

**Department of the Treasury**  
**Internal Revenue Service**  
P.O. Box 30911, AMC 8228  
Memphis Service Center  
Memphis TN 37501-0001

FIRST LAST  
STREET ADDRESS  
HOUSTON TX 77081-2178

**Letter Date:**  
January 28, 2013  
**Taxpayer Identification Number:**  
XXX-XX-XXXX  
**Form:** 1040      **Tax Year(s):** December 31, 2010  
**Person to Contact:**  
Tax Examiner  
**Contact Identification Number:**  
XXXXXXXXXXXX  
**Contact Telephone Number:**  
X-XXX-XXX-XXXX  
**Contact Fax Number:**  
XXX-XXX-XXXX  
**Contact Hours:**  
7:00am-7:00pm Local Time

Dear Taxpayer:

We are examining your 2010 federal income tax return. We need you to provide us with additional information to substantiate the items checked below that you claimed on your return.

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Filing Status and Exemptions             | <input type="checkbox"/> Schedule A - Itemized Deduction      | <input type="checkbox"/> Tax Credits                            |
| <input type="checkbox"/> Head of Household                        | <input type="checkbox"/> Medical & Dental Expense             | <input type="checkbox"/> Foreign Tax Credit                     |
| <input type="checkbox"/> Exemptions                               | <input type="checkbox"/> Interest You Paid                    | <input type="checkbox"/> Earned Income Credit                   |
| <input type="checkbox"/> Adjustments to Income                    | <input type="checkbox"/> Gifts to Charity                     | <input type="checkbox"/> Child Care Credit                      |
| <input type="checkbox"/> Alimony Paid                             | <input type="checkbox"/> Casualty & Theft Losses              | <input type="checkbox"/> Education Credit                       |
| <input type="checkbox"/> Moving Expense                           | <input type="checkbox"/> Unreimbursed Employee Expense        | <input type="checkbox"/> Adoption Credit                        |
| <input checked="" type="checkbox"/> Schedule C - Travel           | <input type="checkbox"/> Other Miscellaneous Deductions       | <input type="checkbox"/> Credit for the Elderly or Disabled     |
| <input checked="" type="checkbox"/> Schedule C - Meals & Entertai | <input type="checkbox"/> Schedule C - Gross Receipts          | <input checked="" type="checkbox"/> Schedule C - Other Expenses |
|   | <input checked="" type="checkbox"/> Schedule C - Expenses     |   |
|   | <input checked="" type="checkbox"/> Schedule C - Legal & Prof |   |

Please see the enclosed explanation of the documentation you need to provide, and send it to us within 30 days from the date of this letter. Send copies of your supporting records and/or information to the contact person whose name and address are shown in the letter heading. This information could include receipts, canceled checks, or other explanatory material. It is important that we receive all requested information and it is readable. Please also complete and return any enclosed questionnaire(s). We have enclosed an envelope for your use.

Form <b>886A</b>	Department of the Treasury – Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit
Name of Taxpayer <b>FIRST LAST</b>	Taxpayer Identification Number <b>XXX-XX-XXXX</b>	Tax Period Ending <b>December 31, 2010</b>

## Schedule C - Travel, Meals and Entertainment Expenses

Treasury Regulations § 1.162-2(a) specifies that a travel expense must be reasonable, necessary and directly attributable to the taxpayer's business. In addition the expense must be incurred while away from home.

Home for tax purposes is the taxpayer's regular or principal place of business (this includes the entire city or general area where the business is located) or, the taxpayer's residence, if there is no regular place of business. Travel expenses are deductible when taxpayers are temporarily away from their tax home. An indefinite assignment to another location is a change in tax home. IRC § 162-2(a) states that a taxpayer is not temporarily away from home if the period of employment exceeds one year. Deductible travel expenses at a temporary location include the cost of meals and lodging at the location as well as the travel to and from the temporary assignment.

In addition to the rules stated above Internal Revenue Code Section 274(d) imposes certain record keeping requirements regarding the deductions for travel, meals and entertainment. These include the requirement that a written record such as a log or diary that is recorded at or near the time of the expenditure be maintained. Failure to maintain a written record can be grounds for disallowance of the expense.

Your tax return for the period shown above indicates that a deduction was claimed for travel and/or meals and entertainment. In order to determine that the expenses claimed are in conformance with the rules stated above we must ask that you provide the following information.

Copies of receipts for the expenses claimed for travel, meals and entertainment on your return.

Copies of your logs or diaries maintained showing the dates of travel and business purpose.

Please complete the enclosed questionnaire.

Form <b>886A</b>	Department of the Treasury – Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit
Name of Taxpayer FIRST LAST	Taxpayer Identification Number XXX-XX-XXXX	Tax Period Ending December 31, 2010

### Schedule C – Legal and Professional Fees

Internal Revenue Code Section 162 provides that attorney, accountant, appraisal and engineer fees for services rendered in connection with the operation of a business are deductible as a business expense.

Your tax return for the period indicated above indicates that a deduction for legal and professional fees was claimed as an expense on Schedule C of your tax return. In order to determine that the amount claimed is deducted in conformance with the rules stated above we must review certain records. Please provide copies of the documents indicated below to verify the amount reported on your tax return.

Copy of the bills for legal and professional services paid. These should include the party that received the payment, the services rendered, the cost of the services and the dates paid.

If your expenses fall into any of the following categories, please provide the additional documentation requested below.

**Legal Defense** – please indicate circumstances surrounding the case.

Was this a civil or criminal case?

If a civil case, please indicate how the case was related to your business.

For a criminal case, please indicate what the case was about.

**An Acquisition** – please indicate what property was acquired and when.

**A Contract Negotiation** – please indicate who the contract was with and relationship to your business.

**A Divorce** – please provide a copy of the divorce settlement.

**Tax Preparation and Advice** – please provide an itemized bill indicating what specific advice was provided and forms prepared.

Form **11652**  
(Rev. May 2005)

Department of the Treasury — Internal Revenue Service  
**Questionnaire and Supporting Documentation**  
**Form 1040 Schedule C (Profit or Loss from Business)**

Name _____	Social security number _____
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Business Address \_\_\_\_\_

Telephone Numbers (Home) \_\_\_\_\_ (Business) \_\_\_\_\_

Business Website (if available) \_\_\_\_\_

1. Please provide a description of your business. (Type of work, product sold, service provided, hours of operation, where business is conducted)

2. Did you receive Form(s) 1099 MISC for the income reported?

No  Yes  (Please send a copy of the Form(s) 1099)

3. If you did not receive Form(s) 1099 MISC for the income reported, provide a copy of the record of income showing the customer name. Also, include the social security number or employer identification number, if available.

4. Is a license a requirement of your occupation? No  Yes

Do you have a business license? No  Yes  (Please provide a copy of your license.)

5. How do you advertise for business? (Please submit copies of your advertisement and paid receipts)

Newspaper       Personal Computer  
 Flyers       Other (Please explain.) \_\_\_\_\_

6. By law, you are required to keep adequate records. What type of records do you maintain to verify business income and expenses? (Check all boxes that apply.) (Please submit copies of records.)

<input type="checkbox"/> Accounting Records	<input type="checkbox"/> Computer Records	<input type="checkbox"/> Business Bank Accounts
<input type="checkbox"/> Paid Invoices/Receipts	<input type="checkbox"/> Business Stationary	<input type="checkbox"/> Insurance
<input type="checkbox"/> Advertising	<input type="checkbox"/> Car/Truck Expense	<input type="checkbox"/> Rental Expense
<input type="checkbox"/> Log Books	<input type="checkbox"/> Ledgers	<input type="checkbox"/> Suppliers (name & address)
<input type="checkbox"/> Other (Please specify.) _____		

This is not an all inclusive listing. If you have other forms of documentation to support your business, please explain and submit copies of the documents.

7. Did you file state and/or local sales tax returns for the tax year? No  Yes  (Please send copies.)

**Note:** If you claimed a refund on your return and have not received it, we will not consider your claim until we review your documentation and make a final determination regarding your tax liability. Failure to complete all parts of this questionnaire and submit documentation to verify income and expense may delay our review of your claim for refund.