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Charles R. Hatton

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Commencing the New Year and a new tax season is always a challenge, along with the full realization that we will be kept extremely busy. However, let us all be mindful of the things that we can anticipate in the Spring, particularly the Annual Meeting.

We must be cognizant that it is not only tax season for members of the Society but a time that is the concern of all taxpayers. As a public service, your Society is offering a "first" this year. Taped radio spots have been offered to 101 radio stations, and have been requested by 40 of them covering 37 counties in Kentucky. Forty-nine different tax filing tips averaging 29 seconds each are involved. Each spot will note "Brought to you by the Kentucky Society of Certified Public Accountants."

The December issue of *The Kentucky Accountant* contained the item on tax articles being offered to newspapers. These tax releases will be carried by newspapers throughout Kentucky, several of whom are already publishing the articles.

We appreciate the cooperation of these radio stations and newspapers

A NEW YEAR'S RESOLUTION FOR THE CPA
"To so live and work that I will add dignity, build prestige, and foster a better understanding of my profession among all people."
(From the January 1956 issue, The Kentucky Accountant)

Bellarmine Offers CPA Review Courses

Bellarmine-Ursuline College again offers CPA review courses in preparation for the May 1971 CPA Examination. These classes are scheduled to be completed several weeks prior to the exam.

Commercial Law — Monday evenings, 6:30 P.M. to 8:30 P.M.—February 8 thru April 12; Fee \$50—Instructor—Raymond Bossmeyer.

Auditing — Wednesday evenings, 6:30 P.M. to 8:30 P.M.—February 10 thru April 14; Fee \$50—Instructor—W. Windell Bowles, CPA.

Nominations Committee Appointed

President Hatton has appointed Sam W. Lyverse as chairman of the Nominations Committee to serve with Charles C. Shields, Nolen C. Allen, Carl N. Kelley and Frank W. Overton to recommend a slate of seven directors to fill the vacancies created by the expiration of seven directors whose terms expire in 1971.

In addition to the nominations, which will be made to the March Meeting of the Kentucky Society membership, the committee also makes recommendations of officers for the 1971-72 year as well as appointments to be made to the State Board of Accountancy.

1970 KENTUCKY TAX CHANGES
A letter analyzing the Kentucky tax changes in 1970 has been prepared by the State Taxation Committee with the cooperation of the Kentucky Department of Revenue. Copies of the letter are now available at the Kentucky Society Office, and will be furnished to members upon request.

who are contributing time and space without charge to the Society.

Along with the January meeting notice, you received a questionnaire. The answers are needed by the Society to place its records on computer as a means of better information retrieval and thus our ability to render better service. Your prompt reply will be appreciated.

New Members, AICPA

The following members have been elected to membership in the American Institute of Certified Public Accountants: James W. Blackburn, Ronald E. Koetter, Charles V. Lorch, Jr., and Richard W. McKenna, all of Louisville, and Thomas Gene Smith of Paducah.

Published by

**THE KENTUCKY SOCIETY
OF CERTIFIED
PUBLIC ACCOUNTANTS**

310 West Liberty, Louisville, Ky. 40202

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New IRS Directory

Word has been received from the Louisville Office, Internal Revenue Service, that a new 1971 Directory of Kentucky Offices is now in production and should be available some time in January.

The Louisville Office will furnish the Kentucky Society with sufficient copies to mail to all members and public accountants.

This directory has been published for a number of years and last year, for the first time, was produced by the Internal Revenue Service. Many Kentucky Society members find it most helpful in reaching the proper agent or Supervisor.

Meet The New Members

Clyde Barnhart, Jr., born in Clay County, Indiana, is a graduate of Syracuse University. He received his original CPA certificate from the Indiana State Board, and is an individual practitioner with offices in Henderson, Ky.

Melvin J. Kern, Jr., was born in Ft. Monroe, Virginia, and is a graduate of Bellarmine-Ursuline College. He is associated with Blue Cross-Blue Shield in Louisville.

Donald H. Love, born in Louisville, is a graduate of Brescia College. He is on the staff of J. Donald Riney, CPA in Owensboro.

Irvin C. Rueff, Jr. is a native of Louisville and a graduate of Bellarmine-Ursuline College. He is associated with the CPA firm of Mitchell & Whelan, Louisville.

James Joseph Sampey, was born in Chicago, Illinois, and graduated from Loyola University there. He received his original CPA certificate from the Illinois State Board, and is on the staff of Peat, Marwick, Mitchell & Co., Louisville.

Scott T. Smith, born in Cleveland, Ohio, is a graduate of the University of Michigan. He is associated with Lybrand, Ross Bros. & Montgomery in Louisville.

CALENDAR OF EVENTS—YEAR 1971

- January 22—Dinner Meeting Executive Inn, Louisville
- March 19—Dinner Meeting (AICPA Night — Awards Night — Ladies Night) Executive Inn, Louisville
- May 5-7—CPA Examination Ky. Fair & Exposition Center, Louisville
- May 10-12—AICPA Council Meeting Colorado Springs, Colo.
- May 19—PD course "Building and Maintaining an Accounting Practice" Hospitality Inn, Lexington
- May 19-21—Kentucky Society Annual Meeting Hospitality Inn, Lexington
- June 3-4—PD course "Procedure and Practice before IRS" Executive Inn, Louisville
- June 13-16—Southern States Conference of CPAs
Buena Vista Hotel, Biloxi, Miss.
- July 8-9—PD course "Effective Communication" ..Colonel Sanders' Inn, Louisville
- July 23—PD course "Income Taxation of Estates and Trusts"
Executive Inn, Louisville
- July 23—PD course "Standards of Reporting" Executive Inn, Louisville
- August 13—PD course "Multiple Corporations" Executive Inn, Louisville
- August 13—PD course "What the CPA Should Know about Insurance" Executive Inn, Louisville
- September 10—PD course "Estate and Gift Taxation" Executive Inn, Louisville
- September 10-13—AICPA Annual MeetingSheraton Cadillac, Detroit, Mich.
- September 24—PD course "Problems of the Closely-Held Corporation" Executive Inn, Louisville
- September 24—PD course "Capital Budgeting" Executive Inn, Louisville
- September 24—Dinner Meeting (Awards Night, Ladies Night)
Executive Inn, Louisville
- October 28-29—PD "Workshop on Corporate Tax Returns"
Brown Hotel, Louisville
- November 3-5—CPA ExaminationKy. Fair & Exposition Center, Louisville
- November 19—PD "Accountants' Fees" Executive Inn, Louisville
- November 19—PD "Purchase, Sale or Liquidation of Corporate Business" Executive Inn, Louisville
- November 19—Dinner Meeting Executive Inn, Louisville
- December 9-11—Annual Institute on Federal TaxationBrown Hotel, Louisville
- December 11—Annual Christmas PartyBrown Hotel, Louisville

State Board News

On September 14, 1970 the Board filed suit in Franklin Circuit Court seeking an injunction to prevent a man known as Spencer D. Lorton, California, Kentucky, from holding himself out as a certified public accountant. This is the first such suit ever filed by the State Board of Accountancy.

The Board went to court after all other attempts to get Mr. Lorton to cease and desist had been tried without success.

Mr. Lorton styled himself as "Reverend S. D. Lorton, CPA, Lieutenant Commander, U. S. Navy, Retired." He reportedly was the minister of the California United Methodist Church. California is in Campbell County, Kentucky.

The case was heard in Franklin Circuit Court by Judge Meigs on December 21, and the Court ruled in favor of the Board. Mr. Lorton had never been licensed as a certified public accountant in the Commonwealth of Kentucky.

CPA Audio Tapes Popular

In September of 1970 the Professional Development Board established a CPAudio Tape Library which included 36 tapes produced by the Professional Development Division of the American Institute of CPAs.

As of December 15, 32 requests for audio tapes have been filled and others have been requested.

While it is the desire of the Society Office to promptly fill all requests for tapes in the CPAudio series, the popularity of some tapes means a slight delay in filling requests. Some of this delay could be avoided if we had more than one tape in each subject, so we repeat—IF YOU HAVE ANY CASSETTES IN THE CPAUDIO SERIES THAT YOU WILL NO LONGER NEED—WHY NOT CONTRIBUTE THEM TO THE CPAUDIO LENDING LIBRARY.

Maturity is knowing when to speak your mind and when to mind your speech.

Committee on Relations with Internal Revenue Service Meets with District Officials

At least once each year the Kentucky Society committee on Relations with the IRS meets with the district director and his staff to discuss problems of mutual concern, changes in IRS policies and new rules and regulations.

The most recent meeting was held November 6, 1970 in the office of the District Director, *Robert J. Dath*. Present in addition to Mr. Dath were: *Charles J. Roddy*, Assistant District Director, *W. Franklin Hammack*, Assistant Regional Commissioner (Appellate), *F. Raymond Wilkins*, Chief of Appellate Branch Office, *William R. Tabb*, Assistant Chief of Taxpayer Service Division, Central Service Center, *Thomas P. McHugh*, Chief of Audit Division, *Joel H. Roache*, Assistant Chief of Audit Division, *Robert A. Hartlage*, Chief of Field Audit Branch, *Edward C. Richardson*, Chief of Technical Branch, and *James I. Owens*, Chief of Collection Division. The Kentucky Society committee present was composed of *Austin H. Gresham*, chairman, *Thomas K. Baer*, Director, *Robert E. Lee, Jr.*, *J. Lane Peck*, *Charles C. Shields*, *Robert B. Steele*, and *Bradley O. Turner*.

The function of this Society committee is to maintain liaison and cooperation with the district office of the Internal Revenue Service and to take members' problems to the district office for discussion and clarification, as well as to promote mutual exchange of constructive ideas and information.

Among the areas under discussion at this last meeting were:

1) *Distribution of Tax Forms*

Mr. Dath, the District Director, when asked if the 1970 forms would be mailed timely, made an apology for the delay in delivery of forms last year and indicated that IRS had already received most of the forms for the 1971 filing period from the printer and they would be mailed to all practitioners earlier this year.

Mr. Dath stated that the staff as well as storage space of the local offices in the state were not sufficient to handle bulk delivery of forms nor bulk orders. Therefore, he requested that these orders be sent to Louisville, and they would be filled immediately.

2) *Request for Extension*

The law requires that these requests be filed with the office where the returns will be filed. Therefore, the request should be sent to:

Internal Revenue Service Center
Cincinnati, Ohio 45298

Every effort should be made by practitioners to file their requests for extensions as soon as possible. It is imperative that all items on the request for extension be completed and the reason for the request should be specific. The postmark on the envelope determines whether or not it is a timely filed request for extension. Last year, IRS rejected several requests because the reasons were not specific or, in some cases, no reason was given.

3) *Computer Generated Problems*

There seems to be continuing difficulty in working out computer generated problems, one of which is the voluminous amount of correspondence. When asked if more effort should be made to discuss a problem with the local Assistance Coordinator rather than corresponding with the Service Center, the Service Center Representative said that with the volume concerned there are bound to be certain adjustments or delays. Internal Revenue Service stressed the fact that contact should be made with any of their Taxpayer Service Representatives located throughout the district to resolve problems prior to devoting excessive time corresponding with the Service Center.

4) *Centralized Review*

Mr. Gresham, chairman of the Society Committee, said he was somewhat disillusioned as to the effectiveness of Central Review and that it was his con-

Around The State

Joseph P. Jones, Jr. spoke to the Highland Kiwanis Club at its first meeting in January on "Internal Control-Employee Frauds."

Kenneth L. Clancy, formerly with Life of Kentucky, has accepted a position with the Ready Electric Company.

Charles J. Veeneman, formerly with Lybrand, Ross Bros. & Montgomery, is now associated with Churney and Counts, Louisville.

John A. Myers, Jr., recently a graduate student at the University of Kentucky, has accepted a position with Alexander Grant & Company in Louisville.

On January 1, 1971 D. Michael Coyle became a partner in the Elizabethtown law firm of Huddleston, Van Zant and Coyle.

David L. Chervenak was the speaker at the December meeting of the American Society of Women Accountants in Louisville — his topic "What the CPA Signature Means on a Financial Statement."

Carl R. Remington was recently made vice president of finance at Porter Paint Company, Louisville.

Charles W. Kaiser, formerly chief accountant for the Kentucky office of Mutual of Omaha, has acquired the practice of Leslie N. Gatz and will continue the practice from the offices in the Heyburn Building, Louisville.

John D. Grider was recently appointed director of the Bowling Green-Warren County Chamber of Commerce.

James W. Smith has joined the part-time teaching staff at Western Kentucky University, and is teaching a course in "Financing Business," in the College of Commerce.

WANTED: CPA or "Almost"— Tax Oriented

For long-established Louisville CPA firm. Age 25-35. Minimum Travel. Must have potential for early partnership. Salary Open. Write Box "C" — The Kentucky Accountant.

COMMITTEE ON RELATIONS

(Continued From Page 3)

ception the review generally would be done by a person who was knowledgeable in the business area on which he was passing. Mr. McHugh said the people who are in review have a special accounting knowledge in specialized industries and have had much training and experience by now. Central Review was set up as a service organization for District Offices. Occasionally there are disagreements, but the Group Supervisor retains responsibility for a case, and if it is not resolved goes to Chief, Field Audit. The Chief, Audit Division has the final determination on review actions.

5) Policy on Depreciation Adjustments

Mr. Gresham questioned whether the Commissioner's policy of not disturbing depreciation rates except where there is a clear and convincing basis for a change is still being followed. He recalled two recent examinations in which the agent resorted to guideline lives on non-guideline activities and would not consider arguments supporting data for lives used by the taxpayers.

Mr. Richardson replied that the Commissioner's policy is still in effect in all districts. IRS tries to adhere to this policy in their audits and in conference. The guideline rate would be a consideration of the agent or conferee in arriving at a proper life, but the rate on non-guideline lives under the law is properly that which is supported by the facts. Pertinent facts and arguments presented by the taxpayers or their representatives should be considered by the agent in every examination. He said that he would bring this to the attention of the supervisors in order to assure that this phase of the examination is handled properly.

6) 26-Month Audit Cycle

Mr. McHugh described the 26-month audit cycle now in effect which is the policy of the Internal Revenue Service. He suggested that tax practitioners try to cooperate with IRS in maintaining this policy. Of course, it is recognized that in some cases extenuating circumstances prevent complete adherence to the policy goals.

Mr. McHugh also pointed out that IRS requests waivers only in unusual cases. He also described briefly the reasons for an early request of waivers so that the case may be orderly prepared.

7) Appellate Division

Mr. Gresham mentioned that the local Appellate Office has a large backlog of cases and wondered if any relief is in sight.

Mr. Wilkins admitted that there was some backlog of cases, but he pointed out that the Huntington Appellate Office has detailed some Appellate advisers to the Louisville District Office over the past 15 or 16 months. Even though the cases are assigned to non-Louisville advisers they will be heard here in Louisville.

8) Exempt Organization Key District

In response to a request for clarification of the Louisville District's involvement and responsibility under the 1969 Act, Mr. McHugh stated that the key district (Cincinnati) has the responsibility for initiating all examinations and for reviewing applications for exempt status. While control and final exemption will be made in the Cincinnati District, technical personnel in the Louisville District will provide assistance in unusual situations.

Mr. Dath concluded the meeting by saying that everyone should feel free to contact IRS as problems arise without waiting for a schedule meeting. It is recognized that it is of mutual benefit to have a clear understanding of issues that arise and IRS continues to solicit the support of the Society.

THE RELEASE DATE FOR GRADES ON THE NOVEMBER 1970 CPA EXAMINATION IS FEBRUARY 4, 1971