

**REGISTER**  
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**FOR OUR**  
**OCTOBER**  
**WEBINAR**

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## Chapter Chatter

### News for Arizona Tax Professionals

Arizona State Chapter of the National Association of Tax Professionals

## The President's Corner

### The Importance of CONNECTIONS in the age of Covid19

It seems that at the end of each of the last several tax seasons, the refrain from preparers has been "Boy, I hope we never have a tax season like that again." Well, there has never been a tax season like the one we just completed, and I will say once again, I hope we never have another one like it. Not only were we challenged to stay abreast of changing tax filing deadlines, ever-changing mandates from the state, new federal and state programs with the accompanying alphabet soup, but we were also challenged to stay CONNECTED to our clients, our colleagues, and our co-workers.

Whether you continued to meet clients face-to-face in your office, or everyone in your office moved home and meetings took place remotely, the challenge was there to maintain the CONNECTIONS that are so important to our businesses. Relationships are what enable our businesses to grow and thrive, and it is important to utilize the technologies that are now available to keep those relationships strong.

It has been challenging for AZ NATP to stay CONNECTED to our members as well. Everyone is now aware that we were forced to cancel our June 2020 Conference with Kathy Morgan, EA USCTP and along with it, our Annual Meeting. Despite this, your Chapter still must have an annual meeting each year, and along with it, our election for Board Members to fill the positions expiring in 2020.

This year, we are using technology to host our first-ever AZ NATP webinar on October 27<sup>th</sup>. Katherine Gudgel, EA, PhD will be presenting a "Members Only" Arizona State Tax review with special emphasis on the differences between the state and federal returns. During the break in Katie's presentation, we will be holding the AZ NATP 2020 Annual Meeting and elect the Board members for terms beginning in 2021.

Please join us for our AZ NATP 2020 Arizona State Tax Review and Annual Meeting via webinar this Fall. Look for more information and the link for registering later in this newsletter. We look forward to CONNECTING with you then. Stay healthy!

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Arizona Chapter



# Arizona NATP Fall State Tax Review

Taught by Katherine Ann Gudgel, EA, PHD  
&

## Annual Meeting MEMBERS ONLY!

- **October 27<sup>th</sup>, 2020**
- **10:00am-12:00pm Q&A After**
- **Voting for 2021 Board Members will take place during the Break**
- **\$20 for 2 hours of State CPE**

Register Here:

<https://www.natptax.com/Chapters/Pages/ArizonaChapterEducation.aspx>

## CLASS DESCRIPTION

**Many tax preparers receive training on federal tax law – but don't ever receive training specific to Arizona tax returns, and are instead either self-taught (reading AZ DOR publications or the AZ Revised Statutes) or learn on the fly when clients mention something. This webinar will help you stay ahead of the game, by identifying many of the differences between the Federal 1040 and the AZ 140 and their associated forms as it relates to income (i.e. investments, retirement), deductions and credits (i.e. medical expenses, charitable donations, Family Income Tax Credit), and general tax requirements (i.e. due dates, dependents). By properly preparing an AZ income tax return, preparers can save their clients hundreds of dollars.**

As an Enrolled Agent (EA), Katie specializes in helping seniors and trusts. Early on, Katie found that many taxpayers have difficulties collecting all of the documents needed in order to prepare their tax returns, and in 2015, after a colleague introduced her to AADMM, she expanded her services to include Daily Money Management.

Katie grew up in Tempe, AZ and went to the University of Arizona where she received a B.S. in Physics and M.S. and Ph.D. in Materials Science and Engineering.

When she moved to Germany in 2001, Katie worked as a scientist, but soon became interested in the business side of product development and how to help businesses become more profitable. In Chicagoland, she earned a degree in accounting and qualified to take the CPA exam.

While in school, Katie gained practical experience preparing taxes by volunteering with Ladder Up's VITA program (Volunteer Income Tax Assistance). With this program, she progressed from volunteer preparer, to quality reviewer, to site leader, to lead trainer. She also developed a passion for helping individuals better understand money.



## Taxes in the Time of Corona Virus

**Submitted by: Sandy Barrett, EA**

Virtual? In-person? Social distancing? Ten or fewer in the office at a time? Hand sanitizers? Furniture sanitizers? Door handle sanitizers? Toilet handle sanitizers? I'm sure there are more things that we had to consider during the prolonged 2020 tax season and, in fact, are still having to consider.

If we decide to operate from home, are our security measures up to par—or above par? Do we take the office computers home or log into our office computers from home? How do we contact clients? We must be sure that our emails are secure and that the client returns information to use via a secure source.

What about a return to snail mail? I have had two clients who chose that option.

Is your office open to see clients? Our office has remained open, but we only have three who work here and scheduled clients so that they did not overlap. Meetings no less than an hour apart. Since I am the only one who actually meets with clients, there was no time when we approached the ten-person limit.

Social distancing was more an issue, but the clients didn't seem very concerned. We were always at least four feet apart, most of the time six feet.

Masks were worn if the client wore a mask. Otherwise, we just made an effort to stay the six feet or more distant.

We sanitized everything and continue to do so. We wiped down desks and chairs and doors after every client. The bathroom was (and is) it seems cleaned constantly. Hands washed after every client, even though we were not touching them at all. Of course, with our long-time clients who we have hugged for years, it was difficult not to do more than a long-distance elbow bump.

What a year! And it's not over yet. Good luck with the rest of your year and I hope that we never see another one like this.

## An Exit Strategy

Submitted by: **Sharon Lewis, EA**

As many people think about retiring after another crazy year in the business, one question to ask is when do you think you will retire? Your clients view you like their trusted advisor and are loyal to you. Retiring affects them as well as you.

A friend of mine who recently passed his EA was looking to purchase a practice but every EA and CPA who had a practice for sale wanted out **NOW**. My friend had no idea on how to run a practice and nobody wanted to stay on. He couldn't risk \$100,000+ not knowing if he would make it back in one to two years and how many mistakes he would make with no guidance. So this tax season, instead of paying thousands of dollars for a practice, he started on his own. He could risk learning slow if it didn't deplete his family's life savings.

If getting ready to retire in a few years consider who you could potentially sell or give your clients to now:

1. Talk to peers that may want to expand. Ask around, someone may want to buy your clients in a couple of years and you can take the time to introduce your clients. Maybe they can cover your phones while you're on vacation.
2. Advertising that you are looking to groom someone to buy into your business. Over a two or three year period they can meet your clients and buy you out a little at a time. You can review their work and train them on your process, work with your clients, and learn their histories. With current technology, it can even be done remotely.
3. Agree to stay on if you sell your practice to train them through more than the intense first 105 days of the year. As a professional, we can't remember half the things that go on during tax season. Imagine being new and trying to learn all the clients, a company's processes staying current on tax law, and then having the only person who knows everything leave with all historic knowledge.

By having an exit plan that is a couple years out your clients benefit knowing their relationship with you has been turned over to someone you trust, you have time to say goodbye, and you can earn additional money working fewer hours.

## NATP State Tax Volunteers

**Submitted by: Lou Bates, EA**

For the 2019 tax season, nearly every State complied with IRS regarding the standard deduction and exemptions. However, there are other portions of the State returns that have no consistency, much of which involves pension recipients.

Some state do not tax pensions, others do not tax military pensions, others allow a dollar amount of exclusion and other various formats.

Arizona allows an exclusion from income of \$2,500 for federal, state, and local government pensions and \$3,500 for military pensions.

The military pension exclusion was increased by \$1,000 in 2019 and may be increased again for 2020.

Many of us prepare returns for states other than our home state which can entail significant research time for the filing parameters in other states.

One of the benefits of being a member of NATP is the access to member volunteers around the country who can answer our questions regarding their home state returns – a real time saver.

## How to Run an Effective Virtual Meeting

**Submitted by: Liliana Davalos, AFSP, CAA**

We are facing many changes between new tax laws and changes as a result of COVID-19. Many of us are just coping with it, but we should be thinking of getting ahead of it.

More than ever we need to implement the use of technology in our offices - to protect your office staff, clients, and, most importantly, your health.

Virtual Meetings are a great option, because they are easy and inexpensive to set up. Keep in mind that running an effective meeting requires practice and great communication skills. Here are some steps to help you run an effective virtual meeting:

- Use video
- Always provide an audio dial-in option
- Test the technology ahead of time
- Make sure faces are visible
- Stick to meeting basics
- Capture real-time feedback
- Engage as much as possible

By using Virtual Meetings we can avoid contagion within our office space and keep our love ones safe.

## The Nightmare of the Economic Impact Payment

**Submitted by: Lily Davalos, AFSP, CAA**

Millions of Americans have already received their Economic Impact Payments (EIP) and millions more have not. This has created a nightmare for tax professionals. The IRS website offers sources of eligibility, updates on information, and tools to update bank accounts. For taxpayers, this is not enough. They want to talk with someone about their situation.

We are coping with all the effects of the pandemic, as well. Everyone is affected in one way or another. It seems that we, “the Tax Professionals of America”, need to solve the puzzle once again. Getting calls of anger because “a taxpayer’s eighteen year old dependent did not get his stimulus payment” or because “we did not include their bank account on their tax return”.

We are facing criticism, anger, anxiety, and the extra work load because of the EIP. The rules are simple and we cannot change them, but some taxpayers are looking to get more than they are entitled to, generating conflict and possible future tax consequences.

The Economic Impact Payment was approved on March 27, 2020 for American taxpayers to receive fast and direct relief in the wake of the coronavirus pandemic, not to amend returns and create a nightmare.

## Grow Your Practice

**Submitted by: Lou Bates, EA**

Most of us strive to retain and grow our practices at a minimal cash outlay. My method has worked well for many years. When my clients’ children start working, I offer to prepare their 1040EZ equivalent at no charge. As long as the child remains my client’s dependent, their return is free. By the time they are no longer a dependent, I have been their tax preparer for some time with a five or ten minute time investment each year. Currently, I have several three-generation families of clients.