

## MESSAGE from the PRESIDENT

WITH LABOR DAY BEHIND US, it is safe to say that summer is officially over. I hope you all had a restful time and that you are ready to start our education for this next tax season. Since last tax season ended, we have had a number of opportunities to learn together. The NJ Chapter Cruise to Bermuda while shortened due to an unforeseen event offered all of us who attended 8 hours of education with **Kathryn Keane** and a bit of spare time to relax and enjoy a Pina Colada. We followed that seminar with a **Practice Management** seminar in North Jersey. The speakers were excellent and those who attended enjoyed the day. July took a number of us to Chicago for the **National Conference** which lived up to the reputation of National Conference, i.e. good education, good networking and great camaraderies. The Charity, **CASA** (Court Appointed Special Advocates) was chosen by the Illinois Chapter and they received a generous check on the last night of conference at our closing event. Many of us dressed up in 1920 style clothing and the affair had the air of a speakeasy with Al Capone sitting at his own table. If you missed the Conference this year, start planning on attending next year's which will be in San Antonio, TX.



At the close of the month of August, our chapter was able to present our first ever webinar. It was a 90 minute webinar hosted by **Jaimee Hammer** and our speaker was **Alexis Reed** from New Jersey's Taxation University. Alexis did a wonderful presentation on the **Ins and Outs of NJ Sales Tax**. I have heard from a number of long time NJ members that they enjoyed it and were surprised with some of the knowledge that they picked up. Alexis spoke with us after and reiterated that the State would very much like to do a series of these webinars so we will be working on developing them for all of our members.

September will be a quiet month for us education wise but October will make up for the pause. October 3rd will be our **Annual Meeting** and full day seminar with **Kathryn Keane**. Kathryn will be bringing her dynamic way of educating and covering Section 199A...What we wish we knew before and know now, 1031 Exchanges, Losses and the 1040 and finally Death, Dying and the Tax Man. Along with the 8 CPE's that are being offered, there will also be our Annual Meeting where we will have the election of members to our Board of Directors and a vote on amending our by-laws. The seminar will be held at APA Hotel Woodbridge as in past years. Please join us for this very important and informative day. October 17 and 18 will find many of us convening in Atlantic City for the **NATP Tax Forum**. This is 2 full days of wonderful education and because our chapter is celebrating its 30th Anniversary of being a chapter, we will have a **"Meet and Greet"** on Thursday evening so that we can all toast the occasion. This event will have hors d'oeuvres and a free drink for all of our NJ members to get you started. Join us for a fun evening and check at our Chapter Table in the Vender area for more details.

As always, our Chapter continues to support our 3 charities, **The Valerie Fund** which supports children with cancer and blood disorders, our **campership program** which provides aid for disabled Boy Scouts and the **Midland School** for whom we collect "Box Tops for Education". Whether you can attend our Chapter events or not, you can assist these worthwhile charities by collecting your box tops and sending them to any member of the Board of Directors and checks are always welcome for the other two charities.

If you haven't joined our Facebook group, please take a moment to consider doing so as there is valuable chatter that goes on there and the members of Taxation University monitor it to help with NJ answers when they can.

Have a wonderful Autumn, enjoy the holidays that you will celebrate and I hope to see many of you at one or all of our upcoming events.

*Mary Rose Martino*

*Mary Rose Martino, EA, has been an NATP member for 8 years and is the owner of Martino Associates, LLC, a bookkeeping, payroll and tax preparation company. Located in Cherry Hill, NJ, she can be reached at: maryrose@martinoassociatesllc.com.*

## save the DATES

**OCTOBER 3, 2019**

**NJNATP Annual Conference**

APA Woodbridge, Iselin

**A Day with Kathryn Keane**

*Flyer enclosed, detailing topics*

**OCTOBER 16, 2019**

**Atlantic City AFTR Workshop Pre-Forum**

Harrah's, Atlantic City

**OCTOBER 17-18, 2019**

**NATP Atlantic City Forum**

Harrah's, Atlantic City

**DECEMBER 5, 2019**

**4 hours with Michael Feinberg**

APA Woodbridge, Iselin

**Estate and Trust Planning**

**JANUARY 11, 2020**

**NJNATP'S FAMOUS NJ STATE TAX SEMINAR**

APA Woodbridge, Iselin

*Flyer and topics to follow*

*Flyers and registration will be posted on the NJNATP Website, on the NATP Facebook page and in the biweekly Chapter News from NATP.*

## TABLE OF CONTENTS

- Message from the President
- Save the Dates
- NJTaxTip of the Quarter Fall 2019
- From the Editor
- A First for NATP...It Was a Tie!
- NJ Chapter Webinars
- The Lost Has Been Found
- IRA Commissioner Charles Rettig
- Annual Charity for NATP at Conference
- Annual NJNATP National Conference Registration
- The Value of a Tax Deduction

# NJ TAX TIP OF THE QUARTER

## FALL 2019

BY MARILYN H. AYERS, CPA



**FOR ME** when September arrives and schools are back in session, it signals the end of the summer and the beginning of seminar season with the arrival of tax season in a few short months! For many, it is the arrival of fall but for tax preparers, it is the beginning of the march toward long days and nights at the office!

New Jersey had quite a few changes effective for the tax year 2018 and as we complete our final extensions and gear up for the filing of 2019 returns, here is a list of things to remember:

- Property tax deductions for property taxes paid during the calendar year of 2018 were increased from \$10,000 to \$15,000 on the NJ-1040 return.
- NJ Earned Income Tax Credit increased to 37% of the federal income tax credit for 2018 and will increase to 39% for tax year 2019.
- Effective for 2018, NJ introduced a new Child and Dependent Care Credit for those taxpayers with income not more than \$60,000.
- For 2019, the retirement income exclusion has been increased to \$80,000 for married filing jointly, \$40,000 for married filing separately and \$60,000 for single taxpayers. The exclusion is only available if total income is less than \$100,000.
- For 2019, NJ health insurance requirement taxes effect. Beginning January 2019, those without health insurance will face a state tax penalty very similar to the federal penalty in prior years. Those taxpayers not required to file a NJ return are exempt. Individuals without health insurance will pay between \$695 and \$3,012. Families with up to three dependents and household income below \$200,000 will pay between \$2,085 and \$4,500. The cap is increased by household income. The NJ website has a list of minimum and maximum penalties per filing status and income.
- Finally, for those of us who prepare NJ corporate tax returns, there are significant changes to the Corporation Business Tax Act. Most notable is the requirement of combined reporting for tax years ending on and after July 31, 2019 for commonly owned companies engaged in a unitary business. See NJ TB-86R for details on entity types to be combined. Hopefully more information will be posted and available as the filing deadlines approach.

\*\*\*

*Marilyn graduated from Rider University in June 1978 with a degree of Bachelor of Science in Accounting and earned her CPA license in 1990. Marilyn's practice, established in 1988, provides tax and accounting services to approximately 900 individual clients and businesses, where service is the number one priority. Marilyn has been a member of NATP since 2000 and served on the New Jersey Board of Directors from 2004 through 2016, including secretary, vice president and past president of the New Jersey Chapter. Marilyn is also a member of the AICPA and the New Jersey Society of CPAs.*

## From the Editor

BY JEAN MILLERCHIP, EA



**J**UST AS QUICKLY AS SUMMER BEGAN, IT WAS SUDDENLY OVER! It seems that as soon as we celebrate Fourth of July, within minutes, it's Labor Day- school starts, the beach is less crowded, and the fall season is upon us. And, in our profession, fall means NATP education!!

The flyer for NJNATP's Annual Conference is enclosed. Our day with Kathryn Keane will start with Section 199-A: what we wish we knew before and know now- definitely not to be missed!! Please see the flyer for the remainder of the topics.

As always, NATP is offering the essential 1040 and Beyond the 1040 in 6 locations throughout the state- Iselin, Parsippany, Mercerville, Atlantic City, Hasbrouck Heights and Mount Laurel, with dates between November 15th and November 23rd. December 5th will bring a 4 hour session on Estate and trust Planning at the APA Woodbridge. Mark your calendars!

Hopefully, some of you attended NATP National Conference in Chicago in July. An excellent location, superior education, and time to reconnect with old friends from across the country, as well as making some new ones. Several of us stayed an extra day to see some of Chicago- a day tour around the city took us through all the various neighborhoods, and, of course, Wrigley Field. In the evening, we signed up for an architectural boat tour on the Chicago River, which was fascinating, as well as highly informative. I left Chicago knowing that I definitely want to go back. Next year: San Antonio!!! Please try to attend!

The Property Tax reimbursement, also called the Senior freeze (or perhaps the "infamous blue book"! ) is alive and well- with some good news for our clients who are very close to the maximum income, and worry that, with a budget change, they will not be eligible. The budget has been finalized, and there are no changes to the income limits- \$ 89,013 is the limit.

The state of NJ is in the process of sending out the applications for the Homestead Benefit program. The mailing schedule is by county, beginning with September 11- and through September 23rd. The state asks to give it a few weeks, before calling, if the application is not received. We all receive calls from clients regarding this application!!!

Hoping to see many of you at NJNATP future education events, as we prepare for the upcoming tax season! In the meantime, there are extensions to finish, as well as some time for relaxation before the holidays begin. Until next time...

\*\*\*

*Jean Millerchip, EA has been in the tax business for 43 years and is in private practice in Lavallete, New Jersey. She earned her EA license in 1985. Jean has been a member of NATP for 31 years, and served on the NJ Board of Directors from 1991 until 2009, in various positions, including Treasurer, Secretary, Vice President and President. In 2008, Jean was elected to the National Board of Directors, and served a full 9 year term, during which she served as the National Vice President for 5 years and the National President for 2 years. Jean can be reached at [jean.millerchip@gmail.com](mailto:jean.millerchip@gmail.com)*

# A FIRST FOR NATP....

# IT WAS A TIE!!

**A**T THE NATP NATIONAL CONFERENCE IN CHICAGO, the coveted Chapter Person of the Year award was presented to both **Penny Wade Smith** of Kentucky and **Jean Millerchip** of New Jersey!!!

Penny has been the Kentucky Chapter President for the past several years, and has implemented many new ideas and programs, increasing membership in Kentucky, bringing educational events to various locations within the state- to the point of bringing the **Chapter of the Year** award to the **Kentucky Chapter!**

Ironically, for the past 2 years, Jean has been Penny's mentor — a sounding board for Penny's ideas and plans for the KY chapter, which made this shared award so much more special! Jean served on the NJ Chapter Board, as well as 9 years on the National Board, and is the immediate Past National President. She is currently the editor of the NJ Newsletter.

Jean has found mentoring a most rewarding experience — for both parties.

Both Penny and Jean proudly accepted this honor at Conference, and are equally as proud of the fact that they have become good friends over the past 2 years.



NJ Chapter President, Mary Rose Martino, happily accepting an award for NJ at National Conference! The Chapter was honored as the second place recipient of Chapter of the Year!!!

## NJ CHAPTER webinars

**IN CASE YOU MISSED IT**, your NJ Chapter held our first Webinar entitled “*NJ Sales Tax: A Crash Course*” last month, presented by **Alexis Reid** from New Jersey's Taxation University, and we could not be more excited! This was the first webinar of what we envision to be a series of webinars each year focused on NJ specific tax issues. Many of us focus heavily on Federal issues and then find when we have NJ tax questions, the answers can be vague or difficult to find, and that's what we are aiming to help with in these webinars.

Currently, we are not allowed to present on federal topics for these webinars (we can and do for in-person seminars), which means no CE credits will be available for now. However, these webinars can qualify for CPE's for our CPA attendees. In any case, this presents a great opportunity to offer our members low cost education on NJ specific issues from the comfort of your computer screen.

***We hope you can join us for our next TBA webinar!***

Information on all our Chapter hosted education can be found on our website <https://njnatp.com/upcoming-events/>, through our member only Facebook page <https://www.facebook.com/groups/NJNATP/>, or in your Chapter News emails. And please, share this exciting news with colleagues, as we anticipate this online NJ specific education will be appealing to our colleagues in neighboring states and around the country who are not able to attend our in-person seminars.

We always welcome your feedback and would love to hear from you with suggestions and comments for future education. You can always contact us by email at [info@njnatp.com](mailto:info@njnatp.com).

Joshua C Melum, EA may be reached at: [josh@jcmtaxservice.com](mailto:josh@jcmtaxservice.com)

# THE LOST HAS BEEN FOUND!

BY ROBERT D. FLACH



or

## THERE'S GOLD IN THEM THAR HILLS!

Well, not exactly gold, but there may be money waiting for you.

Do you, and your clients, know about the New Jersey Unclaimed Property Administration (<https://www.unclaimedproperty.nj.gov>)?

One morning 20+ years ago, while listening to a segment on one of the morning tv shows, I learned about the Unclaimed Property Fund maintained by each of the 50 states (as well as the District of Columbia, Puerto Rico, the U.S. Virgin Islands and some parts of Canada).

The National Association of Unclaimed Property Administrators explains –

*“Unclaimed property refers to accounts in financial institutions and companies that have had no activity generated or contact with the owner for one year or a longer period. Common forms of unclaimed property include savings or checking accounts, stocks, uncashed dividends or payroll checks, refunds, traveler's checks, trust distributions, unredeemed money orders or gift certificates, insurance payments or refunds and life insurance policies, annuities, certificates of deposit, customer overpayments, utility security deposits, mineral royalty payments, and contents of safe deposit boxes.”*

The unclaimed property laws have been around since the 1940s, but have become much broader and more enforced in the past 20+ years. Companies are required by law to turn "abandoned" funds and investments over to the state, which will sell any stocks, bonds

other property upon receipt and deposit the proceeds to the fund. The state then makes an effort to find the owner or heirs. Unclaimed funds are held until the owner or current heir is found – the money does not revert to the State Treasury after a period of time.

In my case my family received about \$4,500 from the NJ Unclaimed Property Administration, like much of the unclaimed property currently held by the states money resulting from the sale of shares generated by the demutualization of insurance companies. Just recently I received another \$25+ from the Pennsylvania fund, found for me by former NJ NATP board member Marc Standig. Marc has found lots of money for his clients over the years by doing random searches of the unclaimed property databases.

To find out if you, your family or your clients have any unclaimed property being held by a state agency you can start by going to the website of the NJ Unclaimed Property Administration. See the “address” I provided earlier in this article. You can also do a search at the National Association of Unclaimed Property Administrators website (<https://www.unclaimed.org>) and at <http://www.missingmoney.com>

\*\*\*

*Northeast PA resident Robert D Flach has been preparing 1040s since 1972, and has been a member of NATP since 1987 (and a founding member of the NJ chapter). He has been writing the popular tax blog THE WANDERING TAX PRO (<http://wanderingtaxpro.blogspot.com>) since the summer of 2001, inspired by an NATP National Conference seminar*

## IRA COMMISSIONER CHARLES RETTIG

ON JULY 23, 2019, at our NATP National Conference, IRS Commissioner Rettig was broadcast live! He gave an overview of the past tax season, with emphasis on the tax law changes, under TCJA. He also spoke about emerging issues of interest to our profession, as well as the development of the new W-4.



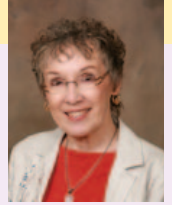
## NJ TRIVIA

### DID YOU KNOW?

- ★ State motto is liberty and prosperity.
- ★ Tourism is the second-largest industry in New Jersey.
- ★ Jack Nicholson, Bruce Springsteen, Bon Jovi, Redman, Das EFX, Naughty by Nature, Sugar Hill Gang, Lords of the Underground, Jason Alexander, Queen Latifa, Shaq, Judy Blume, Arron Burr, Whitney Houston, Eddie Money, Frank Sinatra, Grover Cleveland, all New Jersey natives.
- ★ The first Indian reservation was in New Jersey.
- ★ The honeybee, *apis mellifera*, is the New Jersey state bug.
- ★ Picturesque Cape May holds the distinction of being the oldest seashore resort in the United States and one of the most unique.
- ★ New Jersey has the most diners in the world and is sometimes referred to as the diner capital of the world.
- ★ The light bulb, phonograph (record player), motion picture projector were invented by Thomas Edison in his Menlo Park laboratory.

# ANNUAL CHARITY FOR NATP AT CONFERENCE

BY JEAN MILLERCHIP, EA



**T**RADITIONALLY, NATP adopts a charity within the confines of the host city, and one which depends upon donations to survive and function.

Traditionally, at National Conference, NATP adopts a charity within the confines of the host city, and one which depends upon donations to survive and function.

At the host city of Chicago, NATP chose CASA ( Court Appointed Special Advocates for children). The vision of CASA is that every abused and neglected child is placed in a safe permanent home as quickly as possible.

ACASA volunteer is appointed by a judge to serve as a constant and stable advocated for an abused or neglected child. It has been found that children with a CASA volunteer are less likely to spend time in long-term foster care and less likely to re-enter the child welfare system.

This worthy charity, which began in 1977, with Judge David Soukup, now proudly has nearly 950 programs in 49 states and the District of Columbia.

NATP members can proudly say that we raised over \$ 20,000 during the 4 days of National Conference.



**You are Invited!**

**Calling all NJ NATP Members**

**To celebrate the NJ Chapter's 30th Anniversary,  
we invite you to join us in the 7 Star Lounge @ Harrahs!**

**The event starts at 5Pm Thursday, October 17th.**

**Just an hour after Forum ends.**

**Light appetizers and a drink will be provided be NJ NATP Board of Directors.**

**Stop by The Chapter table during Forum for more information.**



New Jersey Chapter  
National Association of Tax Professionals  
Presents

Annual Conference & Meeting  
Thursday October 3, 2019

At

APA Hotel Woodbridge  
120 Wood Ave. South  
Iselin, NJ 08830

Registration 7:30 – 8:00 AM

Opening Remarks 8:00 – 8:15 AM

1<sup>st</sup> Session 8:15 – 11:45AM

2<sup>nd</sup> Session 12:45 – 1:15PM

3<sup>rd</sup> Session 1:15 – 2:55PM

4<sup>th</sup> Session 3:05 – 4:45PM



Come join the NJ NATP Chapter for our Annual Conference and Day  
with our colleague from New York, Kathryn Keane, EA!!

She will be bringing her dynamic way of educating covering:

Section 199A...What we wish we knew before and know  
now/1031 Exchanges, 4 Credits  
Losses and the 1040, 2 Credits  
Death, Dying and the Tax Man, 2 Credits

Presented by Kathryn Keane, EA

**REGISTRATION INCLUDES: E-Materials to download/print**  
**\* Additional Fee for Printed Materials distributed at event\*: \$35**



Hot Breakfast Buffet and Lunch Included

**8 CREDIT EVENT**



Please support our Charitable Causes!

Attendees will be responsible for reporting their CE credits in accordance with their respective reporting requirements. To ensure the integrity of this program, attendance will be periodically monitored for late arrivals or early departures and credits will be adjusted accordingly. NJ NATP is registered as a sponsor of Continuing Education for the Internal Revenue Service (Sponsor #458) and the NJ State Board of Accountancy (Sponsor #531) which has final authority on the acceptance of individual topics for CE credit. This program qualifies for 8 CE Credits for EAs under Treasury Department Circular 230, Section 10(g) and 8 CPE Credits under New Jersey AC 13:29-6.7. Each credit is based on a 50-minute credit hour. Field of Study: Taxation. Prerequisite: None. Level of Knowledge: Basic.

# THE VALUE OF A TAX DEDUCTION - MORE THAN YOU MAY THINK

BY ROBERT D. FLACH

**A** RECENT REAL-LIFE EXAMPLE FROM MY PRACTICE reminded me of something that most of us probably already know but bears repeating as we begin to think about year-end tax planning for our clients.

A client had substantial capital gains for 2018 which were taxable at the lower capital gains rates. A portion of the capital gains were taxed at 0% while most was taxed at 15%. The client's "ordinary" income was taxed at the 12% marginal tax rate. If we disregard the capital gain income – if all his income had been taxed as ordinary income - the client would have been in the 24% marginal bracket.

After I had done an initial write up and tax calculation the client told me about an additional \$350 non-cash contribution to the Salvation Army he had failed to include when sending me his stuff.

This additional \$350 reduced his net taxable income and therefore reduced his "ordinary" income tax by \$42 - \$350 x 12%.

But the \$350 reduction in net taxable income also allowed an additional \$350 of his capital gains to be eligible for the 0% rate, so \$350 less in capital gain income was taxed at 15%. He reduced his tax liability by another \$52.50 - \$350 x 15%.

The bottom line - the additional \$350 deduction saved him \$94.50 – or 27% - in federal income tax.

As we can see, because of the different rates for different types of income the savings from a tax deduction can be more than the ordinary marginal tax rate. In the above example the savings was more than twice this rate.

This example involved a "below the line" tax deduction, the "line" being AGI. Deductions allowed "above the line" can generate even more savings by reducing the amount of other deductions or credits that are phased-out based on AGI and reducing the amount of taxable Social Security or Railroad Retirement benefits.

\*\*\*

Northeast PA resident Robert D Flach has been preparing 1040s since 1972, and has been a member of NATP since 1987. He has been writing the popular tax blog **THE WANDERING TAX PRO** (<http://wanderingtaxpro.blogspot.com>) since the summer of 2001, inspired by an NATP National Conference session. He is the author of the book "So You Want To Be A Tax Preparer: Advice from a Veteran Tax Pro" available in Kindle format from Amazon (<https://www.amazon.com/SO-YOU-WANT-TAX-PREPARER-ebook/dp/B075HY9LRY>).



Would you like to see your ad **HERE** for all of the  
**NJ NATP MEMBERS TO SEE?**  
CONTACT TOM WATKINS AT 973-423-0043

Website: [www.njnatp.com](http://www.njnatp.com) or call 856-428-3079

## NJ-NATP BOARD OF DIRECTORS 2019

### OFFICERS

#### PRESIDENT

**Mary Rose Martino**  
Cherry Hill  
(856) 428-3079

#### VICE PRESIDENT

**Teresa Marron**  
Toms River  
(732) 797-0294

#### SECRETARY

**Alyce Taylor**  
Barrington  
(856) 546-7201

#### TREASURER

**Joe Wisniewski**  
Pitman  
(856) 256-0330

### DIRECTORS

**Marilyn Ayers**  
Brick  
(732) 477-2281

**Ethan Hundley**  
Mt Olive  
(973) 940-0175x212

**Julie Robinson**  
Brick  
(732) 477-2281

**Kiran Desai**  
Old Bridge  
(732) 727-6968

**Anthony Manziano**  
Whiting  
(732) 849-3271

**Colette Taylor**  
Haddonfield  
(856) 546-7201

**Tom DeTitta**  
Madison  
(973) 845-2470

**Josh Melum**  
Lakehurst  
(609) 752-0707

**Tom Watkins**  
Totowa  
(973) 423-0043

**Michael Fox**  
Cinnaminson  
(856) 786-2121x101

**Gwen Radloff**  
Rutherford  
(201) 438-5162

## TELEPHONE DIRECTORY

### NJ PRACTITIONER HOTLINE

609-633-6657 for Personal Income Tax  
609-633-6905 for Business Tax

### IRS PRACTITIONER HOTLINE

For practitioners with POA on file to call  
about a specific client problem:  
866-860-4259  
Tax Law Questions: 800-829-1040

### NJ-NATP CHAPTER OFFICE

TEL 856-428-3079  
FAX 856-428-3079

### INTERNET ADDRESS

**NJ CHAPTER**  
[www.njnatp.com](http://www.njnatp.com)  
[www.natptax.com](http://www.natptax.com)  
Directory of National Members  
[www.taxprofessionals.com](http://www.taxprofessionals.com)

Tax Book: Promo Code 490 [www.thetaxbook.com](http://www.thetaxbook.com)