NYS SOCIETY OF CPAs
NYSSCPA

Suffolk Chapter NEWS

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JOHN M. SPATOLA

President's Message

As we enter what most refer to as the most wonderful time of the year with its holiday parties, festive decorations, family gatherings and season of giving, we get closer to what most refer to as the busiest time of the year. As winter officially begins later this month and we move forward to a new year, we should all try to enjoy our family and friends and the season of cheer this month before turning the page on yet another year and moving into what will certainly be a busy first quarter.

The past month has been a very successful one for the Suffolk Chapter. Since the last newsletter, we held events including an in person technical session covering Environmental Social Governance on November 15, a virtual professional issues update as to the state of our profession on November 30, an in person all day Tax Seminar in Melville on December 1, and a virtual ethics presentation on December 6th.

Looking forward to next month, the Suffolk Employee Benefits committee will be having an in person event covering recent developments in commercial, labor and employment law on January 10 (see page 8). The Taxation committee will also be having a virtual event covering New York sales tax best practices including current sales tax challenges, proper administrative procedures, taxability guidance and recent development in New York state sales tax on January 12 (page 9).

In addition to all the upcoming events next month, our Real Estate and Construction committee will be having its first post-pandemic meeting on January 10 at 6:00 p.m. in Melville (page 6). The committee is looking for any members in the accounting field that want to make a difference and help plan technical and social events for the upcoming year. For additional information, please don't hesitate to contact the committee chairperson Mathew Slack (mslack@uhy-us.com).

I encourage all our members to get the most out of their membership by getting involved in one of our many committees. See page 11 for a listing of the chapters and the committee chairs. If interested please reach out and get involved!

Whenever I think of this time of year, I can't help but think of all of the great holiday movies that are touching, family centric and of course funny. One of the nuevo classics that is a favorite in my

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household is Elf. What most don't know about the movie Elf is that prior to its release in 2003, Will Ferrell thought that it would ruin his career. In a recent interview he said "As I was running around New York City in my yellow tights I was thinking 'This could be my last movie'. But little did we know that we were making a movie that would stand the test of time."

So from my family to yours, I wish you a Merry Christmas, Happy Hanukkah, Happy Holiday and Happy New Year and hope you enjoy this cheerful season with what Buddy the Elf indicates are the four main food groups, "Candy, Candy Canes, Candy Corn, and Syrup."

If I can be of any assistance or you have any questions about the NYSSCPA or our Suffolk Chapter, please don't hesitate to contact me at jspatola@ns.cpa.

– John M. Spatola

Annual Technical Trainings

On Friday, November 11 the **Nassau-Suffolk Annual All-Day Accounting & Auditing Conference** was held in person at the Radisson Hotel Hauppauge. Attendees gained insight on the latest updates and changes in SSARS, FASB standards, industry specific engagements and peer review findings.

Herbert Chain, CPA

Philip Marciano, CPA

On Thursday, December 1 the **Nassau-Suffolk Annual All-Day Tax Confrence** was held in person at the Melville Marriott. There were 130 attendees. Some of the highlights were federal and NYS tax updates, Section 754, K2-K3, estate tax update and S corporation basis.

FAQs About Small Business Audits

By Karen Tenenbaum, Esq., LL.M. (Tax), CPA and Moshe Zupnick, Law Clerk

If you don't handle small business audits regularly, having a client hand you a notice they received from the IRS is stressful. Small businesses are frequent targets of audits, and they can be difficult to represent because they often lack the sophisticated recordkeeping or in-house staff to assist in an audit. However, there are a few basics to keep in mind to help you through the process.

1. Why Was Your Client's Small Business Selected for an Audit?

The audit notice will sometimes indicate the problems found in the return and the documentation the IRS wants to review. However, audits often arise because the IRS's computer system compares the tax return to other information in the database. For example, the return will be checked against data from banks, vendors, and other taxpayers to identify discrepancies. The agency will also conduct a statistical analysis to flag businesses with income and deductions outside the normal statistical range.

Small businesses are also frequently audited when they exhibit certain red flags. For instance, they may take certain types of deductions and tax credits that have historically been abused; report large losses in consecutive years; have gross income in excess of certain thresholds or have cash-intensive businesses (e.g., restaurants, gas stations, dry cleaners, etc.) that commonly underreport income. In addition, certain types of entities like sole proprietorships may be more likely to be audited.

2. What Is the Best Way to Fight a Small Business Audit?

To challenge an audit, you must have good financial records to substantiate the tax return. In providing documentation to the IRS, it is important to cooperate with auditors and be responsive but also avoid

continued...

providing more information than necessary. You should question broad or vague requests and keep the scope limited whenever possible.

When documentation is voluminous, the auditor can establish a test period audit method election, which limits the auditor to reviewing revenue and expenses for a specific period. The results are then extrapolated to the entire audit period. You must ensure that the period selected is representative of the audit period as a whole or the taxpayer's industry (i.e., whether it is a seasonal business or there are unusual transactions in the selected test period).

Finally, make sure that the IRS has complied with all legal and procedural requirements.

3. Can you negotiate with the IRS?

During an audit there should be an ongoing discussion with the auditor and the auditor's manager to keep the audit focused and to minimize any future assessments of tax, interest, and penalties. A good representative can help advocate for the taxpayer to get the best possible result.

4. How Can the Client Avoid a Future Audit?

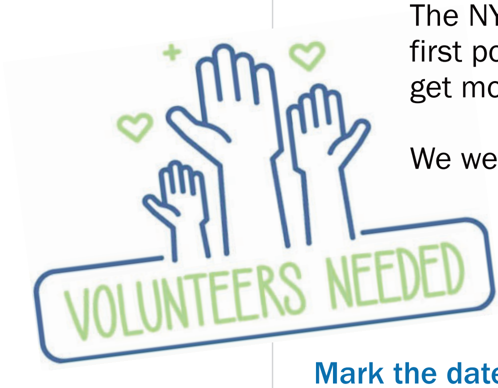
Generally, just because a client was audited once doesn't mean it will happen again. However, it is important to fix any problems that caused the first audit and make sure that the client keeps meticulous records.

Conclusion

Audit rules and procedures can be confusing, and mistakes can significantly hurt and/or delay the case. As a result, it may be beneficial to consult a tax professional with experience handling audits.

Karen Tenenbaum is Founder and Managing Partner of Tenenbaum Law, P.C. (www.litaxattorney.com), a tax law firm in Melville, N.Y. Moshe Zupnick is a law clerk at the firm. Reach them at ktenenbaum@litaxattorney.com; mzupnick@litaxattorney.com; 631-465-5000.

Looking for Volunteers!



The NYSSCPA Suffolk Chapter **Real Estate & Construction Committee** is having its first post-pandemic planning meeting and looking for individuals who would like to get more involved with the NYSSCPA Suffolk Chapter!

We welcome any and all NYSSCPA member in the accounting and financial planning fields who want to make a difference and help us to plan out the social and technical sessions for the upcoming year.

Mark the date:

NYSSCPA Suffolk Chapter Real Estate & Construction Committee
January 10, 2023
6:00 p.m.
At UHY, LLP
58 S. Service Road, Suite 115
Melville, NY 11747

For more details, contact chairperson Matthew Slack at mslack@uhy-us.com.

DON'T FORGET...
The NYSSCPA Suffolk Chapter **Estate/Financial Planning Committee** is also looking for new volunteers. Contact chairperson Eric Goodman at Goodman_eric@nlgroupmail.com.

JANUARY 10, 2022

Recent Developments in Commercial, Labor and Employment Law. Details on page 8.

JANUARY 12, 2022

Sales Tax Best Practices: How to Stay Out of Trouble. Details on page 9.

Committee Chairs! Send future meeting dates to Rebecca Brodsky, Rebecca.A.Brodsky@ey.com

For up-to-the-minute NYSSCPA Suffolk Chapter activities
CLICK HERE

Save the date

Recent Developments in Commercial, Labor and Employment Law

What Your Clients Should Know

Tuesday, January 10
9 to 11 a.m.

Attorneys from Kaufman Dolowich & Voluck LLP will discuss recent developments in commercial, labor, and employment law so you can proactively anticipate and address your clients' questions and needs in the new year.

- Whistleblower Law, including the Salary Range Disclosure Law, the Electronic Monitoring Law, and sexual harassment hotline
- Compensation for manual workers
- Strategies for avoiding and mitigating discrimination, retaliation harassment, and wage and hour lawsuits

2 CPE credits (specialized knowledge)

Questions? Contact christina.galasso@cbiz.com

Sales Tax Best Practices

How to Stay Out of Trouble

Thursday, January 12, 2023
8:30 to 9:30 a.m.

Join the NYSSCPA Suffolk Chapter Tax Committee for a webinar discussing sales tax challenges, obtaining written advice from the Tax Department, the proper administrative procedures to follow, taxability guidance, and recent developments in sales tax.

Speaker
Mark Stone, CPA

Free! 1 CPE credit

Save the date... Additional details to come!
Questions? Contact John M. Spatola, jspatola@ns.cpa

FUN & GAMES: How's Your Vocabulary?

You're good at math, but how about English? Find out how strong your vocabulary really is by figuring out the SYNONYMS...

1. BOISTEROUS	
A. dizzy	B. rowdy
C. official	D. independent

2. QUANDRY	
A. punishment	B. problem
C. argument	D. discussion

3. PREPONDERANCE	
A. relationship	B. fact
C. poison	D. majority

4. TREPIDATION	
A. boldness	B. sorrow
C. dread	D. indecision

5. BLUNT	
A. tender	B. graceful
C. agreeable	D. direct

6. APPOSITE	
A. cooked	B. revealing
C. whole	D. appropriate

7. PARAMOUR	
A. lover	B. fighter
C. poet	D. singer

8. BLATANT	
A. educational	B. dark
C. obvious	D. insincere

9. SURMISE	
A. know	B. maintain
C. guess	D. muddle

10. PREDICATE	
A. learn	B. hurry
C. base	D. forecast

SOURCE: merriam-webster.com

HOW'D YOU DO?

1-B.
2 B.
3-D.
4-C.
5 D.
6 D.
7-A.
8 C.
9 C.
10 C.

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The NYSSCPA Suffolk Chapter has a few committees looking for a chair!

- **COOPERATION WITH ATTORNEYS**
- **COOPERATION WITH BANKERS & OTHER CREDIT GRANTORS**
- **EMERGING TECHNOLOGIES**
- **MANAGEMENT OF AN ACCOUNTING PRACTICE**
- **SMALL BUSINESS**

COMMITTEE SERVICE APPLICATION

Here's a way to get involved with NYSSCPA Suffolk and help make a difference! Please rank the top 3 committees in which you have an interest:

___ Accounting & Auditing
___ Community Affairs
___ Construction Contractors
___ Cooperation with Attorneys
___ Cooperation with Bankers and Other Credit Grantors
___ Cooperation with Educational Institutions
___ CPE/Professional Development
___ East End
___ Emerging Technologies
___ Employee Benefits
___ Estate/Financial Planning
___ Forensic and Valuation Services
___ General Taxation
___ Golf Outing
___ Management of Accounting Practice
___ Members in Industry
___ Membership
___ NextGen (Young CPAs)
___ Not-for-Profit & Government
___ Public Relations
___ Real Estate & Construction
___ Small Business

Please forward your response to:
John M. Spatola, (631) 756-9500, jspatola@ns.cpa

SUFFOLK CHAPTER SPONSORSHIP PROGRAM

Here's your chance to make the most of your membership! SPONSOR ONE OF OUR EVENTS and get in front of colleagues, referral sources, and potential clients.

Step One: **Choose the type of event based on your target audience.**

- golf outings
- networking events
- technical workshops
- informational seminars
- charitable events

Step Two: **Become a sponsor.** At a cost of **$1,000** you receive:

- recognition in the Suffolk Chapter newsletter
- logo/recognition in all event flyers
- opportunity to speak at the event
- booth or table display space

To take advantage of this great offer, contact our Sponsorship Chair:
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