

2/11/13

09:14AM

EX13F-CA

Taxpayer had losses in 2012, which are reported on Form 4797, Part II. Since the taxpayer was considered a full-time trader and elected mark-to-market during the period of the securities loss, these losses are ordinary losses and can be used to generate a net operating loss (NOL) in the current year. Note that the trading expenses during this time can decrease taxable income and create a NOL also.

Demo

**2012**

## **Federal Filing Instructions**

**Client EX13F-CA**

**EX13F-CA, Fulltime Securities, MTM loss**

**999-99-9999**

2/11/13

09:14AM

**FORM TO FILE:**

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

**SIGNATURE:**

Sign and date Form 1040, page 2.

**PAYMENT:**

No payment is required.

**WHEN TO FILE:**

On or before April 15, 2013.

**WHERE TO FILE:**

Department of the Treasury  
Internal Revenue Service Center  
Fresno, CA 93888-0002

**Demo**

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 EX13F-CA, Fulltime Securities, MTM loss			Your social security number 999-99-9999		
If a joint return, spouse's first name and initial Last name			Spouse's social security number		
Home address (number and street). If you have a P.O. box, see instructions. Any Street			Apartment no. ▲ 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). Beverly Hills, CA 90210			Presidential Election Campaign		
Foreign country name			Foreign province/state/county		
Foreign postal code			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 type="checkbox"/> You <input type="checkbox"/> Spouse		
Filing Status					
1 <input checked="" type="checkbox"/> Single					
2 <input type="checkbox"/> Married filing jointly (even if only one had income)					
3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above & full name here. ▶					
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					
Check only one box.					
Exemptions					
6a <input checked="" type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a. . . . .					
b <input 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)					
If more than four dependents, see instructions and check here. . . <input type="checkbox"/>					
d Total number of exemptions claimed. . . . . 1					
Income					
7 Wages, salaries, tips, etc. Attach Form(s) W-2. . . . . 7					
8a Taxable interest. Attach Schedule B if required. . . . . 8a 1,958.					
b Tax-exempt interest. Do not include on line 8a. . . . . 8b					
9a Ordinary dividends. Attach Schedule B if required. . . . . 9a 2,177.					
b Qualified dividends. . . . . St. 1 9b 2,177.					
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 -30,260.					
13 Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here. . . . . 13 23,746.					
14 Other gains or (losses). Attach Form 4797. . . . . 14 -213,504.					
15a IRA distributions. . . . . 15a b Taxable amount. . . . . 15b					
16a Pensions and annuities. . . . . 16a b Taxable amount. . . . . 16b					
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E. . . . . 17					
18 Farm income or (loss). Attach Schedule F. . . . . 18					
19 Unemployment compensation. . . . . 19					
20a Social security benefits. . . . . 20a b Taxable amount. . . . . 20b					
21 Other income. . . . . 21					
22 Combine the amounts in the far right column for lines 7 through 21. This is your total income. . . . . 22 -215,883.					
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 -215,883.					
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 -215,883.

39a Check ☐ You were born before January 2, 1948, ☐ Blind. Total boxes checked. ☐ 39a ☐ Spouse was born before January 2, 1948, ☐ Blind. ☐ 39bb If your spouse itemizes on a separate return or you were a dual-status alien, check here ☐ 39b

40 Itemized deductions (from Schedule A) or your standard deduction (see left margin) 40 5,950.

41 Subtract line 40 from line 38 41 -221,833.

42 Exemptions. Multiply \$3,800 by the number on line 6d. 42 3,800.

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

44 Tax (see instrs). Check if any from: a ☐ Form(s) 8814 c ☐ 962 election b ☐ Form 4972 44 0.

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

46 Add lines 44 and 45 46 0.

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 ☐ 3800 b ☐ 8801 c ☐ 53

54 Add lines 47 through 53. These are your total credits 54

55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0- 55 0.

**Other Taxes**

56 Self-employment tax. Attach Schedule SE 56

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

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

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 0.

**Payments**

If you have a qualifying child, attach Schedule EIC.

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

63 2012 estimated tax payments and amount applied from 2011 return. 63

64a Earned income credit (EIC) No 64a

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 ☐ 2439 b ☐ Reserved c ☐ 8801 d ☐ 8885 71

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

**Refund**

73 If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid 73

74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ☐ 74ab Routing number ☐ c Type: ☐ Checking ☐ Savingsd 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 0.

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. ☐ NoDesignee's name ☐ z Examples Phone no. ☐ (888) 558-5257 Personal identification number (PIN) ☐**Sign Here**

Joint return? See instructions.

Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature ☐ Date ☐ Your occupation ☐ Daytime phone number ☐Spouse's signature. If a joint return, both must sign. ☐ Date ☐ Spouse's occupation ☐ If the IRS sent you an Identity Protection PIN, enter it here (see instrs) ☐Print/Type preparer's name ☐ z Examples Preparer's signature ☐ z Examples Date ☐ Check ☐ if self-employed PTIN ☐**Paid Preparer Use Only**Firm's name ☐ Green NFH, LLCFirm's address ☐ PO Box 1198Firm's EIN ☐ 45-4365561Phone no. ☐ (888) 558-5257

Robertsdale, AL 36567

**Underpayment of Estimated Tax by  
Individuals, Estates, and Trusts**

► Information about Form 2210 and its separate instructions is at [www.irs.gov/form2210](http://www.irs.gov/form2210).  
► Attach to Form 1040, 1040A, 1040NR, 1040NR-EZ, or 1041.

Name(s) shown on tax return

EX13F-CA, Fulltime Securities, MTM loss

Identifying number

999-99-9999

**Do You Have To File Form 2210?**

Complete lines 1 through 7 below. Is line 7 less than \$1,000?	Yes	<b>Do not file Form 2210.</b> You do not owe a penalty.
No		
Complete lines 8 and 9 below. Is line 6 equal to or more than line 9?	Yes	You do not owe a penalty. <b>Do not file Form 2210</b> (but if box <b>E</b> in Part II applies, you must file page 1 of Form 2210).
No		
You may owe a penalty. Does any box in Part II below apply?	Yes	You <b>must</b> file Form 2210. Does box <b>B, C,</b> or <b>D</b> in Part II apply?
No		
	No	
	Yes	You must figure your penalty.
<b>Do not file Form 2210.</b> You are not required to figure your penalty because the IRS will figure it and send you a bill for any unpaid amount. If you want to figure it, you may use Part III or Part IV as a worksheet and enter your penalty amount on your tax return, but <b>do not file Form 2210.</b>		You are <b>not</b> required to figure your penalty because the IRS will figure it and send you a bill for any unpaid amount. If you want to figure it, you may use Part III or Part IV as a worksheet and enter your penalty amount on your tax return, but <b>file only page 1 of Form 2210.</b>

**Part I Required Annual Payment**

1	Enter your 2012 tax after credits from Form 1040, line 55 (see instructions if not filing Form 1040).....	1	
2	Other taxes, including self-employment tax (see instructions).....	2	
3	Refundable credits (see instructions).....	3	0.
4	Current year tax. Combine lines 1, 2, and 3. If less than \$1,000, <b>stop</b> ; you do not owe a penalty. <b>Do not</b> file Form 2210.....	4	0.
5	Multiply line 4 by 90% (.90).....	5	0.
6	Withholding taxes. <b>Do not</b> include estimated tax payments (see instructions).....	6	
7	Subtract line 6 from line 4. If less than \$1,000, <b>stop</b> ; you do not owe a penalty. <b>Do not</b> file Form 2210.....	7	0.
8	Maximum required annual payment based on prior year's tax (see instructions).....	8	
9	<b>Required annual payment.</b> Enter the <b>smaller</b> of line 5 or line 8.....	9	

Next: Is line 9 more than line 6?

- ☒ **No.** You **do not** owe a penalty. **Do not** file Form 2210 unless box **E** below applies.
- ☐ **Yes.** You may owe a penalty, but **do not** file Form 2210 unless one or more boxes in Part II below applies.
- If box **B, C,** or **D** applies, you must figure your penalty and file Form 2210.
  - If box **A** or **E** applies (but not **B, C,** or **D**) file only page 1 of Form 2210. You are **not** required to figure your penalty; the IRS will figure it and send you a bill for any unpaid amount. If you want to figure your penalty, you may use Part III or IV as a worksheet and enter your penalty on your tax return, but **file only page 1 of Form 2210.**

**Part II Reasons for Filing.** Check applicable boxes. If none apply, **do not** file Form 2210.

- A** ☐ You request a **waiver** (see instructions) of your entire penalty. You must check this box and file page 1 of Form 2210, but you are not required to figure your penalty.
- B** ☐ You request a **waiver** (see instructions) of part of your penalty. You must figure your penalty and waiver amount and file Form 2210.
- C** ☐ Your income varied during the year and your penalty is reduced or eliminated when figured using the **annualized income installment method**. You must figure the penalty using Schedule AI and file Form 2210.
- D** ☐ Your penalty is lower when figured by treating the federal income tax withheld from your income as paid on the dates it was actually withheld, instead of in equal amounts on the payment due dates. You must figure your penalty and file Form 2210.
- E** ☐ You filed or are filing a joint return for either 2011 or 2012, but not for both years, and line 8 above is smaller than line 5 above. You must file page 1 of Form 2210, but you are **not** required to figure your penalty (unless box **B, C,** or **D** applies).

**Part IV Regular Method** (See the instructions if you are filing Form 1040NR or 1040NR-EZ.)

Section A – Figure Your Underpayment		Payment Due Dates			
		(a) 4/15/12	(b) 6/15/12	(c) 9/15/12	(d) 1/15/13
<b>18</b> <b>Required installments.</b> If box C in Part II applies, enter the amounts from Schedule AI, line 25. Otherwise, enter 25% (.25) of line 9, Form 2210, in each column.	<b>18</b>				
<b>19</b> Estimated tax paid and tax withheld (see the instructions). For column (a) only, also enter the amount from line 19 on line 23. If line 19 is equal to or more than line 18 for all payment periods, stop here; you do not owe a penalty. <b>Do not file Form 2210 unless you checked a box in Part II.</b> <b>Complete lines 20 through 26 of one column before going to line 20 of the next column.</b>	<b>19</b>				
<b>20</b> Enter the amount, if any, from line 26 in the previous column.	<b>20</b>				
<b>21</b> Add lines 19 and 20.	<b>21</b>				
<b>22</b> Add the amounts on lines 24 and 25 in the previous column.	<b>22</b>				
<b>23</b> Subtract line 22 from line 21. If zero or less, enter -0-. For column (a) only, enter the amount from line 19.	<b>23</b>	0.	0.	0.	0.
<b>24</b> If line 23 is zero, subtract line 21 from line 22. Otherwise, enter -0-.	<b>24</b>		0.	0.	
<b>25</b> <b>Underpayment.</b> If line 18 is equal to or more than line 23, subtract line 23 from line 18. Then go to line 20 of the next column. Otherwise, go to line 26.	<b>25</b>				
<b>26</b> <b>Overpayment.</b> If line 23 is more than line 18, subtract line 18 from line 23. Then go to line 20 of the next column.	<b>26</b>				

**Section B – Figure the Penalty** (Use the Worksheet for Form 2210, Part IV, Section B – Figure the Penalty in the instructions).

<b>27</b> <b>Penalty.</b> Enter the total penalty from line 14 of the Worksheet for Form 2210, Part IV, Section B – Figure the Penalty. Also include this amount on Form 1040, line 77; Form 1040A, line 46; Form 1040NR, line 74; Form 1040NR-EZ, line 26; or Form 1041, line 26.	<b>27</b>	
<b>Do not file Form 2210 unless you checked a box in Part II.</b>		

Form 2210 (2012)

**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](http://www.irs.gov/form1040).  
► **Attach to Form 1040.**

OMB No. 1545-0074

**2012**Attachment  
Sequence No. **07**

Name(s) shown on Form 1040

Your social security number

EX13F-CA, Fulltime Securities, MTM loss

999-99-9999

<b>Medical and Dental Expenses</b>	<b>Caution.</b> 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.
<b>Taxes You Paid</b>	<b>5</b> State and local (check only one box):			
	a <input type="checkbox"/> Income taxes, or	5	307.	
	b <input checked="" type="checkbox"/> General sales taxes			
6	Real estate taxes (see instructions) .....	6		
7	Personal property taxes .....	7		
8	Other taxes. List type and amount ► .....	8		
9	Add lines 5 through 8 .....	9		307.
<b>Interest You Paid</b>	<b>10</b> Home mtg interest and points reported to you on Form 1098. ....	10		
	<b>11</b> 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		
<b>Note.</b> Your mortgage interest deduction may be limited (see instructions).	-----			
	-----			
	-----			
	-----	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	796.	
15	Add lines 10 through 14 .....	15		796.
<b>Gifts to Charity</b>	<b>16</b> Gifts by cash or check. If you made any gift of \$250 or more, see instrs. ....	16	976.	
If you made a gift and got a benefit for it, see instructions.	<b>17</b> Other than by cash or check. If any gift of \$250 or more, see instructions. You <b>must</b> attach Form 8283 if over \$500 .....	17	345.	
	<b>18</b> Carryover from prior year .....	18	1,321.	
19	Add lines 16 through 18. .... Disallowed contributions .....	19	-2,642.	0.
<b>Casualty and Theft Losses</b>	<b>20</b> Casualty or theft loss(es). Attach Form 4684. (See instructions.) .....	20		0.
<b>Job Expenses and Certain Miscellaneous Deductions</b>	<b>21</b> Unreimbursed employee expenses — job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ► .....	21		
	-----			
	<b>22</b> Tax preparation fees .....	22		
	<b>23</b> Other expenses — investment, safe deposit box, etc. List type and amount ► .....	23		
	-----			
	<b>24</b> Add lines 21 through 23 .....	24		
	<b>25</b> Enter amount from Form 1040, line 38. ....	25		
	<b>26</b> Multiply line 25 by 2% (.02) .....	26		
	<b>27</b> Subtract line 26 from line 24. If line 26 is more than line 24, enter -0- .....	27		0.
<b>Other Miscellaneous Deductions</b>	<b>28</b> Other — from list in instructions. List type and amount ► .....	28		0.
	-----			
<b>Total Itemized Deductions</b>	<b>29</b> Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40 .....	29		1,103.
	<b>30</b> 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](http://www.irs.gov/form1040)

OMB No. 1545-0074

**2012**Attachment  
Sequence No. **08**

Name(s) shown on return

Your social security number

EX13F-CA, Fulltime Securities, MTM loss

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 ▶Schwab - trading a/c**Amount**

1,958.

**1****2** Add the amounts on line 1.....

1,958.

**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. ▶

1,958.

**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 ▶Schwab - invest a/cSchwab - trading a/c**Amount**

1,296.

881.

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

2,177.

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



**SCHEDULE C**  
**(Form 1040)**Department of the Treasury  
Internal Revenue Service (99)**Profit or Loss From Business**  
**(Sole Proprietorship)**

OMB No. 1545-0074

**2012**Attachment  
Sequence No. **09****►For information on Schedule C and its instructions, go to [www.irs.gov/schedulec](http://www.irs.gov/schedulec).**  
**►Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.**

Name of proprietor

EX13F-CA, Fulltime Securities, MTM loss

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**

<b>1</b> 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"/>	<b>1</b>	
<b>2</b> Returns and allowances (see instructions).	<b>2</b>	
<b>3</b> Subtract line 2 from line 1.	<b>3</b>	
<b>4</b> Cost of goods sold (from line 42).	<b>4</b>	
<b>5</b> <b>Gross profit.</b> Subtract line 4 from line 3.	<b>5</b>	
<b>6</b> Other income, including federal and state gasoline or fuel tax credit or refund (see instructions).	<b>6</b>	
<b>7</b> <b>Gross income.</b> Add lines 5 and 6.	<b>7</b>	

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

<b>8</b> Advertising.	<b>8</b>		<b>18</b> Office expense (see instructions).	<b>18</b>	
<b>9</b> Car and truck expenses (see instructions).	<b>9</b>		<b>19</b> Pension and profit-sharing plans.	<b>19</b>	
<b>10</b> Commissions and fees.	<b>10</b>		<b>20</b> Rent or lease (see instructions):		
<b>11</b> Contract labor (see instructions).	<b>11</b>		<b>a</b> Vehicles, machinery, and equipment.	<b>20 a</b>	
<b>12</b> Depletion.	<b>12</b>		<b>b</b> Other business property.	<b>20 b</b>	
<b>13</b> Depreciation and section 179 expense deduction (not included in Part III) (see instructions).	<b>13</b>	1,830.	<b>21</b> Repairs and maintenance.	<b>21</b>	
<b>14</b> Employee benefit programs (other than on line 19).	<b>14</b>		<b>22</b> Supplies (not included in Part III).	<b>22</b>	893.
<b>15</b> Insurance (other than health).	<b>15</b>		<b>23</b> Taxes and licenses.	<b>23</b>	
<b>16</b> Interest:			<b>24</b> Travel, meals, and entertainment:		
<b>a</b> Mortgage (paid to banks, etc).	<b>16 a</b>		<b>a</b> Travel.	<b>24 a</b>	1,679.
<b>b</b> Other.	<b>16 b</b>	14,375.	<b>b</b> Deductible meals and entertainment (see instructions).	<b>24 b</b>	1,173.
<b>17</b> Legal & professional services.	<b>17</b>		<b>25</b> Utilities.	<b>25</b>	
<b>28</b> <b>Total expenses</b> before expenses for business use of home. Add lines 8 through 27a.	<b>28</b>		<b>26</b> Wages (less employment credits).	<b>26</b>	
<b>29</b> Tentative profit or (loss). Subtract line 28 from line 7.	<b>29</b>		<b>27 a</b> Other expenses (from line 48).	<b>27 a</b>	10,310.
<b>30</b> Expenses for business use of your home. Attach <b>Form 8829</b> . Do <b>not</b> report such expenses elsewhere.	<b>30</b>		<b>b</b> <b>Reserved for future use</b> .	<b>27 b</b>	
<b>31</b> <b>Net profit or (loss).</b> Subtract line 30 from line 29.	<b>31</b>				
• If a profit, enter on both <b>Form 1040, line 12</b> (or <b>Form 1040NR, line 13</b> ) and on <b>Schedule SE, line 2</b> . If you checked the box on line 1, see instructions). Estates and trusts, enter on <b>Form 1041, line 3</b> .					
• If a loss, you <b>must</b> go to line 32.					
<b>32</b> 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 <b>Form 1040, line 12</b> , (or <b>Form 1040NR, line 13</b> ) and on <b>Schedule SE, line 2</b> . (If you checked the box on line 1, see the instructions for line 31). Estates and trusts, enter on <b>Form 1041, line 3</b> .					
• If you checked 32b, you <b>must</b> attach <b>Form 6198</b> . Your loss may be limited.					
			<b>32 a</b> <input checked="" type="checkbox"/> All investment is at risk.		
			<b>32 b</b> <input type="checkbox"/> Some investment is not at risk.		
					-30,260.

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

FDIZ0112L 01/03/13

Schedule **C** (Form 1040) 2012

**Part III Cost of Goods Sold** (see instructions)

<b>33</b> Method(s) used to value closing inventory: <b>a</b> <input type="checkbox"/> Cost <b>b</b> <input type="checkbox"/> Lower of cost or market <b>c</b> <input type="checkbox"/> Other (attach explanation)	
<b>34</b> 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
<b>35</b> Inventory at beginning of year. If different from last year's closing inventory, attach explanation .....	<b>35</b>
<b>36</b> Purchases less cost of items withdrawn for personal use .....	<b>36</b>
<b>37</b> Cost of labor. Do not include any amounts paid to yourself .....	<b>37</b>
<b>38</b> Materials and supplies .....	<b>38</b>
<b>39</b> Other costs .....	<b>39</b>
<b>40</b> Add lines 35 through 39 .....	<b>40</b>
<b>41</b> Inventory at end of year .....	<b>41</b>
<b>42</b> <b>Cost of goods sold.</b> Subtract line 41 from line 40. Enter the result here and on line 4 .....	<b>42</b>

**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.

Postage .....	195.
Trader tax and accounting .....	755.
Trading cable and internet service .....	652.
Trading chat room .....	1,350.
Trading newsletters and publications .....	1,145.
Trading online information services .....	2,988.
Trading seminars .....	3,225.
.....	
<b>48</b> <b>Total other expenses.</b> Enter here and on line 27a .....	<b>48</b> 10,310.

**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](http://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

EX13F-CA, Fulltime Securities, MTM loss

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 <b>box A</b> checked in <b>Part I</b> .....				
2 Short-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part I</b> .....				
3 Short-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part I</b> .....				
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 <b>Capital Loss Carryover Worksheet</b> in the instructions .....				6
7 <b>Net short-term capital gain or (loss).</b> 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

**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 <b>box A</b> checked in <b>Part II</b> .....				
9 Long-term totals from all Forms 8949 with <b>box B</b> checked in <b>Part II</b> .....	637,498.	613,752.		23,746.
10 Long-term totals from all Forms 8949 with <b>box C</b> checked in <b>Part II</b> .....				
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 <b>Capital Loss Carryover Worksheet</b> in the instructions .....				14
15 <b>Net long-term capital gain or (loss).</b> Combine lines 8 through 14 in column (h). Then go to Part III on page 2 .....				15 23,746.

**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. ....	<b>16</b>	23,746.
<ul style="list-style-type: none"> <li>• If line 16 is a <b>gain</b>, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below.</li> <li>• If line 16 is a <b>loss</b>, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22.</li> <li>• If line 16 is <b>zero</b>, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22.</li> </ul>		
17 Are lines 15 and 16 <b>both</b> gains?		
<input type="checkbox"/> <b>Yes.</b> Go to line 18.		
<input type="checkbox"/> <b>No.</b> Skip lines 18 through 21, and go to line 22.		
18 Enter the amount, if any, from line 7 of the <b>28% Rate Gain Worksheet</b> in the instructions. ....	<b>18</b>	
19 Enter the amount, if any, from line 18 of the <b>Unrecaptured Section 1250 Gain Worksheet</b> in the instructions. ....	<b>19</b>	
20 Are lines 18 and 19 <b>both</b> zero or blank?		
<input type="checkbox"/> <b>Yes.</b> Complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). <b>Do not</b> complete lines 21 and 22 below.		
<input type="checkbox"/> <b>No.</b> Complete the <b>Schedule D Tax Worksheet</b> in the instructions. <b>Do not</b> 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 <b>smaller</b> of:		
<ul style="list-style-type: none"> <li>• The loss on line 16 or</li> <li>• (\$3,000), or if married filing separately, (\$1,500)</li> </ul>	<b>21</b>	
<b>Note.</b> When figuring which amount is smaller, treat both amounts as positive numbers.		
22 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b?		
<input type="checkbox"/> <b>Yes.</b> Complete the <b>Qualified Dividends and Capital Gain Tax Worksheet</b> in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42).		
<input type="checkbox"/> <b>No.</b> Complete the rest of Form 1040 or Form 1040NR.		

Name(s) shown on return. (Name and SSN or taxpayer identification no. not required if shown on other side.)

SSN or taxpayer identification no.

EX13F-CA, Fulltime Securities, MTM loss

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 II Long-Term.** Transactions involving capital assets you held more than one year are long term. For short-term transactions, see page 1.

**You must check Box A, B, or C below. Check only one box.** If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-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) Long-term transactions reported on Form(s) 1099-B showing basis **was** reported to the IRS
- ☒ (B) Long-term transactions reported on Form(s) 1099-B showing basis **was not** reported to the IRS
- ☐ (C) Long-term transactions not reported to you on Form 1099-B

3 (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 <b>Note</b> 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). <b>See the separate instructions.</b>		(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	
Google	Various	Various	637,498.	613,752.			23,746.
<b>4 Totals.</b> Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, <b>line 8</b> (if <b>Box A</b> above is checked), <b>line 9</b> (if <b>Box B</b> above is checked), or <b>line 10</b> (if <b>Box C</b> above is checked)..... ▶			637,498.	613,752.		0.	23,746.

**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.

Form **4797**Department of the Treasury  
Internal Revenue Service**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](http://www.irs.gov/form4797).

OMB No. 1545-0184

**2012**Attachment  
Sequence No. **27**

Name(s) shown on return

Identifying number

EX13F-CA, Fulltime Securities, MTM loss

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** **27,248,020.**

**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)
<b>3</b>	Gain, if any, from Form 4684, line 39 .....						<b>3</b>
<b>4</b>	Section 1231 gain from installment sales from Form 6252, line 26 or 37 .....						<b>4</b>
<b>5</b>	Section 1231 gain or (loss) from like-kind exchanges from Form 8824 .....						<b>5</b>
<b>6</b>	Gain, if any, from line 32, from other than casualty or theft .....						<b>6</b>
<b>7</b>	Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: .....						<b>7</b>
<b>Partnerships (except electing large partnerships) and S corporations.</b> 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.							
<b>Individuals, partners, S corporation shareholders, and all others.</b> 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.							
<b>8</b>	Nonrecaptured net section 1231 losses from prior years (see instructions) .....						<b>8</b>
<b>9</b>	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) .....						<b>9</b>

**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 2							<b>-213,504.</b>
<b>11</b>	Loss, if any, from line 7 .....						<b>11</b>
<b>12</b>	Gain, if any, from line 7 or amount from line 8, if applicable .....						<b>12</b>
<b>13</b>	Gain, if any, from line 31 .....						<b>13</b>
<b>14</b>	Net gain or (loss) from Form 4684, lines 31 and 38a .....						<b>14</b>
<b>15</b>	Ordinary gain from installment sales from Form 6252, line 25 or 36 .....						<b>15</b>
<b>16</b>	Ordinary gain or (loss) from like-kind exchanges from Form 8824 .....						<b>16</b>
<b>17</b>	Combine lines 10 through 16 .....						<b>17</b> <b>-213,504.</b>
<b>18</b>	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:						
<b>a</b>	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 .....						<b>18a</b>
<b>b</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 .....						<b>18b</b> <b>-213,504.</b>

**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](http://www.irs.gov/form6251).  
► Attach to Form 1040 or Form 1040NR.

OMB No. 1545-0074

**2012**Attachment  
Sequence No. **32**

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

Your social security number

EX13F-CA, Fulltime Securities, MTM loss

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	-215,883.
2	Medical and dental. Enter the <b>smaller</b> of Schedule A (Form 1040), line 4 <b>or</b> 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-	2	
3	Taxes from Schedule A (Form 1040), line 9	3	
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet in the instructions for this line	4	
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	5	
6	Skip this line. It is reserved for future use	6	
7	Tax refund from Form 1040, line 10 or line 21	7	
8	Investment interest expense (difference between regular tax and AMT)	8	
9	Depletion (difference between regular tax and AMT)	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	10	
11	Alternative tax net operating loss deduction	11	
12	Interest from specified private activity bonds exempt from the regular tax	12	
13	Qualified small business stock (7% of gain excluded under section 1202)	13	
14	Exercise of incentive stock options (excess of AMT income over regular tax income)	14	
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	15	
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	16	
17	Disposition of property (difference between AMT and regular tax gain or loss)	17	
18	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	18	
19	Passive activities (difference between AMT and regular tax income or loss)	19	
20	Loss limitations (difference between AMT and regular tax income or loss)	20	
21	Circulation costs (difference between regular tax and AMT)	21	
22	Long-term contracts (difference between AMT and regular tax income)	22	
23	Mining costs (difference between regular tax and AMT)	23	
24	Research and experimental costs (difference between regular tax and AMT)	24	
25	Income from certain installment sales before January 1, 1987	25	
26	Intangible drilling costs preference	26	
27	Other adjustments, including income-based related adjustments	27	
28	<b>Alternative minimum taxable income.</b> Combine lines 1 through 27. (If married filing separately, see instructions.)	28	-215,883.

**Part II Alternative Minimum Tax (AMT)**

29	Exemption. See instructions.	29	50,600.
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	0.
31	<ul style="list-style-type: none"> <li>• If you are filing Form 2555 or 2555-EZ, see instructions for the amount to enter.</li> <li>• 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.</li> <li>• <b>All others:</b> 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.</li> </ul>	31	0.
32	Alternative minimum tax foreign tax credit (see instructions)	32	
33	Tentative minimum tax. Subtract line 32 from line 31.	33	0.
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	0.
35	<b>AMT.</b> 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)

**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](http://www.irs.gov/form8829)**

**2012**Attachment  
Sequence No. **176**

Name(s) of proprietor(s)

Your social security number

EX13F-CA, Fulltime Securities, MTM loss

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	1,525
3	Divide line 1 by line 2. Enter the result as a percentage	3	11.48 %
<b>For daycare facilities not used exclusively for business go to line 4. All others go to line 7.</b>			
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	11.48 %

**Part II Figure Your Allowable Deduction**

8	Enter the amount from Schedule C, line 29, <b>plus</b> 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	-30,260.
<b>See instrs for columns (a) and (b) before completing lines 9-21.</b>			
	<b>(a) Direct expenses</b>	<b>(b) Indirect expenses</b>	
9	Casualty losses (see instructions)	9	
10	Deductible mortgage interest (see instructions)	10	
11	Real estate taxes (see instructions)	11	
12	Add lines 9, 10, and 11	12	
13	Multiply line 12, column (b) by line 7	13	
14	Add line 12, column (a) and line 13	14	
15	Subtract line 14 from line 8. If zero or less, enter -0-	15	0.
16	Excess mortgage interest (see instructions)	16	
17	Insurance	17	596.
18	Rent	18	30,000.
19	Repairs and maintenance	19	
20	Utilities	20	2,675.
21	Other expenses (see instrs)	21	
22	Add lines 16 through 21	22	33,271.
23	Multiply line 22, column (b) by line 7	23	3,820.
24	Carryover of operating expenses from 2011 Form 8829, line 42	24	
25	Add line 22 column (a), line 23, and line 24	25	3,820.
26	Allowable operating expenses. Enter the <b>smaller</b> of line 15 or line 25	26	
27	Limit on excess casualty losses and depreciation. Subtract line 26 from line 15	27	
28	Excess casualty losses (see instructions)	28	
29	Depreciation of your home from line 41 below	29	
30	Carryover of excess casualty losses and depreciation from 2011 Form 8829, line 43	30	
31	Add lines 28 through 30	31	
32	Allowable excess casualty losses and depreciation. Enter the <b>smaller</b> of line 27 or line 31	32	
33	Add lines 14, 26, and 32	33	
34	Casualty loss portion, if any, from lines 14 and 32. Carry amount to <b>Form 4684</b> (see instructions)	34	
35	<b>Allowable expenses for business use of your home.</b> 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	0.

**Part III Depreciation of Your Home**

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

**Part IV Carryover of Unallowed Expenses to 2013**

42	Operating expenses. Subtract line 26 from line 25. If less than zero, enter -0-	42	3,820.
43	Excess casualty losses and depreciation. Subtract line 32 from line 31. If less than zero, enter -0-	43	0.



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

**2012**Attachment  
Sequence No. **179**

Name(s) shown on return

EX13F-CA, Fulltime Securities, MTM loss

Identifying number

999-99-9999

Business or activity to which this form relates

Schedule C - EX13F-CA, Fulltime Securities, MTM loss

**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 <b>smaller</b> 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	810.
15	Property subject to section 168(f)(1) election .....	15	
16	Other depreciation (including ACRS) .....	16	858.

**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 .....		810.	5	HY	200DB	162.
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	1,830.
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.**

FDIZ0812L 08/19/12

Form **4562** (2012)

Client EX13F-CA

EX13F-CA, Fulltime Securities, MTM loss

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**Statement 1**  
**Form 1040, Line 9b**  
**Qualified Dividends**

Schwab - invest a/c.....	\$	1,296.
Schwab - trading a/c.....		881.
Total	\$	<u>2,177.</u>

**Statement 2**  
**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
Schwab trading a/c (see attached) (Trader Transaction)	Various	Various	14,869,555.		15,006,037.	\$ -136,482.
TradeStation trading a/c (see attached) (Trader Transaction)	Various	Various	12,146,528.		12,191,362.	-44,834.
Sec. 481(a) adjustment-See Note (Trader Transaction)	Various	Various	231,937.		264,125.	-32,188.
					Total	\$ <u>-213,504.</u>

Demo

Client EX13F-CA

EX13F-CA, Fulltime Securities, MTM loss

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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'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 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

Client EX13F-CA

EX13F-CA, Fulltime Securities, MTM loss

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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 or her 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.

#### SUMMARY

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.

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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	\$ 231,937
Original Cost basis of	\$ 264,125
Section 481(a) Adjustment is the difference	\$ -32,188

This amount is reported on Form 4797 Part II.

As the adjustment is a negative section 481(a) adjustment (see tax law above), the taxpayer reports the entire amount in tax year 2011.

=====

#### 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."

=====

Client EX13F-CA

EX13F-CA, Fulltime Securities, MTM loss

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

- |  |         |         |
|--|---------|---------|
| 1. Enter the amount from Form 1040, line 43  |         | 0.      |
| 2. Enter the amount from Form 1040, line 9b  | 2,177.  |         |
| 3. Are you filing Schedule D?  |         |         |
| <input checked="" type="checkbox"/> Yes. Enter the smaller of line 15 or 16 of Schedule D, but do not enter less than zero                   |         |         |
| <input type="checkbox"/> No. Enter the amount from Form 1040, line 13  | 23,746. |         |
| 4. Add lines 2 and 3   | 25,923. |         |
| 5. If you are claiming investment interest expense on Form 4952, enter the amount from line 4g of that form. Otherwise enter zero.           | 0.      |         |
| 6. Subtract line 5 from line 4. If zero or less, enter zero.   |         | 25,923. |
| 7. Subtract line 6 from line 1. If zero or less, enter zero.   |         | 0.      |
| 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.   |         | 35,350. |
| 9. Enter the smaller of line 1 or line 8   |         | 0.      |
| 10. Enter the smaller of line 7 or line 9  |         | 0.      |
| 11. Subtract line 10 from line 9. This amount is taxed at 0%   |         | 0.      |
| 12. Enter the smaller of line 1 or line 6  |         | 0.      |
| 13. Enter the amount from line 11  |         | 0.      |
| 14. Subtract line 13 from line 12  |         | 0.      |
| 15. Multiply line 14 by 15% (.15)  |         | 0.      |
| 16. Figure the tax on the amount on line 7. (Use the Tax Table or Tax Computation Worksheet)   |         | 0.      |
| 17. Add lines 15 and 16  |         | 0.      |
| 18. Figure the tax on the amount on line 1. (Use the Tax Table or Tax Computation Worksheet)   |         | 0.      |
| 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 |         | 0.      |

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

## State and Local Sales Taxes Using the Optional Sales Tax Tables

## Available Income:

- |   |           |
|---|-----------|
| Adjusted gross income per Form 1040                     | -215,883. |
| 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)             | 0.        |

Number of Exemptions	1.
----------------------	----

Client EX13F-CA

EX13F-CA, Fulltime Securities, MTM loss

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

1. State general sales taxes per Tables	307.
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%)	0.
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	7.2500
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)	307.
8. Sales taxes paid on vehicles, boats, etc.	0.
9. Sales tax deduction when using Tables (add lines 7 and 8)	307.

**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	307.
5. Greater of sales taxes paid or Table amount	<u>307.</u>

**Investment Interest Expense (Form 4952, Line 1)**

Schedule A	796.
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>796.</u>

**Gross Investment Income (Form 4952, Line 4a)**

Interest Income	1,958.
Dividend Income	2,177.
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>4,135.</u>

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**Computation of 2012 Net Operating Loss**

1. Enter the amount from Form 1040, line 41		-221,833.
2. Nonbusiness Capital Losses	0.	
3. Nonbusiness Capital Gains	23,746.	
4. Excess of line 2 over line 3	0.	
5. Excess of line 3 over line 2	23,746.	
6. Nonbusiness Deductions	5,950.	
7. Nonbusiness Income	4,135.	
8. Add lines 5 and 7	27,881.	
9. Excess of line 6 over line 8		0.
10. Excess of line 8 over line 6; But do not enter more than line 5	21,931.	
11. Business Capital Losses	0.	
12. Business Capital Gains	0.	
13. Add lines 10 and 12	21,931.	
14. Excess of line 11 over line 13	0.	
15. Add lines 4 and 14	0.	
16. Loss from Schedule D, line 16	0.	
17. Section 1202 Exclusion		0.
18. Subtract line 17 from line 16	0.	
19. Loss from Schedule D, line 21	0.	
20. Subtract line 19 from line 18	0.	
21. Subtract line 18 from line 19		0.
22. Subtract line 20 from line 15		0.
23. Domestic production activities deduction		0.
24. Prior years' Net Operating Losses		0.
25. 2012 Net Operating Gain (Loss) (Combine lines 1, 9, 17, and 21 through 24)		<u>-221,833.</u>

Demo



**Computation of 2012 AMT Net Operating Loss**

1. AMTI before ATNOLD (Form 6251, lines 1 through 27)		-215,883.
2. Nonbusiness Capital Losses	0.	
3. Nonbusiness Capital Gains	23,746.	
4. Excess of line 2 over line 3	0.	
5. Excess of line 3 over line 2	23,746.	
6. Nonbusiness Deductions	0.	
7. Nonbusiness Income	4,135.	
8. Add lines 5 and 7	27,881.	
9. Excess of line 6 over line 8		0.
10. Excess of line 8 over line 6 (no more than ln 5)	23,746.	
11. Business Capital Losses	0.	
12. Business Capital Gains	0.	
13. Add lines 10 and 12	23,746.	
14. Excess of line 11 over line 13	0.	
15. Add lines 4 and 14	0.	
16. Loss from Schedule D, line 16	0.	
17. Section 1202 Exclusion		0.
18. Subtract line 17 from line 16	0.	
19. Loss from Schedule D, line 18	0.	
20. Subtract line 19 from line 18	0.	
21. Subtract line 18 from line 19		0.
22. Subtract line 20 from line 15		0.
23. 2012 AMT Net Operating Gain (Loss) (Combine lines 1, 9, 17, 21, and 22)		<u>-215,883.</u>

Demo

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## 2012 Federal Depreciation Schedule

Page 1

Client EX13F-CA

EX13F-CA, Fulltime Securities, MTM loss

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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 - EX13F-CA, Fulltime Securities, MTM loss																
Machinery and Equipment																
1	Trading computer	Various		1,620			810				810		200DB HY	5	.20000	162
	Total Machinery and Equipment			1,620		0	810	0	0	0	810	0				162
Miscellaneous																
2	Trading software	Various		2,575							2,575		S/L	3		858
	Total Miscellaneous			2,575		0	0	0	0	0	2,575	0				858
	Total Depreciation			4,195		0	810	0	0	0	3,385	0				1,020
	Grand Total Depreciation			4,195		0	810	0	0	0	3,385	0				1,020

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## 2012 Federal Alternative Minimum Tax Depreciation Schedule

Page 1

Client EX13F-CA

EX13F-CA, Fulltime Securities, MTM loss

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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 - EX13F-CA, Fulltime Securities, MTM loss															
Machinery and Equipment															
1	Trading computer	Various		810		200DB HY	5	.20000	162	162					0
	Total Machinery and Equipment			810	0				162	162		0	0	0	0
Miscellaneous															
2	Trading software	Various		2,575					858	858					0
	Total Miscellaneous			2,575	0				858	858		0	0	0	0
	Total Depreciation			3,385	0				1,020	1,020		0	0	0	0
	Grand Total Depreciation			3,385	0				1,020	1,020		0	0	0	0

Demo

**2012**

## California Filing Instructions

Client EX13F-CA

EX13F-CA, Fulltime Securities, MTM loss

999-99-9999

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**FORM TO FILE:**

Form 540 - 2012 California Resident Income Tax Return

**SIGNATURE:**

Sign and date Form 540, page 1.

**PAYMENT:**

No payment is required.

**WHEN TO FILE:**

On or before April 15, 2013.

**WHERE TO FILE:**

Franchise Tax Board  
P.O. Box 942840  
Sacramento, CA 94240-0009

Demo

**California Resident  
Income Tax Return 2012**

FORM

**540** C1 Side 1

APE

ATTACH FEDERAL RETURN

999-99-9999 SECU 12 PBA 523110  
EXFCA F SECURITIESMTMLOSS

P  
AC  
A  
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RP

ANY ST  
BEVERLY HILLS CA 90210 11-25-1948

01	1	45	0	404	0	APE	0
06	0	46	0	405	0	FS	0
09	00	47	0	406	0	3800	0
10	00	48	0	407	0	3803	0
11	104	61	0	408	0	SCHG1	0
12	0	62	0	410	0	5870A	0
13	-215883	63	0	412	0	5805 5805F	0
14	219004	64	0	413	0	DESIGNEE	1
16	648	71	0	414	0	TPID	
17	-434239	72	0	419	0	FN 454365561	
18	3841	73	0	420	0	CCF	0
19	0	74	0	421	0	3805P	0
31	0	75	0	422	0	NQDC	0
32	104	91	0	423	0	3540	0
33	0	92	0	110	0	3805Z	0
34	0	93	0	111	0	3807	0
35	0	94	0	112	0	3808	0
40	0	95	0	113	0	3809	0
41	0	400	0	115	0	3549A	0
42	0	401	0	116	0	IRC1341	0
43	0	402	0	117	0		
44	0	403	0				

Under penalties of perjury, I declare that I have examined this tax return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Your signature

Spouse's/RDP's signature (if a joint tax return, both must sign)

**Sign  
Here**

Daytime phone number (optional)

Date

Your email address (optional). Enter only one.

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge)

● PTIN

It is unlawful  
to forge a  
spouse's/  
RDP's  
signature.

**Z EXAMPLES**

Firm's name (or yours, if self-employed)

Firm's address

● FEIN

**GREEN NFH, LLC****PO BOX 1198****ROBERTSDALE, AL 36567****45-4365561**

Joint tax  
return? (See  
instructions.)

Do you want to allow another person to discuss this tax return with us (see instructions)?

●

☒ Yes☐ No**Z EXAMPLES****(888) 558-5257**

Print Third Party Designee's Name

Telephone Number

Your Name: **EX13F-CA, FULLTIME SECURITIES, MTM LOSS** Your SSN or ITIN: **999-99-9999**

<b>Filing Status</b>	1	<input checked="" type="checkbox"/> Single													
	2	<input type="checkbox"/> Married/RDP filing jointly (see instructions).													
	3	<input type="checkbox"/> Married/RDP filing separately. Enter spouse's/RDP's SSN or ITIN above and full name here. . . . .													
	4	<input type="checkbox"/> Head of household (with qualifying person) (see instructions)													
	5	<input type="checkbox"/> Qualifying widow(er) with dependent child. Enter year spouse/RDP died . . . . .													
		If your California filing status is different from your federal filing status, check the box here. . . . . <input type="checkbox"/>													
	6	If someone can claim you (or your spouse/RDP) as a dependent, check the box here (see instructions). . . . .	<input type="checkbox"/> 6												
<b>Exemptions</b>	7	<b>Personal:</b> If you checked the box 1, 3, or 4 above, enter 1 in the box. If you checked box 2 or 5, enter 2 in the box. If you checked the box on line 6, see the instructions. . . . .	7 <input type="checkbox"/> x \$104 = \$ <u>104.</u>												
	8	<b>Blind:</b> If you (or your spouse/RDP) are visually impaired, enter 1; if both are visually impaired, enter 2. . . . .	8 <input type="checkbox"/> x \$104 = \$ <u>          </u>												
	9	<b>Senior:</b> If you (or your spouse/RDP) are 65 or older, enter 1; if both are 65 or older, enter 2. . . . .	9 <input type="checkbox"/> x \$104 = \$ <u>          </u>												
	10	<b>Dependents: Do not include yourself or your spouse/RDP.</b>													
		<table border="1"><thead><tr><th>First name</th><th>Last name</th><th>Dependent's relationship to you</th></tr></thead><tbody><tr><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td></tr></tbody></table>	First name	Last name	Dependent's relationship to you										
First name	Last name	Dependent's relationship to you													
		Total dependent exemptions. . . . .	10 <input type="checkbox"/> x \$321 = \$ <u>          </u>												
	11	<b>Exemption amount:</b> Add line 7 through line 10. Transfer this amount to line 32. . . . .	11 \$ <u>104.</u>												
<b>Taxable Income</b>	12	State wages from your Form(s) W-2, box 16. . . . .	12 <u>          </u>												
	13	Enter federal adjusted gross income from Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4. . . . .	13 <u>-215,883.</u>												
	14	California adjustments — subtractions. Enter the amount from Schedule CA (540), line 37, column B. . . . .	14 <u>219,004.</u>												
	15	Subtract line 14 from line 13. If less than zero, enter the result in parentheses (see instructions). . . . .	15 <u>( 434,887.)</u>												
	16	California adjustments — additions. Enter the amount from Schedule CA (540), line 37, column C. . . . .	16 <u>648.</u>												
	17	California adjusted gross income. Combine line 15 and line 16. . . . .	17 <u>-434,239.</u>												
	18	Enter the larger of your CA standard deduction OR your CA itemized deductions. . . . .	18 <u>3,841.</u>												
	19	Subtract line 18 from line 17. This is your <b>taxable income</b> . If less than zero, enter -0-. . . . .	19 <u>0.</u>												
<b>Tax</b>	31	Tax. Check box if from: <input type="checkbox"/> Tax Table <input type="checkbox"/> Tax Rate Schedule <input type="checkbox"/> FTB 3800 <input type="checkbox"/> FTB 3803. . . . .	31 <u>0.</u>												
	32	Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$169,730 (see instrs) . . . . .	32 <u>104.</u>												
	33	Subtract line 32 from line 31. If less than zero, enter -0-. . . . .	33 <u>0.</u>												
	34	Tax (see instructions). Check box if from: <input type="checkbox"/> Schedule G-1 <input type="checkbox"/> Form FTB 5870A. . . . .	34 <u>          </u>												
	35	Add line 33 and line 34. . . . .	35 <u>          </u>												
<b>Special Credits</b>	40	Nonrefundable Child and Dependent Care Expenses Credit, (see instructions). Attach form FTB 3506. . . . .	40 <u>          </u>												
	41	New jobs credit, amount generated (see instructions). . . . .	41 <u>          </u>												
	42	New jobs credit, amount claimed (see instructions). . . . .	42 <u>          </u>												
	43	Credit <u>          </u> Code <u>          </u> amount <u>          </u> . . . . .	43 <u>          </u>												
	44	Credit <u>          </u> Code <u>          </u> amount <u>          </u> . . . . .	44 <u>          </u>												
	45	To claim more than two credits (see instructions). . . . .	45 <u>          </u>												
	46	Nonrefundable renter's credit (see instructions). . . . .	46 <u>          </u>												
	47	Add line 40 and line 42 through line 46. These are your total credits. . . . .	47 <u>          </u>												
	48	Subtract line 47 from line 35. If less than zero, enter -0-. . . . .	48 <u>0.</u>												
<b>Other Taxes</b>	61	Alternative minimum tax. Attach Schedule P (540). . . . .	61 <u>          </u>												
	62	Mental Health Services Tax (see instructions). . . . .	62 <u>          </u>												
	63	Other taxes and credit recapture (see instructions). . . . .	63 <u>          </u>												
	64	Add line 48, line 61, line 62, and line 63. This is your total tax. . . . .	64 <u>          </u>												
<b>Payments</b>	71	California income tax withheld (see instructions). . . . .	71 <u>          </u>												
	72	2012 CA estimated tax and other payments (see instructions). . . . .	72 <u>          </u>												
	73	Real estate and other withholding (see instructions). . . . .	73 <u>          </u>												
	74	Excess SDI (or VPD) withheld (see instructions). . . . .	74 <u>0.</u>												
	75	Add line 71, line 72, line 73, and line 74. These are your total payments (see instructions). . . . .	75 <u>          </u>												

Your Name: **EX13F-CA, FULLTIME SECURITIES, MTM LOSS** Your SSN or ITIN: **999-99-9999**

<b>Overpaid Tax/ Tax Due</b>	<b>91</b>	Overpaid tax. If line 75 is more than line 64, subtract line 64 from line 75. ....	<b>91</b>	_____
	<b>92</b>	Amount of line 91 you want applied to your <b>2013</b> estimated tax. ....	<b>92</b>	_____
	<b>93</b>	Overpaid tax available this year. Subtract line 92 from line 91. ....	<b>93</b>	_____
	<b>94</b>	Tax due. If line 75 is less than line 64, subtract line 75 from line 64. ....	<b>94</b>	_____

<b>Use Tax</b>	<b>95</b>	Use Tax. <b>This is not a total line</b> (see instructions). ....	<b>95</b>	_____
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			<b>Code</b>	<b>Amount</b>
<b>Contributions</b>	California Seniors Special Fund (see instructions). ....		<b>400</b>	_____
	Alzheimer's Disease/Related Disorders Fund. ....		<b>401</b>	_____
	California Fund for Senior Citizens. ....		<b>402</b>	_____
	Rare and Endangered Species Preservation Program. ....		<b>403</b>	_____
	State Children's Trust Fund for the Prevention of Child Abuse. ....		<b>404</b>	_____
	California Breast Cancer Research Fund. ....		<b>405</b>	_____
	California Firefighters' Memorial Fund. ....		<b>406</b>	_____
	Emergency Food For Families Fund. ....		<b>407</b>	_____
	California Peace Officer Memorial Foundation Fund. ....		<b>408</b>	_____
	California Sea Otter Fund. ....		<b>410</b>	_____
	Municipal Shelter Spay-Neuter Fund. ....		<b>412</b>	_____
	California Cancer Research Fund. ....		<b>413</b>	_____
	ALS/Lou Gehrig's Disease Research Fund. ....		<b>414</b>	_____
	Child Victims of Human Trafficking Fund. ....		<b>419</b>	_____
	California YMCA Youth and Government Fund. ....		<b>420</b>	_____
	California Youth Leadership Fund. ....		<b>421</b>	_____
	School Supplies for Homeless Children Fund. ....		<b>422</b>	_____
	State Parks Protection Fund/Parks Pass Purchase. ....		<b>423</b>	_____
<b>110</b>	Add code 400 through code 423. This is your total contribution. ....		<b>110</b>	_____

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

<b>Refund and Direct Deposit</b>	<b>115</b>	<b>REFUND OR NO AMOUNT DUE.</b> Subtract line 95 and line 110 from line 93 (see instructions). Mail to: <b>FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0009.</b> ....	<b>115</b>	_____ <b>0.</b>
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Fill in the information to authorize direct deposit of your refund into one or two accounts. **Do not** attach a voided check or a deposit slip (see instructions).

**Have you verified the routing and account numbers?** Use whole dollars only.

All or the following amount of my refund (line 115) is authorized for direct deposit into the account shown below:

_____	<input type="checkbox"/> Checking <input type="checkbox"/> Savings	_____	_____	<b>116</b>	Direct deposit amount
● Routing number	● Type	● Account number			

The remaining amount of my refund (line 115) is authorized for direct deposit into the account shown below:

_____	<input type="checkbox"/> Checking <input type="checkbox"/> Savings	_____	_____	<b>117</b>	Direct deposit amount
● Routing number	● Type	● Account number			

**2012 California Adjustments – Residents****CA (540)****Important:** Attach this schedule behind Form 540, Side 3 as a supporting California schedule.

Name(s) as shown on tax return

SSN or ITIN

**EX13F-CA, FULLTIME SECURITIES, MTM LOSS**

999-99-9999

**Part I Income Adjustment Schedule****Section A – Income**

	<b>A</b> Federal Amounts (taxable amounts from your federal tax return)	<b>B</b> Subtractions See instructions	<b>C</b> Additions See instructions
<b>7</b> Wages, salaries, tips, etc. See instructions before making an entry in column B or C.	<b>7</b>		
<b>8</b> Taxable interest (b) _____	<b>8a</b> 1,958.		
<b>9</b> Ordinary dividends. See instructions (b) 2,177.	<b>9a</b> 2,177.		
<b>10</b> Taxable refunds, credits, offsets of state and local income taxes	<b>10</b>		
<b>11</b> Alimony received	<b>11</b>		
<b>12</b> Business income or (loss) . . . <b>DEPRECIATION (3885A)</b>	<b>12</b> -30,260.		648.
<b>13</b> Capital gain or (loss). See instructions	<b>13</b> 23,746.		
<b>14</b> Other gains or (losses)	<b>14</b> -213,504.		
<b>15</b> IRA distributions. See instructions . (a) _____	<b>15b</b>		
<b>16</b> Pensions and annuities. See instructions . . . (a) _____	<b>16b</b>		
<b>17</b> Rental real estate, royalties, partnerships, S corporations, trusts, etc.	<b>17</b>		
<b>18</b> Farm income or (loss)	<b>18</b>		
<b>19</b> Unemployment compensation	<b>19</b>		
<b>20</b> Social security benefits . . . . . (a) <input type="checkbox"/>	<b>20b</b>		
<b>21</b> Other income.		a <input type="checkbox"/>	a <input type="checkbox"/>
<b>a</b> California lottery winnings		b <input type="checkbox"/>	b <input type="checkbox"/>
<b>b</b> Disaster loss carryover from FTB 3805V		c <input type="checkbox"/>	c <input type="checkbox"/>
<b>c</b> Federal NOL (Form 1040, line 21)		d 219,004.	d <input type="checkbox"/>
<b>d</b> NOL carryover from FTB 3805V		e <input type="checkbox"/>	e <input type="checkbox"/>
<b>e</b> NOL from FTB 3805D, 3805Z, 3806, 3807, or 3809		f <input type="checkbox"/>	f <input type="checkbox"/>
<b>f</b> Other (describe): _____			
<b>22 Total.</b> Combine line 7 through line 21 in column A. Add line 7 through line 21f in column B and column C. Go to Section B.	<b>22</b> -215,883.	219,004.	648.

**Section B – Adjustments to Income**

<b>23</b> Educator expenses	<b>23</b>		
<b>24</b> Certain business expenses of reservists, performing artists, and fee-basis government officials.	<b>24</b>		
<b>25</b> Health savings account deduction.	<b>25</b>		
<b>26</b> Moving expenses.	<b>26</b>		
<b>27</b> Deductible part of self-employment tax.	<b>27</b>		
<b>28</b> Self-employed SEP, SIMPLE, and qualified plans.	<b>28</b>		
<b>29</b> Self-employed health insurance deduction.	<b>29</b>		
<b>30</b> Penalty on early withdrawal of savings.	<b>30</b>		
<b>31 a</b> Alimony paid.			
<b>b</b> Recipient's: SSN <input type="checkbox"/>			
Last name <input type="checkbox"/>	<b>31 a</b>		
<b>32</b> IRA deduction.	<b>32</b>		
<b>33</b> Student loan interest deduction.	<b>33</b>		
<b>34</b> Tuition and fees.	<b>34</b>		
<b>35</b> Domestic production activities deduction.	<b>35</b>		
<b>36</b> Add line 23 through line 31a and line 32 through line 35 in columns A, B, and C. See instrs.	<b>36</b>		
<b>37 Total.</b> Subtract line 36 from line 22 in columns A, B, and C. See instructions.	<b>37</b> -215,883.	219,004.	648.

CAIA4012L 02/04/13



**Part II Adjustments to Federal Itemized Deductions**

<b>38</b>	Federal itemized deductions. Enter the amount from federal Schedule A (Form 1040), line 4, 9, 15, 19, 20, 27, and 28 .....	<b>38</b>	_____
<b>39</b>	Enter total of federal Schedule A (Form 1040), line 5 (State Disability Insurance, and state and local income tax, or General Sales Tax), and line 8 (foreign income taxes <b>only</b> ). See instructions. ....	<b>39</b>	_____
<b>40</b>	Subtract line 39 from line 38. ....	<b>40</b>	_____
<b>41</b>	Other adjustments including California lottery losses. See instructions. Specify. ...	<b>41</b>	_____
<b>42</b>	Combine line 40 and line 41. ....	<b>42</b>	_____
<b>43</b>	<b>Is your federal AGI (Form 540, line 13) more than the amount shown below for your filing status?</b>		
	Single or married/RDP filing separately. ....	<b>\$169,730</b>	
	Head of household. ....	<b>\$254,599</b>	
	Married/RDP filing jointly or qualifying widow(er). ....	<b>\$339,464</b>	
<b>No.</b>	Transfer the amount on line 42 to line 43.		
<b>Yes.</b>	Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540), line 43. ....	<b>43</b>	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>
<b>44</b>	<b>Enter the larger of the amount on line 43 or your standard deduction listed below</b>		
	Single or married/RDP filing separately. ....	<b>\$3,841</b>	
	Married/RDP filing jointly, head of household, or qualifying widow(er). ....	<b>\$7,682</b>	
	Transfer the amount on line 44 to Form 540, line 18. ....	<b>44</b>	<div style="border: 1px solid black; width: 100px; height: 20px; text-align: center;">3,841.</div>

Demo

2012

Alternative Minimum Tax and  
Credit Limitations – Residents

P (540)

Attach this schedule to Form 540.

Names as shown on Form 540

Your SSN or ITIN

EX13F-CA, FULLTIME SECURITIES, MTM LOSS

999-99-9999

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

1	If you itemized deductions, go to line 2. If you did not itemize deductions, enter your standard deduction from Form 540, line 18, and go to line 6.	1	3,841.
2	Medical and dental expense. Enter the smaller of Schedule A (Form 1040), line 4, or 2-1/2% (.025) of Form 1040, line 37.	2	
3	Personal property taxes and real property taxes. See instructions.	3	
4	Certain interest on a home mortgage <b>not</b> used to buy, build, or improve your home. See instructions.	4	
5	Miscellaneous itemized deductions. See instructions.	5	
6	Refund of personal property taxes and real property taxes. See instructions.	6	
<b>Do not</b> include your state income tax refund on this line.			
7	Investment interest expense adjustment. See instructions.	7	
8	Post-1986 depreciation. See instructions.	8	81.
9	Adjusted gain or loss. See instructions.	9	
10	Incentive stock options and California qualified stock options (CQSOs). See instructions.	10	
11	Passive activities adjustment. See instructions.	11	
12	Beneficiaries of estates and trusts. Enter the amount from Schedule K-1 (541), line 12a.	12	
13	Other adjustment and preferences. Enter the amount, if any, for each item, a through l, and enter the total on line 13. See instructions.		
a	Circulation expenditures.	g	Mining costs.
b	Depletion.	h	Patron's adjustment.
c	Installment sales.	i	Research and experimental.
d	Intangible drilling costs.	j	Pollution control facilities.
e	Long-term contracts.	k	Tax shelter farm activities.
f	Loss limitations.	l	Related adjustments.
		13	
14	Total Adjustments and Preferences. Combine line 1 through line 13.	14	3,922.
15	Enter taxable income from Form 540, line 19. See instructions.	15	-438,080.
16	Net operating loss (NOL) deductions from Schedule CA (540), line 21d and line 21e, column B. Enter as a positive amount.	16	219,004.
17	AMTI exclusion. See instructions.	17	0.
18	If your federal adjusted gross income (AGI) is less than the amount for your filing status (listed below), skip this line and go to line 19. If you itemized deductions and your federal AGI is more than the amount for your filing status, see instructions.	18	
	Single or married/RDP filing separately		\$169,730
	Married/RDP filing jointly or qualifying widow(er)		\$339,464
	Head of household		\$254,599
19	Combine line 14 through line 18.	19	-215,154.
20	Alternative minimum tax NOL deduction. See instructions.	20	
21	<b>Alternative Minimum Taxable Income.</b> Subtract line 20 from line 19 (if married/RDP filing separately and line 21 is more than \$322,495 see instructions).	21	-215,154.

**Part II Alternative Minimum Tax (AMT)**

22	<b>Exemption Amount.</b> (If this schedule is for a certain child under age 24, see instructions.)		
	<b>If your filing status is:</b>	<b>And line 21 is not over:</b>	<b>Enter on line 22:</b>
	Single or head of household	\$ 234,072	\$ 62,420
	Married/RDP filing jointly or qualifying widow(er)	312,095	83,225
	Married/RDP filing separately	156,047	41,612
			62,420.
	If Part I, line 21 is more than the amount shown above for your filing status, see instructions.		
23	Subtract line 22 from line 21. If zero or less, enter -0-.	23	0.
24	Tentative Minimum Tax. Multiply line 23 by 7.0% (.07).	24	
25	Regular tax before credits from Form 540, line 31.	25	0.
26	<b>Alternative Minimum Tax.</b> Subtract line 25 from line 24. If zero or less, enter -0- here and on Form 540, line 61. If more than zero, enter here and on Form 540, line 61. If you make estimated tax payments for taxable year 2013, enter amount from line 26 on the 2013 Form 540-ES, Estimated Tax Worksheet, line 16. (Exception: If you have carryover credit for solar energy or commercial solar energy, first enter the result on Side 2, Part III, Section C, line 24 or 25.)	26	0.

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

1	Enter the amount from Form 540, line 35.....	1	0.
2	Enter the tentative minimum tax from Side 1, Part II, line 24.....	2	

	(a) Credit amount	(b) Credit used this year	(c) Tax balance that may be offset by credits	(d) Credit carryover
<b>Section A – Credits that reduce excess tax.</b>				
3	Subtract line 2 from line 1. If zero or less enter -0- and see instructions. This is your excess tax which may be offset by credits.....		0.	
<b>A1</b>	<b>Credits that reduce excess tax and have no carryover provisions.</b>			
4	Code: 162 Prison inmate labor credit (FTB 3507).....			
5	Code: 169 Enterprise zone employee credit (FTB 3553).....			
6	Code: _____ New Home Credit or First Time Buyer Credit ...			
7	Code: 232 Child and dependent care expenses credit (FTB 3506).....			
<b>A2</b>	<b>Credits that reduce excess tax and have carryover provisions. See instructions.</b>			
8	Code: <input type="checkbox"/> Credit Name: _____			<input type="checkbox"/>
9	Code: <input type="checkbox"/> Credit Name: _____			<input type="checkbox"/>
10	Code: <input type="checkbox"/> Credit Name: _____			<input type="checkbox"/>
11	Code: <input type="checkbox"/> Credit Name: _____			<input type="checkbox"/>
12	Code: 188 Credit for prior year alternative minimum tax.....	<input type="checkbox"/>		<input type="checkbox"/>
<b>Section B – Credits that may reduce tax below tentative minimum tax.</b>				
13	If Part III, line 3 is zero, enter the amount from line 1. If line 3 is more than zero, enter the total of line 2 and the last entry in column (c).....			
<b>B1</b>	<b>Credits that reduce net tax and have no carryover provisions.</b>			
14	Code: 170 Credit for joint custody head of household..			
15	Code: 173 Credit for dependent parent.....			
16	Code: 163 Credit for senior head of household.....			
17	Nonrefundable renter's credit.....	60.		
<b>B2</b>	<b>Credits that reduce net tax and have carryover provisions. See instructions.</b>			
18	Code: <input type="checkbox"/> Credit Name: _____			<input type="checkbox"/>
19	Code: <input type="checkbox"/> Credit Name: _____			<input type="checkbox"/>
20	Code: <input type="checkbox"/> Credit Name: _____			<input type="checkbox"/>
21	Code: <input type="checkbox"/> Credit Name: _____			<input type="checkbox"/>
<b>B3</b>	<b>Other state tax credit.</b>			
22	Code: 187 Other state tax credit.....			
<b>Section C – Credits that may reduce alternative minimum tax.</b>				
23	Enter your alternative minimum tax from Side 1, Part II, line 26.....			
24	Code: 180 Solar energy credit carryover from Section B2, column (d).....			<input type="checkbox"/>
25	Code: 181 Commercial solar energy credit carryover from Section B2, column (d).....			<input type="checkbox"/>
26	Adjusted AMT. Enter the balance from line 25, column (c) here and on Form 540, line 61.....			

**2012 Investment Interest Expense Deduction****3526**

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

Name(s) as shown on return

SSN, ITIN, or FEIN

**EX13F-CA, FULLTIME SECURITIES, MTM LOSS****999-99-9999**

<b>1</b>	Investment interest expense paid or accrued in 2012. See instructions .....	<b>1</b>	<u>796.</u>
<b>2</b>	Disallowed investment interest expense from 2011 form FTB 3526, line 7. If zero or less, enter -0-.....	<b>2</b>	<u>0.</u>
<b>3</b>	Total investment interest expense. Add line 1 and line 2 .....	<b>3</b>	<u>796.</u>
<b>4a</b>	Gross income from property held for investment (excluding any net gain from the disposition of property held for investment). See instructions.....	<b>4a</b>	<u>4,135.</u>
<b>4b</b>	Net gain from the disposition of property held for investment. See instructions....	<b>4b</b>	<u>23,746.</u>
<b>4c</b>	Net capital gain from the disposition of property held for investment. See instructions .....	<b>4c</b>	<u>23,746.</u>
<b>4d</b>	Subtract line 4c from line 4b. If zero or less, enter -0-.....	<b>4d</b>	<u>0.</u>
<b>4e</b>	Enter all or part of the amount on line 4c that you elect to include in investment income. <b>Do not</b> include more than the amount on line 4b. See instructions.....	<b>4e</b>	<u>23,746.</u>
<b>4f</b>	Investment income. Add line 4a, line 4d, and line 4e.....	<b>4f</b>	<u>27,881.</u>
<b>5</b>	Investment expenses. See instructions.....	<b>5</b>	<u></u>
<b>6</b>	Net investment income. Subtract line 5 from line 4f.....	<b>6</b>	<u>27,881.</u>
<b>7</b>	Disallowed investment interest expense to be carried forward to 2013. Subtract line 6 from line 3. If zero or less, enter -0-.....	<b>7</b>	<u>0.</u>
<b>8</b>	Investment interest expense deduction. Enter the smaller of line 3 or line 6. Form 541 filers, stop here and see instructions. All other filers, go to line 9.....	<b>8</b>	<u>796.</u>
<b>9</b>	Enter the amount from federal Form 4952, line 8 .....	<b>9</b>	<u>796.</u>
<b>10</b>	California investment interest expense deduction adjustment. Enter the difference between line 8 and line 9. See instructions .....	<b>10</b>	<u></u>

Demo

2012

# Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates, and Trusts

3805V

Attach to your California tax return.

Names as shown on return

SSN or ITIN

999-99-9999

FEIN

## EX13F-CA, FULLTIME SECURITIES, MTM LOSS

**Part I** Computation of Current Year NOL for Individuals, Estates, and Trusts. If you do not have a current year NOL, go to Part II.

### Section A — California Residents Only (Nonresidents go to Section B.)

1	Adjusted gross income from 2012 Form 540, line 17. If negative, use brackets. Estates and Trusts, begin on line 3	1	( 434,239.)
2	Itemized deductions or standard deduction from 2012 Form 540, line 18	2	( 3,841.)
3a	Combine line 1 and line 2. (Estates and Trusts, enter taxable income, see instructions.) If negative, use brackets. If positive, enter -0- here and on line 25. <b>Do not</b> complete the rest of Section A. You do not have a current year NOL. Complete Part II and Part III if you have a carryover from prior years	3a	( 438,080.)
b	2012 designated disaster loss included in line 3a. Enter as a positive number	3b	0.
c	Combine line 3a and line 3b. If negative, use brackets and continue to line 4. If zero or more, <b>do not</b> complete the rest of Part I. Enter the amount from line 3b, if any, in Part III, line 3, column (d) and complete Part II and Part III as instructed	3c	( 438,080.)
Enter amounts on line 4 through line 24 as if they were all <b>positive</b> numbers. See instructions.			
4	Nonbusiness capital losses	4	
5	Nonbusiness capital gains. See instructions	5	23,746.
6	If line 4 is more than line 5, enter the difference; otherwise, enter -0-	6	0.
7	If line 4 is less than line 5, enter the difference; otherwise, enter -0-	7	23,746.
8	Nonbusiness deductions	8	3,841.
9	Nonbusiness income other than capital gains	9	4,135.
10	Add line 7 and line 9	10	27,881.
11	If line 8 is more than line 10, enter the difference; otherwise, enter -0-	11	0.
12	If line 8 is less than line 10, enter the difference; otherwise, enter -0-	12	24,040.
13	Business capital losses	13	
14	Business capital gains	14	
15	Add line 12 and line 14	15	24,040.
16	If line 13 is more than line 15, enter the difference; otherwise, enter -0-	16	0.
17	Add line 6 and line 16	17	
18	Enter the loss, if any, from line 8 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 9, column (c), of Schedule D (541). If you do not have a loss on that line, skip line 18 through line 21 and enter on line 22 the amount from line 17	18	
19	Enter the loss, if any, from line 9 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 10 of Schedule D (541). Enter as a positive number	19	0.
20	If line 18 is more than line 19, enter the difference; otherwise, enter -0-	20	0.
21	If line 19 is more than line 18, enter the difference; otherwise enter -0-	21	0.
22	Subtract line 20 from line 17. If zero or less, enter -0-	22	0.
23	NOL and disaster loss carryovers from prior years. See instructions	23	219,004.
24	Add lines 11, 21, 22, and 23	24	219,004.
25	<b>2012 NOL carryover.</b> Combine line 3c and line 24. If more than zero, enter -0-. You do not have a current year NOL to carryover	25	( 219,076.)

## Section B – Nonresidents and Part-Year Residents Only – Computation of Current Year California NOL

	A Enter total amounts as if you were a <b>CA resident for entire year.</b>	B Enter amounts earned or received from CA sources if you were a <b>nonresident</b> for the entire year.	C Enter amounts earned or received during the portion of the year you were a <b>CA resident.</b>	D Enter amounts earned or received from CA sources during the portion of the year you were a <b>nonresident.</b>	E <b>Total</b> Combine columns C and D
<b>1</b> Adjusted gross income. See instructions If negative, use brackets. . . . . <b>1</b>					
<b>2</b> Itemized deductions or standard deduction. See instructions. . . . . <b>2</b>					
<b>3a</b> Combine line 1 and line 2. See instructions. . . . . <b>3a</b>					
<b>b</b> 2012 designated disaster loss included in line 3a. Enter as a positive number. . . . . <b>3b</b>					
<b>c</b> Combine line 3a and line 3b. If negative, use brackets and continue to line 4. . . . . <b>3c</b>					
Enter amounts on line 4 through line 24 as if they were all <b>positive</b> numbers.					
<b>4</b> Nonbusiness capital losses. . . . . <b>4</b>					
<b>5</b> Nonbusiness capital gains. . . . . <b>5</b>					
<b>6</b> If line 4 is more than line 5, enter the difference; otherwise, enter -0- . . . . . <b>6</b>					
<b>7</b> If line 4 is less than line 5, enter the difference; otherwise, enter -0- . . . . . <b>7</b>					
<b>8</b> Nonbusiness deductions. . . . . <b>8</b>					
<b>9</b> Nonbusiness income other than capital gains. . . . . <b>9</b>					
<b>10</b> Add line 7 and line 9. . . . . <b>10</b>					
<b>11</b> If line 8 is more than line 10, enter the difference; otherwise, enter -0- . . . . . <b>11</b>					
<b>12</b> If line 8 is less than line 10, enter the difference; otherwise, enter -0- . . . . . <b>12</b>					
<b>13</b> Business capital losses. . . . . <b>13</b>					
<b>14</b> Business capital gains. . . . . <b>14</b>					
<b>15</b> Add line 12 and line 14. . . . . <b>15</b>					
<b>16</b> If line 13 is more than line 15, enter the difference; otherwise, enter -0-. . . . . <b>16</b>					
<b>17</b> Add line 6 and line 16. . . . . <b>17</b>					
<b>18</b> Enter the loss, if any, from line 4 of Schedule D (540NR) worksheet for nonresidents and part-year residents. See instructions. . . . . <b>18</b>					
<b>19</b> Enter the loss, if any, from line 5 of Schedule D (540NR) worksheet for nonresidents and part-year residents. Enter as a positive number. . . . . <b>19</b>					
<b>20</b> If line 18 is more than line 19, enter the difference; otherwise, enter -0-. . . . . <b>20</b>					
<b>21</b> If line 19 is more than line 18, enter the difference; otherwise, enter -0-. . . . . <b>21</b>					
<b>22</b> Subtract line 20 from line 17. If zero or less, enter -0-. . . . . <b>22</b>					
<b>23</b> NOL and disaster loss carryovers from prior years. . . . . <b>23</b>					
<b>24</b> Add lines 11, 21, 22, and 23. . . . . <b>24</b>					
<b>25</b> <b>2012 NOL carryover.</b> Combine line 3c and line 24. If more than zero, enter -0-. . . . . <b>25</b>					

**Part II Determine 2012 Modified Taxable Income (MTI).** Be sure to read the instructions for Part II.

1	Taxable income. See instructions.....	1	( 438,080.)
Enter amounts on line 2 through line 4 as if they were all <b>positive</b> numbers.			
2	Capital loss deduction included in line 1.....	2	
3	Disaster loss carryover included in line 1.....	3	
4	NOL carryover included in line 1.....	4	219,004.
5	MTI. Combine line 1 through line 4. If line 5 is zero or less, enter -0-.....	5	0.

**Part III NOL Carryover and Disaster Loss Carryover Limitations.** See Instructions.

		(g) Available balance	
1	MTI from Part II, line 5.....	1	

**Prior Year NOLs**

(a) Year of loss	(b) Code	(c) Type of NOL* See below	(d) Initial Loss	(e) Carryover from 2011	(f) Amount used in 2012	(g) Available balance	(h) Carryover to 2013 subtract column (f) from column (e)
2011		GEN	219,004.	219,004.	0.	0.	219,004.

**Current Year NOLs**

3	2012		DIS				
4	2012		GEN	219,076.			219,076.
	2012						
	2012						
	2012						

\*Type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), or Disaster (DIS).

5	NOL carryover. Add the carryover amounts in column (h) that are not the result of a disaster loss.....	5	438,080.
6	Disaster loss carryover. Enter the total loss carryover amounts in column (h) that are the result of disaster losses.....	6	

2012

Net Operating Loss (NOL) Computation and NOL and  
Disaster Loss Limitations — Individuals, Estates, and Trusts

3805V

Attach to your California tax return.

Names as shown on return

SSN or ITIN

999-99-9999

FEIN

## EX13F-CA, FULLTIME SECURITIES, MTM LOSS

**Part I** Computation of Current Year NOL for Individuals, Estates, and Trusts. If you do not have a current year NOL, go to Part II.**Section A — California Residents Only** (Nonresidents go to Section B.)

1	Adjusted gross income from 2012 Form 540, line 17. If negative, use brackets. Estates and Trusts, begin on line 3 .....	1	_____
2	Itemized deductions or standard deduction from 2012 Form 540, line 18. ....	2	_____
3a	Combine line 1 and line 2. (Estates and Trusts, enter taxable income, see instructions.) If negative, use brackets. If positive, enter -0- here and on line 25. <b>Do not</b> complete the rest of Section A. You do not have a current year NOL. Complete Part II and Part III if you have a carryover from prior years. ....	AMTI BEFORE NOL	3a ( 215,154. )
b	2012 designated disaster loss included in line 3a. Enter as a positive number. ....	3b	0.
c	Combine line 3a and line 3b. If negative, use brackets and continue to line 4. If zero or more, <b>do not</b> complete the rest of Part I. Enter the amount from line 3b, if any, in Part III, line 3, column (d) and complete Part II and Part III as instructed. ....	3c	( 215,154. )

Enter amounts on line 4 through line 24 as if they were all **positive** numbers. See instructions.

4	Nonbusiness capital losses. ....	4	_____
5	Nonbusiness capital gains. See instructions. ....	5	23,746.
6	If line 4 is more than line 5, enter the difference; otherwise, enter -0- ....	6	0.
7	If line 4 is less than line 5, enter the difference; otherwise, enter -0- ....	7	23,746.
8	Nonbusiness deductions. ....	8	_____
9	Nonbusiness income other than capital gains. ....	9	4,135.
10	Add line 7 and line 9. ....	10	27,881.
11	If line 8 is more than line 10, enter the difference; otherwise, enter -0- ....	11	0.
12	If line 8 is less than line 10, enter the difference; otherwise, enter -0- ....	12	27,881.
13	Business capital losses. ....	13	_____
14	Business capital gains. ....	14	_____
15	Add line 12 and line 14. ....	15	27,881.
16	If line 13 is more than line 15, enter the difference; otherwise, enter -0- ....	16	0.
17	Add line 6 and line 16. ....	17	_____
18	Enter the loss, if any, from line 8 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 9, column (c), of Schedule D (541). If you do not have a loss on that line, skip line 18 through line 21 and enter on line 22 the amount from line 17. ....	18	_____
19	Enter the loss, if any, from line 9 of Schedule D (540). Estates and Trusts, enter the loss, if any, from line 10 of Schedule D (541). Enter as a positive number. ...	19	0.
20	If line 18 is more than line 19, enter the difference; otherwise, enter -0- ....	20	0.
21	If line 19 is more than line 18, enter the difference; otherwise enter -0- ....	21	0.
22	Subtract line 20 from line 17. If zero or less, enter -0- ....	22	0.
23	NOL and disaster loss carryovers from prior years. See instructions. ....	23	_____
24	Add lines 11, 21, 22, and 23. ....	24	_____
25	<b>2012 NOL carryover.</b> Combine line 3c and line 24. If more than zero, enter -0-. You do not have a current year NOL to carryover. ....	25	( 215,154. )



## EX13F-CA, FULLTIME SECURITIES, MTM LOSS

999-99-9999

## Section B – Nonresidents and Part-Year Residents Only – Computation of Current Year California NOL

	A Enter total amounts as if you were a <b>CA resident for entire year.</b>	B Enter amounts earned or received from CA sources if you were a <b>nonresident</b> for the entire year.	C Enter amounts earned or received during the portion of the year you were a <b>CA resident.</b>	D Enter amounts earned or received from CA sources during the portion of the year you were a <b>nonresident.</b>	E <b>Total</b> Combine columns C and D
<b>1</b> Adjusted gross income. See instructions If negative, use brackets. . . . . <b>1</b>					
<b>2</b> Itemized deductions or standard deduction. See instructions. . . . . <b>2</b>					
<b>3a</b> Combine line 1 and line 2. See instructions. . . . . <b>3a</b>					
<b>b</b> 2012 designated disaster loss included in line 3a. Enter as a positive number. . . . . <b>3b</b>					
<b>c</b> Combine line 3a and line 3b. If negative, use brackets and continue to line 4. . . . . <b>3c</b>					
Enter amounts on line 4 through line 24 as if they were all <b>positive</b> numbers.					
<b>4</b> Nonbusiness capital losses. . . . . <b>4</b>					
<b>5</b> Nonbusiness capital gains. . . . . <b>5</b>					
<b>6</b> If line 4 is more than line 5, enter the difference; otherwise, enter -0- <b>6</b>					
<b>7</b> If line 4 is less than line 5, enter the difference; otherwise, enter -0- <b>7</b>					
<b>8</b> Nonbusiness deductions. . . . . <b>8</b>					
<b>9</b> Nonbusiness income other than capital gains. . . . . <b>9</b>					
<b>10</b> Add line 7 and line 9. . . . . <b>10</b>					
<b>11</b> If line 8 is more than line 10, enter the difference; otherwise, enter -0- <b>11</b>					
<b>12</b> If line 8 is less than line 10, enter the difference; otherwise, enter -0- <b>12</b>					
<b>13</b> Business capital losses. . . . . <b>13</b>					
<b>14</b> Business capital gains. . . . . <b>14</b>					
<b>15</b> Add line 12 and line 14. . . . . <b>15</b>					
<b>16</b> If line 13 is more than line 15, enter the difference; otherwise, enter -0-. . . . . <b>16</b>					
<b>17</b> Add line 6 and line 16. . . . . <b>17</b>					
<b>18</b> Enter the loss, if any, from line 4 of Schedule D (540NR) worksheet for nonresidents and part-year residents. See instructions. . . . . <b>18</b>					
<b>19</b> Enter the loss, if any, from line 5 of Schedule D (540NR) worksheet for nonresidents and part-year residents. Enter as a positive number. . . . . <b>19</b>					
<b>20</b> If line 18 is more than line 19, enter the difference; otherwise, enter -0-. . . . . <b>20</b>					
<b>21</b> If line 19 is more than line 18, enter the difference; otherwise, enter -0-. . . . . <b>21</b>					
<b>22</b> Subtract line 20 from line 17. If zero or less, enter -0-. . . . . <b>22</b>					
<b>23</b> NOL and disaster loss carryovers from prior years. . . . . <b>23</b>					
<b>24</b> Add lines 11, 21, 22, and 23. . . . . <b>24</b>					
<b>25</b> 2012 NOL carryover. Combine line 3c and line 24. If more than zero, enter -0-. . . . . <b>25</b>					

**Part II Determine 2012 Modified Taxable Income (MTI).** Be sure to read the instructions for Part II. **AMT COPY**

1	Taxable income. See instructions. <b>AMTI BEFORE ATNOLD (SCH. P, LINE 19)</b>	1	( 215,154.)
Enter amounts on line 2 through line 4 as if they were all <b>positive</b> numbers.			
2	Capital loss deduction included in line 1	2	
3	Disaster loss carryover included in line 1	3	
4	NOL carryover included in line 1	4	
5	MTI. Combine line 1 through line 4. If line 5 is zero or less, enter -0-	5	0.
<b>ATNOLD LIMITATION PERCENTAGE</b>			90

**Part III NOL Carryover and Disaster Loss Carryover Limitations.** See Instructions.

		(g) Available balance	
1	MTI from Part II, line 5	1	

**Prior Year NOLs**

(a) Year of loss	(b) Code	(c) Type of NOL* See below	(d) Initial Loss	(e) Carryover from 2011	(f) Amount used in 2012	(g) Available balance	(h) Carryover to 2013 subtract column (f) from column (e)
2011		GEN	215,154.	215,154.	0.	0.	215,154.

**Current Year NOLs**

3	2012	DIS					
4	2012	GEN	215,154.				215,154.
	2012						
	2012						
	2012						

\*Type of NOL: General (GEN), New Business (NB), Eligible Small Business (ESB), or Disaster (DIS).

5	NOL carryover. Add the carryover amounts in column (h) that are not the result of a disaster loss.	5	430,308.
6	Disaster loss carryover. Enter the total loss carryover amounts in column (h) that are the result of disaster losses	6	

2012

## Depreciation and Amortization Adjustments

**Do not complete this form if your California depreciation amounts are the same as federal amounts.**

CALIFORNIA FORM

3885A

Name(s) as shown on tax return

SSN or ITIN

EX13F-CA, FULLTIME SECURITIES, MTM LOSS

999-99-9999

**Part I** Identify the Activity as Passive or Nonpassive. (See instructions.)

Business or activity to which form FTB 3885A relates	
--	--

- 1 ☐ This form is being completed for a passive activity.  
☒ This form is being completed for a nonpassive activity.

SCHEDULE C

## Part II Election to Expense Certain Tangible Property (IRC Section 179).

- 2** Enter the amount from line 12 of the Tangible Property Expense Worksheet in the instructions. . . . . **2**

## Part III Depreciation

[illegible]

- |    |  |     |        |
|----|--|-----|--------|
| 4  | Add the amounts on line 3, column (f) .....  | 4   | 1,182. |
| 5  | California depreciation for assets placed in service prior to 2012.....                                | 5   |        |
| 6  | Total California depreciation from this activity. Add the amounts on line 2, line 4, and line 5.....   | 6   | 1,182. |
| 7  | Total federal depreciation from this activity. Enter depreciation from federal Form 4562, line 22..... | 7   | 1,830. |
| 8a | If line 6 is <b>more</b> than line 7, enter the difference here and see instructions .....             | 8 a |        |
| b  | If line 6 is <b>less</b> than line 7, enter the difference here and see instructions .....             | 8 b | 648.   |

## Part IV Amortization

[illegible]

- |            |  |            |
|------------|--|------------|
| <b>10</b>  | Total California amortization from this activity. Add the amounts on line 9, column (f).....           | <b>10</b>  |
| <b>11</b>  | California amortization of costs that began before 2012 .....  | <b>11</b>  |
| <b>12</b>  | Total California amortization from this activity. Add the amounts on line 10 and line 11.....          | <b>12</b>  |
| <b>13</b>  | Total federal amortization from this activity. Enter amortization from federal Form 4562, line 44..... | <b>13</b>  |
| <b>14a</b> | If line 12 is <b>more</b> than line 13, enter the difference here and see instructions.....            | <b>14a</b> |
| <b>b</b>   | If line 12 is <b>less</b> than line 13, enter the difference here and see instructions.....            | <b>14b</b> |

12/31/12

## 2012 California Depreciation Schedule

Page 1

Client EX13F-CA

EX13F-CA, Fulltime Securities, MTM loss

999-99-9999

2/11/13

09:14AM

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 - EX13F-CA, Fulltime Securities, MTM loss																
Machinery and Equipment																
1	Trading computer	Various		1,620							1,620		200DB HY	5	.20000	324
	Total Machinery and Equipment			1,620		0	0	0	0	0	1,620	0				324
Miscellaneous																
2	Trading software	Various		2,575							2,575		S/L	3		858
	Total Miscellaneous			2,575		0	0	0	0	0	2,575	0				858
	Total Depreciation			4,195		0	0	0	0	0	4,195	0				1,182
	Grand Total Depreciation			4,195		0	0	0	0	0	4,195	0				1,182

12/31/12

## 2012 California Alternative Minimum Tax Depreciation Schedule

Page 1

Client EX13F-CA

EX13F-CA, Fulltime Securities, MTM loss

999-99-9999

2/11/13

09:14AM

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 - EX13F-CA, Fulltime Securities, MTM loss															
Machinery and Equipment															
1	Trading computer	Various		1,620		150DB HY	5	.15000	243	324		81			0
	Total Machinery and Equipment			1,620	0				243	324		81	0	0	0
Miscellaneous															
2	Trading software	Various		2,575					858	858					0
	Total Miscellaneous			2,575	0				858	858		0	0	0	0
	Total Depreciation			4,195	0				1,101	1,182		81	0	0	0
	Grand Total Depreciation			4,195	0				1,101	1,182		81	0	0	0

Demo

**2012**

## **Federal Filing Instructions**

**Client EX13F-CA**

**EX13F-CA, Fulltime Securities, MTM loss**

**999-99-9999**

2/11/13

09:14AM

**FORM TO FILE:**

Form 3115 - Application for Change in Accounting Method

**SIGNATURE:**

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



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
<b>1</b> 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 ▶ _____		
<b>2</b> 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. . . . .		
<b>Note.</b> 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
<b>3</b> 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.		
<b>4a</b> 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>b</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
<b>4c</b> 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	
<b>d</b> 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	
<b>e</b> 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	
<b>f</b> 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) ► _____		
<b>g</b> Has a copy of this Form 3115 been provided to the examining agent identified on line 4f? . . . . .	N/A	
<b>5a</b> 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>b</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	
<b>c</b> 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.		
<b>6</b> 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 <b>(a)</b> name, <b>(b)</b> identification number, <b>(c)</b> address, and <b>(d)</b> tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.		
<b>7</b> 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 <b>not</b> eligible to make the change.		
<b>8a</b> 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>b</b> If "Yes," attach an explanation.		
<b>9a</b> 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>b</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.		
<b>c</b> 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.		
<b>10a</b> 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>b</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).		
<b>11</b> Is the applicant requesting to change its <b>overall</b> 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.		
<b>Present method:</b> <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		
<b>Proposed method:</b> <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		



<b>Part II Information For All Requests (continued)</b>					<b>Yes</b>	<b>No</b>
<b>12</b>	If the applicant is either (i) <b>not</b> 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:					
<b>a</b>	The item(s) being changed. <u>elected IRC 475(f)(1) for trading securities</u>					
<b>b</b>	The applicant's present method for the item(s) being changed. <u>Cash</u>					
<b>c</b>	The applicant's proposed method for the item(s) being changed. <u>IRC Sec. 475(f) mark to market</u>					
<b>d</b>	The applicant's present overall method of accounting (cash, accrual, or hybrid). <u>** Keep using cash for business expenses</u>					
<b>13</b>	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>					
<b>14</b>	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.					
<b>15a</b>	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>b</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.					
<b>16</b>	Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response?					
<b>17</b>	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.			
	\$	\$	\$			
<b>Part III Information For Advance Consent Request</b> <span style="float: right;">N/A</span>					<b>Yes</b>	<b>No</b>
<b>18</b>	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.					
<b>19</b>	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.					
<b>20</b>	Attach a copy of all documents related to the proposed change (see instructions).					
<b>21</b>	Attach a statement of the applicant's reasons for the proposed change.					
<b>22</b>	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.					
<b>23a</b>	Enter the amount of <b>user fee</b> attached to this application (see instructions). ► \$					
<b>b</b>	If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).					
<b>Part IV Section 481(a) Adjustment</b>					<b>Yes</b>	<b>No</b>
<b>24</b>	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.					
<b>25</b>	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>					

	<b>Part IV Section 481(a) Adjustment</b> (continued)	<b>Yes</b>	<b>No</b>
<b>26</b>	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
<b>27</b>	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.)

	<b>Part I Change in Overall Method</b> (see instructions)	
<b>1</b>	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.	
		<b>Amount</b>
<b>a</b>	Income accrued but not received (such as accounts receivable) . . . . .	\$
<b>b</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 . . . . .	
<b>c</b>	Expenses accrued but not paid (such as accounts payable) . . . . .	
<b>d</b>	Prepaid expenses previously deducted . . . . .	
<b>e</b>	Supplies on hand previously deducted and/or not previously reported . . . . .	
<b>f</b>	Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II . . . . .	
<b>g</b>	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. ► . . . . .	
<b>h</b>	<b>Net section 481(a) adjustment</b> (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. . . . .	\$
<b>2</b>	Is the applicant also requesting the recurring item exception under section 461(h)(3)? . . . . .	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>3</b>	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.	

	<b>Part II Change to the Cash Method For Advance Consent Request</b> (see instructions)	
	Applicants requesting a change to the cash method must attach the following information:	N / A
<b>1</b>	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.	
<b>2</b>	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

<b>1</b>	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:
<b>a</b>	A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
<b>b</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.
<b>c</b>	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.
<b>2</b>	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.
<b>a</b>	A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
<b>b</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).
<b>c</b>	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).
<b>d</b>	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              |
| <b>Identification methods:</b>               |                         |                 |                             |
| Specific identification . . . . .            |                         |                 |                             |
| FIFO . . . . .                               |                         |                 |                             |
| LIFO . . . . .                               |                         |                 |                             |
| Other (attach explanation) . . . . .         |                         |                 |                             |
| <b>Valuation methods:</b>                    |                         |                 |                             |
| 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
<b>1</b> Marketing, selling, advertising, and distribution expenses . . . . .		
<b>2</b> Research and experimental expenses not included in Section B, line 26 . . . . .		
<b>3</b> Bidding expenses not included in Section B, line 22 . . . . .		
<b>4</b> General and administrative costs not included in Section B . . . . .		
<b>5</b> Income taxes . . . . .		
<b>6</b> Cost of strikes . . . . .		
<b>7</b> Warranty and product liability costs . . . . .		
<b>8</b> Section 179 costs . . . . .		
<b>9</b> On-site storage . . . . .		
<b>10</b> Depreciation, amortization, and cost recovery allowance not included in Section B, line 11 . . . . .		
<b>11</b> 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.