

Client EX3-LLC

Member #1 and Member #2

888-88-8888

2/16/11

02:54PM

EX3-LLC

Example LLC.

All Trading took place in the LLC for 2010, in which a K-1 was issued for this activity.

Taxpayer wanted to maximize the 401K contribution for 2010, so an Administration fee of \$171,415 was required for this.

Individual 401(k) Contribution Calculation - for a sole proprietorship, partnership or a single member LLC taxed as a sole proprietorship:

Salary Deferral Contribution -

Although the term salary deferral is used, these businesses do not provide a W-2 salary to the business owner. For businesses of this type, the salary deferral contribution is based on net adjusted business profit. Net adjusted business profit is calculated by taking gross self-employment income and then subtracting business expenses and then subtracting 1/2 of the self employment tax. In 2010, 100% of net adjusted business profits up to the maximum of \$16,500 or \$22,000 if age 50 or older can be contributed in salary deferrals into an Individual 401(k).

Profit Sharing Contribution -

A profit sharing contribution can be made up to 20% of net adjusted business profit. Net adjusted business profit is calculated by taking gross self-employment income and then subtracting business expenses and then subtracting 1/2 of the self employment tax. You will want to ask your tax professional for assistance with this calculation.

For a taxpayer, under the age of 50, who is a successful trader and wants to max out his/her 401(k) plan for 2010 for his/her partnership or multi-member LLC, then an Administration Fee of \$171,415 needs to be paid to him/her from the entity. \$16,500 of salary deferrals (Taxable 1099 MISC Self-Employment earnings (box 7 of 1099 MISC) would be \$171,415) \$16,500 deferral amount + \$32,500 profit sharing contribution = \$49,000 Total 401k contribution. Profit sharing portion is calculated as follow: \$171,415 - \$8,917 (1/2 SE tax) = 162,498 x 20% = \$32,500.

No trading footnotes are needed for the individual tax return.

Name, Address, and SSN

See separate instructions.

Presidential Election Campaign

For the year Jan 1 - Dec 31, 2010, or other tax year beginning , 2010, ending , 20		OMB No. 1545-0074
Your first name MI Last name	Your social security number	
Member #1	888-88-8888	
If a joint return, spouse's first name MI Last name	Spouse's social security number	
Member #2	777-77-7777	
Home address (number and street). If you have a P.O. box, see instructions. Apartment no.		Make sure the SSN(s) above and on line 6c are correct.
Any Street		
City, town or post office. If you have a foreign address, see instructions. State ZIP code		Checking a box below will not change your tax or refund.
Houston, TX 77001		
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund?		<input type="checkbox"/> You <input type="checkbox"/> Spouse

Filing Status

Check only one box.

1 <input type="checkbox"/> Single	4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income)	
3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above & full name here. ▶	5 <input type="checkbox"/> Qualifying widow(er) with dependent child

Exemptions

If more than four dependents, see instructions and check here . . . ☐

6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a				Boxes checked on 6a and 6b	2
b <input checked="" type="checkbox"/> Spouse.				No. of children on 6c who:	
c Dependents:				• lived with you	
				• did not live with you due to divorce or separation (see instrs)	
(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax cr (see instrs)	Dependents on 6c not entered above	
			<input type="checkbox"/>	Add numbers on lines above	2
			<input type="checkbox"/>		
			<input type="checkbox"/>		
			<input type="checkbox"/>		
d Total number of exemptions claimed.					2

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7 Wages, salaries, tips, etc. Attach Form(s) W-2	7	
8a Taxable interest. Attach Schedule B if required.	8a	573.
b Tax-exempt interest. Do not include on line 8a.	8b	
9a Ordinary dividends. Attach Schedule B if required.	9a	221.
b Qualified dividends.	9b	221.
10 Taxable refunds, credits, or offsets of state and local income taxes	10	
11 Alimony received.	11	
12 Business income or (loss). Attach Schedule C or C-EZ.	12	171,415.
13 Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here.	13	2,427.
14 Other gains or (losses). Attach Form 4797	14	
15a IRA distributions.	15a	
b Taxable amount	15b	
16a Pensions and annuities.	16a	
b Taxable amount	16b	
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E.	17	83,620.
18 Farm income or (loss). Attach Schedule F.	18	
19 Unemployment compensation.	19	
20a Social security benefits.	20a	
b Taxable amount	20b	
21 Other income	21	
22 Combine the amounts in the far right column for lines 7 through 21. This is your total income	22	258,256.

Adjusted Gross Income

23 Educator expenses.	23	
24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ.	24	
25 Health savings account deduction. Attach Form 8889	25	
26 Moving expenses. Attach Form 3903.	26	
27 One-half of self-employment tax. Attach Schedule SE.	27	8,917.
28 Self-employed SEP, SIMPLE, and qualified plans.	28	49,000.
29 Self-employed health insurance deduction.	29	
30 Penalty on early withdrawal of savings.	30	
31a Alimony paid b Recipient's SSN.	31a	
32 IRA deduction.	32	
33 Student loan interest deduction.	33	
34 Tuition and fees. Attach Form 8917.	34	
35 Domestic production activities deduction. Attach Form 8903	35	
36 Add lines 23 - 31a and 32 - 35.	36	57,917.
37 Subtract line 36 from line 22. This is your adjusted gross income	37	200,339.

Tax and Credits

38	Amount from line 37 (adjusted gross income)	38	200,339.
39a	Check if: <input type="checkbox"/> You were born before January 2, 1946, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39a		
	<input type="checkbox"/> Spouse was born before January 2, 1946, <input type="checkbox"/> Blind. 39b <input type="checkbox"/>		
	b If your spouse itemizes on a separate return, or you were a dual-status alien, check here. 39b <input type="checkbox"/>		
40	Itemized deductions (from Schedule A) or your standard deduction (see instructions)	40	11,400.
41	Subtract line 40 from line 38.	41	188,939.
42	Exemptions. Multiply \$3,650 by the number on line 6d.	42	7,300.
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	181,639.
44	Tax (see instrs). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972.	44	38,827.
45	Alternative minimum tax (see instructions). Attach Form 6251.	45	0.
46	Add lines 44 and 45.	46	38,827.
47	Foreign tax credit. Attach Form 1116 if required.	47	
48	Credit for child and dependent care expenses. Attach Form 2441.	48	
49	Education credits from Form 8863, line 23.	49	
50	Retirement savings contributions credit. Attach Form 8880.	50	
51	Child tax credit (see instructions).	51	
52	Residential energy credits. Attach Form 5695.	52	
53	Other crs from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	53	
54	Add lines 47 through 53. These are your total credits	54	
55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-.	55	38,827.
56	Self-employment tax. Attach Schedule SE.	56	17,834.
57	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919.	57	
58	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required.	58	
59a	<input type="checkbox"/> Form(s) W-2, box 9 b <input type="checkbox"/> Schedule H c <input type="checkbox"/> Form 5405, line 16.	59	
60	Add lines 55-59. This is your total tax	60	56,661.

Other Taxes**Payments**

If you have a qualifying child, attach Schedule EIC.

61	Federal income tax withheld from Forms W-2 and 1099.	61	
62	2010 estimated tax payments and amount applied from 2009 return.	62	
63	Making work pay credit. Attach Schedule M.	63	
64a	Earned income credit (EIC)	64a	
	b Nontaxable combat pay election. 64b <input type="checkbox"/>		
65	Additional child tax credit. Attach Form 8812.	65	
66	American opportunity credit from Form 8863, line 14.	66	
67	First-time homebuyer credit from Form 5405, line 10.	67	
68	Amount paid with request for extension to file.	68	
69	Excess social security and tier 1 RRTA tax withheld.	69	
70	Credit for federal tax on fuels. Attach Form 4136.	70	
71	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885.	71	
72	Add lns 61-63, 64a, & 65-71. These are your total pmts	72	0.

Refund

Direct deposit? See instructions.

73	If line 72 is more than line 60, subtract line 60 from line 72. This is the amount you overpaid	73	
74a	Amount of line 73 you want refunded to you . If Form 8888 is attached, check here. <input type="checkbox"/> 74a		
	b Routing number. c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number.		
75	Amount of line 73 you want applied to your 2011 estimated tax	75	

Amount You Owe

76	Amount you owe. Subtract line 72 from line 60. For details on how to pay see instructions.	76	56,661.
77	Estimated tax penalty (see instructions).	77	

Third Party DesigneeDo you want to allow another person to discuss this return with the IRS (see instructions)? ☒ **Yes.** Complete below. ☐ **No**Designee's name **z WebGuideExamples** Phone no. **877-662-2014** Personal identification number (PIN) **Sign Here**

Joint return? See instructions.

Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	
Your signature	Date
Spouse's signature. If a joint return, both must sign.	Date
Your occupation	Daytime phone number
Spouse's occupation	

Paid Preparer's Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
z WebGuideExamples	z WebGuideExamples			
Firm's name	Firm's EIN			
Green & Company CPAs, LLC	20-0751653			
Firm's address	Phone no.			
54 Danbury Rd., #351 Ridgefield, CT 06877	877-662-2014			

SCHEDULE B
(Form 1040A or 1040)Department of the Treasury
Internal Revenue Service (99)**Interest and Ordinary Dividends**

OMB No. 1545-0074

2010Attachment
Sequence No. **08**▶ **Attach to Form 1040A or 1040.**▶ **See Instructions.**

Name(s) shown on return

Your social security number

Member #1 and Member #2

888-88-8888

Part I
Interest(See
instructions for
Form 1040A,
or Form 1040,
line 8a.)**Note.** If you
received a Form
1099-INT, Form
1099-OID, or
substitute statement
from a brokerage
firm, list the firm's
name as the payer
and enter the total
interest shown on
that form.

- 1**
- List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address

Bank InterestExample LLC (MTM GAIN)Example LLC (MTM GAIN)**Amount**

415.

79.

79.

1

- 2**
- Add the amounts on line 1

573.

- 3**
- Excludable interest on series EE and I U.S. savings bonds issued after 1989.
-
- Attach Form 8815

3

- 4**
- Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a.

4

573.

Note. If line 4 is over \$1,500, you must complete Part III.**Amount****Part II**
Ordinary
Dividends(See
instructions for
Form 1040A, or
Form 1040,
line 9a.)**Note.** If you
received a Form
1099-DIV or
substitute statement
from a brokerage
firm, list the firm's
name as the payer
and enter the
ordinary dividends
shown on that form.

- 5**
- List name of payer

Dividend IncomeExample LLC (MTM GAIN)Example LLC (MTM GAIN)

147.

37.

37.

5

- 6**
- Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a.

6

221.

Note. If line 6 is over \$1,500, you must complete Part III.**Part III**
Foreign
Accounts
and
Trusts(See
instructions.)You must complete this part if you **(a)** had over \$1,500 of taxable interest or ordinary dividends; **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.**Yes****No**

- 7a**
- At any time during 2010, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See instructions for exceptions and filing requirements for Form TD F 90-22.1

- b**
- If 'Yes,' enter the name of the foreign country

- 8**
- During 2010, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If 'Yes,' you may have to file Form 3520. See instructions

X**BAA For Paperwork Reduction Act Notice, see your tax return instructions.**

FDIA0401L 10/15/10

Schedule **B** (Form 1040) 2010

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)

► **Partnerships, joint ventures, etc., generally must file Form 1065 or 1065-B.**
► **Attach to Form 1040, 1040NR, or 1041.** ► **See Instructions for Schedule C (Form 1040).**

OMB No. 1545-0074

2010

Attachment
Sequence No. **09**

Name of proprietor

Member #1

Social security number (SSN)

888-88-8888

A Principal business or profession, including product or service (see instructions)

Administration

B Enter code from instructions

► **523900**

C Business name. If no separate business name, leave blank.

D Employer ID number (EIN), if any

E Business address (including suite or room no.) ►

City, town or post office, state, and ZIP code

F Accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ►

G Did you 'materially participate' in the operation of this business during 2010? If 'No,' see instructions for limit on losses .. ☒ Yes ☐ No

H If you started or acquired this business during 2010, check here .. ►

Part I **Income**

1 Gross receipts or sales. **Caution.** See instructions and check the box if:

- This income was reported to you on Form W-2 and the 'Statutory employee' box on that form was checked, or
- You are a member of a qualified joint venture reporting only rental real estate income not subject to self-employment tax. Also see instructions for limit on losses .. ☐

1 171,415.

2 Returns and allowances ..

2

3 Subtract line 2 from line 1 ..

3 171,415.

4 Cost of goods sold (from line 42 on page 2) ..

4

5 **Gross profit.** Subtract line 4 from line 3 ..

5 171,415.

6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) ..

6

7 **Gross income.** Add lines 5 and 6 ..

7 171,415.

Part II **Expenses.** Enter expenses for business use of your home **only** on line 30.

8 Advertising ..

8

18 Office expense ..

18

9 Car and truck expenses (see instructions) ..

9

19 Pension and profit-sharing plans ..

19

10 Commissions and fees ..

10

20 Rent or lease (see instructions):

a Vehicles, machinery, and equipment ..

20a

b Other business property ..

20b

11 Contract labor (see instructions) ..

11

21 Repairs and maintenance ..

21

12 Depletion ..

12

22 Supplies (not included in Part III) ..

22

13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions) ..

13

23 Taxes and licenses ..

23

24 Travel, meals, and entertainment:

a Travel ..

24a

b Deductible meals and entertainment (see instructions) ..

24b

14 Employee benefit programs (other than on line 19) ..

14

25 Utilities ..

25

15 Insurance (other than health) ..

15

26 Wages (less employment credits) ..

26

16 Interest:

a Mortgage (paid to banks, etc) ..

16a

b Other ..

16b

27 Other expenses (from line 48 on page 2) ..

27

17 Legal & professional services ..

17

28 **Total expenses** before expenses for business use of home. Add lines 8 through 27 ..

28

29 Tentative profit or (loss). Subtract line 28 from line 7 ..

29 171,415.

30 Expenses for business use of your home. Attach **Form 8829** ..

30

31 **Net profit or (loss).** Subtract line 30 from line 29.

- If a profit, enter on both **Form 1040, line 12**, and **Schedule SE, line 2** or on **Form 1040NR, line 13** (if you checked the box on line 1, see instructions). Estates and trusts, enter on **Form 1041, line 3**.

- If a loss, you **must** go to line 32.

31 171,415.

32 If you have a loss, check the box that describes your investment in this activity (see instructions).

- If you checked 32a, enter the loss on both **Form 1040, line 12**, and **Schedule SE, line 2**, or on **Form 1040NR, line 13** (if you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on **Form 1041, line 3**.

- If you checked 32b, you **must** attach **Form 6198**. Your loss may be limited.

32a ☐ All investment is at risk.

32b ☐ Some investment is not at risk.

BAA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule **C** (Form 1040) 2010

SCHEDULE D
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on return

Capital Gains and Losses

► **Attach to Form 1040 or Form 1040NR.** ► **See Instructions for Schedule D (Form 1040).**
► **Use Schedule D-1 to list additional transactions for lines 1 and 8.**

OMB No. 1545-0074

2010

Attachment
Sequence No. **12**

Your social security number

Member #1 and Member #2

888-88-8888

Part I Short-Term Capital Gains and Losses — Assets Held One Year or Less

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1 Investment accounts - various (see Various	Various	Various	610,133.	610,878.	-745.
2 Enter your short-term totals, if any, from Schedule D-1, line 2...	2				
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d).....	3	610,133.			
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4				1,269.
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5				
6 Short-term capital loss carryover. Enter the amount, if any, from line 10 of your Capital Loss Carryover Worksheet in the instructions	6				
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f).....	7				524.

Part II Long-Term Capital Gains and Losses — Assets Held More Than One Year

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
8					
9 Enter your long-term totals, if any, from Schedule D-1, line 9....	9				
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d).....	10				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824.....	11				1,903.
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12				
13 Capital gain distributions. See instrs	13				
14 Long-term capital loss carryover. Enter the amount, if any, from line 15 of your Capital Loss Carryover Worksheet in the instructions	14				
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on page 2.....	15				1,903.

BAA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule **D** (Form 1040) 2010

Part III Summary

16 Combine lines 7 and 15 and enter the result.	16	2,427.
<ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • If line 16 is a loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 		
17 Are lines 15 and 16 both gains?		
<input checked="" type="checkbox"/> Yes. Go to line 18.		
<input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.		
18 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions.	18	0.
19 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions.	19	
20 Are lines 18 and 19 both zero or blank?		
<input checked="" type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040, line 44 (or in the Instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below.		
<input type="checkbox"/> No. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.		
21 If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of:		
<ul style="list-style-type: none"> • The loss on line 16 or • (\$3,000), or if married filing separately, (\$1,500) 	21	
Note. When figuring which amount is smaller, treat both amounts as positive numbers.		
22 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?		
<input type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040, line 44 (or in the Instructions for Form 1040NR, line 42).		
<input type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.		

Name(s) shown on return. Do not enter name and social security number if shown on Page 1.

Your social security number

Member #1 and Member #2

888-88-8888

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.**Part II Income or Loss From Partnerships and S Corporations****Note.** If you report a loss from an at-risk activity for which **any** amount is **not** at risk, you **must** check the box in column (e) on line 28 and attach **Form 6198**. See instructions.

- 27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? ... ☐ Yes ☒ No
- If you answered 'Yes,' see instructions before completing this section.

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	Example LLC (MTM GAIN)	P	<input type="checkbox"/>	98-7999998	<input type="checkbox"/>
B	Example LLC (MTM GAIN)	P	<input type="checkbox"/>	98-7999998	<input type="checkbox"/>
C			<input type="checkbox"/>		<input type="checkbox"/>
D			<input type="checkbox"/>		<input type="checkbox"/>

Passive Income and Loss		Nonpassive Income and Loss		
(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1
A				41,810.
B				41,810.
C				
D				
29a Totals				83,620.
b Totals				
30 Add columns (g) and (j) of line 29a			30	83,620.
31 Add columns (f), (h), and (i) of line 29b			31	
32 Total partnership and S corporation income or (loss). Combine lines 30 and 31. Enter the result here and include in the total on line 41 below.			32	83,620.

Part III Income or Loss From Estates and Trusts

33	(a) Name	(b) Employer ID no.
A		
B		
Passive Income and Loss		Nonpassive Income and Loss
(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1
A		
B		
34a Totals		
b Totals		
35 Add columns (d) and (f) of line 34a		35
36 Add columns (c) and (e) of line 34b		36
37 Total estate and trust income or (loss). Combine lines 35 and 36. Enter the result here and include in the total on line 41 below.		37

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) – Residual Holder

38	(a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b
39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below.				39

Part V Summary

40	Net farm rental income or (loss) from Form 4835. Also, complete line 42 below.	40	
41	Total income or (loss). Combine lines 26, 32, 37, 39, and 40. Enter the result here and on Form 1040, line 17, or Form 1040NR, line 18.	41	83,620.
42	Reconciliation of farming and fishing income. Enter your gross farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code U; and Schedule K-1 (Form 1041), line 14, code F (see instructions).	42	
43	Reconciliation for real estate professionals. If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules.	43	

SCHEDULE SE
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Self-Employment Tax

OMB No. 1545-0074

2010

Attachment
Sequence No. **17**

Name of person with **self-employment** income (as shown on Form 1040)

Member #1

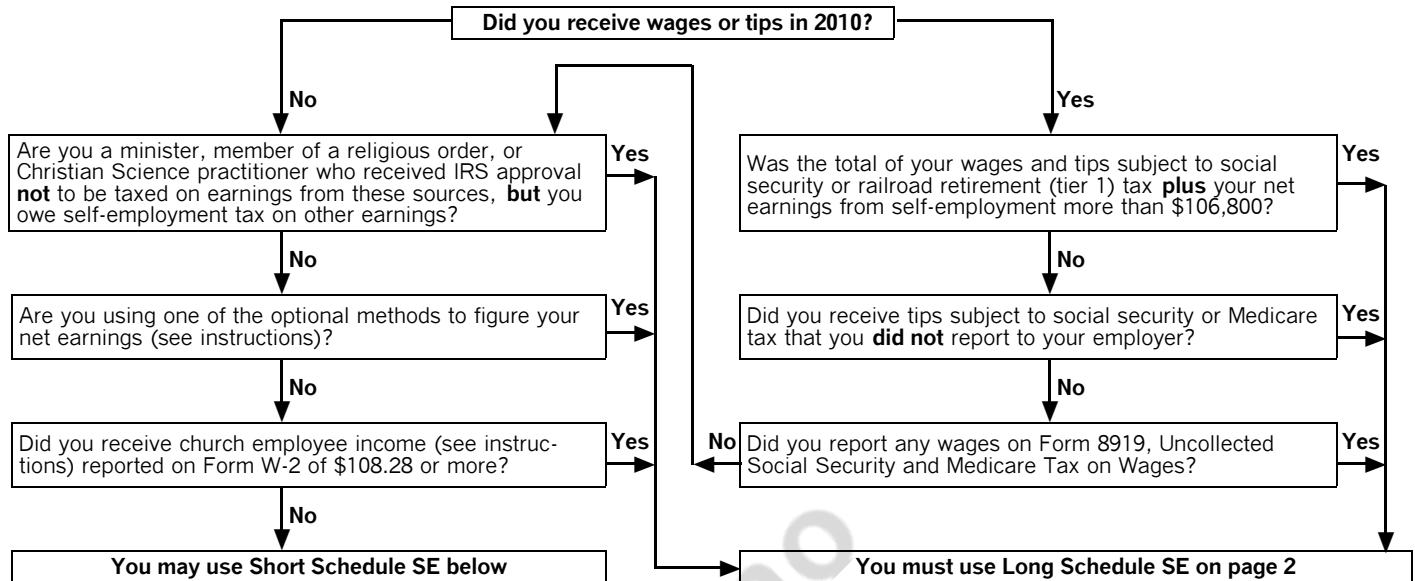
Social security number of person
with **self-employment** income ▶

888-88-8888

Before you begin: To determine if you must file Schedule SE, see the instructions.

May I Use Short Schedule SE or Must I Use Long Schedule SE?

Note. Use this flowchart **only** if you must file Schedule SE. If unsure, see *Who Must File Schedule SE*, in the instructions.



Section A – Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.

1 a Net farm profit or (loss) from Schedule F, line 36, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A.....	1 a	
b If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 6b, or listed on Schedule K-1 (Form 1065), box 20, code Y.....	1 b	
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instrs for types of income to report on this line. See instrs for other income to report.....	2	171,415.
3 Combine lines 1a, 1b, and 2. Subtract from that total the amount on Form 1040, line 29, or Form 1040NR, line 29, and enter the result (see instructions).....	3	171,415.
4 Multiply line 3 by 92.35% (.9235). If less than \$400, you do not owe self-employment tax; do not file this schedule unless you have an amount on line 1b..... ▶	4	158,302.
Note. If line 4 is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.		
5 Self-employment tax. If the amount on line 4 is: <ul style="list-style-type: none">• \$106,800 or less, multiply line 4 by 15.3% (.153). Enter the result here and on Form 1040, line 56, or Form 1040NR, line 54.• More than \$106,800, multiply line 4 by 2.9% (.029). Then, add \$13,243.20 to the result. Enter the total here and on Form 1040, line 56, or Form 1040NR, line 54.	5	17,834.
6 Deduction for one-half of self-employment tax. Multiply line 5 by 50% (.50). Enter the result here and on Form 1040, line 27 or Form 1040NR, line 27.	6	8,917.

BAA For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule **SE** (Form 1040) 2010

Form **6251**Department of the Treasury
Internal Revenue Service (99)**Alternative Minimum Tax — Individuals**▶ See separate instructions.
▶ Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

2010Attachment
Sequence No. **32**

Name(s) shown on Form 1040 or Form 1040NR

Your social security number

Member #1 and Member #2

888-88-8888

Part I Alternative Minimum Taxable Income (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41 and go to line 2. Otherwise, enter the amount from Form 1040, line 38 and go to line 6. (If less than zero, enter as a negative amount.)	1	200,339.
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4 or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-	2	
3	Taxes from Schedule A (Form 1040), lines 5, 6, and 8	3	
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	5	
6	If filing Schedule L (Form 1040A or 1040), enter as a negative amount the sum of lines 6 and 17 from that schedule	6	
7	Tax refund from Form 1040, line 10 or line 21	7	
8	Investment interest expense (difference between regular tax and AMT)	8	
9	Depletion (difference between regular tax and AMT)	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	10	
11	Alternative tax net operating loss deduction	11	
12	Interest from specified private activity bonds exempt from the regular tax	12	
13	Qualified small business stock (7% of gain excluded under section 1202)	13	
14	Exercise of incentive stock options (excess of AMT income over regular tax income)	14	
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	15	
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	16	
17	Disposition of property (difference between AMT and regular tax gain or loss)	17	
18	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	18	
19	Passive activities (difference between AMT and regular tax income or loss)	19	
20	Loss limitations (difference between AMT and regular tax income or loss)	20	
21	Circulation costs (difference between regular tax and AMT)	21	
22	Long-term contracts (difference between AMT and regular tax income)	22	
23	Mining costs (difference between regular tax and AMT)	23	
24	Research and experimental costs (difference between regular tax and AMT)	24	
25	Income from certain installment sales before January 1, 1987	25	
26	Intangible drilling costs preference	26	
27	Other adjustments, including income-based related adjustments	27	
28	Alternative minimum taxable income. Combine lines 1 through 27. (If married filing separately and line 28 is more than \$219,900, see instructions.)	28	200,339.

Part II Alternative Minimum Tax (AMT)

29	Exemption. (If you were under age 24 at the end of 2010, see instructions.)														
	<table border="0"> <tr> <td>IF your filing status is . . .</td> <td>AND line 28 is not over . . .</td> <td>THEN enter on line 29 . . .</td> </tr> <tr> <td>Single or head of household</td> <td>\$112,500</td> <td>\$47,450</td> </tr> <tr> <td>Married filing jointly or qualifying widow(er)</td> <td>150,000</td> <td>72,450</td> </tr> <tr> <td>Married filing separately</td> <td>75,000</td> <td>36,225</td> </tr> </table>	IF your filing status is . . .	AND line 28 is not over . . .	THEN enter on line 29 . . .	Single or head of household	\$112,500	\$47,450	Married filing jointly or qualifying widow(er)	150,000	72,450	Married filing separately	75,000	36,225	29	59,865.
IF your filing status is . . .	AND line 28 is not over . . .	THEN enter on line 29 . . .													
Single or head of household	\$112,500	\$47,450													
Married filing jointly or qualifying widow(er)	150,000	72,450													
Married filing separately	75,000	36,225													
	If line 28 is over the amount shown above for your filing status, see instructions.														
30	Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 33 and 35 and skip the rest of Part II	30	140,474.												
31	<ul style="list-style-type: none"> If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter. If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on page 2 and enter the amount from line 54 here. All others: If line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result. 	31	36,290.												
32	Alternative minimum tax foreign tax credit (see instructions)	32													
33	Tentative minimum tax. Subtract line 32 from line 31.	33	36,290.												
34	Tax from Form 1040, line 44 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 47). If you used Schedule J to figure your tax, the amount from line 44 of Form 1040 must be refigured without using Schedule J (see instructions).	34	38,827.												
35	AMT. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45	35	0.												

BAA For Paperwork Reduction Act Notice, see your tax return instructions.

FDIA5312L 12/21/10

Form **6251** (2010)

Part III Tax Computation Using Maximum Capital Gains Rates

36	Enter the amount from Form 6251, line 30. If you are filing Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet in the instructions	36	140,474.
37	Enter the amount from line 6 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 13 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see the instructions for the amount to enter	37	2,124.
38	Enter the amount from Schedule D (Form 1040), line 19 (as figured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see the instructions for the amount to enter	38	0.
39	If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 37. Otherwise, add lines 37 and 38, and enter the smaller of that result or the amount from line 10 of the Schedule D Tax Worksheet (as figured for the AMT, if necessary). If you are filing Form 2555 or 2555-EZ, see the instructions for the amount to enter	39	2,124.
40	Enter the smaller of line 36 or line 39	40	2,124.
41	Subtract line 40 from line 36	41	138,350.
42	If line 41 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 41 by 26% (.26). Otherwise, multiply line 41 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result	42	35,971.
43	Enter: <ul style="list-style-type: none"> • \$68,000 if married filing jointly or qualifying widow(er), • \$34,000 if single or married filing separately, or • \$45,550 if head of household. 	43	68,000.
44	Enter the amount from line 7 of the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44, or the amount from line 14 of the Schedule D Tax Worksheet in the instructions for Schedule D (Form 1040), whichever applies (as figured for the regular tax). If you did not complete either worksheet for the regular tax, enter -0-	44	179,515.
45	Subtract line 44 from line 43. If zero or less, enter -0-	45	0.
46	Enter the smaller of line 36 or line 37	46	2,124.
47	Enter the smaller of line 45 or line 46	47	
48	Subtract line 47 from line 46	48	2,124.
49	Multiply line 48 by 15% (.15)	49	319.
If line 38 is zero or blank, skip lines 50 and 51 and go to line 52. Otherwise, go to line 50.			
50	Subtract line 46 from line 40	50	
51	Multiply line 50 by 25% (.25)	51	
52	Add lines 42, 49, and 51	52	36,290.
53	If line 36 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 36 by 26% (.26). Otherwise, multiply line 36 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result	53	36,523.
54	Enter the smaller of line 52 or line 53 here and on line 31. If you are filing Form 2555 or 2555-EZ, do not enter this amount on line 31. Instead, enter it on line 4 of the worksheet in the instructions	54	36,290.

Form 6251 (2010)

Form **6781**Department of the Treasury
Internal Revenue Service**Gains and Losses From Section 1256
Contracts and Straddles**

► Attach to your tax return.

OMB No. 1545-0644

2010Attachment
Sequence No. **82**

Name(s) shown on tax return

Member #1 and Member #2

Identifying number

888-88-8888

Check all applicable boxes (see instructions).

A

Mixed straddle election

C

Mixed straddle account election

B

Straddle-by-straddle identification election

D

Net section 1256 contracts loss election

Part I Section 1256 Contracts Marked to Market

1	(a) Identification of account	(b) (Loss)	(c) Gain
	From K-1		3,172.
2	Add the amounts on line 1 in columns (b) and (c).....	2	3,172.
3	Net gain or (loss). Combine line 2, columns (b) and (c).....	3	3,172.
4	Form 1099-B adjustments. See instructions and attach schedule.....	4	
5	Combine lines 3 and 4.....	5	3,172.
Note: If line 5 shows a net gain, skip line 6 and enter the gain on line 7. Partnerships and S corporations, see instructions.			
6	If you have a net section 1256 contracts loss and checked box D above, enter the amount of loss to be carried back. Enter the loss as a positive number.....	6	
7	Combine lines 5 and 6.....	7	3,172.
8	Short-term capital gain or (loss). Multiply line 7 by 40% (.40). Enter here and include on the appropriate line of Schedule D (see instructions).....	8	1,269.
9	Long-term capital gain or (loss). Multiply line 7 by 60% (.60). Enter here and include on the appropriate line of Schedule D (see instructions).....	9	1,903.

Part II Gains and Losses From Straddles. Attach a separate schedule listing each straddle and its components.**Section A – Losses From Straddles**

(a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Loss. If column (e) is more than (d), enter difference. Otherwise, enter -0-	(g) Unrecognized gain on offsetting positions	(h) Recognized loss. If column (f) is more than (g), enter difference. Otherwise, enter -0-
10							
11a Enter the short-term portion of losses from line 10, column (h), here and include on the appropriate line of Schedule D (see instructions).....						11a	
b Enter the long-term portion of losses from line 10, column (h), here and include on the appropriate line of Schedule D (see instructions).....						11b	

Section B – Gains From Straddles

(a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Gain. If column (d) is more than (e), enter difference. Otherwise, enter -0-
12					
13a Enter the short-term portion of gains from line 12, column (f), here and include on the appropriate line of Schedule D (see instructions).....					13a
b Enter the long-term portion of gains from line 12, column (f), here and include on the appropriate line of Schedule D (see instructions).....					13b

Part III Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo Entry Only (see instructions)

(a) Description of property	(b) Date acquired	(c) Fair market value on last business day of tax year	(d) Cost or other basis as adjusted	(e) Unrecognized gain. If column (c) is more than (d), enter difference. Otherwise, enter -0-
14				

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDIZ1601L 06/02/10

Form **6781** (2010)

Client EX3-LLC

Member #1 and Member #2

888-88-8888

2/16/11

02:54PM

**Form 1040, Line 9b
Qualified Dividends**

Dividend Income	147.
Example LLC (MTM GAIN)	37.
Example LLC (MTM GAIN)	37.
Total	<u>221.</u>

SEP and Qualified Plans Worksheet (Pub. 560)

	<u>Taxpayer</u>
A. Plan contribution rate	0.250000
B. Rate in line 1 plus one	1.250000
C. Self-employed rate as a decimal (divide line 1 by line 2)	0.200000
1. Net profit from self-employment	171,415.
2. Tentative one-half of self-employment tax	8,917.
3. Subtract line 2 from line 1	162,498.
4. Self-employed rate as a decimal	0.200000
5. Multiply line 3 by line 4	32,500.
6. Multiply \$245,000 by your plan contribution rate	61,250.
7. Enter the smaller of line 5 or line 6	32,500.
8. Contribution dollar limit	49,000.
If you did not make elective deferrals, skip lines 9 - 20 and enter the smaller of line 7 or line 8 on line 21	
9. Allowable elective deferrals, including designated Roth contributions (not more than \$16,500)	16,500.
10. Subtract line 9 from line 8	32,500.
11. Subtract line 9 from line 3	145,998.
12. Enter one-half of line 11	72,999.
13. Enter the smallest of line 7, 10, or 12	32,500.
14. Subtract line 13 from line 3	129,998.
15. Enter the smaller of line 9 or line 14	16,500.
If you did not make catch-up contributions, skip line 16 - 18, and go to line 19	
16. Subtract line 15 from line 14	
17. Enter catch-up contributions, including designated Roth contributions (not more than \$5,500)	
18. Enter the smaller of line 16 or line 17	
19. Add lines 13, 15, and 18	49,000.
20. Designated Roth contrib. included on lines 9 and 17	0.
21. Maximum SEP and qualified plan deduction. Subtract line 20 from line 19.	49,000.
Amount deducted on Form 1040	<u>49,000.</u>

Client EX3-LLC

Member #1 and Member #2

888-88-8888

2/16/11

02:54PM

Qualified Dividends and Capital Gain Tax Worksheet (Form 1040, Line 44)

1. Enter the amount from Form 1040, line 43		181,639.
2. Enter the amount from Form 1040, line 9b	221.	
3. Are you filing Schedule D?		
[X] Yes. Enter the smaller of line 15 or 16 of Schedule D, but do not enter less than zero		
[] No. Enter the amount from Form 1040, line 13	1,903.	
4. Add lines 2 and 3	2,124.	
5. If you are claiming investment interest expense on Form 4952, enter the amount from line 4g of that form. Otherwise enter zero.	0.	
6. Subtract line 5 from line 4. If zero or less, enter zero.		2,124.
7. Subtract line 6 from line 1. If zero or less, enter zero.		179,515.
8. Enter:		
\$34,000 if single or married filing separately,		
\$68,000 if married filing jointly or qualifying widow(er), \$45,550 if head of household.		68,000.
9. Enter the smaller of line 1 or line 8		68,000.
10. Enter the smaller of line 7 or line 9		68,000.
11. Subtract line 10 from line 9. This amount is taxed at 0%		0.
12. Enter the smaller of line 1 or line 6		2,124.
13. Enter the amount from line 11		0.
14. Subtract line 13 from line 12		2,124.
15. Multiply line 14 by 15% (.15)		319.
16. Figure the tax on the amount on line 7. (Use the Tax Table or Tax Computation Worksheet)		38,508.
17. Add lines 15 and 16		38,827.
18. Figure the tax on the amount on line 1. (Use the Tax Table or Tax Computation Worksheet)		39,102.
19. Tax on all taxable income (including capital gain distributions). Enter the smaller of line 17 or line 18 here and on Form 1040, line 44		<u>38,827.</u>

Net Nonfarm Profit or (Loss) (Schedule SE, Line 2)

	<u>Taxpayer</u>
Schedule C	171,415.
Schedule E, page 2 (from Sch. K-1)	0.
Other Income (Form 1040, line 21)	0.
Section 1256 contracts	0.
Minister wages	0.
Minister housing allowance	0.
Minister parsonage - utilities	0.
Employee business expenses (2106)	0.
Net nonfarm income adjustment	0.
Total Net Nonfarm Profit or (Loss)	<u>171,415.</u>

Client EX3-LLC

Member #1 and Member #2

888-88-8888

2/16/11

02:54PM

Exemption Worksheet (Form 6251, Line 29)

- | | | |
|--|----------|-----------|
| 1. Enter \$47,450 (\$72,450 if married filing jointly or qualifying widow(er), \$36,225 if married filing separately.) | | 72,450. |
| 2. Enter your alternative minimum taxable income (AMTI) from Form 6251, line 28. | 200,339. | |
| 3. Enter \$112,500 (\$150,000 if married filing jointly or qualifying widow(er), \$75,000 if married filing separately.) | 150,000. | |
| 4. Subtract line 3 from line 2. | 50,339. | |
| 5. Multiply line 4 by 25% (.25). | | 12,585. |
| 6. Subtract line 5 from line 1. If this form is for a child under age 18, or a full-time student under age 24, go to line 7. Otherwise enter this amount on Form 6251, line 29 and go to Form 6251, line 30. | | 59,865. |
| 7. Child's minimum exemption amount. | | 0. |
| 8. Enter the child's earned income, if any. | | 0. |
| 9. Add lines 7 and 8. | | 0. |
| 10. Enter the smaller of line 6 or line 9 here and on Form 6251, line 29. | | <u>0.</u> |

Demo

Client EX3-LLC

Member #1 and Member #2

888-88-8888

2/16/11

02:54PM

Activity Name: Example LLC (MTM GAIN)

Adjusted basis at beginning of year	0.
Additional amounts invested in current year	42,067.
Current year distributions of money	-41,810.
Current year distribution of property	
Change in partner's share of liabilities	
Current year income from partnership	43,512.
Adjusted basis used for basis limitation	43,769.
Loss allowed by basis limitation	0.
Adjusted basis at end of year	43,769.

	(A) Current Year loss or deduction	(B) Prior Year Unallowed Basis Loss	(C) Loss Allowable by Basis Limitation	(D) Basis Carryover
Income or Loss				
Totals	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>
Deductions				
Totals	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>

Activity Name: Example LLC (MTM GAIN)

Adjusted basis at beginning of year	0.
Additional amounts invested in current year	42,067.
Current year distributions of money	-41,810.
Current year distribution of property	
Change in partner's share of liabilities	
Current year income from partnership	43,512.
Adjusted basis used for basis limitation	43,769.
Loss allowed by basis limitation	0.
Adjusted basis at end of year	43,769.

	(A) Current Year loss or deduction	(B) Prior Year Unallowed Basis Loss	(C) Loss Allowable by Basis Limitation	(D) Basis Carryover
Income or Loss				
Totals	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>
Deductions				

2010

Federal Basis Limitation Worksheets

Page 2

Client EX3-LLC

Member #1 and Member #2

888-88-8888

2/16/11

02:54PM

Activity Name: Example LLC (MTM GAIN) (continued)

	(A) Current Year loss or deduction	(B) Prior Year Unallowed Basis Loss	(C) Loss Allowable by Basis Limitation	(D) Basis Carryover
Totals	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>

Demo

2010

Schedule of Loss Limitations

Page 1

Client EX3-LLC

Member #1 and Member #2

888-88-8888

2/16/11

02:54PM

Activity Name: Example LLC (MTM GAIN)

	(A) Current Year Amount	(B) Prior Year unallowed Basis loss	(C) Disallowed due to Basis Limitation	(D) Prior Year unallowed At-risk loss	(E) Disallowed due to at-risk Limitation	(F) Prior Year unallowed Passive loss	(G) Disallowed due to Passive loss Limitations	(H) Tax return
Ordinary Income (Loss)	41,810.							
Net Income (Loss)	<u>41,810.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>			<u>41,810.</u>
Total Schedule E page 2	<u>41,810.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>41,810.</u>
1256 Gain (Loss)	1,586.							1,586.

Activity Name: Example LLC (MTM GAIN)

	(A) Current Year Amount	(B) Prior Year unallowed Basis loss	(C) Disallowed due to Basis Limitation	(D) Prior Year unallowed At-risk loss	(E) Disallowed due to at-risk Limitation	(F) Prior Year unallowed Passive loss	(G) Disallowed due to Passive loss Limitations	(H) Tax return
Ordinary Income (Loss)	41,810.							
Net Income (Loss)	<u>41,810.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>			<u>41,810.</u>
Total Schedule E page 2	<u>41,810.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>41,810.</u>
1256 Gain (Loss)	1,586.							1,586.

2010

Federal Income Tax Summary

Page 1

Client EX3-LLC

Member #1 and Member #2

888-88-8888

2/16/11

2:54 PM

	2010	2009	Diff
INCOME			
Interest income.....	573	573	0
Dividend income.....	221	221	0
Business income.....	171,415	171,415	0
Capital gain or loss.....	2,427	2,427	0
Rent, royalty, partnership, SCorp, trust	83,620	83,620	0
Total income.....	258,256	258,256	0
ADJUSTMENTS TO INCOME			
One-half of self-employment tax.....	8,917	8,917	0
Self-employed SEP, SIMPLE, qual. plans...	49,000	49,000	0
Total adjustments.....	57,917	57,917	0
Adjusted gross income.....	200,339	200,339	0
ITEMIZED DEDUCTIONS			
Taxes.....	1,829	2,151	-322
Overall itemized deductions limitation...	0	-335	335
Total itemized deductions.....	1,829	1,816	13
TAX COMPUTATION			
Standard deduction.....	11,400	11,400	0
Larger of itemized or standard deduction	11,400	11,400	0
Income prior to exemption deduction.....	188,939	188,939	0
Exemption deduction.....	7,300	7,300	0
Taxable income.....	181,639	181,639	0
Tax before credits.....	38,827	38,847	-20
CREDITS			
Total credits.....	0	0	0
Tax after credits.....	38,827	38,847	-20
OTHER TAXES			
Self-employment tax.....	17,834	17,834	0
Total tax.....	56,661	56,681	-20
PAYMENTS			
Total payments.....	0	0	0
REFUND OR AMOUNT DUE			
Amount you owe.....	56,661	56,681	-20
TAX RATES			
Marginal tax rate.....	28.0%	28.0%	0.0%
Effective tax rate.....	31.2%	31.2%	0.0%

2010**General Information****Page 1****Client EX3-LLC****Member #1 and Member #2****888-88-8888**

2/16/11

02:54PM

Forms needed for this return

Federal: 1040, 1040-ES, 1040-V, Sch B, Sch C, Sch D, Sch E p2, Sch SE, 6251
6781

Tax Rates

	<u>Marginal</u>	<u>Effective</u>
Federal	28.0%	31.2%

Carryovers to 2011

None

Estimates**Federal Estimates**

	<u>Estimate</u>	<u>Overpayment</u>	<u>Balance</u>
4/18/11	15,582.	0.	15,582.
6/15/11	15,582.	0.	15,582.
9/15/11	15,582.	0.	15,582.
1/17/12	15,582.	0.	15,582.
Total	<u>\$ 62,328.</u>	<u>\$ 0.</u>	<u>\$ 62,328.</u>

Retirement Contributions

- ☐ The taxpayer and spouse saved an estimated \$14,683 by contributing \$49,000 to self-employed retirement plan(s). Ensure that all self-employed retirement plans are fully funded by the due date of the return.
- ☐ Consider making non-deductible traditional IRA contributions. In tax year 2010 and beyond, the \$100,000 traditional to Roth IRA conversion income limit no longer applies. You can maximize that opportunity by making nondeductible traditional IRA contributions and converting the amount(s) to Roth IRAs in subsequent years. However, earnings on the traditional IRA will be subject to tax in the year of conversion.
- ☐ The taxpayer could make a nondeductible traditional IRA contribution of \$5,000 for tax year 2010 and \$5,000 for tax year 2011 (assuming no other changes). The 2010 contribution must be made on or before April 15th, 2011.
- ☐ The spouse could make a nondeductible traditional IRA contribution of \$5,000 for tax year 2010 and \$5,000 for tax year 2011 (assuming no other changes). The 2010 contribution must be made on or before April 15th, 2011.

Future Tax Savings

- ☐ In 2011 the taxpayer can contribute \$49,000 to a self-employed retirement plan (\$32,500 as employer contributions and \$16,500 as elective deferrals), with estimated tax savings of \$14,530 (assuming no other changes). However, maximum contributions and savings may be reduced if employees also have to be covered.

Tax Tips

- ☐ Taxable income excluding capital gains and qualified dividends is \$179,515, placing the taxpayer in a 28% marginal tax bracket on ordinary income. Based on 2010 tax rates, ordinary income would have to increase by over \$29,735 in order for any ordinary income to begin being taxed in the 33% bracket. This may be used as a guide in determining the advantages or disadvantages of receiving discretionary ordinary income in 2011.
- ☐ The tax return preparation fee is subject to the 2% of AGI limitation. Since the taxpayer is filing a Schedule C, ensure that a reasonable portion of the tax return preparation fee is being deducted on the Schedule C.
- ☐ Schedule C for Member #1 (1) : The address of the taxpayer's business is the same as the home address, but no expenses for business use of a home were deducted. If the home is used regularly and exclusively for the business, the taxpayer may qualify for the business use of home deduction.

Tax Tips (continued)

- ☐ Although the taxpayer is not subject to AMT, tentative minimum tax is currently 93% of regular tax. Consider reviewing next year's income and deduction items to see first if the taxpayer will be subject to AMT, and if AMT applies, review preference and adjustment items to see if any can be postponed or eliminated.

Compliance Tips

- ☐ Schedule C for Member #1 (1) : Ensure that all required information returns such as Form 1099, 1098, 5498, and W-2G have been filed. Penalties for not filing required information returns can be fairly high.
- ☐ Passthrough Entity Example LLC (MTM GAIN) : Material participation must be determined on an annual basis. Ensure that adequate proof of participation exists. Proof of participation includes any reasonable method, such as showing the services performed and the approximate number of hours spent by using an appointment book, calendar, or narrative summary.
- ☐ Passthrough Entity Example LLC (MTM GAIN) : Material participation must be determined on an annual basis. Ensure that adequate proof of participation exists. Proof of participation includes any reasonable method, such as showing the services performed and the approximate number of hours spent by using an appointment book, calendar, or narrative summary.

Schedule C Comparison Flags

- ☐ Schedule C for Member #1 (1) : Gross profit is 537% higher than the average for a business of this type with similar gross receipts.
- ☐ Schedule C for Member #1 (1) : Total income is 527% higher than the average for a business of this type with similar gross receipts.
- ☐ Schedule C for Member #1 (1) : Net profit is 2204% higher than the average for a business of this type with similar gross receipts.

2010**Schedule C Analysis****Client EX3-LLC****Member #1 and Member #2****888-88-8888**

2/16/11	Actual Amounts For This Business		National Average Expense Ratios Applied to This Business*		02:54PM
Member #1 (1) PBA Code: 523900 Other Financial Investment Activities (advice, etc.)	Amounts	% of Sales	Amounts	% of Sales	This Business' Deviation from Averages

INCOME

Gross receipts less returns and allowances	171,415.	N/A	171,415.	N/A	
Cost of goods sold:					
Beginning inventory			240.	0.14%	
Purchases			125,579.	73.26%	
Cost of labor			463.	0.27%	
Materials and supplies			411.	0.24%	
Other costs			18,016.	10.51%	
Ending inventory			189.	0.11%	
Cost of goods sold			144,520.	84.31%	
Gross profit	171,415.	100.0%	26,895.	15.69%	+537.35% **
Other income			463.	0.27%	
Total income	171,415.	100.0%	27,358.	15.96%	+526.56% **

EXPENSES

Advertising			103.	0.06%	
Car and truck expenses			497.	0.29%	
Commissions			1,817.	1.06%	
Contract labor			737.	0.43%	
Depletion					
Depreciation			549.	0.32%	
Employee benefit programs			34.	0.02%	
Insurance			51.	0.03%	
Mortgage interest			120.	0.07%	
Other interest			309.	0.18%	
Legal and professional services			429.	0.25%	
Office expense			463.	0.27%	
Pension and profit-sharing plans			17.	0.01%	
Rent or lease of machinery and equipment			69.	0.04%	
Rent on other business property			1,611.	0.94%	
Repairs and maintenance			137.	0.08%	
Supplies			189.	0.11%	
Taxes and licenses			120.	0.07%	
Travel			583.	0.34%	
Meals and entertainment			463.	0.27%	
Utilities			223.	0.13%	
Wages			2,006.	1.17%	
Other expenses			9,359.	5.46%	
Expenses for business use of home			34.	0.02%	
Total expenses	0.		19,918.	11.62%	

NET PROFIT	171,415.	100.0%	7,439.	4.34%	+2204.27% **
-------------------	----------	--------	--------	-------	--------------

* National average expense ratios are derived from the IRS summer 2010 statistics of income bulletin for sole proprietorships (Sole Proprietor Returns, 2008 section). The ratios are expressed as a percentage of gross receipts for businesses of this type, or similar type.

** Above or below the user specified range.