

2/19/12

09:51AM

EX1LLC

Example LLC.

All Trading took place in the LLC for 2011, in which a K-1 was issued for this activity.

Taxpayer wanted to maximize the SEP IRA contribution for 2011, so an Administration fee of \$255,035 was required for this.

Individual SEP IRA Contribution Calculation - for a sole proprietorship, partnership or a single member LLC taxed as a sole proprietorship:

Contribution -

A contribution can be made up to 20% of net adjusted business profits. 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 2011, the maximum contribution is 100% of net adjusted business profits up to the maximum of \$49,000.

No trading footnotes are needed for the individual tax return.

Demo

For the year Jan 1 - Dec 31, 2011, or other tax year beginning , 2011, ending , 20

See separate instructions.

Your first name MI Last name

Member #1

Your social security number

188-88-8888

If a joint return, spouse's first name MI Last name

Member #2

Spouse's social security number

177-77-7777

Home address (number and street). If you have a P.O. box, see instructions. Apartment no.

Any Street

City, town or post office. If you have a foreign address, also complete spaces below (see instructions). State ZIP code

Houston, TX 77001

Foreign country name Foreign province/county Foreign postal code

Make sure the SSN(s) above and on line 6c are correct.

Presidential Election Campaign

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund? Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

Filing Status

1 ☐ Single

2 ☒ Married filing jointly (even if only one had income)

3 ☐ Married filing separately. Enter spouse's SSN above & full name here . ▶

4 ☐ 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 . ▶

5 ☐ Qualifying widow(er) with dependent child

Check only one box.

Exemptions

6a ☒ Yourself. If someone can claim you as a dependent, do not check box 6a

b ☒ Spouse

c Dependents:

(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 or (see instrs)	<input type="checkbox"/> lived with you <input type="checkbox"/> did not live with you due to divorce or separation (see instrs) Dependents on 6c not entered above Add numbers on lines above
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	

d Total number of exemptions claimed. 2

Income

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. 12 255,035.

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

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 Deductible part of self-employment tax. Attach Schedule SE. 27 10,036.

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 through 35. 36 59,036.

37 Subtract line 36 from line 22. This is your adjusted gross income. 37 199,220.

Tax and Credits**Standard Deduction for —**

• People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.

• All others:
Single or Married filing separately, \$5,800
Married filing jointly or Qualifying widow(er), \$11,600
Head of household, \$8,500

38 Amount from line 37 (adjusted gross income) 38 199,220.

39a Check if: ☐ You were born before January 2, 1947, ☐ Blind. ☐ Spouse was born before January 2, 1947, ☐ Blind. Total boxes checked 39a ☐b If your spouse itemizes on a separate return or you were a dual-status alien, check here 39b ☐

40 Itemized deductions (from Schedule A) or your standard deduction (see instructions) 40 11,600.

41 Subtract line 40 from line 38 41 187,620.

42 Exemptions. Multiply \$3,700 by the number on line 6d 42 7,400.

43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- 43 180,220.

44 Tax (see instrs). Check if any from: a ☐ Form(s) 8814 c ☐ 962 election b ☐ Form 4972 44 38,255.

45 Alternative minimum tax (see instructions). Attach Form 6251 45 0.

46 Add lines 44 and 45 46 38,255.

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 ☐ 3800 b ☐ 8801 c ☐ 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 38,255.

56 Self-employment tax. Attach Schedule SE 56 17,937.

57 Unreported social security and Medicare tax from Form: a ☐ 4137 b ☐ 8919 57

58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required 58

59a Household employment taxes from Schedule H 59a

b First-time homebuyer credit repayment. Attach Form 5405 if required 59b

60 Other taxes. Enter code(s) from instructions 60

61 Add lines 55-60. This is your total tax 61 56,192.

Payments

If you have a qualifying child, attach Schedule EIC.

62 Federal income tax withheld from Forms W-2 and 1099 62

63 2011 estimated tax payments and amount applied from 2010 return 63

64a Earned income credit (EIC) 64a

b Nontaxable combat pay election. 64b

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 ☐ 2439 b ☐ 8839 c ☐ 8801 d ☐ 8885 71

72 Add lines 62, 63, 64a, & 65-71. These are your total pmnts 72 0.

Refund

73 If line 72 is more than line 61, subtract line 61 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 74a

b Routing number c Type: ☐ Checking ☐ Savings

d Account number

75 Amount of line 73 you want applied to your 2012 estimated tax 75

Direct deposit? See instructions.

76 Amount you owe. Subtract line 72 from line 61. For details on how to pay see instructions 76 56,192.

Amount You Owe

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 Your occupation Daytime phone number

Spouse's signature. If a joint return, both must sign. Date Spouse's occupation

If the IRS sent you an Identity Protection PIN, enter it here (see inst)

Print/Type preparer's name Preparer's signature Date Check ☐ if self-employed PTIN**Paid Preparer's Use Only**

z WebGuideExamples z WebGuideExamples

Firm's name Green & Company CPAs, LLC

Firm's address 54 Danbury Rd., #351

Ridgefield, CT 06877

Firm's EIN 20-0751653

Phone no. 877-662-2014

SCHEDULE B
(Form 1040A or 1040)Department of the Treasury
Internal Revenue Service (99)**Interest and Ordinary Dividends**▶ **Attach to Form 1040A or 1040.**▶ **See Instructions.**

OMB No. 1545-0074

2011Attachment
Sequence No. **08**

Name(s) shown on return

Member #1 and Member #2

Your social security number

188-88-8888

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
- 2**
- 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.**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)**Amount**

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 2011, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions.

☐ ☒

If 'Yes,' are you required to file Form TD F 90-22.1 to report that financial interest or signature authority? See Form TD F 90-22.1 and its instructions for filing requirements and exceptions to those requirements.

☐ ☒

- b**
- If you are required to file Form TD F 90-22.1, enter the name of the foreign country where the financial account is located ▶

- 8**
- During 2011, 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.

☐ ☒

SCHEDULE C
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business
(Sole Proprietorship)

► For information on Schedule C and its instructions, go to www.irs.gov/schedulec.
► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074

2011

Attachment
Sequence No. **09**

Name of proprietor

Member #1

Social security number (SSN)

188-88-8888

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), (see instrs)

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 2011? If 'No,' see instructions for limit on losses. ☒ Yes ☐ No

H If you started or acquired this business during 2011, check here. ☐ Yes ☐ No

I Did you make any payments in 2011 that would require you to file Form(s) 1099? (see instructions) ☐ Yes ☒ No

J If 'Yes,' did you or will you file all required Forms 1099? ☐ Yes ☒ No

Part I **Income**

1 a Merchant card and third party payments. For 2011, enter -0-.....	1 a	0.	
b Gross receipts or sales not entered on line 1a (see instructions).....	1 b	255,035.	
c Income reported to you on Form W-2 if the 'Statutory Employee' box on that form was checked. Caution. See instructions before completing this line.	1 c		
d Total gross receipts. Add lines 1a through 1c.....	1 d	255,035.	
2 Returns and allowances plus any other adjustments (see instructions).....	2		
3 Subtract line 2 from line 1d.....	3	255,035.	
4 Cost of goods sold (from line 42).....	4		
5 Gross profit. Subtract line 4 from line 3.....	5	255,035.	
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	255,035.	

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

8 Advertising.....	8		18 Office expense (see instructions).....	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):		
11 Contract labor (see instructions).....	11		a Vehicles, machinery, and equipment.....	20 a	
12 Depletion.....	12		b Other business property.....	20 b	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions).....	13		21 Repairs and maintenance.....	21	
14 Employee benefit programs (other than on line 19).....	14		22 Supplies (not included in Part III).....	22	
15 Insurance (other than health).....	15		23 Taxes and licenses.....	23	
16 Interest:			24 Travel, meals, and entertainment:		
a Mortgage (paid to banks, etc).....	16 a		a Travel.....	24 a	
b Other.....	16 b		b Deductible meals and entertainment (see instructions).....	24 b	
17 Legal & professional services.....	17		25 Utilities.....	25	
28 Total expenses before expenses for business use of home. Add lines 8 through 27a.....	28		26 Wages (less employment credits).....	26	
29 Tentative profit or (loss). Subtract line 28 from line 7.....	29	255,035.	27 a Other expenses (from line 48).....	27 a	
30 Expenses for business use of your home. Attach Form 8829 . Do not report such expenses elsewhere.....	30		b Reserved for future use.....	27 b	
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2 . If you entered an amount on line 1c, see instructions. Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.	31	255,035.			

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**, (or **Form 1040NR, line 13**) and on **Schedule SE, line 2**. If you entered an amount on line 1c, see the instructions for line 31. Estates and trusts, enter on **Form 1041, line 3**.

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

32 a ☐ All investment is at risk.

32 b ☐ Some investment is not at risk.

SCHEDULE D
(Form 1040)Department of the Treasury
Internal Revenue Service (99)**Capital Gains and Losses**▶ **Attach to Form 1040 or Form 1040NR.** ▶ **See Instructions for Schedule D (Form 1040).**
▶ **Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.**

OMB No. 1545-0074

2011Attachment
Sequence No. **12**

Name(s) shown on return

Member #1 and Member #2

Your social security number

188-88-8888

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

Complete Form 8949 before completing line 1, 2, or 3. This form may be easier to complete if you round off cents to whole dollars

	(e) Sales price from Form(s) 8949, line 2, column (e)	(f) Cost or other basis from Form(s) 8949, line 2, column (f)	(g) Adjustments to gain or loss from Form(s) 8949, line 2, column (g)	(h) Gain or (loss) Combine columns (e), (f), and (g)
1 Short-term totals from all Forms 8949 with box A checked in Part I	610,133.	610,878.		-745.
2 Short-term totals from all Forms 8949 with box B checked in Part I				
3 Short-term totals from all Forms 8949 with box C checked in Part I				
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 8 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 (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on page 2			7	524.

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

Complete Form 8949 before completing line 8, 9, or 10. This form may be easier to complete if you round off cents to whole dollars

	(e) Sales price from Form(s) 8949, line 4, column (e)	(f) Cost or other basis from Form(s) 8949, line 4, column (f)	(g) Adjustments to gain or loss from Form(s) 8949, line 4, column (g)	(h) Gain or (loss) Combine columns (e), (f), and (g)
8 Long-term totals from all Forms 8949 with box A checked in Part II				
9 Long-term totals from all Forms 8949 with box B checked in Part II				
10 Long-term totals from all Forms 8949 with box C checked in Part II				
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 13 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 (h). 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) 2011

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

188-88-8888

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"/>	98-6999998	<input type="checkbox"/>
B	Example LLC (MTM GAIN)	P	<input type="checkbox"/>	98-6999998	<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				
B				
C				
D				
29a Totals				
b Totals				
30 Add columns (g) and (j) of line 29a			30	
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	

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	
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

► **Attach to Form 1040 or Form 1040NR.** ► **See separate instructions.**

OMB No. 1545-0074

2011

Attachment
Sequence No. **17**

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

Member #1

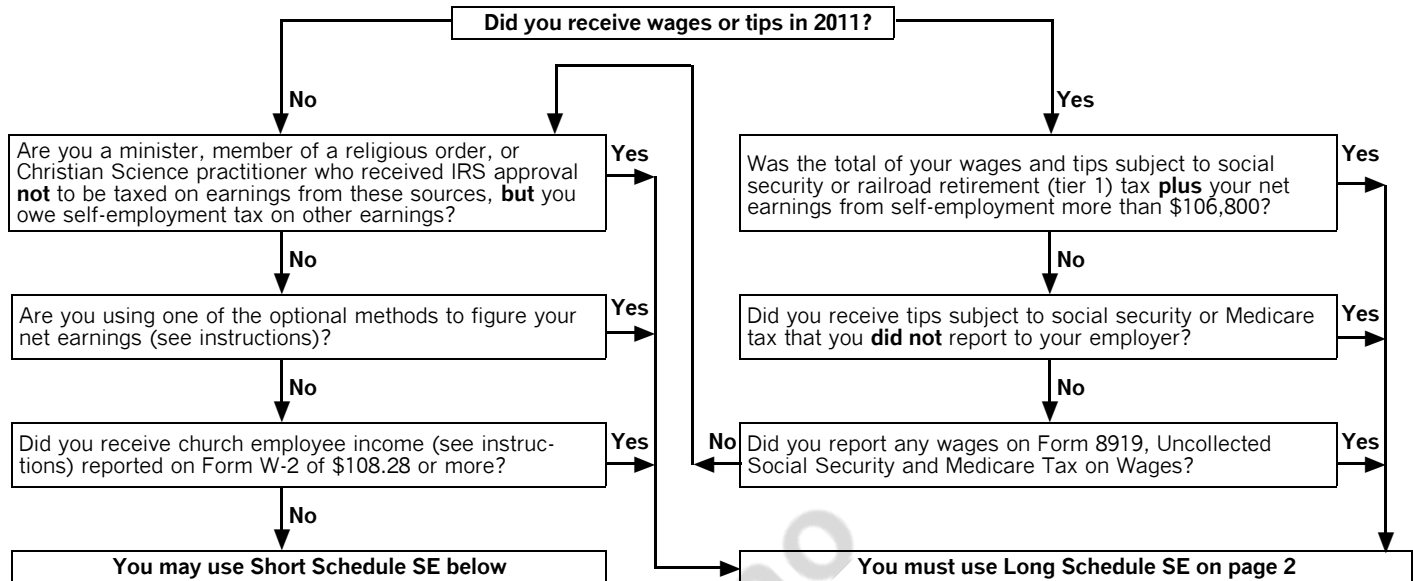
Social security number of person
with **self-employment** income ►

188-88-8888

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 34, 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 4b, 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 instructions for types of income to report on this line. See instructions for other income to report.....	2	255,035.
3 Combine lines 1a, 1b, and 2.....	3	255,035.
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	235,525.
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 13.3% (.133). 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 \$11,107.20 to the result. Enter the total here and on Form 1040, line 56, or Form 1040NR, line 54.	5	17,937.
6 Deduction for employer-equivalent portion of self-employment tax. If the amount on line 5 is: <ul style="list-style-type: none">• \$14,204.40 or less, multiply line 5 by 57.51% (.5751)• More than \$14,204.40, multiply line 5 by 50% (.50) and add \$1,067 to the result. Enter the result here and on Form 1040, line 27 or Form 1040NR, line 27	6	10,036.

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

Schedule **SE** (Form 1040) 2011

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

2011Attachment
Sequence No. **32**

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

Your social security number

Member #1 and Member #2

188-88-8888

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 7. (If less than zero, enter as a negative amount.)	1	199,220.
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), line 9	3	
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions for this line	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	5	
6	Skip this line. It is reserved for future use	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 \$223,900, see instructions.)	28	199,220.

Part II Alternative Minimum Tax (AMT)

29	Exemption. (If you were under age 24 at the end of 2011, 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> <td></td> </tr> <tr> <td>Single or head of household</td> <td>\$112,500</td> <td>\$48,450</td> <td></td> </tr> <tr> <td>Married filing jointly or qualifying widow(er)</td> <td>150,000</td> <td>74,450</td> <td></td> </tr> <tr> <td>Married filing separately</td> <td>75,000</td> <td>37,225</td> <td></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	\$48,450		Married filing jointly or qualifying widow(er)	150,000	74,450		Married filing separately	75,000	37,225	
IF your filing status is . . .	AND line 28 is not over . . .	THEN enter on line 29 . . .																	
Single or head of household	\$112,500	\$48,450																	
Married filing jointly or qualifying widow(er)	150,000	74,450																	
Married filing separately	75,000	37,225																	
	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 31, 33 and 35, and go to line 34.	30	137,075.																
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	35,406.																
32	Alternative minimum tax foreign tax credit (see instructions)	32																	
33	Tentative minimum tax. Subtract line 32 from line 31.	33	35,406.																
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	38,255.																
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 12/22/11

Form **6251** (2011)

Part III Tax Computation Using Maximum Capital Gains Rates

Complete Part III only if you are required to do so by line 31 or by the Foreign Earned Income Tax Worksheet in the instructions.

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 for this line	36	137,075.
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 refigured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter.	37	2,124.
38	Enter the amount from Schedule D (Form 1040), line 19 (as refigured for the AMT, if necessary) (see instructions). If you are filing Form 2555 or 2555-EZ, see 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 refigured for the AMT, if necessary). If you are filing Form 2555 or 2555-EZ, see 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	134,951.
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	35,087.
43	Enter: <ul style="list-style-type: none"> • \$69,000 if married filing jointly or qualifying widow(er), • \$34,500 if single or married filing separately, or • \$46,250 if head of household. 	43	69,000.
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	178,096.
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	35,406.
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	35,640.
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 for line 31.	54	35,406.

Form 6251 (2011)

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

2011Attachment
Sequence No. **82**

Name(s) shown on tax return

Member #1 and Member #2

Identifying number

188-88-8888

Check all applicable boxes (see instructions).

A
B

Mixed straddle election

Straddle-by-straddle identification election

C
D

Mixed straddle account election

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 06/21/11

Form **6781** (2011)

Client EX1LLC

Member #1 and Member #2

188-88-8888

2/19/12

09:51AM

**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	255,035.
2. Deductible portion of self-employment tax	10,036.
3. Subtract line 2 from line 1	244,999.
4. Self-employed rate as a decimal	0.200000
5. Multiply line 3 by line 4	49,000.
6. Multiply \$245,000 by your plan contribution rate	61,250.
7. Enter the smaller of line 5 or line 6	49,000.
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)	
10. Subtract line 9 from line 8	
11. Subtract line 9 from line 3	
12. Enter one-half of line 11	
13. Enter the smallest of line 7, 10, or 12	
14. Subtract line 13 from line 3	
15. Enter the smaller of line 9 or line 14	
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	
20. Designated Roth contrib. included on lines 9 and 17	
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 EX1LLC

Member #1 and Member #2

188-88-8888

2/19/12

09:51AM

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

1. Enter the amount from Form 1040, line 43		180,220.
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.		178,096.
8. Enter:		
\$34,500 if single or married filing separately,		
\$69,000 if married filing jointly or qualifying widow(er), \$46,250 if head of household.		69,000.
9. Enter the smaller of line 1 or line 8		69,000.
10. Enter the smaller of line 7 or line 9		69,000.
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)		37,936.
17. Add lines 15 and 16		38,255.
18. Figure the tax on the amount on line 1. (Use the Tax Table or Tax Computation Worksheet)		38,531.
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>38,255.</u>

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

	<u>Taxpayer</u>
Schedule C	255,035.
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>255,035.</u>

Exemption Worksheet (Form 6251, Line 29)

- | | | |
|--|----------|-----------|
| 1. Enter \$48,450 (\$74,450 if married filing jointly or qualifying widow(er), \$37,225 if married filing separately.) | | 74,450. |
| 2. Enter your alternative minimum taxable income (AMTI) from Form 6251, line 28. | 199,220. | |
| 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. | 49,220. | |
| 5. Multiply line 4 by 25% (.25). | | 12,305. |
| 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. | | 62,145. |
| 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> |

Client EX1LLC

Member #1 and Member #2

188-88-8888

2/19/12

09:51AM

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	
Current year distribution of property	
Change in partner's share of liabilities	
Current year income from partnership	1,702.
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	
Current year distribution of property	
Change in partner's share of liabilities	
Current year income from partnership	1,702.
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				

2011

Federal Basis Limitation Worksheets

Page 2

Client EX1LLC

Member #1 and Member #2

188-88-8888

2/19/12

09:51AM

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

2011

Schedule of Loss Limitations

Page 1

Client EX1LLC

Member #1 and Member #2

188-88-8888

2/19/12

09:51AM

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
Net Income (Loss)	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>			
Total Schedule E page 2	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</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
Net Income (Loss)	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>			
Total Schedule E page 2	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>	<u>0.</u>
1256 Gain (Loss)	1,586.							1,586.

2011

Federal Income Tax Summary

Page 1

Client EX1LLC

Member #1 and Member #2

188-88-8888

2/19/12

9:51 AM

	2011	2010	Diff
INCOME			
Interest income.....	573	573	0
Dividend income.....	221	221	0
Business income.....	255,035	255,035	0
Capital gain or loss.....	2,427	2,427	0
Total income.....	258,256	258,256	0
ADJUSTMENTS TO INCOME			
Deductible part of self-employment tax..	10,036	10,037	-1
Self-employed SEP, SIMPLE, qual. plans..	49,000	49,000	0
Total adjustments.....	59,036	59,037	-1
Adjusted gross income.....	199,220	199,219	1
ITEMIZED DEDUCTIONS			
Taxes.....	1,434	1,442	-8
Total itemized deductions.....	1,434	1,442	-8
TAX COMPUTATION			
Standard deduction.....	11,600	11,400	200
Larger of itemized or standard deduction	11,600	11,400	200
Income prior to exemption deduction.....	187,620	187,819	-199
Exemption deduction.....	7,400	7,300	100
Taxable income.....	180,220	180,519	-299
Tax before credits.....	38,255	38,513	-258
CREDITS			
Total credits.....	0	0	0
Tax after credits.....	38,255	38,513	-258
OTHER TAXES			
Self-employment tax.....	17,937	20,073	-2,136
Total tax.....	56,192	58,586	-2,394
PAYMENTS			
Total payments.....	0	0	0
REFUND OR AMOUNT DUE			
Amount you owe.....	56,192	58,586	-2,394
TAX RATES			
Marginal tax rate.....	28.0%	28.0%	0.0%
Effective tax rate.....	31.2%	32.5%	-1.3%

2011**General Information****Page 1****Client EX1LLC****Member #1 and Member #2****188-88-8888**

2/19/12

09:51AM

Forms needed for this return

Federal: 1040, 1040-ES, 1040-V, Sch B, Sch C, Sch D, Sch E p2, Sch SE, 6251
6781, 8949

Tax Rates

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

Carryovers to 2012

None

Estimates**Federal Estimates**

	<u>Estimate</u>	<u>Overpayment</u>	<u>Balance</u>
4/17/12	15,453.	0.	15,453.
6/15/12	15,453.	0.	15,453.
9/17/12	15,453.	0.	15,453.
1/15/13	15,453.	0.	15,453.
Total	<u>\$ 61,812.</u>	<u>\$ 0.</u>	<u>\$ 61,812.</u>

Retirement Contributions

- ☐ The taxpayer and spouse saved an estimated \$14,460 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 2011 and \$5,000 for tax year 2012 (assuming no other changes). The 2011 contribution must be made on or before April 17th, 2012.
- ☐ The spouse could make a nondeductible traditional IRA contribution of \$5,000 for tax year 2011 and \$5,000 for tax year 2012 (assuming no other changes). The 2011 contribution must be made on or before April 17th, 2012.

Future Tax Savings

- ☐ In 2012 the taxpayer can contribute \$49,000 to a self-employed retirement plan, with estimated tax savings of \$14,202 (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 \$178,096, placing the taxpayer in a 28% marginal tax bracket on ordinary income. Based on 2011 tax rates, ordinary income would have to increase by over \$34,204 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 2012.
- ☐ 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.
- ☐ 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 78% higher than the average for a business of this type with similar gross receipts.
- ☐ Schedule C for Member #1 (1) : Total income is 79% higher than the average for a business of this type with similar gross receipts.
- ☐ Schedule C for Member #1 (1) : Net profit is 1801% higher than the average for a business of this type with similar gross receipts.

2011**Schedule C Analysis****Client EX1LLC****Member #1 and Member #2****188-88-8888**

2/19/12	Actual Amounts For This Business		National Average Expense Ratios Applied to This Business*		09:51AM
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	255,035.	N/A	255,035.	N/A	
Cost of goods sold:					
Beginning inventory			765.	0.3%	
Purchases			56,745.	22.25%	
Cost of labor					
Materials and supplies			6,478.	2.54%	
Other costs			48,992.	19.21%	
Ending inventory			1,403.	0.55%	
Cost of goods sold			111,578.	43.75%	
Gross profit	255,035.	100.0%	143,457.	56.25%	+77.78% **
Other income			-1,071.	-0.42%	
Total income	255,035.	100.0%	142,386.	55.83%	+79.12% **

EXPENSES

Advertising			3,060.	1.2%	
Car and truck expenses			7,345.	2.88%	
Commissions			12,369.	4.85%	
Contract labor			3,137.	1.23%	
Depletion					
Depreciation			3,086.	1.21%	
Employee benefit programs			459.	0.18%	
Insurance			995.	0.39%	
Mortgage interest			102.	0.04%	
Other interest			2,168.	0.85%	
Legal and professional services			2,805.	1.1%	
Office expense			4,438.	1.74%	
Pension and profit-sharing plans			102.	0.04%	
Rent or lease of machinery and equipment			204.	0.08%	
Rent on other business property			5,483.	2.15%	
Repairs and maintenance			2,805.	1.1%	
Supplies			2,652.	1.04%	
Taxes and licenses			944.	0.37%	
Travel			4,616.	1.81%	
Meals and entertainment			3,621.	1.42%	
Utilities			4,361.	1.71%	
Wages			9,742.	3.82%	
Other expenses			51,976.	20.38%	
Expenses for business use of home			2,499.	0.98%	
Total expenses	0.		128,971.	50.57%	

NET PROFIT	255,035.	100.0%	13,415.	5.26%	+1801.12% **
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* National average expense ratios are derived from the IRS summer 2011 statistics of income bulletin for sole proprietorships (Sole Proprietor Returns, 2009 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.