



The Iowa Accountant

Year 2005, Issue 1

Fall-Winter, 2005

President's Message

Dear Fellow AAI Members:

It was just sixteen short years ago when I started my first full tax season. I was still doing returns by hand and wondering what I had gotten myself into. I dreamed of someday using technology other accountants had and processing tax returns on a computer. WOW! Has life ever changed? Now I have more computers and printers than employees, and we use scanner technology to do paperless filing in our office. The IRS is even making it easier to use technology to resolve tax issues.

I would like to encourage each of you to sign up for e-services with the IRS. This program allows you to communicate quicker and easier with IRS staff and resolve many problems without a phone call. It is open to all practitioners who have filed 5 or more electronic returns. This is a great time saver and will allow you to give faster service to your clients.

I am again privileged to serve as your president for 2005 – 2006. I have enjoyed the last year and look forward to the challenges that face us in the upcoming year. One of the biggest challenges I see is in the area of membership. As an organization, we have seen a slight decrease in membership over the last few years. I know as firms merge and accountants retire, we are losing some members to attrition. This is to be expected. However, I know that there are new accountants opening businesses each year.

Will you please help me gain new members by asking those in practice around you to join us? The benefits of membership are many, including high quality continuing education, networking and representation on the state and federal level. Please consider asking a friend to join AAI in 2006.

I would also like to extend a hand of friendship to the other accounting associations in the state of Iowa. If you are a member of an organization other than AAI, as many of us are, would you consider talking to your leadership about combining our efforts? With more attendees at each class, we will be able to offer even better continuing education to practitioners. I believe we have the best education available in the state of Iowa, but we can always improve. If you are reading this and would like to talk to me about it, you may call me at 319-373-8801 or email me at joel@grandontax.com.

In closing, I would like to congratulate outgoing Iowa Department of Revenue Director Michael Ralston on the fine job he has done. Mr. Ralston has worked hard to improve the quality of customer service within the department. He has been a great help to AAI in providing speakers and providing answers to questions. Thank you Michael.

Have a great tax season and I look forward to seeing each of you in Ames for our May Accounting Seminar on May 22 and 23, 2006.

Joel

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Officers for 2005

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District 1 Director

Vacant position

District 2 Director

Vacant Position

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District 5 Director

Vacant position

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NSA State Director

Vacant position

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The Iowa Accountant is published by the Accountants Association of Iowa. Send articles or corrections to the editor.



OUR SINCERE SYMPATHY TO KEN STOAKES (AAI SECRETARY-TREASURER) AND HIS FAMILY ON THE LOSS OF THEIR WIFE MOTHER AND GRANDMOTHER, PHYLLIS STOAKES.

YOU ARE IN OUR THOUGHTS AND PRAYERS.

ACCOUNTANTS ASSOCIATION

OF IOWA

PO BOX 63

CRESTON, IA 50801

PHONE: 641-782-2401

FAX: 641-782-2401

EXECUTIVE SEC.—KAY PUSCAS

EMAIL: AAI_IOWA@IOWATELECOM.NET

Upcoming Events

Mark your 2006 calendars!



Legislative Day

Des Moines
January, 2006

**SSARS Training,
IRS and State of Iowa**

Gateway Center
Ames, IA
May 22-23, 2006

Seminar to be Announced

Des Moines
August 22, 2006

PTI 1040 Tax Conference

Clarion Hotel and Conference Center
Cedar Rapids, IA 52404
October 25-26, 2006

"Gear Up" 1040 Seminar

Des Moines
November 16-17, 2006

CONGRATULATIONS!

David O. Short, AAI member from Cedar Falls was granted AAI Life Member Status.



**WE REMEMBER AAI
MEMBERS:**

Alan McFee
Passed away May 20, 2005

Lowell Strong
Passed away October 31, 2005

Our sympathy to their families.

Jim Carney, Legal Counsel/Legislative
Counsel

400 Homestead Building

303 Locust Street

Des Moines, Iowa 50309

515-282-6803; fax-515-282-4700

[e-mail: carney_cablaw@dwx.com]

Miscellaneous News

ACCOUNTANTS ASSOCIATION OF IOWA REGULAR BOARD MEETING MINUTES AUGUST 23, 2005

The meeting was called to order by President Joel Grandon with the following members present: Joel Grandon, Ivan Ging, Paul Nielsen, Ken Stoakes, Harold Alt, Wayne Gardner, and Kay Puscas, Executive Secretary.

Ken Stoakes gave the treasurer's report.

OLD BUSINESS:

The multi-firm discount discussed at a prior meeting will be implemented with the next seminar.

Ivan Ging made a motion to raise the exhibitor fee to \$200 this year and \$250 next year. Each exhibitor to receive free advertising in the next four issues of the newsletter. Seconded by Harold Alt. Motion passed.

NEW BUSINESS:

PTI will be October 26 & 27. Gary Fisher will be the coordinator.

Joel announced that Gen McGregor would be the new Newsletter Editor.

Discussion followed regarding having a PDF format member application on the web site. Joel will check with 64 Court Square.

Fall Gear Up 1040 Seminar will be held November 17 & 18 at the Four Points Sheraton (this was later moved to the Hilton Garden Inn) with Paul Nielsen as Chairman. President Grandon announced that there would not be a banquet but any member that attends will be invited to join the group for dinner. The Board meeting will be the 16th with dinner for the Board Members. Gen McGregor will be in charge of the Hospitality Room.

Kay will send seminar dates and other update information to 64 Court Square.

Joel announced that any person joining AAI during the last quarter of the year would also receive membership for 2006 without any additional cost.

A member is needed to fill the position of NSA State Director.

A member or members are needed to work on the Peer Review process.

District 1 and 3 are planning a joint meeting.

May 22-23, 2006, at the Gateway Center in Ames will be the Spring Seminar. Subject matter will include SSARS. Possible speaker will be Bob Jennings. The IRS is also interested in having a joint meeting again this year.

2006 PTI seminar will be October 25-26th.

2006 fall 1040 seminar will be November 16-17th.

Ivan made a motion the meeting be adjourned. Seconded by Ken Stoakes.

Kay Puscas,
Executive Secretary



TAX PRACTICE FOR SALE – Looking to add some clients?? Southern Iowa Enrolled Agent practice - \$25K gross in '05. Individual returns, several farm and some small business. For more information call Lee McFee, 641.236.2109 or email leemcfee@iowatelecom.net



INTERNAL REVENUE SERVICE NEWS

OCTOBER 2005

Headliner Volume 131

August 31, 2005

Signature Requirements on Extension Requests

Tax professionals have questioned why IRS has returned extension requests, particularly Form 2758, Application for Extension of Time to File Certain Excise, Income, Information, and Other Returns, and Form 8800, Application for Additional Extension of Time to File U.S. Return for a Partnership, REMIC, or for Certain Trusts, requesting an original signature.

Notice 2004-54, issued in August 2004, does allow income tax return preparers to sign original returns, amended returns, or requests for filing extensions by rubber stamp, mechanical device, or computer software program. However, that policy change only applies when the preparer signs as an income tax return preparer, and not when the preparer signs on behalf of the taxpayer. In practical terms, only those documents that include a separate signature line for a paid tax preparer may be signed using an alternative means of signature. When the form requires only one signature, the signature must be done manually.

Forms 2758 and 8800 do not include a separate signature line for paid tax preparers and require an original signature.

• [Revenue Procedure P-2005-67](#) provides rules for employees who are reimbursed for lodging, meals, and incidental expenses, or meals and incidental expenses only, while traveling away from home to substantiate the expenses by per diem allowance in lieu of actual expenses. The revenue procedure also provides an optional method for employees and self-employed individuals who are not reimbursed to use in computing the deductible costs paid or incurred for business meal and incidental expenses, or for incidental expenses only if no meal costs are paid or incurred, while traveling away from home. Use of a method described in this revenue procedure is not mandatory, and a taxpayer may use actual allowable expenses if the taxpayer maintains adequate records or other sufficient evidence for proper substantiation.

Contact Information

IRS Disaster Assistance Hotline – 1-866-562-5227 has been established for hurricane victims or tax professionals needing help with tax matters. Hours are Monday through Friday from 7:00 am to 10:00 pm local time.

IRS Practitioner Priority Service – 1-866-860-4259 is a

toll-free, accounts-related service for tax practitioners. Hours are Monday through Friday from 7:30 am to 5:30 pm local time.

New site for Money Service Businesses: <http://www.msb.gov/>

This site was created to address the needs of a special category of financial institutions under the Bank Secrecy Act (BSA) referred to as Money Services Businesses or MSBs.

Using this website will help you learn more about MSBs and the BSA requirements that apply. New materials are being added regularly. Please look for this information under "[What's New?](#)"

INTERNAL REVENUE SERVICE NEWS

NOVEMBER 2005

INFLATION ADJUSTMENTS

• The Social Security limit has been announced for 2006 at \$94,200.

OTHER NEWS:

• The IRS.gov Web site offers tax professionals quick links through the [Basic Tools for Tax Professionals](#) page. These includes links to "where to file" addresses, forms and publications, EIN information, tax law changes and much more. Go to www.irs.gov, click on "Tax Professionals", and then on "Basic Tools for Tax Pro". Save this page as a favorite!

• You may use your Preparer Tax Identification Number (PTIN), instead of your Social Security Number (SSN), on returns you prepare for clients

(Continued on page 6)

(Continued from page 5)

(so you do not have to disclose your SSN on those returns.) You may apply for a PTIN only if you are a paid tax return preparer. If you use a PTIN, you will meet the requirement under IRC section 6109(a) (4) of furnishing your identifying number on returns you prepare. The PTIN cannot be used in place of the Employer Identification Number (EIN) belonging to the tax preparation firm. You can apply for a PTIN online through [e-services](#) or by using [Form W7P](#).

●e-Services hints:

Having trouble registering for e-services? Call 866-255-0654 to confirm how your business name is listed on our system.

Remember to update your e-File application when information about your firm changes (name, principals, or the users you delegate to use e-services).

The e-service system “times out” after 15 minutes of inactivity. Remember to hit “save” or “add” frequently while using the system. Also, you write your Electronic Accounts Resolution (EAR) problem in your own word processing document, then copy and paste it into EAR.

A search under Disclosure Authorization will only show those Powers of Attorney that you have submitted through e-services. For a complete list of all your Powers of Attorney, you can submit a Freedom of Information Act (FOIA) request through your Disclosure Officer.

RECENT GUIDANCE

●**IR-2005-129 Abusive Transaction Settlement Initiative**

There is a broad-based, limited-in-time opportunity for taxpayers to come forward and settle an array of transactions the IRS considers abusive. Taxpayers who undertook these deals will have until January 23, 2006 to submit their settlement papers to the IRS. The initiative identifies 21 transactions eligible for the program.

[Fact Sheet 2005-17](#)

[Announcement 2005-80](#)

[Announcement 2005-80, Transactions-Specific](#)

Settlement Provisions

●**Notice 2005-77**, announces amendments to the regulations under section 6012 of the Code to create a new exception to the filing requirement for nonresident alien individuals who are required to file a return under the present regulations solely because they earn wages that are effectively connected with a U.S. trade or business. The new exception will be limited to nonresident alien individuals earning U.S. source effectively connected wages in an amount less than the personal exemption amount under section 151.

●[Revenue Procedure 2005-60](#) informs Authorized IRS e-file Providers of their obligations.

●[Revenue Procedure 2005-67](#) provides rules for employees who are reimbursed for lodging, meals, and incidental expenses, or meals and incidental expenses only, while traveling away from home to substantiate the expenses by per diem allowance in lieu of actual expenses.

●[Revenue Procedure 2005-70](#), sets forth the cost-of-living adjustments for 2006 to certain items as required under various provisions of the Code. The items that are adjusted include the tax rate tables for individuals, estates, and trusts, the standard deduction amount, and the personal exemption amount.

IRS NEWS ITEMS

December 2005

Scam Alert: The IRS is warning of an of an e-mail-based scheme that sends recipients to a phony site that mimics an IRS.gov page, in an attempt to get taxpayers to reveal their personal information. The IRS does not send or ask for sensitive information via e-mail.

IRS computer changes affect Direct Debit Installment

(Continued on page 7)



IRS News

(Continued from page 6)

Agreements. IRS will be unable to automatically withdraw these payments for December 2005 and January 2006 due to major computer system upgrades. Taxpayers may avoid the accrual of additional interest and penalties by mailing a payment using an envelope provided or using [electronic payment options](#). Automatic withdrawal of taxpayer installment payments will resume in February 2006.

The Internal Revenue Service invites you to attend our six-state area **Practitioner Phone Forum** on Thursday, January 12, 2006 via a special toll-free number from 12:00 PM to 1:00 PM CT. The topic is **E-services: The Registration Process**. To join the Practitioner Phone Forum, please e-mail your **RSVP** to sbse.tec.milwaukee@irs.gov by January 11. You may also call Kerstin Lanser at 414 297-1509 or Susan Logsdon at 414 297-3421 to make a reservation. Because phone lines are limited, reservations are on a first-come, first-served basis. Call-in information and handouts will be e-mailed to you.

The new **standard mileage rates** for 2006 have been announced. (The standard mileage rate for business was 40.5 cents per mile for January through August 2005, and 48.5 cents per mile for September through December 2005). Note special rates for Hurricane Katrina related charitable mileage.

The standard mileage rates for 2006 are as follows. See the Revenue Procedure 2005-78 for details:

Business	44.5 cents per mile
Charitable (general)	14 cents per mile
Hurricane Katrina deduction	32 cents per mile

Hurricane Katrina reimbursement

44.5 cents per mile

Medical and moving

18 cents per mile

Bankruptcy Law Changes. Bankruptcy petitioners have new tax requirements due to last year's law change. Debtors must not only comply with filing their returns but also must provide copies of the tax returns or risk dismissal or conversion of their case. Chapter 13 debtors must file all tax returns for the four-year period before the bankruptcy petition. Bankruptcy petitioners must stay compliant with taxes, even post-petition. Taxes assessed through "Substitute for Return" procedures cannot be discharged in bankruptcy. The IRS now has a centralized insolvency number: 800-913-9358.

Tax Talk Today, at www.taxtalktoday.tv, features monthly web-cast programs of interest to tax practitioners. These programs have both IRS personnel and private practitioners. They can viewed for free, or CPE credit can be obtained for a small fee. They usually run for one hour, from 1-3 pm CT. If viewed live, the viewer can fax or email questions to the panel. Archived programs can also be viewed later, as well as written transcripts of the programs.

Six Month Extensions. Beginning with 2005 returns due in 2006, individuals will be able to use a single IRS form ([Form 4868](#)) to get an automatic six-month extension of time to file. Business taxpayers will use [Form 7004](#) to request an automatic six-month extension of time to file for many business returns, including corporation, partnership and fiduciary returns.

**HELP YOUR CLIENTS SAVE OVER \$3,000
IN TAX SAVINGS EACH YEAR!**

Imagine offering your clients a means of deducting health insurance premiums and out-of-pocket medical expenses on their Schedule C. It's possible when you introduce your clients to an IRS approved Section 105 HRA.

Administering this type of plan is made easy with BASE*. As a BASE* Business Partner, you can help your clients realize a significant tax savings with the BASE* 105 HRA. Plus, you have the option to receive compensation for every customer you help enroll!

BASE* will provide you with all of the support you need to properly implement an HRA with your clients. Don't let your clients miss out on another month of deductions. Take advantage of this opportunity and become a BASE* Business Partner today!

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MAR 05, 2005



**THE NATIONAL SOCIETY OF ACCOUNTANTS (NSA) IS YOUR
ONE-STOP SOURCE FOR ALL YOUR ACCOUNTING AND TAX SOLUTIONS!**

MEMBERSHIP APPLICATION

1010 North Fairfax Street • Alexandria, Virginia 22314 • 703-549-6400 • 800-966-6679 • Fax 703-549-2984 • www.nsacct.org

YES! I want to join NSA—the leading association for accounting and tax practitioners.

Name: Mr. Mrs. Ms.

Mailing Address _____ City _____ State _____ Zip _____
 () ()
 Phone _____ Fax _____ E-mail _____

Membership Categories

ACTIVE MEMBER: Active Members are required to meet continuing education requirements, completing a minimum of 72 credit hours in each three-year reporting cycle, with a minimum of 16 credit hours in any one year. **Active Members must be in public practice and meet one of the following requirements.** Check all applicable statements.

I have a valid permit/license granted under state law for the public practice of accountancy and/or taxation:

<input type="checkbox"/> Public Accountant	License No./State:
<input type="checkbox"/> Accounting Practitioner License	License No./State:
<input type="checkbox"/> Tax Permit/License	License No./State:
<input type="checkbox"/> Certified Public Accountant	License No./State:

I am accredited by the Accreditation Council for Accountancy and Taxation® in: Accountancy, Tax Preparation, Tax Advising

I am enrolled to practice before the IRS. Enrollment: # _____

I have an Associate, Baccalaureate or higher degree with a minimum of 24 semester hours in accounting.
 Highest degree is: _____

I have 3+ years experience in public accounting and/or taxation. Within 5 years of joining, I must meet at least one of the criteria for active membership outlined above.

ASSOCIATE MEMBER: Associate members, who are not eligible to vote or hold office, do not need to meet continuing education requirements. If you have the following qualifications, you are eligible for Associate Membership. Please check one:

- I am an owner, partner, or employee of an accounting and/or tax firm & do not meet Active Member requirements.
- I am employed in government, a financial institution, private sector business or a non-profit entity. My primary responsibilities are accounting and/or taxation.

INTERNATIONAL ASSOCIATE MEMBERS:

I live outside the United States & its Territories.

EDUCATOR ASSOCIATE MEMBERS: If your primary occupation is teaching accounting at an accredited college or university, then you are eligible for NSA Educator Associate Membership. Educator Associate Members are not eligible to vote or hold office, nor must they meet continuing professional education requirements.

STUDENT ASSOCIATE MEMBERS: Student members can take advantage of all benefits and services to help them in their careers as future accountants. Full-time accounting and/or business administration curriculum qualify.

Please complete the following

Graduate Undergraduate Graduation Year _____

Membership Dues

Total Due: \$ _____

Active & Associate Members	\$179
International Associate Members	\$179
Educator Associate Members	\$54
Student Associate Members	\$30

PAYMENT TYPE:

Check made payable to NSA enclosed Credit card: Visa MasterCard Discover
 Account #: _____ Exp. Date: _____ Signature: _____

AFFILIATIONS

Your type of practice: Corporation Partnership Sole Practitioner LLC LLP Other

Your role in the practice: Sole practitioner Partner Principal Employee Other

Are you an Electronic Return Originator (ERO)? Yes, Year Designated: _____ No

Other professional accounting/tax associations to which you belong: _____

I hereby state that the above statements are correct to the best of my knowledge and belief. I further state that I will abide by the Constitution and Bylaws of the Society and will practice in strict conformity with the Code of Ethics and Rules of Professional Conduct adopted by the Society. (Please go to www.nsacct.org or call NSA at 703-549-6400 for NSA's Code of Ethics.)

Applicant Signature _____ Date _____
 Sponsor Signature _____ Date _____

IMPORTANT NOTE: A COPY OF YOUR PROFESSIONAL STATIONERY OR BUSINESS CARD MUST ACCOMPANY THIS APPLICATION. Revised 9/13.



AAI Application for Membership

APPLICATION FOR MEMBERSHIP ACCOUNTANTS ASSOCIATION OF IOWA

Applicant: _____ S.S. # _____
(Write your name as you wish it to appear on your AAI Membership Certificate)

Name of Firm: _____ Position in Firm: _____
(Owner, Officer, Employee)

Business Address: _____ Business Tel. #: _____

City _____ State _____ Zip _____ FAX #: _____

Number of years experience in accounting: _____ Are you engaged in full-time public practice?
 Yes No

Any additional comments which would further clarify your employment status? _____

Type of membership status you are applying for: Full Member Associate Member Student Member

List Colleges attended, degrees held, or number of years of college: _____

Are you a Certified Public Accountant? Yes No If yes, CPA Number & State: _____

Are you a licensed AP or LPA? Yes No If yes, License Number: _____

Are you an Enrolled Agent? Yes No If yes, Registration Number: _____

Are you a member of the National Society of Accountants (NSA)? Yes No

Are you engaged in any other trade, business or profession? Yes No If yes, please describe: _____

Please identify all National and State accounting or tax organizations in which you hold membership: _____

How did you hear of AAI? _____

If approved for membership, would you be willing to serve on a committee? Yes No

I hereby state that the accompanying statements are correct to the best of my knowledge and believe that I have not suppressed any information which might have a bearing on this application.

I further state that if accepted as a member, I will abide by the Constitution and Bylaws of the Association and will practice in strict conformity with the Rules of Professional Conduct adopted by the Association. In the event that my membership terminates for any reason, I agree to return my Membership Certificate.

If for any reason my application is rejected, it is understood that my dues will be refunded in full.

Dues \$125.00 Method of Payment Check Enclosed MC/Visa # _____

Signature _____ Exp. Date _____

----- DO NOT WRITE BELOW THIS LINE -----

District Director Approving Membership:

Signature Title Date

State Membership Officer Approving Membership:

Signature Title Date

ADDRESS:
ACCOUNTANTS ASSOCIATION OF IOWA
P.O. Box 63, Creston, Iowa 50801
Phone & Fax: 641-782-2401



LPA'S AND PEER REVIEWS

Susan Loy, LPA,

Chair, Iowa Accountancy Examining Board

If you are a licensed LPA in Iowa and used NSA's peer review program for your first peer review, you have undoubtedly been informed that NSA has decided to terminate their peer review program immediately. Being new to the whole concept of peer reviews, this is just what we needed to hear!

Several months ago we received a call in our office from Steve Hanson, the chair of NSA's peer review committee concerning the possibility of the program ending. Knowing that David was then State Director and I was on the State Board, he knew he could accomplish a lot of communication with that one call. While it appeared that the end was not imminent, it was time to start some investigation into other programs.

The Minnesota Association of Public Accountants (MAPA) was open to the idea of taking on the report reviews that NSA had been performing for Iowa licensees. The plan was that the State Board would review their program and then have two or three LPA's use the program this fall and evaluate it prior to the Board giving blanket approval of the program. This process was started.

With the announcement of the end of NSA's program, the State Board has given approval of the use of MAPA's program for at least the next few months. We will still be evaluating the program with a few selected licensees, but we an-

ticipate that we will find the program to be a fair and strong system.

If you are in need of a peer review, please contact John Arlandson at 651-635-0706 or by email at jarlandson@assocmgmt.org. Please keep in mind that at the current time the only peer reviews that will be accepted by the Accountancy Board are those performed by either ISCPA or MAPA. Use of any other program would need prior approval from the Board.

BUYING A BOAT?

Sales of boats and other watercraft in Iowa are subject to the state sales tax rate of 5 percent and any applicable local option taxes. As of July 1, 2005, this is the case not only for sales by dealers, but also for sales between individuals. The "casual sale" exemption no longer applies to sales of boats and other watercraft by individuals who are not regularly engaged in making such sales.

Anyone purchasing a boat from an individual should obtain a receipt that shows the purchase price of the boat and the cost of the trailer if one was purchased with the boat. The buyer will then pay the 5 percent sales tax, plus any applicable local option tax, on the cost of the boat to the county recorder when the boat is registered. The rate of local option tax is based on where the buyer takes possession of the boat.

The 5 percent motor vehicle use tax on the cost of the trailer is paid to the county treasurer when the trailer is registered with them. Local option tax does not apply to purchases subject to motor vehicle use tax, so the trailer will be taxed at the 5 percent rate only.



Iowa Changes for 2005

Here's a list of what we have so far for the 2005 Iowa Income Tax Return.

2005 Iowa income tax forms and Expanded Instructions are scheduled to go online before Thanksgiving. These can be found at the Iowa Department of Revenue Web site at www.state.ia.us/tax

Due Date: May 1, 2006.

Car registration deduction change: This deduction can only be taken on line 37. Please see line 37 instructions.

New on Iowa Schedule A: The itemized deduction for state sales and use tax paid is allowed only if the taxpayer claimed an itemized deduction for state sales and use tax paid on the federal return.

New deductions on line 24: Domestic production activities, Organ transplant expenses

New credits on line 54: Economic Development Region Revolving Fund Tax Credit, Venture Capital Credit

New credit on line 66: Soy-based Cutting Tool Oil Credit

Adjusted gross income (AGI) for tax year 2005 - Iowa Itemized Deduction Worksheet 41-104. Federal adjusted gross income (AGI) for 2005 has changed to \$145,950 (\$72,975 when claiming married filing separately for Federal purposes). Those whose income exceeds the above amounts may not be able to deduct all of their itemized deductions and must complete the depart-

ment's worksheet 41-104.

FICA payments for tax year 2005 in excess of \$5,580 for Social Security tax for each person and credit for Federal tax paid on fuel can be deducted as a Federal tax payment on line 33.

Interest rate for tax year 2006: 8% per year; 0.7% per month; 0.021918% per day.

Iowa Educational Savings Plan Trust: The deductible amount for tax year 2005 cannot exceed \$2,375 per beneficiary. See line 24.

Line 33a tax benefit rule: Federal income taxes paid for a tax year in which an Iowa return was not required to be filed cannot be deducted on the Iowa return. Federal Income tax refunds received for a tax year in which an Iowa return was not required to be filed are not required to be reported in the year the refund was received.

Power of Attorney Form: The Federal Power of Attorney form is now accepted by the Iowa Department of Revenue. You must write a statement on the Federal form that indicates you are submitting it for use with State of Iowa forms. The statement needs to be initialed by the taxpayer.

Standard Deduction for tax year 2005:

Filing Status 1: \$1,610

Filing Status 3 & 4: \$1,610 for each spouse

Filing Status 2, 5 or 6: \$3,970

Charitable mileage deduction increase: 34 cents, line 40.

Iowa references to the Internal Revenue Code were updated through January 31, 2005.

Accountants Association of Iowa
PO Box 63
Creston, IA 50801

PRESORTED
STANDARD
U.S. POSTAGE
PAID
CRESTON, IA 50801
PERMIT NO. 44