

**Internal Revenue Service
Small Business and Self-Employed**

24000 Avila Road, Stop 5209
SB/SE, A14:SB2:10 (2323)
Laguna Niguel CA 92677

Date: August 28, 2009

DANA POINT CA 92629

Department of the Treasury

Taxpayer Identifying Number:

- -

Tax Year:

2007

Form Number:

1040

Person to Contact:

Employee Identification Number:

-

Contact Telephone Number:

- -

Fax Number:

- -

Dear _____ :

We have selected your federal income tax return for the year shown above for examination. We examine tax returns to verify the correctness of income, deductions, exemptions, and credits.

WHAT YOU NEED TO DO

Please call the individual listed above WITHIN 10 DAYS to schedule an appointment Please call between the hours of _____, Monday through Friday.

ISSUES TO BE REVIEWED: DURING THE EXAMINATION

Your examination will primarily be focused on the following issues:

- 1. Sch A- Employee Business Expenses
- 2. Sch C1 - Meals, and Entertainment, Travel
- 3. Sch Cl - Car and Truck Expenses, Utilities

WHAT TO BRING WITH YOU TO THE EXAMINATION

Attached to this letter is an Information Document Request that lists the items on your return to be examined and the supporting items you need to provide. Please include complete copies of your 2006 and 2008 individual income tax returns. You should organize your records according to the issues identified above. For additional information see the enclosed Publication 1, *Your Rights as a Taxpayer, and Notice 609, Privacy Act Notice*.

WHY THE INFORMATION DOCUMENT REQUEST IS IMPORTANT

It is important that you read and fully understand the attached Information Document Request. It lists the items you should bring with you to the appointment. To ensure an efficient examination and to save you time; please organize the requested items according to the issues identified above in this letter. If you have any questions or need additional guidance, please feel free to contact us.

WHAT TO TO EXPECT AT THE EXAMINATION

The examination is scheduled to last approximately 3.5 hours. During the examination, I will review the information you provide. My goal is to complete your examination at the initial meeting. However, depending on the results of the initial meeting and the supporting items you provide, I may ask you to provide additional information or schedule a follow-up meeting. When the examination is completed, you may owe additional tax, be due a refund, or there may be no change to your return.

WHO MAY COME TO THE EXAMINATION

If you filed a joint return, you and/or your spouse may attend. You may also have someone represent you at the examination. If you will not attend with your representative, you must provide a completed Form 2848, *Power of Attorney*, or Form 8821, *Tax Information Authorization*, by the start of the examination. You can obtain these forms from our office; from our web site, www.irs.gov, or by calling (800) 829-3676.

WHAT WILL HAPPEN IF YOU DO NOT RESPOND

If you do not respond to this letter, we will issue an examination report showing additional tax due. Therefore, it is to your advantage to call and schedule an appointment. If you are uncertain about the records needed or the examination process, we will answer your questions when you call to schedule your appointment.

Sincerely,

Examining Officer

Enclosures:
Information Document Request
Publication 1
Notice 609

Form 4564 (Rev. September 2006)	Department of the Treasury - Internal Revenue Service Information Document Request	Request Number 1-0002
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To: (Name of Taxpayer and Company Division or Branch)	Subject 2007 Audit				
Please return Part 2 with listed documents to requester identified below	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%; padding: 2px;">SAIN number</td> <td style="padding: 2px;">Submitted to:</td> </tr> <tr> <td colspan="2" style="padding: 2px;">Dates of Previous Requests (mmddyyyy)</td> </tr> </table>	SAIN number	Submitted to:	Dates of Previous Requests (mmddyyyy)	
SAIN number	Submitted to:				
Dates of Previous Requests (mmddyyyy)					

Description of documents requested

Tax Period(s): 200712

business expense, even if they are business cards. You must keep the actual receipts or the monthly credit card statements showing each expense in detail

Records and receipts for entertainment expenses you claimed. These records must show the name and business relationship of the person you entertained, purpose of the entertainment, place, date of the entertainment, and the amount of the expenditure

Records and receipts showing the cost of business gifts, persons to whom the gifts were made, and the business relationship

For entertainment facilities, records showing expenses incurred and the total use and business use of the facility. These records must show the name and business relationship of the person you entertained, purpose of the entertainment, place, date of the entertainment, and the amount of the expenditure

Itinerary of business trips away from home (e.g. conventions, training, etc.)

Schedule C - Utilities

Verification of amount paid for utilities expense. (e.g., cancelled checks, receipts, invoices, etc.)

Copy of bills showing the name of person responsible for payments and the address where the service is provided

Sch A-Employee Business Expenses

Statement from your employer showing reimbursement policy (or statement that there is no reimbursement policy); amount and kind of expense reimbursed, charged, or provided; specific

Information due by _____ At next appointment Mail in

From:	Name and Title of Requester _____, Tax Compliance Officer	Employee ID number -	Date (mmddyyyy) 08/28/2009
	Office Location: 24000 Avila Road, Stop 5209 SB/SE, A14:SB2:10 (2323) Laguna Niguel, CA 92677	Phone: - - - Fax: - - -	

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expenses not covered by reimbursement policy; territory assigned to you; dates and locations of temporary jobs; and a brief outline of your duties. Your employer should also state whether or not reimbursement is included on your W-2 as Wages, Tips, or Other Compensation.

Copies of expense vouchers submitted to your employer

Logs, diaries, or other records of expenses not reimbursed by your employer

Please bring the items listed below which apply:

Automobile Expenses

Repair receipts, inspection slips, or any other records showing total mileage for the year

Log books and other records verifying the business mileage claimed

If you did not keep a log or other formal record of your business mileage, reconstruct the business use of the vehicle, including current mileage reading on the vehicle used for business purposes, mileage reading on the vehicle when you acquired it, the mileage reading for January 1 and December 31 of the year being audited, and mileage distance between your residence and your business location. Also, bring an appointment book or calendar of your business activities during the year.

If you claimed actual expenses, bring paid bills, invoices, and cancelled checks for your automobile expenses including gas, oil, tires, repairs, insurance, interest, tags and taxes.

For depreciation of actual expenses, provide a bill of sale or other verification to establish the cost or other basis of the vehicle, including the trade-in of another vehicle.

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Entertainment, Meals, Gifts and Other Expenses

Records and receipts for entertainment expenses you claimed. These records must have been made timely and must show the names and business relationship of the persons entertained, the purpose of the entertainment, the place where the entertainment occurred, the date of the entertainment, and the amount of the expenditure.

For entertainment facilities, records showing expenses incurred, and total use and business use of the facility if you maintained it, in addition to the information requested in the paragraph above

For business gifts: records and receipts showing the cost of the gifts you provided, the persons to whom the gifts were made, and their business relationship

Receipts and other records for meals claimed

Travel, Lodging and Other Expenses

Itinerary of business trips away from home (e.g. conventions, training, etc.)

Transportation tickets, receipts, cancelled checks, etc., to substantiate the expenses claimed

Verification of the number of days away from home overnight for business purposes. Receipts and any other records for meals and actual lodging

Brochures, activity schedules, agendas, etc., for all conventions, cruises or meetings

Proof of how this travel was related to your business

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to keep your job, salary, or status; how the education helped maintain or improve skills needed in your job; how much education expense reimbursement you received, identified by kind of expenses; type of certificate and subjects taught, if a teacher

Complete information about any scholarship or fellowship grants, including amounts you received during the year

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