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199A Proposed Regulations

**Some musings regarding
 rental income**

By Owen R. Oatley, E.A.

The proposed regulations state that a “trade or business means a Section 162 trade or business other than the trade or business of performing services as an employee”.

In *Adams v. Commissioner* (T.C. Memo 1995-142) the court wrote: “Rental expenses incurred by petitioner between June 29 and October 23, 1989, however, are business expenses deductible under Section 162 (a) as ordinary and necessary expenses paid or incurred during the taxable year in carrying on a trade or business”. *CONTINUED ON PAGE 2*

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Musings on Rental Income, continued

In *Legreide v. Commissioner* (CCH Dec. 20,721, 23 T.C. No. 508), the Tax Court wrote: “It is clear from the facts that the real estate was devoted to rental purposes, and we have repeatedly held that such use constitutes use of the property in trade or business, regardless of whether or not it is the only property so used”. A number of cases are then cited.

In *Adams v Commissioner*, the taxpayer converted a personal residence to rental property. In *Legreide v. Commissioner*, Mrs. Legreide owned a house that she rented out. Mr. Lagreide operated and owned a sole proprietorship. Mr. Lagreide had an NOL in regards to his sole proprietorship. The court wrote: “We hold, therefore, that the net rents from the property in 1949 were derived from the operation of a trade or business”. The court held further that the operating loss of the sole proprietorship was to be reduced by the net rents in determining the NOL carryback.

The IRS needs to provide more clarity in regards to the rental property issue and Qualified Business Income. Would active participation come into play? Would whether or not someone is a real estate professional come into play? Maybe we will have to wait for court decisions.

Summertime laughs. Sometimes I have to laugh at Cassie, my Calico cat. I was in the bathroom this afternoon and “sunshine” (her other name) decided to be social and come in for a visit. She jumped up on the edge of the tub and outside of getting her claws caught from time to time in the shower curtain she seemed content. And then it happened...out of the corner of her eye she spotted the dreaded appendage over which she has no control. That furry thing began to switch from side to side in a most annoying yet fascinating manner. She was transfixed. She cocked her head and observed the irrational movement with a decidedly mystified expression full of distrust and potential danger. At last she couldn't stand it any longer and made a mad dash out of the room in an effort to leave it behind and gain her independence once again. *Levity curtesy of Ken Brown, Computer Wizard*



September 20 (Thursday)

The East Coast Group is no longer "homeless"! Join in the stimulating conversation, the comradery and the good food at our new location—Zappi's Italian Garden Restaurant. We'll meet in a private dining room at 6:00 pm. Zappi's is located at 128 S. Beach Street in Daytona Beach. Easy parking and entrance to the dining room is at the rear of the building. Their web site is: www.italiangarden.com. Please RSVP to Sandi at confidential1227@aol.com.

September 20 (Thursday)

The North Pinellas County Group will meet again at Niko's Place, 6818 US Hwy 19 N, New Port Richey. Doris starts the meeting at 6:00 pm and this month's topic will focus on the new 199A regulations. We all need to know more about those. Please RSVP to Doris at: doris.dimon@gmail.com.

October 10 (Wednesday)

The Southeast Group—Pompano Beach—will meet with host Ken Dowdall at 6:30 pm in a new location: The Poster Room in the Bucca di Beppo Restaurant at 9469 West Atlantic Blvd, Coral Springs. (Inside the Coral Square Mall). Please RSVP to Ken at dowdalltax@gmail.com

At all networking meetings there is no CE credit and meals and libations are on your own.

GROUP CRUISE CABIN COST VS. RCCL

We are aware that Royal Caribbean Cruise Line (RCCL) has reduced its online booking rates to match those of our group, including the \$50 cabin allowance. That is the cruise line's prerogative and is out of our hands.

However, we want to ask you to continue to book your cabin space through our travel agent. There are significant benefits to using a travel agent. Not only do additional cabins added to our group help your chapter defray the expenses of making this cruise viable, but when booking with a travel agent you have the benefit of a real person to assist you if you encounter any issues. Further, Ellen will be advising you on the upcoming cruise group airfare, cruise insurance and other important notifications from the cruise line.

By booking with Ellen, we will also have a manifest of everyone traveling. At this point, we have almost 100 cabin bookings.

We're going to have a great trip!

Contact



Ellen Rafferty at Odyssey Travel

via email: ellen@odysseytravel.com

by phone: 386-366-7834 Monday-Thursday.

CRUISE NEWS UPDATE

65% of the seats for the "Seminar at Sea" are sold, so if you've booked a cabin and haven't registered, please do so now.

See the Seminar registration form on page 5.

Seminar at Sea 2018 is on Facebook—See page 6



REGISTRATION FORM

2018 SEMINAR AT SEA CONFERENCE

NOV. 3—8, 2018



APPROVED
CONTINUING EDUCATION
PROVIDER

RCCL: BRILLIANCE OF THE SEAS

Name: (please print clearly)

PTIN (required) _____ NATP Member # (required for discount) _____

Address: _____

City: _____ State _____ ZIP _____

EMAIL: (required) _____ Phone _____

Emergency Contact Name & Number: _____

REGISTRATION FEE **ONE DAY** **BOTH DAYS** **CABIN NOT BOOKED W/GROUP**

Member \$ 50 \$ 100 ONE DAY: \$100 BOTH DAYS: \$150

Non-Member \$ 75 \$ 125 ONE DAY: \$125 BOTH DAYS: \$175

IF ATTENDING FOR ONE DAY ONLY: 11/4 ___ or 11/7 ___

GOING GREEN: Your course materials will be sent to you by email in pdf format on OCT 25, 2018. Use your laptop or iPad in class or print out the courses. Note that no power cord hookups will be available in the classroom. Because we will be shipboard, no physical manuals will be produced by the chapter.

PAYMENT METHOD

We accept: Visa, MC, AMEX and Discover cards. Make checks payable to Florida Chapter NATP.

Names as it appears on cc: _____

CC # _____ Exp Date: _____ Security Code _____

Signature: _____

HOW TO REGISTER

Mail to: Florida Chapter NATP, Sandra Torrence, EA, P. O. Box 2280, New Smyrna Beach, FL 32170

Phone: 386-423-7771 FAX: 386-423-3744

EMAIL: confidential1227@aol.com Note—email does not go to a secure site.

Cancellation Policy: To cancel your registration, notify Sandra Torrence, at confidential1227@aol.com no later than **OCTOBER 19, 2018** to receive a refund. Cancellation fee is \$15. No refunds will be granted after that date unless due to extreme circumstances (family death, federally declared disaster area, for example.) No-shows will not be granted refunds. Registration substitutions are accepted, provided non-members pay the non-member fee difference.

SEMINAR AT SEA TOPICS

(10 CPE Credits)

Operating an Ethical Tax Practice—2 hours

Self Directed IRAs—1 hour

Gambling and the Tax Return—2 hours

Net Operating Losses—2 hours

Representing Today's Clients—2 hours

And a new, sure to be favorite, topic.....

Stump the Speaker—1 hour

(Think up your stumper questions now!)

Your CE certificates will be emailed to you after the cruise, so be sure to sign in-sign out on both days and double check your email address with Sandi at confidential1227@aol.com or with Steven at stevenhamilton@hamiltontax.net.



Find us on
Facebook

SEMINAR AT SEA IS ON FACEBOOK

The Board thought that staying in touch before and during the cruise with *Facebook* would be a great idea, so that's what we've done.

Page Name: Seminar at Sea 2018

Link: <https://m.facebook.com/groups/440375386466957>

"I don't think I get enough credit for the fact
that I do all of this unmedicated."

The Editor



LINGUINE (With Sun Dried Tomatoes and Olives)

&

CONFETTI SALAD

THIS PASTA SAUCE IS ALSO DELICIOUS WITH THE ADDITION OF CHICKEN.

WHAT YOU'LL NEED FOR THE PASTA- (Serves 4)

1/4 cup olive oil; 2 garlic cloves, thinly sliced; 1 cup sun-dried tomatoes, thinly sliced; 1/2 cup white wine (extra for the chef); 1 1/2 cups chicken broth; 1 1/2 cups heavy cream; salt and freshly ground pepper to taste; 1 lb. fresh or dried linguine; 1 bunch green onions, chopped (use your judgement); 1 cup fresh basil leaves cut in thin strips plus 2 TBs for garnish; freshly grated Parmigiano Reggiano cheese, to taste.

WHAT TO DO WITH IT

In a large saucepan over medium-high heat, warm olive oil. Add garlic and sauté, stirring often until it just begins to turn golden, about one minute. Add sun-dried tomatoes and the olives and continue to sauté, stirring for another minute. Add wine, broth and cream, bring to a simmer and cook until sauce is thick enough to coat the back of a spoon, 12-15 minutes. Have a large sip of wine. Adjust seasonings with salt and pepper. Adjust attitude with another sip of wine. Reduce heat to low and keep warm. Meanwhile, bring a large pot two-thirds full of salted water to a boil over high heat. Add pasta and cook according to package directions, stirring occasionally, until al dente. Drain pasta and return to pot. Stir green onions and 1 cup basil into the sauce and cook 1 minute. Adjust seasonings again. Adjust attitude. Pour sauce over pasta, tossing to combine. Divide into 4 bowls and garnish with remaining basil and cheese. Serve immediately along with another bottle of wine and crusty bread.

CONFETTI SALAD

Into a large bowl place 2 cups shredded red cabbage, a 19-oz drained and rinsed can of cannellini beans, an 11-oz can drained mandarin oranges, 1/2 cup toasted walnuts and 2 large scallions sliced with green tops.

In another bowl whisk together 3 Tbs. olive oil, 2 Tbs. balsamic vinegar and 2 Tbs. orange juice. Salt and pepper to taste. Toss all together and serve. Serves 6.



Have you ever listened to your tax client for a while and wondered...

"Who ties your shoelaces for you?"