

Memo

To: Tan Capital Management, LLC 2019 Tax Files
From: Trader Tax CPA, LLC
Date: February 6, 2019
Subject: Internal Section 475 Mark-To-Market Election

The purpose of this memo is to formalize the internal Mark-To-Market Election for tax year ending 12/31/2019 and subsequent tax periods.

Background:

Tan Capital Management LLC, established its trading entity in the state of Massachusetts on 2/6/2019. The entity has assessed its tax treatment of IRS Tax Topic 429 and qualifies as a Trader in Securities.

Tan Capital Management, LLC will begin trading in tax year 2019 utilizing Section 475.

Period(s) Impacted

The year ended December 31, 2019 and subsequent tax years.

Guidance

The guidance related to Traders in Securities can be found in Tax Topic 429.

Considerations:

“Pursuant to Section 475(f), the Taxpayer hereby elects to adopt the mark-to-market method of accounting for the tax year ending Dec. 31, 2018, and subsequent tax years. The election applies to the following trade or business: Trader in Securities as an SMLLC taxed as an S-Corporation.