

**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				
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

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

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: - - -

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	
	SAIN number	Submitted to:
	Dates of Previous Requests (mmddyyyy)	

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Description of documents requested

Tax Period(s): 200712

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

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

Information due by _____ At next appointment Mail in

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

Received an Audit Notice?
We can help!

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Description of documents requested
 Tax Period(s): 200712

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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