

2/13/10

03:38PM

EX8F-CA

During 2009, Joe had total trading proceeds over \$20 million and total roundtrip trades of over 1,000 per review of the TradeLog reports. Trading was Joe's only occupation in 2009 and source of livelihood. Joe qualifies as a "trader in commodities" (i.e., he has trader tax status), so he reports all his trading business expenses on Schedule C (Business Profit and Loss).

Joe was wise - he was profitable at trading commodities for the year as of April 15, 2009, and he decided to not elect mark-to-market accounting for 2009. If he had decided to, the election would have been due by April 15, 2009. Joe understood that electing MTM would convert his commodities "capital gains and losses" to "ordinary gains and losses," and he did not want to forgo the 60-percent long-term capital gains rate benefit on commodities gains. Without MTM, Joe saved a considerable amount of federal taxes versus Example 7 (EX7F-CA).

Demo

Label
(See instructions.)

Use the IRS label.
Otherwise, please print or type.

Presidential Election Campaign

For the year Jan 1 - Dec 31, 2009, or other tax year beginning , 2009, ending , 20		OMB No. 1545-0074
Your first name MI Last name	Your social security number	
Joe Trader no MTM Comm Gain Ex8	999-99-9999	
If a joint return, spouse's first name MI Last name	Spouse's social security number	
Home address (number and street). If you have a P.O. box, see instructions. Apartment no.		You must enter your social security number(s) above. ▲
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.
Los Angeles, CA 90025		
Check here if you, or your spouse if filing jointly, want \$3 to go to this fund? (see instructions)		<input checked="" type="checkbox"/> You <input type="checkbox"/> Spouse

Filing Status

Check only one box.

1 <input checked="" 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 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 (see instructions)

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	1
b <input type="checkbox"/> Spouse	No. of children on 6c who:	
c Dependents:	• lived with you	
(1) First name Last name	• did not live with you due to divorce or separation (see instrs)	
	Dependents on 6c not entered above	
	Add numbers on lines above	1
d Total number of exemptions claimed		1

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	1,762.
b Tax-exempt interest. Do not include on line 8a	8b	
9a Ordinary dividends. Attach Schedule B if required	9a	897.
b Qualified dividends (see instrs)	9b	897.
10 Taxable refunds, credits, or offsets of state and local income taxes (see instructions)	10	
11 Alimony received	11	
12 Business income or (loss). Attach Schedule C or C-EZ	12	
13 Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here	13	204,637.
14 Other gains or (losses). Attach Form 4797	14	
15a IRA distributions	15a	
b Taxable amount (see instrs)	15b	
16a Pensions and annuities	16a	
b Taxable amount (see instrs)	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 in excess of \$2,400 per recipient (see instructions)	19	
20a Social security benefits	20a	
b Taxable amount (see instrs)	20b	
21 Other income	21	
22 Add the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	207,296.

Adjusted Gross Income

23 Educator expenses (see instructions)	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	
28 Self-employed SEP, SIMPLE, and qualified plans	28	
29 Self-employed health insurance deduction (see instructions)	29	
30 Penalty on early withdrawal of savings	30	
31a Alimony paid b Recipient's SSN	31a	
32 IRA deduction (see instructions)	32	
33 Student loan interest deduction (see instructions)	33	
34 Tuition and fees deduction. Attach Form 8917	34	
35 Domestic production activities deduction. Attach Form 8903	35	
36 Add lines 23 - 31a and 32 - 35	36	0.
37 Subtract line 36 from line 22. This is your adjusted gross income ▶	37	207,296.

Tax and Credits**Standard Deduction for —**

• People who check any box on line 39a, 39b, or 40b or who can be claimed as a dependent, see instructions.

• All others:

Single or Married filing separately, \$5,700

Married filing jointly or Qualifying widow(er), \$11,400

Head of household, \$8,350

38 Amount from line 37 (adjusted gross income) 38 207,296.

39a Check if: ☐ You were born before January 2, 1945, ☐ Blind. ☐ Spouse was born before January 2, 1945, ☐ Blind. Total boxes checked 39a ☐ 39b ☐

b If your spouse itemizes on a separate return, or you were a dual-status alien, see instrs and ck here 39b ☐

40a Itemized deductions (from Schedule A) or your standard deduction (see left margin) 40a 5,700.

b If you are increasing your standard deduction by certain real estate taxes, new motor vehicle taxes, or a net disaster loss, attach Schedule L and check here (see instructions) 40b ☐

41 Subtract line 40a from line 38 41 201,596.

42 Exemptions. If line 38 is \$125,100 or less and you did not provide housing to a Midwestern displaced individual, multiply \$3,650 by the number on line 6d. Otherwise, see instructions. 42 3,236.

43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- 43 198,360.

44 Tax (see instrs). Check if any tax is from: a ☐ Form(s) 8814 b ☐ Form 4972 44 34,388.

45 Alternative minimum tax (see instructions). Attach Form 6251 45 938.

46 Add lines 44 and 45 46 35,326.

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 29. 49

50 Retirement savings contributions credit. Attach Form 8880. 50

51 Child tax credit (see instructions). 51

52 Credits from Form: a ☐ 8396 b ☐ 8839 c ☐ 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 35,326.

Other Taxes

56 Self-employment tax. Attach Schedule SE. 56

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

59 Additional taxes: a ☐ AEIC payments b ☐ Household employment taxes. Attach Schedule H. 59

60 Add lines 55-59. This is your total tax. 60 35,326.

Payments

If you have a qualifying child, attach Schedule EIC.

61 Federal income tax withheld from Forms W-2 and 1099. 61

62 2009 estimated tax payments and amount applied from 2008 return. 62

63 Making work pay and government retiree credit. Attach Schedule M. 63

64a Earned income credit (EIC) No 64a

b Nontaxable combat pay election. 64b

65 Additional child tax credit. Attach Form 8812. 65

66 Refundable education credit from Form 8863, line 16. 66

67 First-time homebuyer credit. Attach Form 5405. 67

68 Amount paid with request for extension to file (see instructions). 68

69 Excess social security and tier 1 RRTA tax withheld (see instructions). 69

70 Credits from Form: a ☐ 2439 b ☐ 4136 c ☐ 8801 d ☐ 8885. 70

71 Add lns 61-63, 64a, & 65-70. These are your total pmts. 71 0.

Refund

Direct deposit? See instructions and fill in 73b, 73c, and 73d or Form 8888.

72 If line 71 is more than line 60, subtract line 60 from line 71. This is the amount you overpaid. 72

73a Amount of line 72 you want refunded to you. If Form 8888 is attached, check here. 73a

b Routing number. c Type: ☐ Checking ☐ Savings

d Account number.

74 Amount of line 72 you want applied to your 2010 estimated tax. 74

Amount You Owe

75 Amount you owe. Subtract line 71 from line 60. For details on how to pay, see instructions. 75 35,326.

76 Estimated tax penalty (see instructions). 76

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☒ Yes. Complete the following. ☐ No

Designee's name z Examples Phone no. 877-662-2014 Personal identification number (PIN)

Sign Here

Joint return? See instructions.

Keep a copy for your records.

Your signature Date Your occupation Trader Daytime phone number

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

Paid Preparer's Use Only

Preparer's signature z Examples Date Check if self-employed

Firm's name (or yours if self-employed) Green & Company CPAs, LLC EIN 20-0751653

54 Danbury Rd., #351 Phone no. 877-662-2014

Ridgefield, CT 06877

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

2009

Attachment
Sequence No. **08**

Name(s) shown on return

Joe Trader no MTM Comm Gain Ex8

Your social security number

999-99-9999

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.

Interactive Brokers - trading a/c

Amount

1,762.

1

- 2** Add the amounts on line 1

1,762.

- 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

1,762.

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

Schwab - invest a/c

897.

5

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

6

897.

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 2009, 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 2009, 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

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

2009

Attachment
Sequence No. **09**

Name of proprietor

Joe Trader no MTM Comm Gain Ex8

Social security number (SSN)

999-99-9999

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

Trader in Commodities - See Note

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 2009? If 'No,' see instructions for limit on losses... ☒ Yes ☐ No

H If you started or acquired this business during 2009, check here. ☒

Part I **Income**

1	Gross receipts or sales. Caution. See the 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. <input type="checkbox"/>	1	
2	Returns and allowances.	2	
3	Subtract line 2 from line 1.	3	
4	Cost of goods sold (from line 42 on page 2)	4	
5	Gross profit. Subtract line 4 from line 3.	5	
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	46,147.
7	Gross income. Add lines 5 and 6.	7	46,147.

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):		
11	Contract labor (see instructions)	11		a	Vehicles, machinery, and equipment	20a	
12	Depletion.	12		b	Other business property.	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	7,865.	21	Repairs and maintenance.	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	953.
15	Insurance (other than health) ...	15		23	Taxes and licenses.	23	
16	Interest:			24	Travel, meals, and entertainment:		
a	Mortgage (paid to banks, etc)	16a		a	Travel.	24a	1,855.
b	Other.	16b	16,299.	b	Deductible meals and entertainment (see instructions)	24b	1,327.
17	Legal & professional services. ...	17		25	Utilities.	25	
26				26	Wages (less employment credits)	26	
27				27	Other expenses (from line 48 on page 2)	27	10,612.
28	Total expenses before expenses for business use of home. Add lines 8 through 27.	28		28		28	38,911.
29	Tentative profit or (loss). Subtract line 28 from line 7.	29		29		29	7,236.
30	Expenses for business use of your home. Attach Form 8829	30		30		30	7,236.
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		31	0.

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 Form 1040 instructions.

Schedule **C** (Form 1040) 2009

Part III Cost of Goods Sold (see instructions)33 Method(s) used to value closing inventory: a ☐ Cost b ☐ Lower of cost or market c ☐ Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory?

If 'Yes,' attach explanation

☐ Yes ☐ No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation

35

36 Purchases less cost of items withdrawn for personal use

36

37 Cost of labor. Do not include any amounts paid to yourself.

37

38 Materials and supplies

38

39 Other costs

39

40 Add lines 35 through 39.

40

41 Inventory at end of year.

41

42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4.

42

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶ _____

44 Of the total number of miles you drove your vehicle during 2009, enter the number of miles you used your vehicle for:

a Business _____

b Commuting (see instructions) _____

c Other _____

45 Was your vehicle available for personal use during off-duty hours?

☐ Yes ☐ No

46 Do you (or your spouse) have another vehicle available for personal use?

☐ Yes ☐ No

47a Do you have evidence to support your deduction?

☐ Yes ☐ No

b If 'Yes,' is the evidence written?

☐ Yes ☐ No**Part V Other Expenses.** List below business expenses not included on lines 8-26 or line 30.

See Statement 1

48 Total other expenses. Enter here and on page 1, line 27

48

10,612.

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

2009

Attachment
Sequence No. **12**

Your social security number

Joe Trader no MTM Comm Gain Ex8

999-99-9999

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 Google stock - Schwab investment a/c	Various	Various	875,105.	859,739.	15,366.
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	875,105.			
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4				75,708.
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				91,074.

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				113,563.
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				113,563.

BAA For Paperwork Reduction Act Notice, see Form 1040 or Form 1040NR instructions.

Schedule **D** (Form 1040) 2009

Part III Summary

16 Combine lines 7 and 15 and enter the result.....	16	204,637.
If line 16 is:		
<ul style="list-style-type: none"> • A gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • A loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • 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 40. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040 (or in the Instructions for Form 1040NR). Do not complete lines 21 and 22 below.		
<input type="checkbox"/> No. Complete Form 1040 through line 43, or Form 1040NR through line 40. 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 40. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040 (or in the Instructions for Form 1040NR).		
<input type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.		

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

2009Attachment
Sequence No. **32**

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

Your social security number

Joe Trader no MTM Comm Gain Ex8

999-99-9999

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 (minus any amount on Form 8914, line 6), and go to line 2. Otherwise, enter the amount from Form 1040, line 38 (minus any amount on Form 8914, line 6), and go to line 7. (If less than zero, enter as a negative amount.)	1	207,296.
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 Form 1040, line 38, is over \$166,800 (over \$83,400 if married filing separately), enter the amount from line 11 of the Itemized Deductions Worksheet in the Instructions for Schedule A (Form 1040).	6	
7	If filing Schedule L (Form 1040A or 1040), enter as a negative amount the sum of lines 6 and 20 from that schedule	7	
8	Tax refund from Form 1040, line 10 or line 21	8	
9	Investment interest expense (difference between regular tax and AMT)	9	
10	Depletion (difference between regular tax and AMT)	10	
11	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	11	
12	Alternative tax net operating loss deduction	12	
13	Interest from specified private activity bonds exempt from the regular tax	13	
14	Qualified small business stock (7% of gain excluded under section 1202)	14	
15	Exercise of incentive stock options (excess of AMT income over regular tax income)	15	
16	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	16	
17	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	17	
18	Disposition of property (difference between AMT and regular tax gain or loss)	18	
19	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	19	
20	Passive activities (difference between AMT and regular tax income or loss)	20	
21	Loss limitations (difference between AMT and regular tax income or loss)	21	
22	Circulation costs (difference between regular tax and AMT)	22	
23	Long-term contracts (difference between AMT and regular tax income)	23	
24	Mining costs (difference between regular tax and AMT)	24	
25	Research and experimental costs (difference between regular tax and AMT)	25	
26	Income from certain installment sales before January 1, 1987	26	
27	Intangible drilling costs preference	27	
28	Other adjustments, including income-based related adjustments	28	
29	Alternative minimum taxable income. Combine lines 1 through 28. (If married filing separately and line 29 is more than \$216,900, see instructions.)	29	207,296.

Part II Alternative Minimum Tax

30	Exemption. (If you were under age 24 at the end of 2009, see instructions.)														
	<table border="0"> <tr> <td>IF your filing status is . . .</td> <td>AND line 29 is not over . . .</td> <td>THEN enter on line 30 . . .</td> </tr> <tr> <td>Single or head of household</td> <td>\$112,500</td> <td>\$46,700</td> </tr> <tr> <td>Married filing jointly or qualifying widow(er)</td> <td>150,000</td> <td>70,950</td> </tr> <tr> <td>Married filing separately</td> <td>75,000</td> <td>35,475</td> </tr> </table>	IF your filing status is . . .	AND line 29 is not over . . .	THEN enter on line 30 . . .	Single or head of household	\$112,500	\$46,700	Married filing jointly or qualifying widow(er)	150,000	70,950	Married filing separately	75,000	35,475	30	23,001.
IF your filing status is . . .	AND line 29 is not over . . .	THEN enter on line 30 . . .													
Single or head of household	\$112,500	\$46,700													
Married filing jointly or qualifying widow(er)	150,000	70,950													
Married filing separately	75,000	35,475													
31	If line 29 is over the amount shown above for your filing status, see instructions. Subtract line 30 from line 29. If more than zero, go to line 32. If zero or less, enter -0- here and on lines 34 and 36 and skip the rest of Part II.	31	184,295.												
32	<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 55 here. • All others: If line 31 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 31 by 26% (.26). Otherwise, multiply line 31 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result. 	32	35,326.												
33	Alternative minimum tax foreign tax credit (see instructions)	33													
34	Tentative minimum tax. Subtract line 33 from line 32.	34	35,326.												
35	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).	35	34,388.												
36	AMT. Subtract line 35 from line 34. If zero or less, enter -0-. Enter here and on Form 1040, line 45.	36	938.												

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDIA5312L 08/14/09

Form **6251** (2009)

Part III Tax Computation Using Maximum Capital Gains Rates

37	Enter the amount from Form 6251, line 31. If you are filing Form 2555 or 2555-EZ, enter the amount from line 3 of the worksheet in the instructions.	37	184,295.
38	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.	38	114,460.
39	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.	39	0.
40	If you did not complete a Schedule D Tax Worksheet for the regular tax or the AMT, enter the amount from line 38. Otherwise, add lines 38 and 39, 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.	40	114,460.
41	Enter the smaller of line 37 or line 40.	41	114,460.
42	Subtract line 41 from line 37.	42	69,835.
43	If line 42 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 42 by 26% (.26). Otherwise, multiply line 42 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.	43	18,157.
44	Enter: <ul style="list-style-type: none"> • \$67,900 if married filing jointly or qualifying widow(er), • \$33,950 if single or married filing separately, or • \$45,500 if head of household. 	44	33,950.
45	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-.	45	83,900.
46	Subtract line 45 from line 44. If zero or less, enter -0-.	46	0.
47	Enter the smaller of line 37 or line 38.	47	114,460.
48	Enter the smaller of line 46 or line 47.	48	
49	Subtract line 48 from line 47.	49	114,460.
50	Multiply line 49 by 15% (.15). If line 39 is zero or blank, skip lines 51 and 52 and go to line 53. Otherwise, go to line 51.	50	17,169.
51	Subtract line 47 from line 41.	51	
52	Multiply line 51 by 25% (.25).	52	
53	Add lines 43, 50, and 52.	53	35,326.
54	If line 37 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 37 by 26% (.26). Otherwise, multiply line 37 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result.	54	48,103.
55	Enter the smaller of line 53 or line 54 here and on line 32. If you are filing Form 2555 or 2555-EZ, do not enter this amount on line 32. Instead, enter it on line 4 of the worksheet in the instructions.	55	35,326.

Form 6251 (2009)

Form **8829**Department of the Treasury
Internal Revenue Service (99)**Expenses for Business Use of Your Home**

► **File only with Schedule C (Form 1040).**
Use a separate Form 8829 for each home you used for business during the year.
 ► **See separate instructions.**

OMB No. 1545-0074

2009Attachment
Sequence No. **66**

Name(s) of proprietor(s)

Joe Trader no MTM Comm Gain Ex8

Your social security number

999-99-9999

Part I Part of Your Home Used for Business

1	Area used regularly and exclusively for business, regularly for daycare, or for storage of inventory or product samples (see instructions).....	1	270
2	Total area of home.....	2	1,505
3	Divide line 1 by line 2. Enter the result as a percentage.....	3	17.94 %
For daycare facilities not used exclusively for business go to line 4. All others go to line 7.			
4	Multiply days used for daycare during year by hours used per day.....	4	hr
5	Total hours available for use during the year (365 days x 24 hours) (see instructions).....	5	hr
6	Divide line 4 by line 5. Enter the result as a decimal amount.....	6	
7	Business percentage. For daycare facilities not used exclusively for business, multiply line 6 by line 3 (enter the result as a percentage). All others, enter the amount from line 3.....	7	17.94 %

Part II Figure Your Allowable Deduction

8	Enter the amount from Schedule C, line 29, plus any net gain or (loss) derived from the business use of your home and shown on Schedule D or Form 4797. If more than one place of business, see instructions.....	8	7,236.
See instrs for columns (a) and (b) before completing lines 9-21.			
	(a) Direct expenses	(b) Indirect expenses	
9	Casualty losses (see instructions).....		
10	Deductible mortgage interest (see instructions).....		
11	Real estate taxes (see instructions).....		
12	Add lines 9, 10, and 11.....		
13	Multiply line 12, column (b) by line 7.....	13	
14	Add line 12, column (a) and line 13.....	14	
15	Subtract line 14 from line 8. If zero or less, enter -0-.....	15	7,236.
16	Excess mortgage interest (see instructions).....		
17	Insurance.....		545.
18	Rent.....		30,000.
19	Repairs and maintenance.....		805.
20	Utilities.....		3,688.
21	Other expenses (see instrs).....		5,294.
22	Add lines 16 through 21.....		40,332.
23	Multiply line 22, column (b) by line 7.....	23	7,236.
24	Carryover of operating expenses from 2008 Form 8829, line 42.....	24	
25	Add line 22 column (a), line 23, and line 24.....	25	7,236.
26	Allowable operating expenses. Enter the smaller of line 15 or line 25.....	26	7,236.
27	Limit on excess casualty losses and depreciation. Subtract line 26 from line 15.....	27	
28	Excess casualty losses (see instructions).....	28	
29	Depreciation of your home from line 41 below.....	29	
30	Carryover of excess casualty losses and depreciation from 2008 Form 8829, line 43.....	30	
31	Add lines 28 through 30.....	31	
32	Allowable excess casualty losses and depreciation. Enter the smaller of line 27 or line 31.....	32	
33	Add lines 14, 26, and 32.....	33	7,236.
34	Casualty loss portion, if any, from lines 14 and 32. Carry amount to Form 4684 , Section B.....	34	
35	Allowable expenses for business use of your home. Subtract line 34 from line 33. Enter here and on Schedule C, line 30. If your home was used for more than one business, see instructions.....	35	7,236.

Part III Depreciation of Your Home

36	Enter the smaller of your home's adjusted basis or its fair market value (see instructions).....	36	
37	Value of land included on line 36.....	37	
38	Basis of building. Subtract line 37 from line 36.....	38	
39	Business basis of building. Multiply line 38 by line 7.....	39	
40	Depreciation percentage (see instructions).....	40	%
41	Depreciation allowable (see instructions). Multiply line 39 by line 40. Enter here and on line 29 above.....	41	

Part IV Carryover of Unallowed Expenses to 2010

42	Operating expenses. Subtract line 26 from line 25. If less than zero, enter -0-.....	42	0.
43	Excess casualty losses and depreciation. Subtract line 32 from line 31. If less than zero, enter -0-.....	43	0.

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDIA6902L 06/25/09

Form **8829** (2009)

Form **4562**Department of the Treasury
Internal Revenue Service (99)**Depreciation and Amortization**
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2009Attachment
Sequence No. **67**

Name(s) shown on return

Joe Trader no MTM Comm Gain Ex8

Identifying number

999-99-9999

Business or activity to which this form relates

Schedule C - Joe Trader no MTM Comm Gain Ex8

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$250,000.
2	Total cost of section 179 property placed in service (see instructions).	2	7,865.
3	Threshold cost of section 179 property before reduction in limitation (see instructions).	3	\$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	250,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
See Statement 3			7,865.
7	Listed property. Enter the amount from line 29.	7	0.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.	8	7,865.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	7,865.
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562.	10	0.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	7,865.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	7,865.
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12. ▶	13	0.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions).	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2009.	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here. ▶ <input type="checkbox"/>		

Section B — Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property.						
b 5-year property.						
c 7-year property.						
d 10-year property.						
e 15-year property.						
f 20-year property.						
g 25-year property.			25 yrs		S/L	
h Residential rental property.			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property.			39 yrs	MM	S/L	
				MM	S/L	

Section C — Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

20a Class life.					S/L	
b 12-year.			12 yrs		S/L	
c 40-year.			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	7,865.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDI0812L 07/07/09

Form **4562** (2009)

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

2009Attachment
Sequence No. **82**

Name(s) shown on tax return

Joe Trader no MTM Comm Gain Ex8

Identifying number

999-99-9999

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
	Interactive Brokers futures trading a/c		235,418.
	Transfer part trading gain to Sch C-Note	46,147.	
2	Add the amounts on line 1 in columns (b) and (c).....	2	46,147.
3	Net gain or (loss). Combine line 2, columns (b) and (c).....	3	189,271.
4	Form 1099-B adjustments. See instructions and attach schedule.	4	
5	Combine lines 3 and 4.....	5	189,271.
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	189,271.
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	75,708.
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	113,563.

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
11b	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 06/18/09

Form **6781** (2009)

2009

Federal Statements

Page 1

Client EX8F-CA

Joe Trader no MTM Comm Gain Ex8

999-99-9999

2/13/10

03:38PM

Statement 1 - Trader in Commodities - See Note
Schedule C, Part V
Other Expenses

Delivery and Freight.....	\$	115.
Postage.....		185.
Seminars taken after trading started.....		3,455.
Trading chat rooms.....		1,205.
Trading communications.....		644.
Trading internet service.....		605.
Trading miscellaneous expense.....		805.
Trading online information services.....		1,699.
Trading publications and books.....		1,144.
Trading tax and accounting.....		755.
Total	\$	<u>10,612.</u>

Statement 2
Form 8829, Line 21
Other Expenses

	<u>Direct</u>	<u>Indirect</u>
Miscellaneous.....	\$ 0.	\$ 889.
Cleaning.....	0.	4,405.
Total	<u>\$ 0.</u>	<u>\$ 5,294.</u>

Statement 3
Form 4562, Part I
Election To Expense Certain Tangible Property (Section 179)

<u>Description of Property</u>	<u>Cost</u>	<u>Elected Cost</u>
5-Year Computers for trading.....	3,466.	\$ 3,466.
7-Year Furniture/fixtures.....	2,946.	2,946.
Software for trading.....	1,453.	1,453.
Total		<u>\$ 7,865.</u>

Client EX8F-CA

Joe Trader no MTM Comm Gain Ex8

999-99-9999

2/13/10

03:38PM

Note to Schedules C and Form 6781 in connection with taxpayer's business activity:
"trader in commodities"

TAXPAYER QUALIFIES AS A "TRADER IN COMMODITIES"

SUMMARY

Taxpayer qualifies as a "trader in commodities" for 2009. Taxpayer's trading business expenses are reported on Schedule C and his commodities trading gains and losses are reported on Form 6781.

=====

Trader in Commodities is a business the same as Trader in Securities.

Taxpayer operated a trading business, in accordance with the definition below, during all of 2009. Considerable time spent every trading day, consistent and frequent number of trades, and trading proceeds all support taxpayer's rising to the level of conducting this activity as a business.

We excerpt IRS Publication 550, Chapter 4 - Special Rules for Traders Securities. (See our added notes in parenthesis).

Special rules apply if you are a trader in securities in the business of buying and selling securities for your own account. To be engaged in business as a trader in securities, you must meet all the following conditions. (Taxpayer met all the following conditions for tax year 2009).

..You must seek to profit from daily market movements in the prices of securities and not from dividends, interest, or capital appreciation.

..Your activity must be substantial.

..You must carry on the activity with continuity and regularity.

The following facts and circumstances should be considered in determining if your activity is a securities trading business.

..Typical holding periods for securities bought and sold. (Taxpayer had very short holding periods).

..The frequency and dollar amount of your trades during the year. (Taxpayer traded frequently with lower dollar amounts - high turnover).

..The extent to which you pursue the activity to produce income for a livelihood. (Taxpayer's intention is to earn a living from this trading business activity).

..The amount of time you devote to the activity. (Taxpayer spends a good part of every day on this activity).

Note.

You may be a trader in some securities and have other securities you hold for investment. The special rules discussed here do not apply to the securities held for investment. You must keep detailed records to distinguish the securities. The securities held for investment must be identified as such in your records on the day you got them (for example, by holding them in a separate brokerage account). (If taxpayer has investment securities they are clearly "segregated" from his trading securities in accordance with current IRS regulations).

How To Report.

Client EX8F-CA

Joe Trader no MTM Comm Gain Ex8

999-99-9999

2/13/10

03:38PM

Transactions from trading activities result in capital gains and losses and must be reported on Schedule D (Form 1040). Losses from these transactions are subject to the limit on capital losses explained earlier in this chapter.

Expenses.

Interest expense and other investment expenses that an investor would deduct on Schedule A (Form 1040) are deducted by a trader on Schedule C (Form 1040), Profit or Loss From Business, if the expenses are from the trading business. Commissions and other costs of acquiring or disposing of securities are not deductible but must be used to figure gain or loss. The limit on investment interest expense, which applies to investors, does not apply to interest paid or incurred in a trading business. (Taxpayer duly reported his trading business expenses on Schedule C: trader in commodities)

Taxpayer's trading gains are exempt from self-employment taxation.

Taxpayer is exempt from self-employment taxation because taxpayer is a trader in commodities and not a "commodity dealer", as defined in IRC Section 1402 Definitions - Net earnings from self-employment.

SPECIAL NOTES

If Taxpayer has net trading gains, sufficient trading gains are transferred from Form 6781 to Schedule C to cover Taxpayer's related trading business expenses. This is done since Schedule C business expenses relate to taxpayer's trading gains. There is no change to the tax liability as a result of this transfer.

Client EX8F-CA

Joe Trader no MTM Comm Gain Ex8

999-99-9999

2/13/10

03:38PM

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

Schwab - invest a/c

	897.
Total	<u>897.</u>

**State and Local Refunds Taxable in 2009
(Refunds on Prior Year Return Taxable in Current Year)**

1. State and local tax refunds (prior year)	369.
2. Refunds attributable to post 12/31/2008 payments per IRS Pub. 525	89.
3. Net state and local tax refunds	280.
4. State and local taxes from prior year Schedule A, line 5	12,853.
5. Prior year allowable sales tax deduction	1,885.
6. Excess of income taxes deducted over sales taxes deducted	10,968.
7. Enter the smaller of line 3 or line 6	280.
8. Refund with no tax benefit due to AMT or nonrefundable credits	<u>-280.</u>
9. State and local refunds taxable this year	<u>0.</u>

**State Refunds Taxable in 2009 - Recomputed Tax
(To Determine if Tax Benefit Received per IRS Pub. 525-AMT/Unused Credits)**

Recomputation of 2008 Tax:

1. Actual taxable income (1040, line 43)	190,392.
2. Actual regular tax (1040, line 44)	30,962.
3. Actual AMT (1040, line 45)	2,327.
4. Actual total tax BEFORE credits (1040, line 46)	33,289.
5. Less: Actual credits (1040, line 55)	0.
6. Actual tax AFTER credits (1040, line 56)	33,289.
7. Taxable income recomputed with Sch. A taxes reduced by state tax refunds	190,672.
8. Recomputed regular tax	31,024.
9. Recomputed AMT	2,265.
10. Recomputed total tax BEFORE credits	33,289.
11. Less: Recomputed credits	0.
12. Recomputed tax AFTER credits	<u>33,289.</u>
13. Difference between actual and recomputed tax (subtract line 12 from line 6)	<u>0.</u>

Zero or positive change - no tax benefit was received and so none of the refund is taxable.

Note: The program considers a tax benefit to be a LOWER tax liability, HIGHER credit carryovers, and/or HIGHER EIC/Additional Child Tax Credit as a result of deducting the state taxes that produced the refund. However, an increase to credit carryovers and/or the EIC/Additional Child Tax Credit is not considered to be a tax benefit if the increase is fully offset by a higher tax liability.

Deduction for Exemptions Worksheet (Form 1040, Line 42)

1. \$3,650 per exemption on Form 1040, line 6d		3,650.
2. Enter amount from Form 1040, line 38	207,296.	
3. Threshold for your filing status	166,800.	
4. Subtract line 3 from line 2	40,496.	
5. Is line 4 more than \$122,500 (\$61,250 if MFS)?		
Yes. Multiply \$2,433 by the total number of exemptions claimed. Enter the result here and on Form 1040, line 42. Do not complete the rest of this worksheet.		
No. Divide line 4 by \$2,500 (\$1,250 if MFS)	17.	
6. Multiply line 5 by 2% (.02)	0.34	
7. Multiply line 1 by line 6		1,241.
8. Divide line 7 by 3		<u>414.</u>
9. Deduction for Exemptions (Subtract line 8 from line 1)		<u><u>3,236.</u></u>

Demo

Client EX8F-CA

Joe Trader no MTM Comm Gain Ex8

999-99-9999

2/13/10

03:38PM

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

1. Enter the amount from Form 1040, line 43 198,360.
2. Enter the amount from Form 1040, line 9b 897.
3. Are you filing Schedule D?
☒ 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 13 113,563.
4. Add lines 2 and 3 114,460.
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. 114,460.
7. Subtract line 6 from line 1. If zero or less, enter zero. 83,900.
8. Enter the smaller of:
 - The amount on line 1, or
 - \$33,950 if single or married filing separately,
 \$67,900 if married filing jointly or qualifying widow(er), \$45,500 if head of household. 33,950.
9. Is the amount on line 7 equal to or more than the amount on line 8?
☒ YES. Skip lines 9 and 10;
 Go to line 11 and check the "No" box
☐ NO. Enter the amount from line 7
10. Subtract line 9 from line 8
11. Are the amounts on lines 6 and 10 the same?
☐ YES. Skip lines 11 through 14, go to line 15
☒ NO. Enter the smaller of line 1 or line 6 114,460.
12. Enter the amount from line 10. (If line 10 is blank, enter zero.) 0.
13. Subtract line 12 from line 11. 114,460.
14. Multiply line 13 by 15% (.15) 17,169.
15. Figure the tax on the amount on line 7. (Use the Tax Table or Tax Computation Worksheet) 17,219.
16. Add lines 14 and 15 34,388.
17. Figure the tax on the amount on line 1. (Use the Tax Table or Tax Computation Worksheet) 50,601.
18. Tax on all taxable income (including capital gain distributions). Enter the smaller of line 16 or line 17 here and on Form 1040, line 44 34,388.

Itemized Deductions Worksheet (Schedule A, Line 29)

1. Add amounts on Schedule A, lines 4, 9, 15, 19, 20, 27, and 28 5,467.
2. Add amounts on Schedule A, lines 4, 14, & 20, plus any gambling losses and casualty or theft losses included on line 28 482.
3. Subtract line 2 from line 1 4,985.
4. Multiply line 3 above by 80% (.80) 3,988.
5. Enter amount from Form 1040, line 38 207,296.
6. Enter \$166,800 (\$83,400 if MFS) 166,800.
7. Subtract line 6 from line 5 40,496.
8. Multiply line 7 above by 3% (.03) 1,215.

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Itemized Deductions Worksheet (Schedule A, Line 29) (continued)

9. Enter the smaller of line 4 or line 8	1,215.	
10. Divide line 9 by 1.5	810.	
11. Subtract line 10 from line 9		405.
12. Total Itemized Deductions (Subtract line 11 from line 1)		<u>5,062.</u>

**Taxable Business Income for Limitation of
Section 179 Expense Deduction (Form 4562, Line 11)**

Wages, salaries, tips, etc.	0.
Business income or loss	7,865.
Farm income or loss	0.
Rental real estate income or loss	0.
Nonpassive partnerships, S corps, estates, trusts	0.
Income or loss for real estate professionals	0.
Gains or losses on sales of business property	0.
Total Taxable Business Income	<u>7,865.</u>

Investment Interest Expense (Form 4952, Line 1)

Schedule A	482.
Schedule A (from pass-through entities)	0.
Schedule C	0.
Schedule E, page 1	0.
Schedule E, page 2	0.
Total Investment Interest Expense	<u>482.</u>

Gross Investment Income (Form 4952, Line 4a)

Interest Income	1,762.
Dividend Income	897.
Child's Investment Income - Form 8814	0.
Gross Investment Income - Schedule C	0.
Gross Investment Income - Schedule E	0.
Publicly Traded Partnership Income	0.
Other Net Investment Income - K-1	0.
Gross Investment Income Adjustment	0.
Total Gross Investment Income	<u>2,659.</u>

Exemption Worksheet (Form 6251, Line 30)

- | | | |
|--|----------|-----------|
| 1. Enter \$46,700 (\$70,950 if married filing jointly or qualifying widow(er), \$35,475 if married filing separately.) | | 46,700. |
| 2. Enter your alternative minimum taxable income (AMTI) from Form 6251, line 29. | 207,296. | |
| 3. Enter \$112,500 (\$150,000 if married filing jointly or qualifying widow(er), \$75,000 if married filing separately.) | 112,500. | |
| 4. Subtract line 3 from line 2. | 94,796. | |
| 5. Multiply line 4 by 25% (.25). | | 23,699. |
| 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 30 and go to Form 6251, line 31. | | 23,001. |
| 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 30. | | <u>0.</u> |

Demo

12/31/09

2009 Federal Summary Depreciation Schedule

Page 1

Client EX8F-CA

Joe Trader no MTM Comm Gain Ex8

999-99-9999

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No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179/ SDA	Prior 179/ SDA/ Depr.	Method	Life	Current Depr.
Schedule C - Joe Trader no MTM Comm Gain Ex8										
Furniture and Fixtures										
2	Furniture/fixtures	Various		2,946		2,946		200DB HY	7	0
	Total Furniture and Fixtures			2,946		2,946	0			0
Machinery and Equipment										
1	Computers for trading	Various		3,466		3,466		200DB HY	5	0
3	Software for trading	Various		1,453		1,453		S/L	3	0
	Total Machinery and Equipment			4,919		4,919	0			0
	Total Depreciation			7,865		7,865	0			0
	Grand Total Depreciation			7,865		7,865	0			0

Demo

**California Resident
Income Tax Return 2009**

FORM

540 C1 Side 1

APE

ATTACH FEDERAL RETURN

P
AC
A
R
RP999-99-9999 NOMT 09 PBA 523900
JOE T NOMTMCOMMGAINEXANY ST
LOS ANGELES CA 90025

01	1	72	0	408	0	APE	0
06	0	73	0	409	0	FS	0
09	0	74	0	410	0	3800	0
10	0	75	0	411	0	3803	0
12	0	76	0	412	0	SCHG1	0
14	0	77	0	413	0	5870A	0
16	0	78	0	414	0	5805 5805F	0
17	207296	91	0	110	0	DESIGNEE	1
18	3637	92	0	111	17180	TPID	
31	17180	93	0	112	0	FN 200751653	
34	0	94	17180	113	0		
41	0	95	0	115	0		
42	0	400	0	116	0		
43	0	401	0	117	0		
44	0	402	0				
45	0	403	0				
46	0	404	0				
61	0	405	0				
62	0	406	0				
63	0	407	0				
64	17180						
71	0						

Demo

**Sign
Here**It is unlawful to
forge a
spouse's/RDP's
signature.Joint return?
(See instructions.)**IMPORTANT:** See the instructions to find out if you should attach a copy of your complete federal return. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

► Your signature _____	Spouse's/RDP's signature (if a joint return, both must sign) _____
------------------------	--

Daytime phone number (optional) _____	Date _____
---------------------------------------	------------

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge)	● Paid Preparer's SSN/PTIN
---	----------------------------

Z EXAMPLES	● FEIN
------------	--------

Firm's name (or yours if self-employed)	Firm's address	20-0751653
---	----------------	------------

GREEN & COMPANY CPAS, LLC		
---------------------------	--	--

54 DANBURY RD., #351		
----------------------	--	--

RIDGEFIELD, CT 06877		
----------------------	--	--

Do you want to allow another person to discuss this return with us (see instructions)?	● <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
--	---

PREPARER	877-662-2014
----------	--------------

Print Third Party Designee's Name	Telephone Number
-----------------------------------	------------------

Filing Status	1	<input checked="" type="checkbox"/> Single	
	2	<input type="checkbox"/> Married/RDP filing jointly. (see instructions)	
	3	<input type="checkbox"/> Married/RDP filing separately. Enter spouse's/RDP's SSN or ITIN above and full name here...	
	4	<input type="checkbox"/> Head of household (with qualifying person). (see instructions)	
	5	<input type="checkbox"/> Qualifying widow(er) with dependent child. Enter year spouse/RDP died....	
If your California filing status is different from your federal filing status, check the box here.....			<input type="checkbox"/>
	6	If someone can claim you (or your spouse/RDP) as a dependent, check the box here (see instructions).....	<input type="checkbox"/> 6
Exemptions	7	Personal: If you checked 1, 3, or 4 above, enter 1 in the box. If you checked 2 or 5, enter 2 in the box. If you checked the box on line 6, see the instructions.	7 <input type="text" value="1"/> x \$98 = \$ 98.
	8	Blind: If you (or your spouse/RDP) are visually impaired, enter 1; if both are visually impaired, enter 2 ..	8 <input type="text"/> x \$98 = \$
	9	Senior: If you (or your spouse/RDP) are 65 or older, enter 1; if both are 65 or older, enter 2	9 <input type="text"/> x \$98 = \$
	10	Dependents: Enter name and relationship. Do not include yourself or your spouse/RDP.	
Total dependent exemptions.....			10 <input type="text"/> x \$98 = \$
	11	Exemption amount: Add line 7 through line 10. Transfer this amount to line 32.	11 \$ 98.
Taxable Income	12	State wages from your Form(s) W-2, box 16.	12 207,296.
	13	Enter federal adjusted gross income from Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4	13 207,296.
	14	California adjustments — subtractions. Enter the amount from Schedule CA (540), line 37, column B	14 207,296.
	15	Subtract line 14 from line 13. If less than zero, enter the result in parentheses (see instructions)	15 207,296.
	16	California adjustments — additions. Enter the amount from Schedule CA (540), line 37, column C	16 207,296.
	17	California adjusted gross income. Combine line 15 and line 16	17 3,637.
	18	Enter the larger of your CA standard deduction OR your CA itemized deductions.	18 203,659.
	19	Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0-	19 17,180.
Tax	31	Tax. Check box if from: <input type="checkbox"/> Tax Table <input checked="" type="checkbox"/> Tax Rate Schedule <input type="checkbox"/> FTB 3800 <input type="checkbox"/> FTB 3803.	31 0.
	32	Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$160,739 (see instrs)	32 17,180.
	33	Subtract line 32 from line 31. If less than zero, enter -0-	33 17,180.
	34	Tax. (see instructions) Check box if from: <input type="checkbox"/> Schedule G-1 <input type="checkbox"/> Form FTB 5870A	34 17,180.
	35	Add line 33 and line 34.	35 17,180.
Special Credits	41	New jobs credit, amount generated (see instructions)	41
	42	New jobs credit, amount claimed (see instructions)	42
	43	Credit _____ Code _____ amount.	43
	44	Credit _____ Code _____ amount.	44
	45	To claim more than two credits (see instructions)	45
	46	Nonrefundable renter's credit (see instructions)	46
	47	Add line 42 through line 46. These are your total credits.	47 17,180.
	48	Subtract line 47 from line 35. If less than zero, enter -0-	48
Other Taxes	61	Alternative minimum tax. Attach Schedule P (540).	61
	62	Mental Health Services Tax (see instructions)	62
	63	Other taxes and credit recapture (see instructions)	63
	64	Add line 48, line 61, line 62, and line 63. This is your total tax.	64 17,180.
Payments	71	California income tax withheld (see instructions)	71
	72	2009 CA estimated tax and other payments (see instructions)	72
	73	Real estate and other withholding (see instructions)	73
	74	Excess SDI (or VPD) withheld (see instructions)	74 0.
		Child and Dependent Care Expenses Credit (see instructions). Attach form FTB 3506.	
	75	Qualifying person's social security number	75
	76	Qualifying person's social security number	76
	77	Enter the amount from form FTB 3506, Part III, line 8.	77
	78	Child and Dependent Care Expenses Credit from form FTB 3506, Part III, line 12	78
	79	Add line 71, line 72, line 73, line 74, and line 78. These are your total payments (see instructions)	79
Overpaid Tax/ Tax Due	91	Overpaid tax. If line 79 is more than line 64, subtract line 64 from line 79.	91
	92	Amount of line 91 you want applied to your 2010 estimated tax.	92
	93	Overpaid tax available this year. Subtract line 92 from line 91.	93
	94	Tax due. If line 79 is less than line 64, subtract line 79 from line 64.	94 17,180.
Use Tax	95	Use Tax. This is not a total line (see instructions)	95 00

		Code	Amount
Contributions	California Seniors Special Fund.....	● 400	
	Alzheimer's Disease/Related Disorders Fund.....	● 401	
	California Fund for Senior Citizens.....	● 402	
	Rare and Endangered Species Preservation Program.....	● 403	
	State Children's Trust Fund for the Prevention of Child Abuse.....	● 404	
	California Breast Cancer Research Fund.....	● 405	
	California Firefighters' Memorial Fund.....	● 406	
	Emergency Food For Families Fund.....	● 407	
	California Peace Officer Memorial Foundation Fund.....	● 408	
	California Military Family Relief Fund.....	● 409	
	California Sea Otter Fund.....	● 410	
	California Ovarian Cancer Research Fund.....	● 411	
	Municipal Shelter Spay-Neuter Fund.....	● 412	
	California Cancer Research Fund.....	● 413	
	ALS/Lou Gehrig's Disease Research Fund.....	● 414	
	110 Add code 400 through code 414. This is your total contribution.....	● 110	

Amount You Owe	111 AMOUNT YOU OWE. Add line 94, line 95, and line 110 (see instructions). Mail to: FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0009	● 111	17,180.
Interest and Penalties	112 Interest, late return penalties, and late payment penalties.....	112	
	113 Underpayment of estimated tax. Check box: <input type="checkbox"/> FTB 5805 attached <input type="checkbox"/> FTB 5805F attached.....	● 113	
	114 Total amount due (see instructions). Enclose, but do not staple, any payment.....	114	17,180.

Refund and Direct Deposit	115 REFUND OR NO AMOUNT DUE. Subtract line 95 and line 110 from line 93 (see instructions). Mail to: FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0009	● 115	0.															
	Fill in the information to authorize direct deposit of your refund into one or two accounts. Do not attach a voided check or a deposit slip (see instructions). Have you verified the routing and account numbers? Use whole dollars only. All or the following amount of my refund (line 115) is authorized for direct deposit into the account shown below: <table><tbody><tr><td><input type="checkbox"/> Checking <input type="checkbox"/> Savings</td><td></td><td></td><td></td></tr><tr><td>● Routing number</td><td>● Type</td><td>● Account number</td><td>● 116 Direct deposit amount</td></tr></tbody></table> The remaining amount of my refund (line 115) is authorized for direct deposit into the account shown below: <table><tbody><tr><td><input type="checkbox"/> Checking <input type="checkbox"/> Savings</td><td></td><td></td><td></td></tr><tr><td>● Routing number</td><td>● Type</td><td>● Account number</td><td>● 117 Direct deposit amount</td></tr></tbody></table>			<input type="checkbox"/> Checking <input type="checkbox"/> Savings				● Routing number	● Type	● Account number	● 116 Direct deposit amount	<input type="checkbox"/> Checking <input type="checkbox"/> Savings				● Routing number	● Type	● Account number
<input type="checkbox"/> Checking <input type="checkbox"/> Savings																		
● Routing number	● Type	● Account number	● 116 Direct deposit amount															
<input type="checkbox"/> Checking <input type="checkbox"/> Savings																		
● Routing number	● Type	● Account number	● 117 Direct deposit amount															

2009

Alternative Minimum Tax and
Credit Limitations – Residents

P (540)

Attach this schedule to Form 540.

Name(s) as shown on Form 540

Your SSN or ITIN

JOE TRADER NO MTM COMM GAIN EX8

999-99-9999

Part I Alternative Minimum Taxable Income (AMTI) Important: See instructions for information regarding California/federal differences.

1	If you itemized deductions, go to line 2. If you did not itemize deductions, enter your standard deduction from Form 540, line 18, and go to line 6.	1	3,637.
2	Medical and dental expense. Enter the smaller of Schedule A (Form 1040), line 4, or 2-1/2% (.025) of Form 1040, line 37.	2	
3	Personal property taxes and real property taxes. See instructions.	3	
4	Certain interest on a home mortgage not used to buy, build, or improve your home. See instructions.	4	
5	Miscellaneous itemized deductions. See instructions.	5	
6	Refund of personal property taxes and real property taxes. See instructions.	6	
Do not include your state income tax refund on this line.			
7	Investment interest expense adjustment. See instructions.	7	
8	Post-1986 depreciation. See instructions.	8	
9	Adjusted gain or loss. See instructions.	9	
10	Incentive stock options and California qualified stock options (CQSOs). See instructions.	10	
11	Passive activities adjustment. See instructions.	11	
12	Beneficiaries of estates and trusts. Enter the amount from Schedule K-1 (541), line 12a.	12	
13	Other adjustment and preferences. Enter the amount, if any, for each item, a through o, and enter the total on line 13. See instructions.		
a	Appreciated contribution carryover.	h	Loss limitations.
b	Circulation expenditures.	i	Mining costs.
c	Depletion.	j	Patron's adjustment.
d	Depreciation (pre-1987).	k	Pollution control facilities.
e	Installment sales.	l	Qualified small business stock.
f	Intangible drilling costs.	m	Research and experimental.
g	Long-term contracts.	n	Tax shelter farm activities.
		o	Related adjustments.
14	Total Adjustments and Preferences. Combine line 1 through line 13.	14	3,637.
15	Enter taxable income from Form 540, line 19. See instructions.	15	203,659.
16	Net operating loss (NOL) deductions from Schedule CA (540), line 21d and 21e, column B. Enter as a positive amount.	16	
17	AMTI exclusion. See instructions.	17	0.
18	If your federal adjusted gross income (AGI) is less than the amount for your filing status (listed below), skip this line and go to line 19. If you itemized deductions and your federal AGI is more than the amount for your filing status, see instructions.	18	
	Single or married/RDP filing separately.		\$160,739
	Married/RDP filing jointly or qualifying widow(er).		\$321,483
	Head of household.		\$241,113
19	Combine line 14 through line 18.	19	207,296.
20	Alternative minimum tax NOL deduction. See instructions.	20	
21	Alternative Minimum Taxable Income. Subtract line 20 from line 19 (if married/RDP filing separately and line 21 is more than \$305,409, see instructions).	21	207,296.

Part II Alternative Minimum Tax (AMT)

22	Exemption Amount. (If this schedule is for a child under age 14, see instructions.)		
	If your filing status is:	And line 21 is not over:	Enter on line 22:
	Single or head of household	\$ 221,674	\$ 59,114
	Married/RDP filing jointly or qualifying widow(er)	295,564	78,817
	Married/RDP filing separately	147,781	39,407
	If Part I, line 21 is more than the amount shown above for your filing status, see instructions.		
23	Subtract line 22 from line 21. If zero or less, enter -0-	23	148,182.
24	Tentative Minimum Tax. Multiply line 23 by 7.25% (.0725).	24	10,743.
25	Regular tax before credits from Form 540, line 31.	25	17,180.
26	Alternative Minimum Tax. Subtract line 25 from line 24. If zero or less, enter -0- here and on Form 540, line 61. If more than zero, enter here and on Form 540, line 61. If you make estimated tax payments for taxable year 2010, enter amount from line 26 on the 2010 Form 540-ES, Estimated Tax Worksheet, line 16. (Exception: If you have carryover credit for solar energy or commercial solar energy, first enter the result on Side 2, Part III, Section C, line 23 or 24.)	26	0.

Part III Credits that Reduce Tax **Note:** Be sure to attach your credit forms to Form 540.

1	Enter the amount from Form 540, line 35.....	1	17,180.
2	Enter the tentative minimum tax from Side 1, Part II, line 24.....	2	10,743.

	(a) Credit amount	(b)* Credit used this year	(c) Tax balance that may be offset by credits	(d) Credit carryover
Section A – Credits that reduce excess tax.				
3 Subtract line 2 from line 1. If zero or less enter -0- and see instructions. This is your excess tax which may be offset by credits..... 3			6,437.	
A1 Credits that reduce excess tax and have no carryover provisions.				
4 Code: 162 Prison inmate labor credit (FTB 3507)..... 4				
5 Code: 169 Enterprise zone employee credit (FTB 3553)..... 5				
6 Code: 219 New Home Credit (FTB 3528-A)..... 6				
A2 Credits that reduce excess tax and have carryover provisions. See instructions.				
7 Code: _____ Credit Name: _____ 7				
8 Code: _____ Credit Name: _____ 8				
9 Code: _____ Credit Name: _____ 9				
10 Code: _____ Credit Name: _____ 10				
11 Code: 188 Credit for prior year alternative minimum tax..... 11				
Section B – Credits that may reduce tax below tentative minimum tax.				
12 If Part III, line 3 is zero, enter the amount from line 1. If line 3 is more than zero, enter the total of line 2 and the last entry in column (c)..... 12			17,180.	
B1 Credits that reduce net tax and have no carryover provisions.				
13 Code: 170 Credit for joint custody head of household... 13				
14 Code: 173 Credit for dependent parent..... 14				
15 Code: 163 Credit for senior head of household..... 15				
16 Nonrefundable renter's credit..... 16				
B2 Credits that reduce net tax and have carryover provisions. See instructions.				
17 Code: _____ Credit Name: _____ 17				
18 Code: _____ Credit Name: _____ 18				
19 Code: _____ Credit Name: _____ 19				
20 Code: _____ Credit Name: _____ 20				
B3 Other state tax credit.				
21 Code: 187 Other state tax credit..... 21				
Section C – Credits that may reduce alternative minimum tax.				
22 Enter your alternative minimum tax from Side 1, Part II, line 26..... 22				
23 Code: 180 Solar energy credit carryover from Section B2, column (d)..... 23				
24 Code: 181 Commercial solar energy credit carryover from Section B2, column (d)..... 24				
25 Adjusted AMT. Enter the balance from line 24, column (c) here and on Form 540, line 61..... 25				

* If the taxpayer is subject to the business tax credit limitation, the total of the business credits in Part III, Column (b) cannot exceed 50% of the amount reported on Part III, Line 1.

2009**Investment Interest Expense Deduction****3526**

Attach to Form 540, Long Form 540NR, or Form 541.

Name(s) as shown on return

SSN, ITIN, or FEIN

JOE TRADER NO MTM COMM GAIN EX8

999-99-9999

1	Investment interest expense paid or accrued in 2009. See instructions.	1	<u>482.</u>
2	Disallowed investment interest expense from 2008 form FTB 3526, line 7. If zero or less, enter -0-	2	<u>0.</u>
3	Total investment interest expense. Add line 1 and line 2.	3	<u>482.</u>
4a	Gross income from property held for investment (excluding any net gain from the disposition of property held for investment). See instructions.	4a	<u>2,659.</u>
4b	Net gain from the disposition of property held for investment. See instructions ..	4b	<u>204,637.</u>
4c	Net capital gain from the disposition of property held for investment. See instructions.	4c	<u>204,637.</u>
4d	Subtract line 4c from line 4b. If zero or less, enter -0-	4d	<u>0.</u>
4e	Enter all or part of the amount on line 4c that you elect to include in investment income. Do not include more than the amount on line 4b. See instructions.	4e	<u>204,637.</u>
4f	Investment income. Add line 4a, line 4d, and line 4e.	4f	<u>207,296.</u>
5	Investment expenses. See instructions.	5	<u></u>
6	Net investment income. Subtract line 5 from line 4f.	6	<u>207,296.</u>
7	Disallowed investment interest expense to be carried forward to 2010. Subtract line 6 from line 3. If zero or less, enter -0-	7	<u>0.</u>
8	Investment interest expense deduction. Enter the smaller of line 3 or line 6. Form 541 filers, stop here and see instructions. All other filers, go to line 9.	8	<u>482.</u>
9	Enter the amount from federal Form 4952, line 8.	9	<u>482.</u>
10	California investment interest expense deduction adjustment. Enter the difference between line 8 and line 9. See instructions.	10	<u></u>

Demo

Client EX8F-CA

Joe Trader no MTM Comm Gain Ex8

999-99-9999

2/13/10

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Exemption Credits Worksheet (Form 540, Line 32)

A. Enter the amount from Form 540, line 13		207,296.
B. If your filing status is:		
Single or MFS	160,739	
MFJ or qualifying widow(er)	321,483	
Head of household	241,113	
Enter that amount here		160,739.
C. Subtract line B from line A		46,557.
D. Divide line C by \$2,500 (\$1,250 if married filing separate)		19.
E. Multiply line D by \$6		114.
F. Add the numbers from the boxes on Form 540, line 7, 8, and 9		1.
G. Multiply line E by line F		114.
H. Enter the total amount from Form 540, line 7, 8, and 9		98.
I. Subtract line G from line H		0.
J. Enter the number from the box on Form 540 line 10 (not the amount)		0.
K. Multiply line E by line J		0.
L. Enter the amount from Form 540, line 10		0.
M. Subtract line K from line L		0.
N. Add line I and line M. Enter result here and on Form 540, line 32		0.

Itemized Deductions Worksheet (Schedule CA(540), Line 43)

1. Amount from Schedule CA(540), line 42		1,467.
2. Add amounts (Adj. for CA) on Fed. Sch. A		482.
3. Subtract line 2 from line 1		985.
4. Multiply line 3 above by 80% (.80)	788.	
5. Enter amount from Form 540, line 13	207,296.	
6. Enter \$321,483 (\$241,113 if HOH, \$160,739 if MFS or single)	160,739.	
7. Subtract line 6 from line 5	46,557.	
8. Multiply line 7 above by 6% (.06)	2,793.	
9. Enter the smaller of line 4 or line 8		788.
10. Total Itemized Deductions (Subtract line 9 from line 1)		679.

2009

Federal Income Tax Summary

Page 1

Client EX8F-CA

Joe Trader no MTM Comm Gain Ex8

999-99-9999

2/13/10

3:38 PM

	2009	2008	Diff
INCOME			
Interest income.....	1,762	1,762	0
Dividend income.....	897	897	0
Capital gain or loss.....	204,637	204,637	0
Total income.....	207,296	207,296	0
ADJUSTMENTS TO INCOME			
Total adjustments.....	0	0	0
Adjusted gross income.....	207,296	207,296	0
ITEMIZED DEDUCTIONS			
Taxes.....	4,000	12,853	-8,853
Interest.....	482	482	0
Contributions.....	985	985	0
Overall itemized deductions limitation..	-405	-473	68
Total itemized deductions.....	5,062	13,847	-8,785
TAX COMPUTATION			
Standard deduction.....	5,700	5,450	250
Larger of itemized or standard deduction	5,700	13,847	-8,147
Income prior to exemption deduction.....	201,596	193,449	8,147
Exemption deduction.....	3,236	3,057	179
Taxable income.....	198,360	190,392	7,968
Tax before AMT.....	34,388	30,962	3,426
Alternative minimum tax.....	938	2,327	-1,389
Tax before credits.....	35,326	33,289	2,037
CREDITS			
Total credits.....	0	0	0
Tax after credits.....	35,326	33,289	2,037
OTHER TAXES			
Total tax.....	35,326	33,289	2,037
PAYMENTS			
Estimated tax payments.....	0	23,460	-23,460
Total payments.....	0	23,460	-23,460
REFUND OR AMOUNT DUE			
Amount you owe.....	35,326	9,829	25,497
TAX RATES			
Marginal tax rate.....	28.0%	25.0%	3.0%
Effective tax rate.....	17.8%	17.5%	0.3%

2009

California Income Tax Summary

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Client EX8F-CA

Joe Trader no MTM Comm Gain Ex8

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	2009	2008	Diff
FEDERAL ADJUSTED GROSS INCOME			
Federal adjusted gross income.....	207,296	207,296	0
ADJUSTED GROSS INCOME			
Adjusted gross income.....	207,296	207,296	0
ITEMIZED DEDUCTIONS			
Federal itemized deductions.....	5,467	14,320	-8,853
Less state, local and foreign taxes.....	4,000	12,853	-8,853
Itemized deduction limitation.....	-788	-788	0
California itemized deductions.....	679	679	0
California standard deduction.....	3,637	3,692	-55
TAX COMPUTATION			
Total taxable income.....	203,659	203,604	55
Tax.....	17,180	16,631	549
Net tax.....	17,180	16,631	549
PAYMENTS			
California income tax withheld.....	0	0	0
Estimated tax payments.....	0	17,000	-17,000
Total payments.....	0	17,000	-17,000
REFUND OR AMOUNT DUE			
Amount overpaid.....	0	369	-369
Amount you owe.....	17,180	0	17,180
Amount refunded to you.....	0	369	-369
TAX RATES			
Marginal tax rate.....	9.6%	9.3%	0.3%
Effective tax rate.....	8.4%	8.2%	0.2%

Demo

2009**General Information****Page 1****Client EX8F-CA****Joe Trader no MTM Comm Gain Ex8****999-99-9999**

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Forms needed for this return

Federal: 1040, 1040-V, Sch B, Sch C, Sch D, 4562, 6251, 6781, 8829
California: 540, 540-V, Sch P, 3526

Tax Rates

	<u>Marginal</u>	<u>Effective</u>
Federal	28.0%	17.8%
California	9.6%	8.4%

Carryovers to 2010Federal Carryovers

Deductible State and Local Taxes 17,180.

Demo

Future Tax Savings

- ☐ If the medical insurance premiums currently being paid by the taxpayer are for a high deductible health plan, consideration should be given to opening a Health Savings Account (HSA) under IRC Section 223. Qualified HSA contributions provide for an above-the-line deduction. In 2010, the policy must have an annual deductible of at least \$1,200 (\$2,400 for family coverage) and maximum out-of-pocket expenses not exceeding \$5,950 (\$11,900 for family coverage). If the taxpayer participates for the entire year, contributions up to the amount of the annual deductible, but not exceeding \$3,050 (\$6,150 for family coverage) could be deducted on the tax return. In 2010, catch-up contributions of \$1,000 can be made by taxpayers between age 55 and 65. Distributions and earnings from HSA's are not taxed provided they are used to pay qualified medical expenses.

Tax Tips

- ☐ Taxable income excluding capital gains and qualified dividends is \$83,900, placing the taxpayer in a 28% marginal tax bracket on ordinary income. Based on 2009 tax rates, ordinary income would have to increase by over \$87,650 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 2010.
- ☐ The taxpayer has a state and local income tax refund, but none of it is taxable due to tax benefit rules. If the government agency submits Form 1099G or a similar statement to the IRS, you may want to generate a statement for attachment to the return, showing application of the tax benefit rules. This may prevent an inquiry from the IRS.
- ☐ A careful approach to prepaying discretionary itemized deductions before the end of the year, or postponing discretionary itemized deductions until after the year end, could prove to be beneficial to this taxpayer, since itemized deductions are very close in value to the standard deduction.
- ☐ The costs associated with maintaining a home office can be deducted only if strict IRS guidelines are met. Ensure that the home office is used exclusively for business, that the taxpayer uses the office to conduct administrative or management activities of a trade or business, and that there is no other fixed location of the trade or business where the taxpayer conducts substantial administrative or management activities for the business. Refer to IRS Publication 587 for additional rules related to the home office deduction.
- ☐ For home sales operations, ensure that storage space is included in the calculation of business square footage. Additional storage space can be underutilized spaces such as attics and basements. The storage space must be used on a regular basis and be an identifiable separate space suitable for storage.

Tax Tips (continued)

- ☐ The taxpayer is subject to AMT. Consider a thorough review of next year's anticipated income and deductions items, and AMT preference and adjustment items, to see if any can be postponed or eliminated.

Compliance Tips

- ☐ Schedule C for Joe Trader no MTM Comm Gain Ex8 (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.
- ☐ Schedule C for Joe Trader no MTM Comm Gain Ex8 (1) : Travel, meals, and entertainment expenses draw close attention from the IRS under examination. Entertainment expenses must be ordinary and necessary, and common practice for the type of industry. In addition to the general record keeping requirements, the following information may be required: dates and duration of business discussions that took place, nature of the business conducted, the business benefit derived or expected to be derived, identification of the person(s) entertained, and whether the site of the meeting was vacation oriented. Ensure that adequate records exist to support the travel, meals, and entertainment expense.

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