



California Society
of Tax Consultants

CSTC Reporter e-Newsletter

CSTC Newsletter

October 2023

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From the CSTC President Just a Wisp...

Wisp is such an ephemeral word. It implies something light and fleeting, such as wisps of fog or a wisp of a smile. It's something fragile and transitory, lasting a very short time.

Which is why it feels so incongruous to have the IRS follow the Federal Trade Commission (FTC) to call its required information security plan a WISP! Here is a plan that is concrete, solid, and intended to last a long time. Anything but wispy! Maybe we have a new oxymoron – a solid WISP!

In any case, a Written Information Security Plan, or WISP, is required of all tax and accounting professionals, regardless of size. And although the Safeguards rule, which includes WISPs, has been around for more than 20 years, compliance became mandatory as of June 9, 2023. (The FTC made changes to the rules that were to go into effect on December 9, 2022, but the deadline was extended for six months to June 9, 2023.) That's why you've been getting so many advertisements about WISPs. And that's why I'm bringing it up again, even though it's past June 9th. If you don't have a WISP, get one now!

The IRS has two publications to help. One is Publication 5709 – *How to Create a Written Information Security Plan for Data Safety*. This talks about WISPs and gives tips for developing and maintaining a WISP. The second publication is Publication 5708 – *Creating a Written Information Security Plan for your Tax & Accounting Practice*. This document provides sample information security plan to help tax professionals, especially smaller practices, develop a WISP. It lists all of the required elements, but also encourages you to scale the comprehensiveness to your firm's size and type of operation.

Publication 5708 does help you create a WISP. It leads you through the objectives, purpose and scope of the WISP, and then through the various steps – assessing risks, inventorying hardware, and putting safety measures in place. It includes sample templates for the WISP as well as ancillary attachments, such as a Record Retention Policy, Rules of Conduct Safeguarding Client Information, and Security Breach Procedures.

There are a number of best practices for tax and accounting firms, such as having a mission or vision statement, using engagement letters, establishing a due diligence checklist for returns, and, of course, having a Written Information Security Plan. These are recommendations, i.e., suggestions to improve your practice. One item, however – the WISP – is not a recommendation. It's required by law! And there are penalties for noncompliance.

So make that number one on your list of things to accomplish before the end of the year – *I will create a Written Information Security Plan for my practice.* And then, do it!

Linda Dong
CSTC President



**Dates: Mondays and Thursdays, November 9, November 13, November 16, and
November 20**

Time: 4:00 to 7:00 PM PST

Join us as we use a comprehensive case study to take an extensive journey through the lifecycle of a partnership/LLC, exploring each stage from the initial formation through years in business to the final dissolution. We'll cover many topics along the way, including basis, elections, balance sheets, the centralized partnership audit regime, the pass-through entity tax, and, of course, Forms 1065 and K-1.

IMPORTANT: Every class will be recorded and the materials will be available before and after class. If you miss a class, you will still receive the recording and materials, but you will not receive credit.

[CLICK HERE TO LEARN MORE AND REGISTER!](#)



CSTCACADEMY

WEDNESDAY WEBINAR SERIES

Federal Military Tax Provisions

10:00 AM to 12:00 PM PST

Cost: Member: \$30 / Non-Member: \$60

Wednesday, October 18, 2023

Speaker: Jerrie Muir, EA

2 Federal Tax Law hours (Topics covering existing tax law)

IRS: 18QC1-T-01894-23-O

CTEC: 1000-CE-5336

Knowledge Level: Basic (No prior knowledge expected)

Objectives:

- Describe Gross Income for Service Members
- Describe the Exclusions from Gross Income for Service Members
- Describe the Adjustments to Income for Service Members
- Define Combat Zone Exclusion/Qualified Hazardous Duty Areas
- Describe How to Calculate Gain From the Sale of a Home of a Service Member
- Describe How a Service Member Can Receive the Earned Income Credit
- Describe the Process to Obtain Forgiveness of Decedent's Tax Liability
- Describe Extensions of Deadlines To File a Tax Return, Pay Taxes, and for Other Actions for Service Members
- State the Maximum Rate of Interest When There Is Hardship for a Service Member

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Upcoming CSTC Chapter Events

October 3, 2023

2023 California Tax Update

San Diego East County Chapter Virtual Meeting

2 California hours (Topics covering California law issues)

[Click here](#) to learn more and register

October 4, 2023

California Update: Fundamentals of California Tax Credit

San Gabriel Valley Chapter In-Person Meeting

2 California hours (Topics covering California law issues)

[Click here](#) to learn more and register

Ethics

Temecula Valley Chapter Meeting

2 Ethics hours (Topics meeting the ethics requirements under Cir 230)

[Click here](#) to learn more and register

CA Residency/CA Remote Workers

San Francisco Bay Chapter Virtual Meeting

2 California hours (Topics covering California law issues)

[Click here](#) to learn more and register

October 6, 2023

PTET PEN-TO-PAPER WORKSHOP

San Diego Chapter In-Person Meeting

4 Federal Law hours (Topics covering existing tax law)

[Click here](#) to learn more and register

October 10, 2023

Breakfast Meeting

North County San Diego Chapter In-Person Meeting

1 California hours (Topics covering California law issues)

[Click here](#) to learn more and register

October 11, 2023

Business Entities - Benefits and Drawbacks

Orange County Chapter In-Person Meeting

1 Federal Law hours (Topics covering existing tax law)

1 California hours (Topics covering California law issues)

[Click here](#) to learn more and register

October 18, 2023

Federal Military Tax Provisions

Wednesday Webinar

2 Federal Tax Law hours (Topics covering existing tax law)

[Click here](#) to learn more and register

Employee Retention Credit Update
San Jose Chapter Virtual Meeting
1 Federal Law hours (Topics covering existing tax law)
1 Federal Tax Update hours (Topics covering new tax law)
[Click here](#) to learn more and register

Tax Planning for State PTET SALT Workaround
Inland Empire Chapter In-Person Meeting
1 Federal Law hours (Topics covering existing tax law)
1 California hours (Topics covering California law issues)
[Click here](#) to learn more and register

October 19, 2023

Join us for the SD Chapter's 48th Anniversary and a California Update
San Diego Chapter In-Person Meeting
2 California hours (Topics covering California law issues)
[Click here](#) to learn more and register

October 20, 2023

Round Table
Temecula Valley Chapter In-Person Meeting
1 California hour (Topics covering California law issues)
[Click here](#) to learn more and register

October 27, 2023

Climb the Highest Mountain of C Corporation, Form 1120
Orange County - South Chapter In-Person Meeting
1 Federal Law hour (Topics covering existing tax law)
1 California hour (Topics covering California law issues)
[Click here](#) to learn more and register

Welcome New CSTC Members!

Eve Carmona
Los Angeles Chapter

Soledad Cobian
San Gabriel Valley Chapter

Justina Davis
San Diego-East County Chapter

Mari Fries

San Diego Chapter

Susan Hahn

Los Angeles Chapter

James Harnsberger

San Diego-East County Chapter

Kelianne Herzig

San Diego-East County Chapter

Jodie Herzig

San Diego-East County Chapter

Krystal Marroquin

Inland Empire Chapter

Sukhwant Matharu

San Jose Chapter

Kian Nobari

San Francisco Bay Chapter

Ranjeeta Prakash

Sacramento Chapter

Wendy Soto

San Diego Chapter

Maureen Thielen

San Diego Chapter

Hy Tran

Orange County Chapter



Legislative Advocacy

CSTC has been the leading Association in supporting legislation to provide protection for our profession, to support our profession, and to enhance our profession. CSTC continuously leads our industry through legislative advocacy, educational opportunities, and professional inclusion.

CSTC works closely with a Legislative Consultant to keep an eye on important bills that would affect taxpayers and small business owners.

[Please click](#) here to view the bills that CSTC is currently monitoring.



[IRS: Taxpayers impacted by seawater intrusion in parts of Louisiana qualify for tax relief; various deadlines postponed to Feb. 15](#)

IR-2023-184, Sept. 29, 2023 – The Internal Revenue Service today announced tax relief for individuals and businesses affected by seawater intrusion in parts of Louisiana. These taxpayers now have until Feb. 15, 2024, to file various federal individual and business tax returns and make tax payments.

[Oct. 16 tax filing extension deadline nears for millions of taxpayers](#)

IR-2023-183, Sept. 29, 2023 – The Internal Revenue Service today reminded taxpayers about the upcoming tax filing extension deadline. To avoid a possible late filing penalty, those who requested an extension to file their 2022 tax return should file their Form 1040 on or before Monday, Oct. 16.

[IRS delivers new capabilities to Tax Pro Account; latest expansion part of effort to improve technology, tools to help tax professionals serve clients](#)

IR-2023-182, Sept. 29, 2023 – As part of a larger effort to improve technology, the Internal Revenue Service announced today an expansion of the Tax Pro Account capabilities that allows tax professionals access to new services to help their clients.

[IRS provides guidance on employer leave-based donation programs that aid victims of the wildfires in Hawaii](#)

IR-2023-181, Sept. 28, 2023 – The Internal Revenue Service today provided guidance for employers whose employees forgo sick, vacation or personal leave to aid victims of the wildfires that began in parts of Hawaii on Aug. 8, 2023.

[IRS: Builders of qualified new energy efficient homes may qualify for an expanded tax credit under Section 45L](#)

IR-2023-180, Sept. 27, 2023 – The Internal Revenue Service issued Notice 2023-65 today which provides guidance on the new energy efficient home credit as amended by the Inflation Reduction Act (IRA).

[IRS extends relief to farmers and ranchers in 49 states, other areas impacted by drought; more time to replace livestock](#)

IR-2023-179, Sept. 27, 2023 – The Internal Revenue Service today reminded eligible farmers and ranchers forced to sell livestock due to drought may have an extended period of time in which to replace the livestock and defer tax on any gains from the forced sales.

[IRS expands use of chatbots to help answer questions on key notices; expands on technology that's served 13 million taxpayers](#)

IR-2023-178, Sept. 26, 2023 – The Internal Revenue Service today announced the availability of expanded chatbot technology to help quickly answer basic questions for people receiving notices about possibly underreporting their taxes.

[IRS: Taxpayers impacted by Hurricane Lee in Maine and Massachusetts qualify for tax relief; various deadlines postponed to Feb. 15](#)

IR-2023-177, Sept. 25, 2023 – The IRS today announced tax relief for individuals and businesses affected by Hurricane Lee anywhere in Maine and Massachusetts. These taxpayers now have until Feb. 15, 2024, to file various federal individual and business tax returns and make tax payments.

[IRS to establish special pass-through organization to help with high-income compliance efforts; new workgroup to blend current employees and new hires to focus on complex partnerships, other key areas](#)

IR-2023-176, Sept. 20, 2023 – As work continues to focus more attention onto high-income compliance issues, the Internal Revenue Service announced plans today to establish a special area to focus on large or complex pass-through entities.

[IRS, Electronic Tax Administration Advisory Committee select 8 new members](#)

IR-2023-175, Sept. 19, 2023 – The Internal Revenue Service has selected eight new members for the Electronic Tax Administration Advisory Committee (ETAAC).

[IRS reminder to storm victims in 3 states: File and pay by Oct. 16; most of California, parts of Alabama and Georgia affected](#)

IR-2023-174, Sept. 19, 2023 – The Internal Revenue Service today reminded individuals and businesses in most of California and parts of Alabama and Georgia that their 2022 federal income tax returns and tax payments are due on Monday, Oct. 16, 2023.

[IRS requests feedback on preview of proposed changes to Form 6765, Credit for Increasing Research Activities](#)

IR-2023-173, Sept. 15, 2023 – The Internal Revenue Service today released a preview of proposed changes to certain sections of Form 6765, Credit for Increasing Research Activities. The Credit for Increasing Research Activities is also known as the Research Credit.

[IRS looks to hire 3,700 employees nationwide to help expand compliance for large corporations and complex partnerships; experienced accountants encouraged to apply for Revenue Agent positions](#)

IR-2023-172, Sept. 15, 2023 – As part of larger transformation work underway to make improvements, the Internal Revenue Service announced the opening of more than 3,700 positions nationwide to help with expanded enforcement work focusing on complex partnerships and large corporations.

[IRS requests comments on expanding tax certainty and issue resolution programs for business taxpayers](#)

IR-2023-171, Sept. 15, 2023 – The Internal Revenue Service is requesting comments from taxpayers and advisors about improving and expanding tax certainty and issue resolution options for business taxpayers.

[Red flags for Employee Retention Credit claims; IRS reminds businesses to watch out for warning signs of aggressive promotion that can mislead people into making improper ERC claims](#)

IR-2023-170, Sept. 14, 2023 – The Internal Revenue Service continues to warn businesses to watch out for aggressive marketing by nefarious actors involving the Employee Retention Credit (ERC) and urged people to watch out for red flags that can signal trouble.

[To protect taxpayers from scams, IRS orders immediate stop to new Employee Retention Credit processing amid surge of questionable claims; concerns from tax pros](#)

IR-2023-169, Sept. 14, 2023 – Amid rising concerns about a flood of improper Employee Retention Credit claims, the Internal Revenue Service today announced an immediate moratorium through at least the end of the year on processing new claims for the pandemic-era relief program to protect honest small business owners from scams.

[IRS: Georgia taxpayers impacted by Idalia qualify for tax relief; Oct. 16 deadline, other dates postponed to Feb. 15](#)

IR-2023-168, Sept. 13, 2023 – The Internal Revenue Service today announced tax relief for individuals and businesses affected by Idalia in 28 of the state's 159 counties in Georgia. These taxpayers now have until Feb. 15, 2024, to file various federal individual and business tax returns and make tax payments.

[IRS clarifies rules for new corporate alternative minimum tax](#)

IR-2023-167, Sept. 12, 2023 – The Department of Treasury and the Internal Revenue Service today issued Notice 2023-64 to provide additional interim guidance designed to help corporations determine whether the new corporate alternative minimum tax (CAMT) applies to them and how to compute the tax.

[IRS announces sweeping effort to restore fairness to tax system with Inflation Reduction Act funding; new compliance efforts focused on increasing scrutiny on high-income, partnerships, corporations and promoters abusing tax rules on the books](#)

IR-2023-166, Sept. 8, 2023 – Capitalizing on Inflation Reduction Act funding and following a top-to-bottom review of enforcement efforts, the Internal Revenue Service announced today the start of a sweeping, historic effort to restore fairness in tax compliance by shifting more attention onto high-income earners, partnerships, large corporations and promoters abusing the nation's tax laws.

[IRS reminds gig workers, self-employed and others of Sept. 15 third quarter estimated tax payment deadline](#)

IR-2023-165, Sept. 6, 2023 – The Internal Revenue Service is reminding taxpayers who pay estimated taxes that the deadline to submit their third quarter payment is Sept. 15, 2023.

[IRS accepting applicants for the 2024 Compliance Assurance Process](#)

IR-2023-164, Sept. 6, 2023 – The Internal Revenue Service today announced the opening of the application period for the 2024 Compliance Assurance Process (CAP) program, which will run from Sept. 6 to Oct. 31, 2023.

[IRS: South Carolina taxpayers impacted by Idalia qualify for tax relief; Oct. 16 deadline, other dates postponed to Feb. 15](#)

IR-2023-163, Sept. 6, 2023 – The Internal Revenue Service announced tax relief for individuals and businesses affected by Idalia, anywhere in South Carolina. These taxpayers now have until Feb. 15, 2024, to file various federal individual and business tax returns and make tax payments.

[IRS issues a frequently asked question for pass-through entities to report negative amounts electronically to the IRS on Part II of Schedules K-2 and K-3](#)

IR-2023-162, Sept. 5, 2023 – The Internal Revenue Service today issued a frequently asked question in Fact Sheet 2023-20 to provide guidance to pass-through entities for electronically filing Schedules K-2 and K-3 to the IRS to report negative amounts.

[September is National Preparedness Month; IRS reminds taxpayers to prepare for natural disasters](#)

IR-2023-161, Sept. 5, 2023 – September is National Preparedness Month. With the peak of hurricane season just ahead, the Internal Revenue Service reminds taxpayers to develop an emergency preparedness plan or, if they already have one, to update it for 2023.

[IRS reminder: Make sure to understand recent changes when buying a clean vehicle](#)

IR-2023-160, Sept. 1, 2023 – The Internal Revenue Service reminded consumers considering an automobile purchase to be sure to understand several recent changes to the new Clean Vehicle Credit for qualified plug-in electric drive vehicles, including qualified manufacturers and tax rules.

[News Release and Fact Sheet Archive](#)

Find previous year news releases and fact sheets from 1997 through last month.

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CSTC advances professionalism within the tax industry by:

- Providing quality education
 - Creating networking opportunities
 - Advocating professional standards
-

CSTC Member Benefits



CSTC members have access to benefits such as free payroll processing services for your tax practice, and the opportunity to earn new revenue through their flexible partnership options.



CSTC is pleased to include the VeriFyle Pro™ premium secure online document and message sharing service at no cost to CSTC members!



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We are a professional full-service tax advisory firm in San Diego. Our goal is to provide a level of service for our clients that will exceed expectations in every possible way. We strive to offer a diverse level of services to meet the needs of the diverse community we have been working in for more than 30 years.



CSTC members receive the TaxBook WebLibrary at a special price. Other Member Benefits Include:

Savings on all Society Educational Events / Savings on Contact, Correspondence & Self Study Education / Savings with member specialty CSTC Connects (previously yellow Pages) list / Savings with E&O Insurance, plus specialty coverage relevant to your profession / Online CSTC Find-a-Tax Consultant search to help promote your business! / CSTC Member Listserv



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