

2/11/13

09:13AM

EX18F-GA

Taxpayer is a part-time trader with a W-2 job. The taxpayer's W-2 job allows him access to his trading business during trading hours using his computer and Internet connection at work. Taxpayer also operates his trading business before, during and after work and on weekends. Considerable time spent every trading day, consistent and frequent number of trades and trading proceeds all support taxpayer's rise to the level of conducting this activity as a business.

Taxpayer had gains in 2012, which are reported on Form 4797, Part II. Since the taxpayer is considered a part-time trader and elected mark-to-market during the period of the securities gains, these gains are ordinary income. Note that since the taxpayer had trading gains, a portion of these gains have been transferred to the Schedule C to zero out any negative income which would have been reported on page 1 of the 1040 for the Schedule C.

Demo

2012

Federal Filing Instructions

Client EX18F-GA

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

2/11/13

09:13AM

FORM TO FILE:

Form 1040 - 2012 U.S. Individual Income Tax Return

SIGNATURE:

Both spouses must sign and date Form 1040, page 2.

PAYMENT:

There is a balance due of \$16,513. Make your check payable to the "United States Treasury". Write your social security number, daytime phone number, and "2012 Form 1040" on the check. Do not attach the check to Form 1040 or Form 1040-V. Instead, place it loose in the envelope and also enclose Form 1040 and Form 1040-V.

WHEN TO FILE:

On or before April 15, 2013.

WHERE TO FILE:

Internal Revenue Service
P.O. Box 931000
Louisville, KY 40293-1000

Demo

File only if you are making a payment with Form 1040. Return this voucher with check or money order payable to the "United States Treasury." Please write your social security number, daytime phone number, and "2012 Form 1040" on your check or money order. Please do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Make your check payable to the "United States Treasury" and mail Form 1040-V payments with your return to:

Demo

Internal Revenue Service
P.O. Box 931000
Louisville, KY 40293-1000

Form 1040-V (2012)

▼ Detach Here and Mail With Your Payment and Return ▼

Department of the Treasury
Internal Revenue Service (99)

2012

Form 1040-V Payment Voucher

- ▶ Use this voucher when making a payment with Form 1040.
- ▶ Do not staple this voucher or your payment to Form 1040.
- ▶ Make your check or money order payable to the 'United States Treasury.'
- ▶ Write your social security number (SSN) on your check or money order.

Enter the amount
of your payment ▶

16,513.

FDIA8601L 06/28/12 1030

EX18F-GA, PART TIME SECURITIES, MTM
ANY STREET
ATLANTA GA 30301

INTERNAL REVENUE SERVICE
P.O. BOX 931000
LOUISVILLE KY 40293-1000

999999999 FU SECU 30 0 201212 610

Form	1040	Department of the Treasury — Internal Revenue Service (99)	2012	OMB No. 1545-0074	IRS Use Only — Do not write or staple in this space.
For the year Jan 1 - Dec 31, 2012, or other tax year beginning , 2012, ending , 20			See separate instructions.		
Your first name and initial EX18F-GA, Part Time Securities, MTM gain			Your social security number 999-99-9999		
If a joint return, spouse's first name and initial Securities, MTM gain			Spouse's social security number 999-99-2999		
Home address (number and street). If you have a P.O. box, see instructions. Any Street			▲ Make sure the SSN(s) above and on line 6c are correct.		
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Atlanta, GA 30301			Presidential Election Campaign		
Foreign country name			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. <input checked="" type="checkbox"/> You <input type="checkbox"/> Spouse		
Foreign province/state/county					
Foreign postal code					
Filing Status					
1 <input type="checkbox"/> Single					
2 <input checked="" type="checkbox"/> Married filing jointly (even if only one had income)					
3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above & full name here. ▶					
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. ▶					
5 <input type="checkbox"/> Qualifying widow(er) with dependent child					
Exemptions					
6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a.					
b <input checked="" type="checkbox"/> 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)					
● lived with you.					
● did not live with you due to divorce or separation (see instrs).					
Dependents on 6c not entered above .					
Add numbers on lines above ▶ 2					
d Total number of exemptions claimed. 2					
Income					
7 Wages, salaries, tips, etc. Attach Form(s) W-2. 63,789.					
8a Taxable interest. Attach Schedule B if required. 75.					
b Tax-exempt interest. Do not include on line 8a. 8b					
9a Ordinary dividends. Attach Schedule B if required. 1,475.					
b Qualified dividends St. 1 9b 1,475.					
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					
13 Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here. -1,386.					
14 Other gains or (losses). Attach Form 4797. 49,627.					
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. 50,000.					
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. 163,580.					
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					
28 Self-employed SEP, SIMPLE, and qualified plans. 28					
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 0.					
37 Subtract line 36 from line 22. This is your adjusted gross income. 37 163,580.					
BAA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. FDIA0112L 01/11/13 Form 1040 (2012)					

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, \$5,950

Married filing jointly or Qualifying widow(er), \$11,900

Head of household, \$8,700

38	Amount from line 37 (adjusted gross income)	38	163,580.
39a	Check <input checked="" type="checkbox"/> You were born before January 2, 1948, <input type="checkbox"/> Blind. Total boxes checked. 39a <input checked="" type="checkbox"/> 2 if: <input checked="" type="checkbox"/> Spouse was born before January 2, 1948, <input type="checkbox"/> Blind.		
b	If your spouse itemizes on a separate return or you were a dual-status alien, check here	39b	<input type="checkbox"/>
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	14,450.
41	Subtract line 40 from line 38	41	149,130.
42	Exemptions. Multiply \$3,800 by the number on line 6d	42	7,600.
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	141,530.
44	Tax (see instrs). Check if any from: a <input type="checkbox"/> Form(s) 8814 c <input type="checkbox"/> 962 election b <input type="checkbox"/> Form 4972	44	27,298.
45	Alternative minimum tax (see instructions). Attach Form 6251	45	0.
46	Add lines 44 and 45	46	27,298.
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 19	49	
50	Retirement savings contributions credit. Attach Form 8880	50	
51	Child tax credit. Attach Schedule 8812, if required	51	
52	Residential energy credits. Attach Form 5695	52	
53	Other crs from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	53	
54	Add lines 47 through 53. These are your total credits	54	
55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-	55	27,298.
56	Self-employment tax. Attach Schedule SE	56	
57	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	57	
58	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58	
59a	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	27,298.

Payments

If you have a qualifying child, attach Schedule EIC.

62	Federal income tax withheld from Forms W-2 and 1099	62	10,785.
63	2012 estimated tax payments and amount applied from 2011 return	63	
64a	Earned income credit (EIC)	64a	No
b	Nontaxable combat pay election	64b	
65	Additional child tax credit. Attach Schedule 8812	65	
66	American opportunity credit from Form 8863, line 8	66	
67	Reserved	67	
68	Amount paid with request for extension to file	68	
69	Excess social security and tier 1 RRTA tax withheld	69	
70	Credit for federal tax on fuels. Attach Form 4136	70	
71	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885	71	
72	Add lines 62, 63, 64a, & 65-71. These are your total pmts.	72	10,785.

Refund

Direct deposit?
See instructions.

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: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number		
75	Amount of line 73 you want applied to your 2013 estimated tax	75	

Amount You Owe

76	Amount you owe. Subtract line 72 from line 61. For details on how to pay see instructions	76	16,513.
77	Estimated tax penalty (see instructions)	77	

Third Party Designee

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

Designee's name **z Examples** Phone no. **(888) 558-5257** Personal identification number (PIN) **z Examples**

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
		Trader/Banker	
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 instrs)
		Homemaker	

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
z Examples	z Examples			
Firm's name z Examples	Firm's EIN z Examples		Phone no. z Examples	
Firm's address z Examples	Firm's EIN z Examples		Phone no. z Examples	
	Firm's EIN z Examples		Phone no. z Examples	

SCHEDULE A
(Form 1040)Department of the Treasury
Internal Revenue Service (99)**Itemized Deductions**► Information about Schedule A and its separate instructions is at www.irs.gov/form1040.
► **Attach to Form 1040.**

OMB No. 1545-0074

2012Attachment
Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.			
1	Medical and dental expenses (see instructions)	1		
2	Enter amount from Form 1040, line 38. 2			
3	Multiply line 2 by 7.5% (.075)	3		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		0.
Taxes You Paid	5 State and local (check only one box):			
	a <input checked="" type="checkbox"/> Income taxes, or	5	6,219.	
	b <input type="checkbox"/> General sales taxes			
6	Real estate taxes (see instructions)	6	2,556.	
7	Personal property taxes	7	389.	
8	Other taxes. List type and amount ►	8		
9	Add lines 5 through 8	9		9,164.
Interest You Paid	10 Home mtg interest and points reported to you on Form 1098.	10	3,567.	
	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying number, and address ►			

	-----	11		
	12 Points not reported to you on Form 1098. See instrs for spcl rules	12		
	13 Mortgage insurance premiums (see instructions)	13		
	14 Investment interest. Attach Form 4952 if required.			
	(See instrs.)	14	99.	
	15 Add lines 10 through 14	15		3,666.
Gifts to Charity	16 Gifts by cash or check. If you made any gift of \$250 or more, see instrs.	16	1,620.	
	17 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	17		
	18 Carryover from prior year	18		
	19 Add lines 16 through 18	19		1,620.
Casualty and Theft Losses	20 Casualty or theft loss(es). Attach Form 4684. (See instructions.)	20		0.
Job Expenses and Certain Miscellaneous Deductions	21 Unreimbursed employee expenses — job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ►	21		

	22 Tax preparation fees	22		
	23 Other expenses — investment, safe deposit box, etc. List type and amount ►	23		

	24 Add lines 21 through 23	24		
	25 Enter amount from Form 1040, line 38. 25			
	26 Multiply line 25 by 2% (.02)	26		
	27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27		0.
Other Miscellaneous Deductions	28 Other — from list in instructions. List type and amount ►			

	-----	28		0.
Total Itemized Deductions	29 Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40	29		14,450.
	30 If you elect to itemize deductions even though they are less than your standard deduction, check here. ► <input type="checkbox"/>			

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

▶ Attach to Form 1040A or 1040.

▶ Information about Schedule B (Form 1040A or 1040) and its instructions is at www.irs.gov/form1040

OMB No. 1545-0074

2012Attachment
Sequence No. **08**

Name(s) shown on return

Your social security number

EX18F-GA, Part Time Securities, MTM gain

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 ▶

Scottrade Inc - trading a/c

TD Ameritrade - trading a/c

2 Add the amounts on line 1.....**3** Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815.....**4** Subtract line 3 from line 2. Enter the result here and on Form 1040A, or Form 1040, line 8a.▶**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 ▶

TD Ameritrade - trading a/c

6 Add the amounts on line 5. Enter the total here and on Form 1040A, or Form 1040, line 9a.▶**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.**7 a** At any time during 2012, 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 2012, 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.....**Yes** **No**☐ ☒☐ ☐☐ ☒

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

2012Attachment
Sequence No. **09**

Name of proprietor

EX18F-GA, Part Time Securities, MTM gain

Social security number (SSN)

999-99-9999

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

Trader in Securities - Mark-to-Market accounting

B Enter code from instructions

► 523110

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) ► Sec. 475(f) - Note**G** Did you 'materially participate' in the operation of this business during 2012? If 'No,' see instructions for limit on losses. ☒ Yes ☐ No**H** If you started or acquired this business during 2012, check here ☒**I** Did you make any payments in 2012 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	Gross receipts or sales. See instructions for line 1 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. <input type="checkbox"/>	1	
2	Returns and allowances (see instructions).	2	
3	Subtract line 2 from line 1.	3	
4	Cost of goods sold (from line 42).	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). See Statement 2	6	11,324.
7	Gross income. Add lines 5 and 6.	7	11,324.

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	5,194.	21	Repairs and maintenance.	21	
14	Employee benefit programs (other than on line 19).	14		22	Supplies (not included in Part III).	22	378.
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	1,625.	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		27 a	Other expenses (from line 48).	27 a	2,621.
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 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	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**, (or **Form 1040NR, line 13**) and on **Schedule SE, line 2**. (If you checked the box on line 1, 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.**BAA For Paperwork Reduction Act Notice, see your tax return instructions.**

Schedule C (Form 1040) 2012

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: a <input type="checkbox"/> Cost b <input type="checkbox"/> Lower of cost or market c <input type="checkbox"/> Other (attach explanation)	
34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If 'Yes,' attach explanation	<input type="checkbox"/> Yes <input type="checkbox"/> 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 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 2012, 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.

Printing	198.
Trader tax and accounting	650.
Trading internet service provider	625.
Trading online information services	338.
Trading printed subscription	460.
Trading seminars	350.
.....	
.....	
48 Total other expenses. Enter here and on line 27a	48 2,621.

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.**

► Information about Schedule D and its separate instructions is at www.irs.gov/form1040.

► **Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.**

OMB No. 1545-0074

2012

Attachment
Sequence No. **12**

Your social security number

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

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.

	(d) Proceeds (sales price) from Form(s) 8949, Part I, line 2, column (d)	(e) Cost or other basis from Form(s) 8949, Part I, line 2, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1 Short-term totals from all Forms 8949 with box A checked in Part I	139.	1,525.		-1,386.
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	
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 gain or losses, go to Part II below. Otherwise, go to Part III on page 2			7	-1,386.

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.

	(d) Proceeds (sales price) from Form(s) 8949, Part II, line 4, column (d)	(e) Cost or other basis from Form(s) 8949, Part II, line 4, column (e)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 4, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (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	
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	

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

Schedule D (Form 1040) 2012

Part III Summary

16 Combine lines 7 and 15 and enter the result.	16	-1,386.
<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 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	
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 type="checkbox"/> Yes. 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 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	-1,386.
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 checked="" type="checkbox"/> Yes. 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.		

Sales and Other Dispositions of Capital Assets

- Information about Form 8949 and its separate instructions is at www.irs.gov/form8949.
 ► File with your Schedule D to list your transactions for lines 1, 2, 3, 8, 9, and 10 of Schedule D.

2012Attachment
Sequence No. **12A**

Name(s) shown on return

SSN or taxpayer identification no.

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

Most brokers issue their own substitute statement instead of using Form 1099-B. They also may provide basis information (usually your cost) to you on the statement even if it is not reported to the IRS. Before you check Box A, B, or C below, determine whether you received any statement(s) and, if so, the transactions for which basis was reported to the IRS. Brokers are required to report basis to the IRS for most stock you bought in 2011 or later.

Part I **Short-Term.** Transactions involving capital assets you held one year or less are short term. For long-term transactions, see page 2.

You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- ☒ **(A)** Short-term transactions reported on Form(s) 1099-B showing basis **was** reported to the IRS
☐ **(B)** Short-term transactions reported on Form(s) 1099-B showing basis **was not** reported to the IRS
☐ **(C)** Short-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold or disposed (Mo, day, yr)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see <i>Column (e)</i> in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	
	E*Trade - invest a/c (see attached)	Various	Various	139.	1,525.			-1,386.
2 Totals. Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 1 (if Box A above is checked), line 2 (if Box B above is checked), or line 3 (if Box C above is checked).				139.	1,525.		0.	-1,386.

Note. If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See *Column (g)* in the separate instructions for how to figure the amount of the adjustment.

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

Your social security number

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

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	Partnership investment	P		99-999999	
B					
C					
D					

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				50,000.
B				
C				
D				
29 a Totals.				50,000.
b Totals.				
30 Add columns (g) and (j) of line 29a			30	50,000.
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	50,000.

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	(f) Other income from Schedule K-1
A			
B			
34 a 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	50,000.
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), box 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	

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))
▶ Attach to your tax return.

► Information about Form 4797 and its separate instructions is at www.irs.gov/form4797.

OMB No. 1545-0184

2012

Attachment Sequence No. **27**

Name(s) shown on return

Identifying number	
--------------------	--

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

1 Enter the gross proceeds from sales or exchanges reported to you for 2012 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1	12,825,983.
---	-------------

Part I	Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft – Most Property Held More Than 1 Year (see instructions)
---------------	--

2	(a) Description of property	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
3	Gain, if any, from Form 4684, line 39						3
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37						4
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824						5
6	Gain, if any, from line 32, from other than casualty or theft						6
7	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:						7
	<p>Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.</p> <p>Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.</p>						
8	Nonrecaptured net section 1231 losses from prior years (see instructions)						8
9	Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)						9

Part II	Ordinary Gains and Losses (see instructions)
----------------	---

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

See Statement 3						49,627.	
11	Loss, if any, from line 7					11	
12	Gain, if any, from line 7 or amount from line 8, if applicable					12	
13	Gain, if any, from line 31					13	
14	Net gain or (loss) from Form 4684, lines 31 and 38a					14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36					15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824					16	
17	Combine lines 10 through 16					17	49,627.
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:						
a	If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from 'Form 4797, line 18a.' See instructions					18a	
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14					18b	49,627.

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2012)

Form **6251**Department of the Treasury
Internal Revenue Service (99)**Alternative Minimum Tax — Individuals**► Information about Form 6251 and its separate instructions is at www.irs.gov/form6251.
► Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

2012Attachment
Sequence No. **32**

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

Your social security number

EX18F-GA, Part Time Securities, MTM gain

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 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	149,130.
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	9,164.
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, see instructions.)	28	158,294.

Part II Alternative Minimum Tax (AMT)

29	Exemption. See instructions	29	76,676.
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	81,618.
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	21,061.
32	Alternative minimum tax foreign tax credit (see instructions)	32	
33	Tentative minimum tax. Subtract line 32 from line 31.	33	21,061.
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	27,298.
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 12/12/12

Form **6251** (2012)

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 line 31	36	81,618.
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	1,451.
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	1,451.
40	Enter the smaller of line 36 or line 39	40	1,451.
41	Subtract line 40 from line 36	41	80,167.
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	20,843.
43	Enter: <ul style="list-style-type: none"> • \$70,700 if married filing jointly or qualifying widow(er), • \$35,350 if single or married filing separately, or • \$47,350 if head of household. 	43	70,700.
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	140,079.
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	1,451.
47	Enter the smaller of line 45 or line 46	47	
48	Subtract line 47 from line 46	48	1,451.
49	Multiply line 48 by 15% (.15)	49	218.
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	21,061.
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	21,221.
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	21,061.

Form 6251 (2012)

Investment Interest Expense Deduction

► Information about Form 4952 and its instructions is at www.irs.gov/form4952
 ► Attach to your tax return.

OMB No. 1545-0191

2012

Attachment
Sequence No. **51**

Name(s) shown on return

EX18F-GA, Part Time Securities, MTM gain

Identifying number

999-99-9999

Part I Total Investment Interest Expense

1	Investment interest expense paid or accrued in 2012 (see instructions).....	1	99.
2	Disallowed investment interest expense from 2011 Form 4952, line 7.....	2	
3	Total investment interest expense. Add lines 1 and 2.....	3	99.

Part II Net Investment Income

4a	Gross income from property held for investment (excluding any net gain from the disposition of property held for investment).....	4a	1,550.	
4b	Qualified dividends included on line 4a.....	4b	1,475.	
4c	Subtract line 4b from line 4a.....	4c		75.
4d	Net gain from the disposition of property held for investment.....	4d		
4e	Enter the smaller of line 4d or your net capital gain from the disposition of property held for investment (see instructions).....	4e		
4f	Subtract line 4e from line 4d.....	4f		
4g	Enter the amount from lines 4b and 4e that you elect to include in investment income (see instructions)....	4g		24.
4h	Investment income. Add lines 4c, 4f, and 4g.....	4h		99.
5	Investment expenses (see instructions).....	5		
6	Net investment income. Subtract line 5 from line 4h. If zero or less, enter -0-.....	6		99.

Part III Investment Interest Expense Deduction

7	Disallowed investment interest expense to be carried forward to 2013. Subtract line 6 from line 3. If zero or less, enter -0-.....	7	0.
8	Investment interest expense deduction. Enter the smaller of line 3 or 6. See instructions.....	8	99.

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form **4952** (2012)

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.**
Information about Form 8829 and its separate instructions is at www.irs.gov/form8829

OMB No. 1545-0074

2012Attachment
Sequence No. **176**

Name(s) of proprietor(s)

Your social security number

EX18F-GA, Part Time Securities, MTM gain

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	175
2	Total area of home	2	1,575
3	Divide line 1 by line 2. Enter the result as a percentage	3	11.11 %
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 (366 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	11.11 %

Part II Figure Your Allowable Deduction

8	Enter the amount from Schedule C, line 29, plus any gain derived from the business use of your home and shown on Schedule D or Form 4797, minus any loss from the trade or business not derived from the business use of your home and shown on Schedule D or Form 4797. See instructions.	8	1,506.
See instrs for columns (a) and (b) before completing lines 9-21.			
9	Casualty losses (see instructions).	9	
10	Deductible mortgage interest (see instructions).	10	4,013.
11	Real estate taxes (see instructions).	11	2,875.
12	Add lines 9, 10, and 11.	12	6,888.
13	Multiply line 12, column (b) by line 7.	13	765.
14	Add line 12, column (a) and line 13.	14	765.
15	Subtract line 14 from line 8. If zero or less, enter -0-	15	741.
16	Excess mortgage interest (see instructions).	16	
17	Insurance	17	180.
18	Rent	18	
19	Repairs and maintenance	19	
20	Utilities	20	2,485.
21	Other expenses (see instrs). Statement 4	21	2,200.
22	Add lines 16 through 21.	22	4,865.
23	Multiply line 22, column (b) by line 7.	23	541.
24	Carryover of operating expenses from 2011 Form 8829, line 42.	24	
25	Add line 22 column (a), line 23, and line 24.	25	541.
26	Allowable operating expenses. Enter the smaller of line 15 or line 25.	26	541.
27	Limit on excess casualty losses and depreciation. Subtract line 26 from line 15.	27	200.
28	Excess casualty losses (see instructions).	28	
29	Depreciation of your home from line 41 below.	29	200.
30	Carryover of excess casualty losses and depreciation from 2011 Form 8829, line 43.	30	
31	Add lines 28 through 30.	31	200.
32	Allowable excess casualty losses and depreciation. Enter the smaller of line 27 or line 31.	32	200.
33	Add lines 14, 26, and 32.	33	1,506.
34	Casualty loss portion, if any, from lines 14 and 32. Carry amount to Form 4684 (see instructions).	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	1,506.

Part III Depreciation of Your Home

36	Enter the smaller of your home's adjusted basis or its fair market value (see instructions).	36	98,000.
37	Value of land included on line 36.	37	25,000.
38	Basis of building. Subtract line 37 from line 36.	38	73,000.
39	Business basis of building. Multiply line 38 by line 7.	39	8,110.
40	Depreciation percentage (see instructions).	40	2.461 %
41	Depreciation allowable (see instructions). Multiply line 39 by line 40. Enter here and on line 29 above.	41	200.

Part IV Carryover of Unallowed Expenses to 2013

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 your tax return instructions.

FDIA6902L 08/16/12

Form **8829** (2012)

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

2012Attachment
Sequence No. **179**

Name(s) shown on return

EX18F-GA, Part Time Securities, MTM gain

Identifying number

999-99-9999

Business or activity to which this form relates

Schedule C - EX18F-GA, Part Time Securities, MTM gain

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 instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	5,194.
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
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	500,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	5-Year Trading computers	4,709.	4,709.
	7-Year Office furniture	485.	485.
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	5,194.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	5,194.
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	0.
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs) ..	11	168,610.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	5,194.
13	Carryover of disallowed deduction to 2013. 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 2012	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 2012 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
19 a 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	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

Section C - Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20 a 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	5,194.
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.

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Form **4562** (2012)

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

2012Attachment
Sequence No. **179**

Name(s) shown on return

EX18F-GA, Part Time Securities, MTM gain

Identifying number

999-99-9999

Business or activity to which this form relates

Schedule C (Business Use of Home) - EX18F-GA, Part Time Securities, MTM gain

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 instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
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	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs) ..	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12. ▶	13	

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 2012	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 2012 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
19 a 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	
i Nonresidential real property	1/01/12	8,110.	39 yrs	MM	S/L	200.
				MM	S/L	

Section C — Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20 a 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	200.
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.

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Form **4562** (2012)

2012

Federal Statements

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EX18F-GA, Part Time Securities, MTM gain

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Statement 1
Form 1040, Line 9b
Qualified Dividends

TD Ameritrade - trading a/c.....	\$	1,475.
Total	\$	<u>1,475.</u>

Statement 2 - Trader in Securities - Mark-to-Market accounting
Schedule C, Line 6
Other Income

Tsfr part trading gain fr F4797-Note.....	\$	11,324.
Total	\$	<u>11,324.</u>

Statement 3
Form 4797, Page 1, Part II
Ordinary Gains and Losses

Description of Property	Date Acquired	Date Sold	Sales Price	Depreciation Allowed	Cost or Basis	Gain or Loss
TD Ameritrade - trading a/c (see attach (Trader Transaction)	Various	Various	12,720,509.		12,669,511.	\$ 50,998.
Schwab - trading a/c (see statement (Trader Transaction)	Various	Various	51,580.		49,954.	1,626.
TradeStation trading a/c (see attached) (Trader Transaction)	Various	Various			11,324.	-11,324.
Sec. 481(a) adjustment-See Note (Trader Transaction)	Various	Various	53,894.		20,587.	33,307.
Sec. 481(a) prorate 4 years - See Note (Trader Transaction)	Various	Various			24,980.	-24,980.
Total						<u>\$ 49,627.</u>

Statement 4
Form 8829, Line 21
Other Expenses

	Direct	Indirect
HSA Dues.....	\$ 0.	\$ 2,200.
Total	<u>\$ 0.</u>	<u>\$ 2,200.</u>

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Note to Schedules C, Form 4797-Part II and Form 3115 in connection with taxpayer's business activity: "trader in securities"

Taxpayer operated a trading business, in accordance with the definition below, for the tax year 2012. 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.

Taxpayer has a W-2 job with as a bank associate. The taxpayer's W-2 job allows him access to his trading business during trading hours using his computer and internet connection at work. Taxpayer also operates his trading business before, during and after work and on weekends. Considerable time spent every trading day, consistent and frequent number of trades, and trading proceeds all support taxpayer's raising to the level of conducting this activity as a business.

Taxpayer's business activities are described in IRS Publication 550, Chapter 4 - Special Rules for Traders. We excerpt these rules below (and add some notes in parentheses).

Special Rules for Traders in Securities

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 2012).

..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

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

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the limit on capital losses explained earlier in this chapter.

Mark-to-market election made. (Taxpayer elected mark-to-market accounting for 2012.)

If you made the mark-to-market election, you should report all gains and losses from trading as ordinary gains and losses in Part II of Form 4797, instead of as capital gains and losses on Schedule D. In that case, securities held at the end of the year in your business as a trader are marked to market by treating them as if they were sold (and reacquired) for fair market value on the last business day of the year. But do not mark to market any securities you held for investment. Report sales from those securities on Schedule D, not Form 4797.

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 securities).

Self-employment tax.

Gains and losses from selling securities as part of a trading business are not subject to self-employment tax. This is true whether the election is made or not.

How To Make the Mark-to-Market Election

To make the mark-to-market election for 2012, you must file a statement by April 15, 2012. This statement should be attached to either your 2011 individual income tax return or a request for an extension of time to file that return. (Taxpayer elected mark-to-market accounting for tax year 2012; by attaching that election to his 2011 tax return or extension filed by April 15, 2012. A copy of that election is included at the bottom of this footnote.) The statement must include the following information.

That you are making an election under section 475(f) of the Internal Revenue Code. The first tax year for which the election is effective. The trade or business for which you are making the election. If you are not required to file a 2011 income tax return, you make the election by placing the above statement in your books and records no later than March 15, 2012. Attach a copy of the statement to your 2012 return.

After making the election to change to the mark-to-market method of accounting, you must change your method of accounting for securities under Revenue Procedure 2011-14. Revenue Procedure 2011-14 requires you to file Form 3115, Application for Change in Accounting Method. Follow its instructions. Label the Form 3115 as filed under "Filed under Section 23 of the APPENDIX of Rev. Proc. 2011-14". (Taxpayer is filing his Form 3115 together with the Section 481 adjustment (if any applies) with this tax return. Taxpayer is filing a duplicate copy with the IRS national office as is also required).

Once you make the election, it will apply to 2012 and all later tax years, unless you get permission from IRS to revoke it. The effect of making the election is described under Mark-to-market election made, earlier.

For more information on this election, see Revenue Procedure 2011-14, 2011-4 IRB.

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SUMMARY

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Taxpayer qualifies as a trader in securities for 2012 and he duly elected mark-to-market accounting on time for tax year 2012. Taxpayer's trading business expenses are reported on Schedule C and his trading gains and losses are reported on Form 4797 Part II - Ordinary gain or loss. Taxpayer is not subject to self-employment taxes on this trading activity. Taxpayer is also not subject to wash sale loss deferral rules on this trading activity.

Taxpayer's investment positions (if any) are not subject to the above trading business tax treatment and instead are subject to normal rules for investing activities; which is Schedule D capital gains or losses, wash sales, and Schedule A for related investment expenses).

=====

Section 481(a) Adjustment tax law for traders

According to Rev. Proc. 99-17, 1999-7 IRB 1, IRC Sec(s). - Mark to market accounting method for dealers in securities - election for traders and dealers. Section 6. Change in Method of Accounting; Clause.03 Section 481(a) Adjustment

"If a taxpayer changes its method of accounting under section 6.01 of this revenue procedure, the taxpayer must take into account the net amount of the section 481(a) adjustment in the manner provided in section 5.04 of Rev. Proc. 98- 60. Thus, the section 481(a) adjustment generally is taken into account ratably over four taxable years beginning with the year of change. For purposes of section 481, a change in method of accounting made under this revenue procedure is a change in method of accounting initiated by the taxpayer."

According to the rules for Form 3115, if the change results in a positive section 481 adjustment, the Taxpayer must, beginning with the year of change, take the section 481 adjustment into account ratably over 4 taxable years in computing taxable income. However, the Taxpayer may elect to take the entire positive section 481 adjustment in the year of change, providing the Section 481 adjustment is under \$25,000. Otherwise, Taxpayer is required to pro-rate this Section 481 adjustment over 4 taxable years.

If the change results in a negative section 481 adjustment, the taxpayer must take the entire section 481(a) adjustment into account in the year of change.

=====

Section 481(a) Adjustment - Calculation

On January 1, 2012, Taxpayer started the year with "Trading Positions" (or "Investment Positions which he or she converted to "Trading Positions").

Market value on January 1, 2012 of	\$ 53,894
Original Cost basis of	\$ 20,587
Section 481 Adjustment is the difference	\$ +33,307
This amount is reported on Form 4797 Part II.	

Proration deferral is required:

The Section 481 adjustment is over \$25,000 (see tax law above), so taxpayer may not elect to report the entire amount in tax year 2012; instead taxpayer must pro-rate the adjustment over 4 years as follows:

The total Sec 481(a) deferral is calculated as follows:

Sec 481(a) adjustment of \$ +33,307 divided by 4 years times 3 years = \$ (24,980). This amount is also reported on the Form 4797 Part II.

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Taxpayer will report the balance of the deferral of \$ +24,980 on his Form 4797 Part II in the prorated amount of \$ +8,327 for tax years 2013, 2014 and 2015. In the event that taxpayer exits the trading business, taxpayer will accelerate the balance of the Section 481(a) adjustment to the exit year.

=====

Copy of taxpayer's election for mark-to-market accounting.

This election was attached to taxpayer's 2011 tax return or extension filed by April 15, 2012.

"Pursuant to IRC 475(f), the Taxpayer hereby elects to adopt the mark-to-market method of accounting for the tax year ended December 31, 2012 and subsequent tax years. The election applies to the following trade or business: Trader in Securities as a sole proprietor."

=====

SPECIAL NOTES

If Taxpayer has net trading gains, sufficient trading gains are transferred from Form 4797 to Schedule C to cover Taxpayer's related trading expenses. This is done since Schedule C business expenses relate to the Form 4797 trading gains. There is no change to the tax liability as a result of this transfer.

=====

Demo

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Wage Schedule

<u>Taxpayer - Employer</u>	<u>Wages</u>	<u>Federal W/H</u>	<u>FICA</u>	<u>Medi- care</u>	<u>State W/H</u>	<u>Local W/H</u>
Wages per W-2	63,789.	10,785.	2,679.	925.	3,100.	
Grand Total	<u>63,789.</u>	<u>10,785.</u>	<u>2,679.</u>	<u>925.</u>	<u>3,100.</u>	<u>0.</u>

Worksheet for Determining Roth IRA Basis AmountsTaxpayer

Basis in Contributions:

1. Basis in Roth IRA contributions as of December 31, 2011 6,000.
2. Roth IRA contributions for 2012, adjusted for any recharacterizations 0.
3. Add lines 1 and 2 6,000.
4. Enter the amount of nonqualified distributions from Form 8606, line 19 0.
5. Remaining basis in contributions before qualified Roth distributions (subtract line 4 from line 3) 6,000.
6. Qualified Roth distributions 0.
7. Basis in Roth IRA contributions as of December 31, 2012 (subtract line 6 from line 5) 6,000.

Basis in Conversions & Rollovers:

8. Basis in Roth IRA conversions as of December 31, 2011 0.
9. Enter the amount from Form 8606, line 16 0.
10. Rollovers from qualified retirement plans to Roth IRAs in 2012 0.
11. Add lines 8, 9, and 10 0.
12. Enter the amount from Form 8606, line 23, refigured without taking into account the amount on line 20 0.
13. Remaining basis in conversions and rollovers before qualified Roth distributions (subtract line 12 from line 11) 0.
14. Qualified Roth distributions that did not reduce basis in contributions (subtract line 6 from line 7) 0.
15. Basis in Roth IRA conversions & rollovers as of December 31, 2012 (subtract line 14 from line 13) 0.

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

1. Enter the amount from Form 1040, line 43		141,530.
2. Enter the amount from Form 1040, line 9b	1,475.	
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	0.	
4. Add lines 2 and 3	1,475.	
5. If you are claiming investment interest expense on Form 4952, enter the amount from line 4g of that form. Otherwise enter zero.	24.	
6. Subtract line 5 from line 4. If zero or less, enter zero.		1,451.
7. Subtract line 6 from line 1. If zero or less, enter zero.		140,079.
8. Enter:		
\$35,350 if single or married filing separately,		
\$70,700 if married filing jointly or qualifying widow(er), \$47,350 if head of household.		70,700.
9. Enter the smaller of line 1 or line 8		70,700.
10. Enter the smaller of line 7 or line 9		70,700.
11. Subtract line 10 from line 9. This amount is taxed at 0%		0.
12. Enter the smaller of line 1 or line 6		1,451.
13. Enter the amount from line 11		0.
14. Subtract line 13 from line 12		1,451.
15. Multiply line 14 by 15% (.15)		218.
16. Figure the tax on the amount on line 7. (Use the Tax Table or Tax Computation Worksheet)		27,080.
17. Add lines 15 and 16		27,298.
18. Figure the tax on the amount on line 1. (Use the Tax Table or Tax Computation Worksheet)		27,443.
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>27,298.</u>

Federal Income Tax Withheld

Wages per W-2		10,785.
Total		<u>10,785.</u>

State and Local Taxes (Schedule A, Line 5)

State and Local Income Taxes

	State	Local
Income tax withheld	3,100.	0.
Disability/unemployment insurance	0.	0.
Estimated tax payments	0.	0.
Credit for prior year overpayment	0.	0.
Credit for income tax withheld (K-1)	0.	0.
1/12 payment on 2011 estimate	0.	0.
Paid with 2011 extension	0.	0.
Paid with 2011 return	3,119.	0.
Paid for prior years and/or to other states	0.	0.
Total income taxes	<u>6,219.</u>	<u>0.</u>

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State and Local Taxes (Schedule A, Line 5) (continued)

Total state and local income taxes 6,219.

State and Local Sales Taxes Using the Optional Sales Tax Tables**Available Income:**

Adjusted gross income per Form 1040	163,580.
Tax-exempt interest	0.
Nontaxable combat pay	0.
Nontaxable social security benefits	0.
Nontaxable pensions	0.
Nontaxable IRAs	0.
Prior year refundable credits (refundable portion only)	0.
Additional nontaxable amounts	0.
Total Available Income (not less than zero)	<u>163,580.</u>

Number of Exemptions 2.

1. State general sales taxes per Tables 726.
2. Local general sales taxes per Tables for certain residents of AK, AZ, AR, CO, GA, IL, LA, MO, NC, NY, SC, TN, UT, VA, and WV (based on a rate of 1%) 206.
3. Local general sales tax rate
4. If line 2 is zero, enter your state general sales tax rate. Otherwise, skip line 4 and 5, and go to line 6
5. Divide line 3 by line 4
6. Local general sales taxes. If line 2 is zero, multiply line 1 by line 5. Otherwise, multiply line 2 by line 3. 0.
7. State and local general sales taxes (add lines 1 and 6) 726.
8. Sales taxes paid on vehicles, boats, etc. 0.
9. Sales tax deduction when using Tables (add lines 7 and 8) 726.

**State and Local Sales Tax Deduction
(Greater of Taxes Paid or Table Amount)**

1. General sales taxes paid 0.
2. Use taxes paid 0.
3. Total actual taxes paid (add lines 1 and 2) 0.
4. Sales taxes using Tables 726.
5. Greater of sales taxes paid or Table amount 726.

State & Local Taxes to Sch. A, Ln 5 (greater of income or sales tax) 6,219.

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

Wages, salaries, tips, etc.	63,789.
Business income or loss	5,194.
Farm income or loss	0.
Rental real estate income or loss	0.
Nonpassive partnerships, S corps, estates, trusts	50,000.
Income or loss for real estate professionals	0.
Gains or losses on sales of business property	49,627.
Total Taxable Business Income	<u>168,610.</u>

Investment Interest Expense (Form 4952, Line 1)

Schedule A	99.
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>99.</u>

Gross Investment Income (Form 4952, Line 4a)

Interest Income	75.
Dividend Income	1,475.
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>1,550.</u>

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Exemption Worksheet (Form 6251, Line 29)

1. Enter \$50,600 (\$78,750 if married filing jointly or qualifying widow(er), \$39,375 if married filing separately.)		78,750.
2. Enter your alternative minimum taxable income (AMTI) from Form 6251, line 28.	158,294.	
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.	8,294.	
5. Multiply line 4 by 25% (.25).		2,074.
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.		76,676.
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>

Form 8829 - Personal Portion of Mortgage Interest, Mortgage Insurance Premiums and Real Estate Taxes to Carry to Schedule A

Mortgage Interest entered.....	\$	4,013.
Mortgage Interest on Form 8829.....	\$	446.
Mortgage Interest to Schedule A.....	\$	<u>3,567.</u>
Real Estate Taxes entered.....	\$	2,875.
Real Estate Taxes on Form 8829.....		319.
Real Estate Taxes to Schedule A.....	\$	<u>2,556.</u>
Total mortgage interest to Schedule A	\$	3,567.
Total real estate taxes to Schedule A	\$	2,556.

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Federal K-1 Reconciliation Worksheet

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Partnership investment
99-999999

Partnership Nonpassive	K-1 Input	Prior Year Unallowed At-Risk Loss	Disallowed Due to At-Risk	Prior Year Unallowed Passive Loss	Disallowed Passive Loss	Tax Return
SCHEDULE E (page 2)						
Ordinary income (loss).....	50,000.					
Rental real estate income (loss).....						
Other rental income (loss).....						
Section 59(e)(2) expenses.....						
Passive interest expense.....						
Guaranteed payments (nonpassive)...						
Section 179 expense and carryover...						
Disallowed section 179 expense.....						
Net income (loss).....	50,000.					50,000.
First passive other.....						
Second passive other.....						
Cost depletion.....						
Percentage depletion.....						
Depletion carryover.....						
Disallowed due to 65% limitation.....						
Unreimbursed expenses (nonpassive).						
Nonpassive other.....						
Total Schedule E (page 2).....						50,000.
FORM 4797						
Section 1231 gain (loss).....						
4797 ordinary income.....						
SCHEDULE D						
Short-term capital gain (loss).....						
Long-term capital gain (loss).....						
FORM 4952						
Investment interest expense.....						
Other net investment income.....						
SCHEDULE A						
Charitable contributions.....						
Deductions related to portfolio income						
SCHEDULE B						
Interest income (banks, S&L, C/U, etc.).....						
Interest income (U.S. bonds, T-bills, etc.).....						
Ordinary dividends.....						
Tax-exempt interest (total muni-bonds).....						
Tax-exempt interest (in-state bonds).....						
FORM 6251						
Depreciation adjustment after 12/31/86.....						
Adjusted gain or loss.....						
Depreciation (pre-1987).....						
Beneficiary's AMT adjustment.....						
Depletion.....						
Excess intangible drilling costs.....						
MISCELLANEOUS						
Net earnings from self employment (SE).....						
Gross farming income (Sch. E, page 2).....						
Royalties (Sch. E, page 1).....						
Taxes on undistributed capital gains (1040)....						
Credit for income tax withheld.....						
Estimated taxes credited from trust...						
Credits.....						

* Carries to AMT at-risk/passive worksheets to compute Form 6251, line 18 or 19.

FDIL1201L 09/19/12

12/31/12

2012 Federal Depreciation Schedule

Page 1

Client EX18F-GA

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

2/11/13

09:13AM

No.	Description	Date Acquired	Date Sold	Cost/ Basis	Bus. Pct.	Cur 179 Bonus	Special Depr. Allow.	Prior 179/ Bonus/ Sp. Depr.	Prior Dec. Bal. Depr.	Salvage /Basis Reductn	Depr. Basis	Prior Depr.	Method	Life	Rate	Current Depr.
Schedule C - EX18F-GA, Part Time Securities, MTM gain																
Furniture and Fixtures																
4	Office furniture	Various		485		485					0		200DB HY	7		0
	Total Furniture and Fixtures			485		485	0	0	0	0	0	0				0
Machinery and Equipment																
3	Trading computers	Various		4,709		4,709					0		200DB HY	5		0
	Total Machinery and Equipment			4,709		4,709	0	0	0	0	0	0				0
	Total Depreciation			5,194		5,194	0	0	0	0	0	0				0
Business Use of Home - EX18F-GA, Part Time Securities, MTM gain																
Buildings																
1	Home Office	1/01/12		73,000	11.11						8,110		S/L MM	39	.02461	200
2	Land	1/01/12		25,000	11.11						2,778					0
	Total Buildings			98,000		0	0	0	0	0	10,888	0				200
	Total Depreciation			98,000		0	0	0	0	0	10,888	0				200
	Grand Total Depreciation			103,194		5,194	0	0	0	0	10,888	0				200

12/31/12

2012 Federal Alternative Minimum Tax Depreciation Schedule

Page 1

Client EX18F-GA

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

2/11/13

09:13AM

No.	Description	Date Acquired	Date Sold	AMT Basis	AMT Prior Depr	AMT Method	AMT Life	AMT Rate	AMT Depr	Reg. Depr	Ownr. Pct	Post-86 Depr Adj	Real Prop Pref	Leas Pers Prop Pref	59 (e)(2) Amort
Schedule C - EX18F-GA, Part Time Securities, MTM gain															
Furniture and Fixtures															
4	Office furniture	Various		0		200DB HY	7		0	0					0
	Total Furniture and Fixtures			0	0				0	0		0	0	0	0
Machinery and Equipment															
3	Trading computers	Various		0		200DB HY	5		0	0					0
	Total Machinery and Equipment			0	0				0	0		0	0	0	0
	Total Depreciation			0	0				0	0		0	0	0	0
Business Use of Home - EX18F-GA, Part Time Securities, MTM gain															
Buildings															
1	Home Office	1/01/12		8,110		S/L MM	39	.02461	200	200					0
2	Land	1/01/12		2,778					0	0					0
	Total Buildings			10,888	0				200	200		0	0	0	0
	Total Depreciation			10,888	0				200	200		0	0	0	0
	Grand Total Depreciation			10,888	0				200	200		0	0	0	0

Demo

2012

Georgia Filing Instructions

Client EX18F-GA

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

2/11/13

09:13AM

FORM TO FILE:

Form 500 - 2012 Georgia Individual Income Tax Return

SIGNATURE:

The taxpayer and spouse should both sign and date Form 500 at the bottom of page 3.

PAYMENT:

There is a balance due of \$2,004. Make your check payable to the "Georgia Department of Revenue". Write your social security number and "2012 Form 500" on the check. Attach it to the return and enclose the return in the envelope.

WHEN TO FILE:

On or before April 15, 2013.

WHERE TO FILE:

Georgia Department of Revenue
Processing Center
P.O. Box 740399
Atlanta, GA 30374-0399

Demo

Instructions for the Individual/Fiduciary (525-TV) Payment Voucher

For faster and more accurate posting to your account, use a payment voucher with a **valid scanline** from Georgia Department of Revenue's website <https://etax.dor.ga.gov/forms.aspx> or one produced by an approved software company listed at https://etax.dor.ga.gov/IndTax_TSD.aspx.

- Only complete this voucher if you owe taxes.
- Complete the name and address field located on the upper right side of the coupon.
- Please write your SSN or FEIN on your check and money order.
- Remove your check stub to keep with your records.
- If you are filing electronically, mail only your voucher and payment to:

Processing Center
Georgia Department of Revenue
PO Box 740323
Atlanta, Georgia 30374-0323

If you are filing a paper return; mail your return, 525 TV payment voucher and your payment to the address that appears on the return.

Georgia Public Revenue Code Section 48-2-31 stipulates that taxes shall be paid in lawful money of the United States, free of any expense to the State of Georgia.

Demo

PLEASE DO NOT mail this entire page. Please cut along dotted line and mail only your voucher and payment.

PLEASE DO NOT STAPLE. REMOVE ALL ATTACHED CHECK STUBS.

----- Cut along dotted line -----

525 TV (Rev. 10/12)
Individual and Fiduciary Payment Voucher

2012



1352501511

Individual or fiduciary Name and Address:

EX18F-GA, PART TIME SECU
SECURITIES, MTM GAIN
ANY STREET
ATLANTA, GA 30301

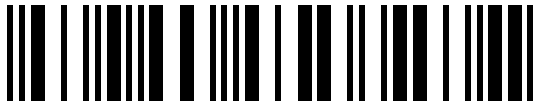
<input checked="" type="checkbox"/> Paper Return	<input type="checkbox"/> Electronically Filed	TYPE OF RETURN:		<input checked="" type="checkbox"/> Individual	<input type="checkbox"/> Fiduciary
Taxpayer's SSN or Fiduciary FEIN 999999999	Spouse's SSN (if joint or combined return) 999992999	First four letters of your Last Name SECU	Tax Year 2012	Vendor Code 015	
PLEASE DO NOT STAPLE. REMOVE ALL CHECK STUBS			Daytime Telephone Number		

GAIA0801L 10/19/12

PROCESSING CENTER
GEORGIA DEPARTMENT OF REVENUE
PO BOX 740323
ATLANTA GA 30374-0323

Amount Paid \$ 2004. 00

52500999999999912091200000000000000001500002004001



1300401513

Georgia Form 500 (Rev 9/12)

Individual Income Tax Return

Fiscal Year
Beginning

Georgia Department of Revenue

2012 (Approved software version)

Fiscal Year
Ending

Version 1

DEL ☐EXT ☐

Page 1

1 YOUR FIRST NAME

EX18F-GA,

MI

P

YOUR SOCIAL SECURITY NUMBER

999999999

LAST NAME

SECURITIES, MTM GAIN

SUFFIX

Special Program Code
See instructions

0

SPOUSE'S FIRST NAME

MI

SPOUSE'S SOCIAL SECURITY NUMBER

999992999

LAST NAME

SECURITIES, MTM GAIN

SUFFIX

2 ADDRESS (NUMBER AND STREET or PO BOX) (Use 2nd address line for Apt, Suite or Building Number)
ANY STREET☐ CHECK IF ADDRESS
HAS CHANGED

DEPARTMENT USE ONLY

3 CITY (Please insert a space if the city has multiple names)
ATLANTASTATE
GAZIP CODE
30301500 UET Exception
Attached☒

(COUNTRY IF FOREIGN)

GAIA0112L 10/17/12

4 Enter your Residency Status with the appropriate number. Residency Status

4 1

1 FULL- YEAR RESIDENT

2 PART- YEAR RESIDENT

TO

3 NONRESIDENT

Part-Year Residents and Nonresidents must omit Lines 9 thru 14 and use Schedule 3 of Form 500, page 6

5 Enter Filing Status with appropriate letter (See instructions) Filing Status

5 B

A Single B Married filing joint C Married filing separate (Spouse's social security number must be entered above) D Head of Household or Qualifying Widow(er)

6 Number of exemptions (Check appropriate box(es) and enter total in 6c.)

6a Yourself ☒6b Spouse ☒

6c 2

7 Dependents (If you have more than 3 dependents, attach a list of additional dependents)

First Name, MI.

Last Name

Social Security Number

Relationship to You

First Name, MI.

Last Name

Social Security Number

Relationship to You

First Name, MI.

Last Name

Social Security Number

Relationship to You



YOUR SOCIAL SECURITY NUMBER
999999999

7a	Number of Dependents (DO NOT include yourself or your spouse)	7a	
7b	Add Lines 6c and 7a. Enter total.	7b	2
If amount on line 8, 9, 10, 13 or 15 is negative, use the minus sign (-). Example -3,456.			
8	Federal adjusted gross income (From Federal Form 1040, 1040A or 1040EZ)	8	163580
(Do not use FEDERAL TAXABLE INCOME) If the amount on Line 8 is \$40,000 or more, or your gross income is less than your W-2s you must enclose a copy of your Federal Form 1040 Pages 1 and 2.			
9	Adjustments from Schedule 1 (See instructions)	9	-54820
10	Georgia adjusted gross income (Net total of Line 8 and Line 9)	10	108760
11	Standard Deduction (Do not use FEDERAL STANDARD DEDUCTION)	11a	
(See instructions)			
b	Self: 65 or over? <input type="checkbox"/> Blind? <input type="checkbox"/> Spouse: 65 or over? <input type="checkbox"/> Blind? <input type="checkbox"/>		
	Total x 1,300 =	11b	
c	Total Standard Deduction (Line 11a + Line 11b)	11c	
Use EITHER Line 11c OR Line 12c (Do not write on both lines)			
12	Total Itemized Deductions used in computing Federal Taxable Income. If you use itemized deductions, you must enclose Federal Schedule A		
a	Federal Itemized Deductions (Schedule A-Form 1040)	12a	14450
b	Less adjustments: (See instructions for Line 12)	12b	
c	Georgia Total Itemized Deductions	12c	14450
13	Subtract either Line 11c or Line 12c from Line 10; enter balance.	13	94310
14a	Number on Line 6c 2. multiplied by \$2,700	14a	5400
14b	Number on Line 7a 0. multiplied by \$3,000	14b	
14c	Add Lines 14a and 14b. Enter total	14c	5400
15	Georgia taxable income (Line 13 less Line 14c or Schedule 3, Line 14)	15	88910
16	Tax (Use Tax Table in the instructions)	16	5077
17	Credits from Schedule 2, Page 5, Line 12 of Form 500 (Enter total but not more than the amount on Line 16)	17	
18	Balance (Line 16 less Line 17) if zero or less than zero, enter zero.	18	5077
19	Georgia Income Tax Withheld on Wages and 1099's	19	3100
(Enter Tax Withheld Only and enclose W-2s and/or 1099s)			
20	Other Georgia Income Tax Withheld	20	
(Must enclose G2-A, G2-LP and/or G-2RP)			

Georgia Form 500
Individual Income Tax Return
Georgia Department of Revenue
2012 Version 1



Page 3

YOUR SOCIAL SECURITY NUMBER
999999999

- 21 Estimated tax for 2012 and Form IT-560 ▶ 21
- 22 Total prepayment credits (Add Lines 19, 20 and 21) ▶ 22 3100
- 23 If Line 18 exceeds Line 22 enter BALANCE DUE STATE ▶ 23 1977
- 24 If Line 22 exceeds Line 18 enter OVERPAYMENT amount ▶ 24
- 25 Amount to be credited to 2013 ESTIMATED TAX ▶ 25
- 26 Georgia Wildlife Conservation Fund (No gift of less than \$1.00) ▶ 26
- 27 Georgia Children and Elderly Fund (No gift of less than \$1.00) ▶ 27
- 28 Georgia Cancer Research Fund (No gift of less than \$1.00) ▶ 28
- 29 Statewide Land Conservation Program (No gift of less than \$1.00) ▶ 29
- 30 Georgia National Guard Foundation (No gift of less than \$1.00) ▶ 30
- 31 Dog and Cat Sterilization Fund (No gift of less than \$1.00) ▶ 31
- 32 Save the Cure Fund (No gift of less than \$1.00) ▶ 32
- 33 Georgia Student Finance Authority Fund (No gift of less than \$1.00) ▶ 33
- 34 Form 500 UET (Estimated tax penalty) ▶ 34 27
(If you owe) Add Lines 23, 26 thru 34
- 35 MAKE CHECK PAYABLE TO GEORGIA DEPARTMENT OF REVENUE ▶ 35 2004
- 36 (If you are due a refund) Subtract the sum of Lines 25 thru 34 from Line 24
THIS IS YOUR REFUND ▶ 36

Select only one option — See instructions.

36a Direct Deposit (For U.S. Accounts Only) Type: Checking ☐ Savings ☐ Routing Number
36b Debit Card ☐
36c Paper Check ☐ Account Number

You can help eliminate \$1 Million
of processing cost by choosing
Direct Deposit or Debit Card.

(PAYMENT)

PROCESSING CENTER
GEORGIA DEPARTMENT OF REVENUE
PO BOX 740399
ATLANTA, GA 30374-0399

(REFUND and NO
BALANCE DUE)

PROCESSING CENTER
GEORGIA DEPARTMENT OF REVENUE
PO BOX 740380
ATLANTA, GA, 30374-0380

ENCLOSE ALL ITEMS IN RETURN ENVELOPE: DO NOT STAPLE YOUR CHECK, W-2'S, OTHER WITHHOLDING DOCUMENTS, OR TAX RETURN

Under penalty of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has knowledge. Georgia Public Code Section 48-2-31 requires that taxes shall be paid in lawful money of the United States, free of any expenses to the State of Georgia.

Taxpayer's Signature ☐ (Check box if deceased)

PHONE NUMBER

Spouse's Signature ☐ (Check box if deceased)

DATE

Do you want to authorize DOR to discuss this return with the
named preparer. Yes ☒

DATE

z Examples

Signature of Preparer

NAME OF PREPARER OTHER THAN TAXPAYER

z Examples
Green NFH, LLC

PREPARER'S FEIN

454365561

PREPARER'S SSN/PTIN

PHONE NUMBER

8885585257

☐ I authorize the Georgia Department of Revenue to
electronically notify me at the below e-mail address
regarding any updates to my account(s).

GA/A0103L 11/29/12

TAXPAYER EMAIL ADDRESS



YOUR SOCIAL SECURITY NUMBER
999999999

SCHEDULE 1 ADJUSTMENTS to INCOME BASED on GEORGIA LAW (See instructions)

ADDITIONS to INCOME

- 1 Interest on Non-Georgia Municipal and State Bonds. ▶ 1
- 2 Lump-Sum Distributions. ▶ 2
- 3 Federal deduction for income attributable to domestic production activities (IRC Section 199) ▶ 3
- 4 Other(Specify) ▶ 4
- 5 Total Additions (Enter sum of Lines 1-4 here) ▶ 5

SUBTRACTION from INCOME

6 Retirement Income Exclusion (See instructions)

a Self: Date of Birth Date of Disability: Type of Disability:

122037 6a 54820

b Spouse: Date of Birth Date of Disability: Type of Disability:

6b

- 7 Social Security Benefits (Taxable portion from Federal return). ▶ 7
- 8 Georgia Higher Education Savings Plan. ▶ 8
- 9 Interest on United States Obligations (See instructions). ▶ 9

- 10 Other Adjustments (Specify) Adjustment Amount
- Adjustment Amount
- Adjustment Amount
- Adjustment Amount
- Total. ▶ 10

- 11 Total Subtractions (Enter sum of Lines 6-10 here). ▶ 11 54820
- 12 Net Adjustments (Line 5 less Line 11.) ▶ X 12 -54820
- Enter Net Total here and on Line 9 of Page 2 (+ or -) of Form 500.



1320501513

☐ Meets Exception 4 for
an estate of a decedent
or a testamentary trust
YEAR 2012

(Attach this form to Form 500 or 501)

HOW TO FIGURE YOUR UNDERPAYMENT
(Complete Lines 1 through 6)

YOUR FIRST NAME	SOCIAL SECURITY OR ID NUMBER
EX18F-GA, Part Time	999999999
LAST NAME	
Securities, MTM gain	

1 Tax (from Form 500 Line 16 or Form 501 Line 8).....	1	5,077
2 Other Credits (from Form 500 Line 17 or Form 501 Line 9).....	2	
3 Balance Due (Line 1 less Line 2).....	3	5,077
4 Enter 100% of the Immediately Preceding Year's Tax (return must be for a 12-month period).....	4	6,219
5 Enter 70% of the Amount Shown on Line 3.....	5	3,554

DUE DATE OF INSTALLMENTS

		April 17, 2012	June 15, 2012	Sept. 17, 2012	Jan. 15, 2013
6 Divide amount on Line 4 by the number of installments required for the year (see Instruction B), enter the results in appropriate columns.....	6	1,555	1,555	1,555	1,554
7 Divide amount on Line 5 by the number of installments required for the year (see instruction B), enter the results in the appropriate column.....	7	888	888	889	889
8 Enter the lesser of line 6 or line 7 for each period in the appropriate column.....	8	888	888	889	889
9 Amounts paid on estimate for each period and tax withheld (withheld treated equally paid for each quarter).....	9	775	775	775	775
10 Overpayment of previous installment (see instruction E).....	10				
11 Total of Line 9 and Line 10.....	11	775	775	775	775
12 Underpayment (Line 8 less Line 11) or Overpayment (Line 11 less Line 8).....	12	113	113	114	114

EXCEPTIONS WHICH AVOID THE PENALTY (See Instruction D)
(Farmers and fishermen see Instruction G for special exception)

13 Total amount paid and withheld from Jan. 1, through the installment date indicated (withheld treated equally paid for each quarter).....	13	775	1,550	2,325	3,100
14 Exception 1 — Tax on prior years income using current year rates and exemptions.....	14				
15 Exception 2 — Tax on annualized current year income....	15				Not
16 Exception 3 — Tax on current year's income over 3, 5, 8, month periods.....	16				Applicable

HOW TO FIGURE THE PENALTY
(Complete Lines 17 through 21 for installments not avoided by an exception)

17 Amount of underpayment (from Line 12).....	17				
18 Date of payment or April 15, 2012 whichever is earlier (See Instruction F).....	18	See Attached Worksheet			
19 Number of days from due date of installment to date shown on Line 18.....	19				
20 Penalty (9 percent a year on amount shown on Line 17 for the number of days shown on Line 19).....	20	1.70	5.11	10.20	10.08
21 Penalty (Add amounts on Line 20) show this amount in the space provided on Form 500/501.....	21				
					27.00

2012

Underpayment Penalty Worksheet

Client EX18F-GA

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

Required Installment	Payment			Penalty				
	Date	Type *	Amount	Underpayment	Days Late	Rate	Amount of Penalty **	Penalty per Period
First Qtr								
888.	4/15/12	2	775.	113.	61	0.090	1.70	
	6/15/12	2	113.					
Total								1.70
Second Qtr								
888.	6/15/12	2	662.	226.	92	0.090	5.11	
	9/15/12	2	226.					
Total								5.11
Third Qtr								
889.	9/15/12	2	549.	340.	108	0.090	9.03	
Total								9.03
Rate Change	1/01/13			340.	14	0.090	1.17	
	1/15/13	2	340.					
Total								1.17
Fourth Qtr								
889.	1/15/13	2	435.	454.	90	0.090	10.08	
	4/15/13	5	454.					
Total								10.08

TOTAL UNDERPAYMENT PENALTY.....

27.

- * 1 = Overpayment
 2 = Withholding
 3 = Estimate
 4 = Extension
 5 = Paid with return

** Underpayment $\times \frac{\text{Days Late}}{366 \text{ or } 365} \times \text{Rate}$

Client EX18F-GA

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

2/11/13

09:13AM

**Form 500, Schedule 1, Line 6
Retirement Exclusion Worksheet**

	<u>Taxpayer</u>	<u>Spouse</u>
First \$4000 Of Earned Income (If Zero or Less, Enter 0)	\$ 4,000.	\$ 0.
Interest	\$ 38.	\$ 37.
Dividend	1,475.	0.
Alimony	0.	0.
Capital Gains	-693.	-693.
Other Income	0.	0.
Pensions & Annuities	0.	0.
Rental, Royalty, Partnership, etc.	50,000.	0.
State Tax Refund	0.	0.
Unemployment Compensation	0.	0.
Total (If Zero or Less, Enter 0)	\$ 50,820.	\$ 0.
Total Retirement Income	\$ 54,820.	\$ 0.
Maximum Allowable Exclusion	65,000.	65,000.
Lesser of Allowable Exclusion or Income	\$ 54,820.	\$ 0.

Demo

2012

Federal Filing Instructions

Client EX18F-GA

EX18F-GA, Part Time Securities, MTM gain

999-99-9999

2/11/13

09:13AM

FORM TO FILE:

Form 3115 - Application for Change in Accounting Method

SIGNATURE:

Both spouses should sign and date Form 3115.

PAYMENT:

No payment is required.

WHEN TO FILE:

Immediately.

WHERE TO FILE:

Internal Revenue Service
Automatic Rulings Branch
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Demo

Form **3115**

(Rev. December 2009)
Department of the Treasury
Internal Revenue Service

Application for Change in Accounting Method

OMB No. 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions)		Identification number (see instructions)	
		Principal business activity code number (see instructions)	
Number, street, and room or suite no. If a P.O. box, see the instructions.		Tax year of change begins (MM/DD/YYYY)	
		Tax year of change ends (MM/DD/YYYY)	
City or town, state, and ZIP code		Name of contact person (see instructions)	
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)		Contact person's telephone number	

If the applicant is a member of a consolidated group, check this box ☐

If **Form 2848**, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box ☐

Check the box to indicate the type of applicant.

- | | |
|--|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Cooperative (Sec. 1381) |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Controlled foreign corporation (Sec. 957) | <input type="checkbox"/> S corporation |
| <input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E)) | <input type="checkbox"/> Insurance co. (Sec. 816(a)) |
| <input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2)) | <input type="checkbox"/> Insurance co. (Sec. 831) |
| <input type="checkbox"/> Exempt organization. Enter Code section ▶ | <input type="checkbox"/> Other (specify) ▶ |

Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)

- | |
|---|
| <input type="checkbox"/> Depreciation or Amortization |
| <input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions |
| <input type="checkbox"/> Other (specify) ▶ |

Caution. To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

Part I Information For Automatic Change Request

	Yes	No
1 Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. ▶ (a) Change No. _____ (b) Other <input type="checkbox"/> Description ▶ _____		
2 Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation.		
Note. Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).		

Part II Information For All Requests

	Yes	No
3 Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.		
4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5.		
b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?		

Signature (see instructions)

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

Filer

Preparer (other than filer/applicant)

Signature and date

Name and title (print or type)

Signature of individual preparing the application and date

Name of individual preparing the application (print or type)

Name of firm preparing the application

Part II Information For All Requests (continued)		Yes	No
4c	Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?	N/A	
d	Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? If "Yes," attach the consent statement from the director.	N/A	
e	Is the request to change the method of accounting being filed under the 90-day or 120-day window period? . . . If "Yes," check the box for the applicable window period and attach the required statement (see instructions). <input type="checkbox"/> 90 day <input type="checkbox"/> 120 day: Date examination ended ► _____	N/A	
f	If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination. Name ► _____ Telephone number ► _____ Tax year(s) ► _____		
g	Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?	N/A	
5a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? If "Yes," enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court. Name ► _____ Telephone number ► _____ Tax year(s) ► _____		
b	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?	N/A	
c	Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? If "Yes," attach an explanation.		
6	If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.		
7	If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? If "Yes," the applicant is not eligible to make the change.		
8a	Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?		
b	If "Yes," attach an explanation.		
9a	Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?		
b	If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent.		
c	If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.		
10a	Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice? . . .		
b	If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).		
11	Is the applicant requesting to change its overall method of accounting? If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.		
Present method:	<input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		
Proposed method:	<input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		

Part II Information For All Requests (continued)					Yes	No
12	If the applicant is either (i) not changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following:					
a	The item(s) being changed. <u>elected IRC 475(f)(1) for trading securities</u>					
b	The applicant's present method for the item(s) being changed. <u>Cash</u>					
c	The applicant's proposed method for the item(s) being changed. <u>IRC Sec. 475(f) mark to market</u>					
d	The applicant's present overall method of accounting (cash, accrual, or hybrid). <u>** Keep using cash for business expenses</u>					
13	Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application. <u>See Note ** Below</u>					
14	Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions If "No," attach an explanation.					
15a	Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)?					
b	If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application.					
16	Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response?					
17	If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change.					
	1st preceding year ended: mo. yr.	2nd preceding year ended: mo. yr.	3rd preceding year ended: mo. yr.			
	\$	\$	\$			
Part III Information For Advance Consent Request N/A					Yes	No
18	Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.					
19	Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists.					
20	Attach a copy of all documents related to the proposed change (see instructions).					
21	Attach a statement of the applicant's reasons for the proposed change.					
22	If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? If "No," attach an explanation.					
23a	Enter the amount of user fee attached to this application (see instructions). ► \$					
b	If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).					
Part IV Section 481(a) Adjustment					Yes	No
24	Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? If "Yes," do not complete lines 25, 26, and 27 below.					
25	Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ► \$ Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant. <u>See Note ** Below</u>					

Part IV	Section 481(a) Adjustment (continued)	Yes	No
26	If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change?	N	A
27	Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? If "Yes," attach an explanation.		

Schedule A—Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.)

Part I	Change in Overall Method (see instructions)	Amount
1	Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.	
a	Income accrued but not received (such as accounts receivable)	\$
b	Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method	
c	Expenses accrued but not paid (such as accounts payable)	
d	Prepaid expenses previously deducted	
e	Supplies on hand previously deducted and/or not previously reported	
f	Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II	
g	Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ►	
h	Net section 481(a) adjustment (Combine lines 1a–1g.) Indicate whether the adjustment is an increase (+) or decrease (–) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25.	\$
2	Is the applicant also requesting the recurring item exception under section 461(h)(3)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
3	Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.	

Part II	Change to the Cash Method For Advance Consent Request (see instructions)	N/A
Applicants requesting a change to the cash method must attach the following information:		
1	A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.	
2	An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.	

Schedule B—Change to the Deferral Method for Advance Payments (see instructions) N/A

1	If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
a	A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
b	If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
c	If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
2	If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following.
a	A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
b	A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
c	A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
d	A statement explaining whether the inventorable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

Schedule C—Changes Within the LIFO Inventory Method (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970**, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1** Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
 - a** Valuing inventory (e.g., unit method or dollar-value method).
 - b** Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
 - c** Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
 - d** Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2** If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3** If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4** If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5** Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6** If changing to the IPIC method, attach a completed Form 970.

Part II Change in Pooling Inventories

- 1** If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2** If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
 - a** A description of the types of products produced by the applicant. If possible, attach a brochure.
 - b** A description of the types of processes and raw materials used to produce the products in each proposed pool.
 - c** If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
 - d** A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
 - e** A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
 - f** A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
 - g** A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3** If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4** If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Schedule D—Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other Section 263A Assets (see instructions)**Part I Change in Reporting Income From Long-Term Contracts** (Also complete Part III on pages 7 and 8.)

- 1** To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.
- 2a** Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)? ☐ **Yes** ☐ **No**
- b** If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)? ☐ **Yes** ☐ **No**
If line 2b is "No," attach an explanation.
- c** If line 2b is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)? ☐ **Yes** ☐ **No**
- d** If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)? ☐ **Yes** ☐ **No**
If line 2d is "Yes," attach an explanation of what cost comparison the applicant will use to determine a contract's completion factor.
If line 2d is "No," attach an explanation of what method the applicant is using and the authority for its use.
- 3a** Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)? ☐ **Yes** ☐ **No**
- b** If "Yes," attach an explanation of the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.
- c** Attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.
- 4** To determine a contract's completion factor using the percentage-of-completion method:
- a** Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)? ☐ **Yes** ☐ **No**
- b** If line 4a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))? ☐ **Yes** ☐ **No**
- 5** Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.)

- 1** Attach a description of the inventory goods being changed.
- 2** Attach a description of the inventory goods (if any) NOT being changed.
- 3a** Is the applicant subject to section 263A? If "No," go to line 4a ☐ **Yes** ☐ **No**
- b** Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)?
If "No," attach a detailed explanation ☐ **Yes** ☐ **No**
- 4a** Check the appropriate boxes below.
- | | Inventory Being Changed | | Inventory Not Being Changed |
|--|-------------------------|-----------------|-----------------------------|
| | Present method | Proposed method | Present method |
| Identification methods: | | | |
| Specific identification | | | |
| FIFO | | | |
| LIFO | | | |
| Other (attach explanation) | | | |
| Valuation methods: | | | |
| Cost | | | |
| Cost or market, whichever is lower | | | |
| Retail cost | | | |
| Retail, lower of cost or market | | | |
| Other (attach explanation) | | | |
- b** Enter the value at the end of the tax year preceding the year of change
- 5** If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).
- a** Copies of Form(s) 970 filed to adopt or expand the use of the method.
- b** **Only for applicants requesting advance consent.** A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
- c** **Only for applicants requesting an automatic change.** The statement required by section 22.01(5) of the Appendix of Rev. Proc. 2008-52 (or its successor).

Part III Method of Cost Allocation (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

Section A—Allocation and Capitalization Methods

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

Section B—Direct and Indirect Costs Required To Be Allocated

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

Part III Method of Cost Allocation (see instructions) (continued)**Section C—Other Costs Not Required To Be Allocated** (Complete Section C only if the applicant is requesting to change its method for these costs.)

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses		
2 Research and experimental expenses not included in Section B, line 26		
3 Bidding expenses not included in Section B, line 22		
4 General and administrative costs not included in Section B		
5 Income taxes		
6 Cost of strikes		
7 Warranty and product liability costs		
8 Section 179 costs		
9 On-site storage		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11		
11 Other costs (Attach a list of these costs.)		

Schedule E—Change in Depreciation or Amortization (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

Note. See the **List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. **Do not** file Form 3115 with respect to certain late elections and election revocations (see instructions).

- 1** Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)? ☐ **Yes** ☐ **No**
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii).
- 2** Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)? ☐ **Yes** ☐ **No**
If "Yes," enter the applicable section ►
- 3** Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)? ☐ **Yes** ☐ **No**
If "Yes," state the election made ►
- 4a** To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity.
- b** If the property is residential rental property, did the applicant live in the property before renting it? . . ☐ **Yes** ☐ **No**
- c** Is the property public utility property? ☐ **Yes** ☐ **No**
- 5** To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6** If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
- 7** If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
 - a** The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
 - b** The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
 - c** The facts to support the asset class for the proposed method.
 - d** The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
 - e** The useful life, recovery period, or amortization period of the property.
 - f** The applicable convention of the property.
 - g** A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.