

Internal Revenue Service
Small Business and Self-Employed
12600 W. Colfax Avenue C-300
Lakewood, CO 80215

Department of the Treasury

Date:
June 18, 2012
Taxpayer Identification Number:
XXX-XX-XXXX
Form:
1040
Tax period(s):
2010
Response date:
June 28, 2012
Person to contact:
IRS Contact Name
Contact hours:
8:00 am to 4:30 pm
Contact telephone number:
XXX-XXX-XXXX
Contact fax number:
XXX-XXX-XXXX
Employee Identification number:
XXXXXXXX

Dear

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 - Contract labor - \$401,749
- Sch. C - Car and Truck Expenses - \$6,313
- Sch. C - Insurance (Other Than Health) - \$7,335

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 - Information Document Request

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 Initial Information Request
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): 201012

Please provide the following information for the examination of your Form 1040 for tax year 2010-

Examination process-

- o Conduct an initial interview to obtain a better understanding of your income tax return and Schedule C business
- o Conduct a tour of business of your Schedule C business

****Please provide copies of your Form 1040's for tax years 2009, 2010 and 2011 as I currently do not have copies of them in my possession.****

The following information will be specifically reviewed during our appointment

Schedule C - Car & Truck Expenses - \$6,313

Please provide the following information for this deduction, if applicable:

- o Repair receipts, inspection slips, or any other records to show total mileage driven for the year
- o Log books and other records verifying the business mileage claimed

(Continued on next page)

Information due by _____	At next appointment <input checked="" type="checkbox"/>	Mail in <input type="checkbox"/>	
From:	Name and Title of Requester	Employee ID number	Date (mmddyyyy)
	IRS Contact Name, Internal Revenue Agent	XXXXXXX	06/18/2012
	Office Location: 12600 W. Colfax Avenue C-300 Lakewood, CO 80215	Phone: XXX-XXX-XXXX Fax: XXX-XXX-XXXX	

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- o 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
- o 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
- o 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

Schedule C – Insurance - \$7,335

Please provide the following information for this deduction, if applicable:

- o All insurance policies for which you deducted premiums paid
- o Cancelled checks, bills, or invoices for insurance expense paid or owed

Schedule C – Contract labor - \$401,749

Please provide the following information for this deduction, if applicable:

- o Copies of cancelled checks or statements to show who was paid and the amount for the hired labor.

(Continued on next page)

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- o Provide the names and social security numbers for all persons hired and paid in the tax year.
- o Copy of Form(s) 1099 and Form(s) 940/941 filed for the tax year if applicable.
- o Copy of any of the following form(s) if applicable:
 - Form 5884, Work Opportunity Credit
 - Form 8844, Empowerment Zone and Renewal Community Employment Credit
 - Form 8845, Indian Employment Credit
 - Form 8861, Welfare-to-Work Credit
 - Form 8884, New York Liberty Zone Business Employee Credit
- o If the labor expense includes cost of boarding farm labor, provide a detailed explanation of how you determined the value of any products they used from the farm. Be prepared to provide verification to substantiate the value.

This Information Document Request is not intended to be all-inclusive. Additional documentation may be requested at any point during the examination. If you have any questions regarding the information listed above, please contact me at (XXX) XXX-XXXX. Thank you for your cooperation.

Information due by _____ At next appointment Mail in

From:	Name and Title of Requester	Employee ID number	Date (mmddyyyy)
	IRS Contact Name, Internal Revenue Agent	XXXXXXX	06/18/2012
	Office Location: 12600 W. Colfax Avenue C-300 Lakewood, CO 80215		Phone: XXX-XXX-XXXX Fax: XXX-XXX-XXXX