

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

**Department of the Treasury
11166 Fairfax Blvd.
Suite 500
Fairfax VA 22030**

Date: March 19, 2009

OCCOQUAN, VA 22125

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

I have scheduled an appointment for you as shown below. If you are unable to keep this appointment, please call me at the contact number above within 10 days.

Appointment Information

Tax Year: 2007

Date: 04/03/2009

Place: 11166 Fairfax Blvd.
Suite 500
Fairfax VA 22030

Day: Friday

Time: 8:30 AM

Room Number: 500

Issues To Be Reviewed During The Examination

Your examination will primarily be focused on the following issues:

1. Sch E1 - Real Estate Loss After Passive Limitation
2. Unreimbursed Employee Expenses
3. Non-Cash Contributions

What To Bring With You To The Examination

Attached to this letter is Form 4564, *Information Document Request*, that lists the items on your return we will examine and the supporting items you need to provide. Please bring copies of your 2006 and 2008 individual income tax returns. 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 me.

What To Expect At The Examination

Generally an examination is scheduled to last approximately 4 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 be attending with your representative, you must provide a completed Form 2848, *Power of Attorney and Declaration of Representative*, or Form 8821, *Tax Information Authorization*, before the examination. You can get these forms from our office, from our website, www.irs.gov, or by calling 1-800-829-3676.

What Will Happen If You Do Not Respond

If you do not respond to this letter, we will issue an examination report based on the information available to us, which will result in additional tax due. Therefore, it is to your advantage to keep your appointment and to provide the requested records. If you are uncertain about the records needed or the examination process, please call me.

Sincerely,

Examining Officer

-

Enclosures:
Form 4564
Publication 1
Notice 609

Please bring records to support the following items reported on your tax return for 2007.

- | | | |
|--|---|---|
| <input type="checkbox"/> Automobile Expenses | <input type="checkbox"/> Energy Credit | <input type="checkbox"/> Sale or Exchange of Residence |
| <input type="checkbox"/> Bad Debts | <input type="checkbox"/> Exemptions (Child/Children, Other) | <input type="checkbox"/> Taxes |
| <input type="checkbox"/> Capital Gains and Losses | <input type="checkbox"/> Filing Status | <input type="checkbox"/> Uniform, Equipment, and Tools |
| <input type="checkbox"/> Casualty Losses | <input type="checkbox"/> Income | <input checked="" type="checkbox"/> Passive Activity Loss |
| <input checked="" type="checkbox"/> Contributions | <input type="checkbox"/> Interest Expenses | <input type="checkbox"/> |
| <input type="checkbox"/> Credit for Child and
Dependent Care Expenses | <input type="checkbox"/> Medical and Dental Expenses | <input type="checkbox"/> |
| <input type="checkbox"/> Education Expenses | <input type="checkbox"/> Miscellaneous Expenses | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Employee Business Expenses | <input type="checkbox"/> Moving Expenses | <input type="checkbox"/> |
| | <input type="checkbox"/> Rental Income and Expenses | <input type="checkbox"/> |

Schedule C

- Books and records about your income, expenses, and deductions
- Work papers used in preparing your return
- Savings account passbooks, brokerage statements, and other information related to foreign and domestic investments
- Bank statements, canceled checks, and duplicate deposit slips covering the period from _____ to _____.
- Information on loans, repayments, and other nontaxable sources of income.

- | | | |
|---|--|---|
| <input type="checkbox"/> All Business Expenses | <input type="checkbox"/> Gross Receipts | <input type="checkbox"/> Salaries and Wages |
| <input type="checkbox"/> Bad Debts | <input type="checkbox"/> Insurance | <input type="checkbox"/> Supplies |
| <input type="checkbox"/> Car and Truck Expenses | <input type="checkbox"/> Interest | <input type="checkbox"/> Taxes |
| <input type="checkbox"/> Commissions | <input type="checkbox"/> Legal and Professional Services | <input type="checkbox"/> Travel and Entertainment |
| <input type="checkbox"/> Cost of Goods Sold | <input type="checkbox"/> Rent | <input type="checkbox"/> |
| <input type="checkbox"/> Depreciation | <input type="checkbox"/> Repairs | <input type="checkbox"/> |

Schedule F

- Books and records about your income, expenses, and deductions
- Work papers used in preparing your return
- Savings account passbooks, brokerage statements, and other information related to foreign and domestic investments
- Bank statements, canceled checks, and duplicate deposit slips covering the period from _____ to _____.
- Information on loans, repayments, and other nontaxable sources of income.

- | | | |
|---|--|--|
| <input type="checkbox"/> All Farm Expenses | <input type="checkbox"/> Insurance | <input type="checkbox"/> Repairs and Maintenance |
| <input type="checkbox"/> Depreciation | <input type="checkbox"/> Inventories | <input type="checkbox"/> Supplies Purchases |
| <input type="checkbox"/> Feed Purchases | <input type="checkbox"/> Labor Hired | <input type="checkbox"/> Taxes |
| <input type="checkbox"/> Fertilizers and Lime | <input type="checkbox"/> Machine Hire | <input type="checkbox"/> |
| <input type="checkbox"/> Gross Receipts | <input type="checkbox"/> Other Farm income | <input type="checkbox"/> |

Form 4564 (Rev. September 2006)	Department of the Treasury - Internal Revenue Service Information Document Request	Request Number 0001
To: (Name of Taxpayer and Company Division or Branch) &	Subject 1040 200712	
Please return Part 2 with listed documents to requester identified below	SAIN number	Submitted to:
	Dates of Previous Requests (mmddyyyy)	

Description of documents requested

Tax Period(s): 200712

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.

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.)

Information due by 04/03/2009 At next appointment Mail in

From:	Name and Title of Requester , Tax Compliance Officer	Employee ID number -	Date (mmddyyyy) 03/19/2009
	Office Location: 11166 Fairfax Blvd. Suite 500 Fairfax, VA 22030	Phone: - - - Fax: - - -	

Form 4564 (Rev. September 2006)	Department of the Treasury - Internal Revenue Service Information Document Request	Request Number 0001				
To: (Name of Taxpayer and Company Division or Branch) <p style="text-align:center;">&</p>		Subject 1040 200712				
Please return Part 2 with listed documents to requester identified below		<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; padding: 2px;">SAIN number</td> <td style="padding: 2px;">Submitted to:</td> </tr> <tr> <td colspan="2" style="padding: 2px;"> Dates of Previous Requests (mmdyyy) </td> </tr> </table>	SAIN number	Submitted to:	Dates of Previous Requests (mmdyyy)	
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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

Business Use of Home

Provide documentation as to what method was used to determine business percentage and allocation of expense. Commonly used method to determine the business percentage: divide the area (length multiplied by width) used exclusively for business by the total square footage of your home.

Cancelled check and/or receipts to verify expenses incurred such as mortgage interest statement, property tax, insurance and utility bills

Provide records to support the cost basis if depreciation is part of the computation (e.g. closing documents from escrow papers for the purchase of the home and property tax statements)

Documentation (e.g. receipts, cancelled checks and sales invoices) verifying office supply expenses, rent, utilities and business phone line

Appointment book to identify exclusive and regular customer/client contact, if any

Information due by 04/03/2009 At next appointment Mail in

From:	Name and Title of Requester <p style="text-align:right;">, Tax Compliance Officer</p>	Employee ID number <p style="text-align:center;">-</p>	Date (mmdyyyy) 03/19/2009
	Office Location: 11166 Fairfax Blvd. Suite 500 Fairfax, VA 22030		Phone: - - - Fax: - - -

Form 4564 (Rev. September 2006)	Department of the Treasury - Internal Revenue Service Information Document Request	Request Number 0001
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<i>Please return Part 2 with listed documents to requester identified below</i>	SAIN number	Submitted to:
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Tax Period(s): 200712

Education Expenses

Documents such as transcripts, course descriptions, catalog, etc., showing period of enrollment in educational institution, principal subjects studied, and description of educational activity

Cancelled checks and receipts to verify amounts you spent for tuition and books, meals and lodging while away from home overnight for educational purposes, travel and transportation, and other educational expenses

Statement(s) from your employer explaining whether the education was necessary for you 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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From:	Name and Title of Requester , Tax Compliance Officer	Employee ID number -	Date (mmdyyy) 03/19/2009
	Office Location: 11166 Fairfax Blvd. Suite 500 Fairfax, VA 22030		Phone: - - - Fax: - - -

Form **4564**
(Rev. September 2006)

Department of the Treasury - Internal Revenue Service

Information Document Request

Request Number

0002

To: (Name of Taxpayer and Company Division or Branch)

&

Subject
1040 200712

SAIN number

Submitted to:

Please return Part 2 with listed documents to requester identified below

Dates of Previous Requests (mmddyyyy)

Description of documents requested

Tax Period(s): 200712

Contributions

Written statement from the charitable organization or church of the amount of contribution and distinguish between goods and services if the amount exceeds \$75

For cash contributions of \$250 or more, provide a cancelled check, credit card statement or payroll check stub and a separate acknowledgement of the contribution from each organization

For cash contributions less than \$250, provide a cancelled check, credit card statement or payroll check stub

Provide logbook of mileage if car is utilized for contribution activities along with the name of the organization

For contributions other than money, name and address of the charitable organization; description of item(s) contributed; appraisal of the fair market value of each item on the contribution date; and original cost.

Include copy of Form 8283, Non-cash Charitable Contributions, if not attached to the return for all non-cash contributions over \$250

Appraisal for item or group of similar items that exceed \$5,000 in fair market value

A statement showing you were an official representative of the organization and the organization's reimbursement policy, if expenses were claimed for attending a convention or similar activity. Also, an itinerary or agenda for the activity

Information due by 04/03/2009

At next appointment

Mail in

From:

Name and Title of Requester

Employee ID number

Date (mmddyyyy)

, Tax Compliance Officer

-

03/19/2009

Office Location: 11166 Fairfax Blvd.
Suite 500
Fairfax, VA 22030

Phone: - - -

Fax: - - -

