compilation	0% _____ SEC	0% _____ Other (Specify)
- Fees for the last fiscal year: \$ _____
- | Total Staff | Full-Time | Part-Time |
|------------------------------------|-----------|-----------|
| Owners, officers, partners & CPA's | _____ | _____ |
| Non-CPA employees | _____ | _____ |
| Other employees/Clerical | _____ | _____ |
- Has the firm ever provided professional services to a financial institution, publicly traded company or insurance company?
 Yes No
- Total number of claims and circumstances in the last five years: _____
 If open, amount or reserves \$ _____ If closed, amount paid \$ _____
- Has any firm member been the subject or a complaint of disciplinary action or reprimand by any state board of accountancy or the S.E.C. or had a license or authority to practice revoked?
 Yes No
- Does any firm member receive commissions for the sale or promotion of any investment?
 Yes No
- Has the firm undergone a peer or quality review this year?
 Was it unqualified? Yes No

PLEASE NOTE - THIS IS AN ABBREVIATED FORM INTENDED TO ALLOW US TO PROVIDE NON-BINDING INDICATIONS OF ACCEPTABILITY AND PRICING. COMPLETION OF THIS FORM OR TENDERING PREMIUM WITH THIS QUICK INDICATION FORM DOES NOT BIND THE APPLICANT OR THE COMPANY TO COMPLETE THE INSURANCE. IN ORDER TO RECEIVE A FIRM QUOTATION OF TERMS AND CONDITIONS. A PROPERLY COMPLETED, SIGNED AND DATED EVEREST APPLICATION MUST BE RECEIVED AND REVIEWED BY THE UNDERWRITERS.



Chapter Meeting Dates

Buxmont Chapter

All meetings are held at Williamson's Restaurant,
Route 611 & Blair Mill Road, Horsham

MAY 25, 2004

TOPIC: Wage & Hour Update
SPEAKER: Ellenjayne MacPherson,
Department of Labor & Industry

JUNE 22, 2004

TOPIC: What Every Accountant Should Do Upon
Suspicion of Financial Wrongdoing
SPEAKERS: Gallion & Spelvogel, Attorneys-At-Law

Lehigh Valley Chapter

All meetings are held at the Holiday Inn East,
Bethlehem unless otherwise noted.

APRIL 20, 2004

TOPIC: Motivation in the Marketplace
SPEAKER: Scott Barr
CPE: 2 Hours Other

MAY 18, 2004

TOPIC: TBA

JUNE 22, 2004

TOPIC: TBA

Philadelphia Chapter

All meetings are held at Williamson's Restaurant,
City Line Avenue, Philadelphia (GSB Building)

MAY 10 2004

TOPIC: Retirement Planning for Small Business
CPE: 2 Hours

JUNE 7, 2004

TOPIC: Real Estate and Related Tax Issues
CPE: 2 Hours Tax

South Central Chapter

APRIL 21, 2004

TOPIC: Cash Flows/Tax Returns & Financial Statements
SPEAKER: Chuck Kern, CPA
CPE: 4 Hours Tax

MAY 19, 2004

TOPIC: Tax and Technology Roundtable
SPEAKER: Frank Kelly, EA
CPE: 2 Hours Tax, 2 Hours Other

Seminar Dates

ACPEN Satellite & Webcast CPE

MAY 19, 2004

Business Fraud Practical Techniques for
Prevention and Detection

JUNE 16, 2004

A Guide to Funding College and Retirement in a
Tax-Efficient Way

JULY 21, 2004

Governmental Accounting & Auditing Update
(Yellow Book)

AUGUST 18, 2004

Tax Controversy Tool Kit

SEPTEMBER 22, 2004

Accounting & Auditing Update
(Partial Yellow Book Credit, TBD)

OCTOBER 20, 2004

Financial Planning Issues and Tactics in Today's Economy

NOVEMBER 17, 2004

Effective Tax and Retirement Planning for
Small Businesses, Partnerships and LLC's

DECEMBER 8, 2004

Annual Tax Update

JANUARY 12, 2005

Effective Controllership Skills



Seminar Dates

Gear Up Accounting Seminars

MAY 20 & 21, 2004

Eden Resort, Lancaster

CPE: 16 Hours Accounting

Sponsored By: Central/South Central
Joint Education Committee

JUNE 7, 2004

Location TBA

CPE: 8 Hours Accounting

Sponsored By: Pittsburgh Chapter

JUNE 14, 2004

Radisson Hotel, Trevoise

CPE: 8 Hours Accounting

Sponsored By: Buxmont Chapter

August 19, 2004

Clarion Hotel, Scranton

CPE: 8 Hours Accounting

Sponsored By: Northeast Chapter

SEPTEMBER 24, 2004

Holiday Inn Bethlehem

CPE: 8 Hours Accounting

Sponsored By: Lehigh Valley Chapter

Gear Up Business Entities Seminars

SEPTEMBER 16 & 17, 2004

Radisson Penn Harris Hotel, Camp Hill

CPE: 16 Hours Tax

Sponsored By: Central/South Central
Joint Education Committee

SEPTEMBER 22, 2004

Clarion Hotel, Scranton

CPE: 8 Hours Tax

Sponsored By: Northeast Chapter

SEPTEMBER 28, 2004

Springfield County Club

CPE: 8 Hours Tax

Sponsored By: Philadelphia & Southeast Chapters

OCTOBER 19, 2004

Location TBA

CPE: 8 Hours Tax

Sponsored By: Pittsburgh Chapter

OCTOBER 19 & 20, 2004

Radisson Hotel, Trevoise

CPE: 16

Sponsored By: Buxmont Chapter

Gear Up 1040 Tax Seminar

NOVEMBER 1 & 2, 2004

Marriott Hotel, Harrisburg

CPE: 16 Hours Tax

Sponsored By: Central/South Central
Joint Education Committee

NOVEMBER 10 & 11, 2004

Holiday Inn Bethlehem

CPE: 16 Hours Tax

Sponsored By: Lehigh Valley Chapter

NOVEMBER 10 & 11, 2004

Woodlands Inn, Wilkes Barre

CPE: 16 Hours Tax

Sponsored By: Northeast Chapter

NOVEMBER 16 & 17, 2004

Springfield Country Club

CPE: 16 Hours Tax

Sponsored By: Philadelphia & Southeast Chapters

NOVEMBER 22 & 23, 2004

Marriott Hotel, Harrisburg

CPE: 16 Hours Tax

Sponsored By: Central/South Central
Joint Education Committee

DECEMBER 6 & 7, 2004

Radisson Hotel, Trevoise

CPE: 16 Hours Tax

Sponsored By: Buxmont Chapter

DECEMBER 9 & 10, 2004

Location TBA

CPE: 16 Hours Tax

Sponsored By: Pittsburgh Chapter

Gear Up 1041 Seminar

SEPTEMBER 23, 2004

Holiday Inn Bethlehem

CPE: 8 Hours Tax

Sponsored By: Lehigh Valley Chapter

Gear Up Technology Seminar

JUNE 15, 2004

Radisson Hotel, Trevoise

CPE: 8 Hours Other

Sponsored By: Buxmont Chapter

JUNE 22, 2004

Hilton Hotel, Scranton

CPE: 8 Hours Tax

Sponsored By: Northeast Chapter



Odds & Ends

Employers Provide Debit Cards for Flexible Spending Account Payments

The IRS has indicated that employers offering flexible spending accounts may provide participants with debit cards to pay for medical expenses which are not covered by their health insurance. The flexible spending accounts are funded with pre-tax dollars and lower the compensation and income taxes of participating workers. Furthermore, employers as well as employees lower their share of payroll taxes, providing an added incentive for participation in these plans. Since the use of the debit cards, which the employer must provide for the employee, will reduce much of the paperwork associated with the flexible spending accounts and increase quick access to funds in the account, it is anticipated that far more employees will participate.

A Team Effort to Uncover Abusive Tax Shelters

The IRS and state tax officials nationwide, have established a partnership designed to combat abusive tax shelters. According to the IRS, the agencies will share information on abusive tax avoidance transactions and the taxpayers who participate in them. The IRS says that the agreements are designed to enable both state and Federal governments to be more aggressive in ensuring that all taxpayers pay their fair share of taxes. One business area being investigated right now are automobile dealerships. The IRS says it has identified an increase in scams and fraud involving the automotive sales industry and that its criminal investigations division is in the process of conducting investigations relating to tax evasion, employment tax fraud, money laundering conspiracies, and violations of the Bank Secrecy Act.

9-11 Victim Compensation Fund

The IRS has announced that payments made to surviving family members from the 9-11 Victim Compensation Fund are tax-free whether made in the form of a lump-sum or periodic payments. Claims had to be filed by December 22, 2003, and more than 95% of victims' family members have opted for payments from the fund rather than seeking higher payouts via litigation.

Home Exercise Equipment May Qualify as Medical Expense

The IRS has ruled that the cost of home exercise equipment qualifies as a medical expense if prescribed by a doctor to treat obesity or other illness. However, to obtain the deduction, the taxpayer must show that the equipment was purchased to treat the disease and not for general health, and that he or she would otherwise not have incurred the outlay. The ruling makes it possible to utilize a flexible spending account to make the purchase using pre-tax dollars.

Offers In Compromise Fees

Since November 1, 2003, the IRS is charging a \$150 application fee to process offers of compromise made by taxpayers to settle outstanding tax liability at less than their full amount. Then, if an offer is accepted, it will be reduced by the fee paid. However, the fee will not be refunded if an offer is withdrawn, rejected or returned as non-processible after initial acceptance. The fee does not apply to offers where a genuine dispute as to tax liability exists or to offers made by taxpayers whose income falls below poverty guidelines set by the Department of Health and Human Services. The IRS hopes that the fee will reduce the number of inappropriate offers being filed by taxpayers. Incidentally, user fees for letter rulings, employee plan rulings and exempt organization determination letter which were set to expire were extended through December 31, 2004 by recent legislation.

IRS Offers Tax Break to Some S-Corps

Partners and S corporation shareholders that failed to do enough seasonal business to use a fiscal year for tax purposes and have to switch to a calendar year are being given a tax break. The IRS is allowing them to report the income from the partnership or S-corporation's short tax year over a 4-year period. Formerly the full tax had to be paid in the year of the switch. The IRS largesse only applies to short tax years ending on or after May 10, 2002. The change in the rules may enable partnerships and S-corporations that followed earlier IRS rules to obtain tax refunds for year 2000.

No Deduction for Home Schooling Parents

Although teachers are eligible to deduct up to \$250 for outlays they made for classroom supplies, the IRS cautions that this deduction is not available to home schooling parents. The deduction is limited to counselors, principals and teachers in grades K - 12 who work more than 900 hours in a school year.

DOR Adds Business Tax Penalty and Interest Calculator to Website

The Department of Revenue recently added an online Business Tax Penalty and Interest Calculator to their Web site. Taxes that are included are as follows:

- Sales, Use Tax
- Corporation Tax
- Realty Transfer Tax
- Employer Tax for Quarterly Filers {1985 & Later}
- Employer Tax for Monthly Filers {1985 & Later}
- Employer Tax for Semi-Monthly {1985 & Later}
- Deferred Payment Plan

Penalty and interest calculators for Personal Income Tax and Inheritance Tax are also available on the DOR web site.



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Editor's Note:

If you would like to submit an article for publication please contact the PSPA Executive Office at 1-800-270-3352 for submission deadlines and for a copy of the author guidelines.



THE PENNSYLVANIA ACCOUNTANT



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