Internal Revenue Service

Department of the Treasury

Date:
June 14, 2012
Taxpayer Identification Number:
XXX-XX-XXXX
Form:
1040
Tax period(s):
12/31/2010
Response date:
June 28, 2012
Person to contact:
IRS Contact Name
Contact hours:
M-F 8:15AM - 6:00 PM
Contact telephone number:
XXX-XXX-XXXX
Contact fax number:
XXX-XXX-XXXX
Employee Identification number:
#XXXXXXX

First M. & First M. Last
Street Address
Newport Beach, CA 92660-0901

Dear First and First:

Your federal return for the period(s) shown above has been selected for examination.

What You Need To Do

Please call me on or before the response date listed at the top of this letter. I can be contacted at the telephone number and times provided above.

What We Will Discuss

During our telephone conversation, we will discuss:

- Items on your return that I will be examining.
- Types of documentation I will ask you to provide.
- The examination process.
- Any concerns or questions you may have.
- The date, time and agenda for our first meeting.

The issues listed below are the preliminary items identified for examination. During the course of the examination, it may be necessary to expand or contract the list of items. If this should occur, I will advise you of the change.

- Sch. C - Gross Receipts
- Sch. C - Interest Exp.
- Sch. C - Floral/Gifts
- Sch. C - Car & Truck Exp.
- Sch. C - Office Meeting/Cat.
- Sch. A - Real Estate Taxes

Someone May Represent You

You may have someone represent you during any part of this examination. If you want someone to represent you, please provide me with a completed Form 2848, *Power of Attorney and Declaration of Representative,* at our first appointment.

If you prefer, you may mail or fax the form to me prior to our first appointment. You can get this form from our office, or from our web site at www.irs.gov, or by calling 1-800-829-3676. If you decide that you wish to get representation after the examination has started, we will delay further examination activity until you can secure representation.

Your Rights As A Taxpayer

We have enclosed Publication 1, *Your Rights as a Taxpayer* and Notice 609, *Privacy Act Notice.* We encourage you to read the Declaration of Taxpayer Rights found in Publication 1. This publication discusses general rules and procedures we follow in examinations. It explains what happens before, during, and after an examination, and provides additional sources of information.

A video presentation, "Your Guide to an IRS Audit," is available at http://www.irsvideos.gov/audit. The video explains the examination process and will assist you in preparing for your audit.

Thank you for your cooperation and I look forward to hearing from you on or before the response date.

Sincerely,

IRS Contact Name
Internal Revenue Agent

Enclosures:
Publication 1
Notice 609

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

Department of the Treasury - Internal Revenue Service

Information Document Request

Request Number: 2-0003

To: *(Name of Taxpayer and Company Division or Branch)*
FIRST M LAST & FIRST LAST

Please return Part 2 with listed documents to requester identified below

Subject
SSN - XXX-XX-XXXX

SAIN number

Submitted to:
First M. Last, EA,
Accountant

Dates of Previous Requests (mmddyyyy)

Description of documents requested

Tax Period(s): 201012

For tax year 2010:

1) Copy of Federal tax returns-2011.

2) Bank statements and cancelled checks for all accounts (business and personal).

3) Records of any nontaxable income received during the year of audit (loans, gifts, inheritances, insurance, etc.).

4) Workpapers used to prepare/reconcile the tax return.

5) RE: Schedule C - Last Law Firm: all Quick Books accounting records–Profit and Loss Statement; Trial Balance; General Ledger and Sales Journal. Please provide a hard copy AND a CD of these records.

NOTE: Please provide a copy of the requested Federal tax return + bank statements for the agent.

Information due by 07/05/2012 At next appointment [x] Mail in [ ]

From:

Name and Title of Requester: IRS Contact Name, Revenue Agent

Employee ID number: XXXXXXX

Date (mmddyyyy): 06/14/2012

Office Location: 24000 Avila Road
Laguna Niguel, CA 92677-3405

Phone: XXX-XXX-XXXX
Fax: XXX-XXX-XXXX

Form **4564** (Rev. September 2006)	Department of the Treasury - Internal Revenue Service **Information Document Request**	Request Number 1-0002

To: *(Name of Taxpayer and Company Division or Branch)*
FIRST M LAST & FIRST LAST

Please return Part 2 with listed documents to requester identified below

Subject
SSN - XXX-XX-XXXX

SAIN number

Submitted to:
First M. Last, EA,
Accountant

Dates of Previous Requests (mmddyyyy)

Description of documents requested
Tax Period(s): 201012

Car & Truck Expenses

Repair receipts, inspection slips, or any other records to show total mileage driven for the year

Log books and other records verifying the business mileage claimed

If you did not keep a log or other formal records of your business mileage, reconstruct the business use of the vehicle. This information should include current mileage reading on the vehicle used for business purposes, mileage reading on the vehicle when you acquired it, 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, invoices and cancelled checks for automobile expenses you incurred during the year. These include 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

Gross Receipts

All books, journals, ledgers and work papers used in determining gross receipts

All bank statements, cancelled checks, and deposit slips (both business and personal, savings and checking) for the 14 month period from December of the year prior to the audit year through January of the year following the audit year

Information due by 07/05/2012 At next appointment [x] Mail in [ ]

From:

Name and Title of Requester
IRS Contact Name, Revenue Agent

Employee ID number
XXXXXXX

Date (mmddyyyy)
06/14/2012

Office Location: 24000 Avila Road
Laguna Niguel, CA 92677-3405

Phone: XXX-XXX-XXXX
Fax: XXX-XXX-XXXX

Form **4564** (Rev. September 2006)	Department of the Treasury - Internal Revenue Service **Information Document Request**	Request Number 1-0002

To: *(Name of Taxpayer and Company Division or Branch)* FIRST M LAST & FIRST LAST *Please return Part 2 with listed documents to requester identified below*	Subject SSN - XXX-XX-XXXX SAIN number / Submitted to: First M. Last, EA, Accountant Dates of Previous Requests (mmddyyyy)

Description of documents requested

Tax Period(s): 201012

Records of all savings and invested funds for the year (savings accounts, money markets, CD's, etc.)

Records of all business and personal loan activity proceeds and payments

Purchase invoices or closing statements covering acquisition and disposition of capital items, business and personal. This includes real estate, automobiles, machinery and equipment

Information on any nontaxable income received, such as Social Security benefits, gifts, inheritances, insurance proceeds and transfers between bank accounts

Copies of state sales tax returns for review during the exam

Any and all workpapers used in the preparation of your Schedule C. This would include worksheets, log books, notebooks, or any written documentation that shows your computation.

Interest Expense

Verification of the debt (e.g, loan papers, promissory notes, etc)

Proof interest expenses were incurred in the taxable year. Payment books for installment purchases or purchase contract and cancelled checks, receipts, or other evidence of payments made.

Proof that loan was from a debtor/creditor relationship and not from a gift. A written legal and binding agreement between two parties (e.g. land contract, notarized papers, etc.)

Information due by 07/05/2012 At next appointment [x] Mail in [ ]

From:	Name and Title of Requester: IRS Contact Name, Revenue Agent	Employee ID number: XXXXXXX	Date (mmddyyyy): 06/14/2012
	Office Location: 24000 Avila Road, Laguna Niguel, CA 92677-3405		Phone: XXX-XXX-XXXX Fax: XXX-XXX-XXXX

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

Department of the Treasury - Internal Revenue Service

Information Document Request

Request Number 1-0002

To: *(Name of Taxpayer and Company Division or Branch)*
FIRST M LAST & FIRST LAST

Please return Part 2 with listed documents to requester identified below

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Description of documents requested

Tax Period(s): 201012

Provide the debt instrument that shows the receipts or statements from creditors amount of interest paid and names of payees (e.g. mortgage statement Form 1098, including land contracts, written proof of interest paid by taxpayer on the loan, etc.)

Statement from broker to show investment interest

If home mortgage, then provide statement that indicated who the payment was made to, if other than a financial institution (i.e., amortization statement)

Other Expenses

Explanation of how the expense related to your employment, including a description of the item

Cancelled checks and receipts verifying the expenses

Rent or Lease Expenses

Copies of leases or rental agreements, cancelled checks, and statements for rent paid or owed during the year

Real Estate and Personal Property Taxes

Verification of legal ownership of the property

Information due by 07/05/2012 At next appointment [x] Mail in [ ]

From:

Name and Title of Requester: IRS Contact Name, Revenue Agent

Employee ID number: XXXXXXX

Date (mmddyyyy): 06/14/2012

Office Location: 24000 Avila Road
Laguna Niguel, CA 92677-3405

Phone: XXX-XXX-XXXX
Fax: XXX-XXX-XXXX

Form **4564** (Rev. September 2006)	Department of the Treasury - Internal Revenue Service **Information Document Request**	Request Number 1-0002

To: *(Name of Taxpayer and Company Division or Branch)*	Subject	
FIRST M LAST & FIRST LAST	SSN - XXX-XX-XXXX	
	SAIN number	Submitted to: First M. Last, EA, Accountant
Please return Part 2 with listed documents to requester identified below	Dates of Previous Requests (mmddyyyy)	

Description of documents requested

Tax Period(s): 201012

Cancelled checks, mortgage statements or receipts for taxes paid

A copy of the settlement statement, if real property was sold or purchased during the year

Identification of any special assessments deducted as taxes, and an explanation of their purpose

Copy of property tax bill

Documentation for any property tax rebates or refunds

Information due by 07/05/2012 At next appointment [x] Mail in [ ]

From:	Name and Title of Requester IRS Contact Name, Revenue Agent	Employee ID number XXXXXXX	Date (mmddyyyy) 06/14/2012
	Office Location: 24000 Avila Road Laguna Niguel, CA 92677-3405		Phone: XXX-XXX-XXXX Fax: XXX-XXX-XXXX