

ARE THERE REALLY THAT MANY CHANGES EACH YEAR THAT MIGHT AFFECT ME?

Yes. While only a qualified professional with all the facts at his or her disposal can determine the appropriateness of the application of any law to a given fact situation, the following are only a few of the recent changes:

- ▶ **Sales tax deduction:** Individuals are given the option to deduct state and local sales taxes instead of state and local income taxes for 2004 and 2005.
- ▶ **Section 179 expensing rules are extended through 2007.** Businesses can deduct up to \$100,000 of qualifying property (\$102,000 for 2004). Phase out begins when you have placed \$410,000 of property in service during 2004.
- ▶ **The SUV loophole is tightened,** so that business owners can no longer deduct the full cost of SUVs under 179 expensing rules. Deductible amount is capped at \$25,000. (Effective for vehicles purchased after day of enactment 10/22/04.)
- ▶ **Bonus Depreciation:** 30% & 50% bonus depreciation expires 12/31/04.
- ▶ **Deduction & amortization of start-up and organizational expenditures:** Effective for amounts paid or incurred after 10/22/2004, the new law allows taxpayers to elect to deduct up to \$5,000 of start up expenditures in the tax year in which the business begins.
- ▶ **The reporting requirements for charitable contributions of most vehicles have been increased,** for years beginning after December 31, 2004. A charitable deduction will be denied to any taxpayer that fails to obtain contemporaneous written acknowledgement for any "qualified vehicle" donation if the claimed value of the vehicle exceeds \$500.
- ▶ **Attorneys' fees and court costs.** Individuals can claim an above-the-line deduction for attorneys' fees and court costs incurred in lawsuits involving certain civil rights claims, claims against the federal government and Medicare fraud claims.

Enrolled Agents (EAs) are federally-authorized tax practitioners who have technical expertise in the field of taxation and are licensed to represent taxpayers before the Internal Revenue Service at all administrative levels for audits, collections, and appeals. In addition, Enrolled Agents are the only tax practitioners required by federal law to maintain their expertise through continuing professional education. When you need up-to-date tax assistance, see an Enrolled Agent.

Enrolled Agents - The Tax Professionals



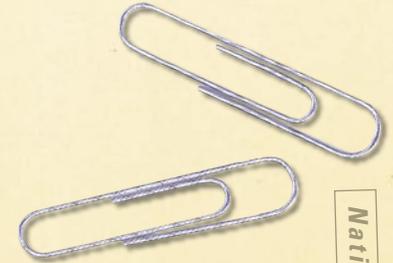
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Tax laws are subject to change at any time. Consult your local Enrolled Agent for the latest information. Please Note: This information is provided to you by NAEA for use as general guidance. The association is not engaged in rendering specific legal, tax, or accounting advice. Only a qualified professional with all the facts at his or her disposal can determine the appropriateness of the application of any law to a given fact situation. If assistance is required, an Enrolled Agent should be consulted.

Enrolled Agents:

The Tax Professionals



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WHAT IS AN ENROLLED AGENT?

An Enrolled Agent (EA) is a federally-authorized tax practitioner who has technical expertise in the field of taxation and who is empowered by the U.S. Department of the Treasury to represent taxpayers before all administrative levels of the Internal Revenue Service for audits, collections, and appeals.

WHY SHOULD I CHOOSE AN ENROLLED AGENT WHO IS A MEMBER OF THE NATIONAL ASSOCIATION OF ENROLLED AGENTS (NAEA)?

The principal concern of the National Association of Enrolled Agents and its members is honest, intelligent and ethical representation of the financial position of taxpayers before governmental agencies. Members of NAEA must fulfill continuing professional education requirements that exceed the IRS' required minimum. In addition, NAEA members adhere to a stringent Code of Ethics and Rules of Professional Conduct of the Association, as well as the Treasury Department's Circular 230 regulations. NAEA members belong to a strong network of experienced, well-trained tax professionals who effectively represent their clients and work to make the tax code fair and reasonably enforced.

HOW CAN I FIND AN ENROLLED AGENT?

The easiest and fastest way to locate an Enrolled Agent in your area is to visit www.naea.org. The 'Find an EA' function located on the home page will allow you to search instantly by locality or specialty. You can also call 800-424-4339, the EA referral service. This is an unattended service, but you can request to receive your response by email, fax or mail, and all calls are answered within 2 business days. You might also want to check in your local yellow pages under 'Tax Preparation', and look for the phrase 'Enrolled Agent, Enrolled to Represent Taxpayers before the IRS' or the 'EA' credential following the professional's name.

WHAT DOES THE TERM "ENROLLED AGENT" MEAN?

"Enrolled" means to be licensed to practice by the federal government, and "Agent" means authorized to appear in place of the taxpayer at the IRS. Only Enrolled Agents, attorneys, and CPAs may represent taxpayers before the IRS. The Enrolled Agent profession dates back to 1884 when, after questionable claims had been presented for Civil War losses, Congress acted to regulate persons who represented citizens in their dealings with the U.S. Treasury Department.

HOW DOES ONE BECOME AN ENROLLED AGENT?

The license is earned in one of two ways, by passing a comprehensive 2-day examination which covers all aspects of the tax code, or having worked at the IRS for five years in a position which regularly interpreted and applied the tax code and its regulations. All candidates are subjected to a rigorous background check conducted by the IRS.

HOW CAN AN ENROLLED AGENT HELP ME?

Enrolled Agents advise, represent, and prepare tax returns for individuals, partnerships, corporations, estates, trusts, and any entities with tax-reporting requirements. Enrolled Agents prepare millions of tax returns each year. Enrolled Agents' expertise in the continually changing field of taxation enables them to effectively represent taxpayers audited by the IRS.

PRIVILEGE AND THE ENROLLED AGENT

The IRS Restructuring and Reform Act of 1998 allows federally authorized practitioners (those bound by the Department of Treasury's Circular 230 regulations) a limited client privilege. This privilege allows confidentiality between the taxpayer and the Enrolled Agent under certain conditions. The privilege applies to situations in which the taxpayer is being represented in cases involving audits and collection matters. It is not applicable to the preparation and filing of a tax return. This privilege does not apply to state tax matters, although a number of states have an accountant-client privilege.

ARE ENROLLED AGENTS REQUIRED TO TAKE CONTINUING PROFESSIONAL EDUCATION?

In addition to the stringent testing and application process, the IRS requires Enrolled Agents to complete 72 hours of continuing professional education, reported every three years, to maintain their Enrolled Agent status. NAEA members are obligated to complete 90 hours per three year reporting period. Because of the knowledge necessary to become an Enrolled Agent and the requirements to maintain the license, there are only about 40,000 practicing Enrolled Agents.

WHAT ARE THE DIFFERENCES BETWEEN ENROLLED AGENTS AND OTHER TAX PROFESSIONALS?

Only Enrolled Agents are required to demonstrate to the IRS their competence in matters of taxation before they may represent a taxpayer before the IRS. Unlike attorneys and CPAs, who may or may not choose to specialize in taxes, all Enrolled Agents specialize in taxation. Enrolled Agents are the only taxpayer representatives who receive their right to practice from the U.S. government (CPAs and attorneys are licensed by the states).

ARE ENROLLED AGENTS BOUND BY ANY ETHICAL STANDARDS?

Enrolled Agents are required to abide by the provisions of the Department of Treasury's Circular 230, which provides the regulations governing the practice of Enrolled Agents before the IRS. NAEA members are also bound by a Code of Ethics and Rules of Professional Conduct of the Association.