



Tax Pro News

By Practitioners, For Practitioners

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Mortgage Insurance Premium Deduction Update

The IRS just issued Notice 2008-15 to clarify a number of questions regarding the new Mortgage Insurance Premium Deduction. This deduction, taken on Line 13 of Schedule A is limited to the amount allocable to 2007.

This means that prepaid amounts will be amortized over the lesser of 84 months or the life of the mortgage.

It appears that the lender will calculate the deductible amount, which should be reported for 2007 by the lender on Form 1098, Box 4, but there is enough reporting leeway this first year that tax professionals may have to examine closing statements and escrow analyses.

SCHEDULES A (Form 1040)

Department of the Treasury
Internal Revenue Service

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IRS misleading the public with statistics?

The IRS just released the [audit statistics](#) for fiscal year 2007, which shows 1,384,563 "audits" and shows this as the highest number of "audits" in over 10 years!. In 1998 there were 567,759 field audits and 625,021 correspondence audits, for a total of 1,192,780 audits. The Service is also claiming the highest audit percentage of returns in years. Here is some real data for you:

In 2007 there were 311,339 field audits and 1,073,224 correspondence audits, out of a total of 134,421,400 individual returns filed. This works out to a 2/10 of 1% field audit rate and 8/10 of 1% correspondence audit rate.

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In 1998 48% of all audits were face-to-face field audits, and by 2007 that percentage had dropped to 29% for field audits. This works out to a 5/10 of 1% field audit rate and a 5/10 of 1% correspondence audit rate.

There were 10% fewer auditors in 2007 versus 1998.

Would you rather have a letter audit or an agent in your office? Have audit rates really increased?



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New IRS Regulations for Preparers

Brand new [Revenue Procedure 2008-12](#) has a hidden rule in Section (e) regarding outsourcing that most professionals and tax services are missing. This new section requires that whenever "a tax return preparer is located outside the United States", the taxpayer must consent, in advance, in writing, to the disclosure. Electronic consents are also allowed.

The consent must be in an affirmative manner, meaning that the written document cannot say something like "We will disclose everything unless you check the boxes we cannot disclose", and must include this specific wording " This consent to disclose may result in your tax information being disclosed to a tax return preparer located outside the United States"

The new rules are effective after December 31, 2008.



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Have a great tax season. If nothing major happens, our next newsletter will appear in mid-April. Our 2008 schedule will be fully posted on the website by January 31.

Our 2009 vacation seminar will be a Northern Europe cruise.

Looking for a good tax deductible vacation this spring or summer? Here are some spots you might want to watch:

May 12-14 we will be at [Anaheim's Disneyland](#) resort for Compilations and Estate courses.

May 14-16 we will be in [Burbank, CA](#) for Compilations and Estate tax courses.

October 5-6 will see us in [Portland, Oregon](#) for Compilation and Technology courses.

June 27-28 will see us in [Anchorage, Alaska](#) for Estate and Technology courses.

July 22-23 we will be in [Ft. Collins, Colorado \(Rocky Mountain National Park\)](#) for Estate and Compilation courses. We will follow up on July 28 in Ft. Collins with a Tax Strategies for Small Business class.

July 24-25 we will be at the magnificent [Sandia Resort and Casino in Albuquerque](#) for Estate and Technology classes.

August 11-15 will see us in Florida for several courses. Aug. 11-12 we will be in [Sarasota](#) for Compilations and Estates, followed by [Orlando](#) on Aug. 13-14 for Compilations and Estates, and [Port St. Lucie](#) on August 15 for Estates.

Go to www.Taxspeaker.com for more information on these and our other seminars.

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