

Hello Everyone,

Hopefully this last year has been kind to all of you. This year we embark on a journey of change. Winston Churchill once stated, "Life can either be accepted or changed. If it is not accepted, it must be changed. If it cannot be changed, then it must be accepted." This stands true this year as IRS has decided to not only make more changes they decided to add more work for all of us. In addition to the normal changes every year they added new tax forms and are requiring more documentation than ever to claim certain deductions.

There are several areas that we have harped on for several years that are getting critical for those of you who take these deductions; **business use of auto, business lunches and meals, contributions to charities in money and non-cash donations.** Please start to get your documentation together, because if you don't have your records I cannot take the deduction. The IRS is now assessing a \$5000 penalty per tax return for any return prepared that does not have a copy of documentation backing up the deduction.



IRS is basically making the tax preparer an unpaid IRS auditor. With the new requirement to be a registered Preparer, we are subject to all the rules of the CPA's and enrolled agents which is going to help get rid of a lot of unqualified preparers. Unfortunately it also takes away a lot of grey areas no longer subject to individual interpretation, without the risk of a very large penalty by the IRS and possible loss of my being allowed to prepare tax returns. This does not mean that I am going to stop taking deductions that I feel are allowable that are not black or white, if I feel they are allowable.

Another deduction being highly checked out this year is exemptions. If you are divorced and your child does not live in your home for more than 183 days a year, you need your ex-spouse to sign off on the form 8332 allowing you to claim your child as a dependent. This is even the case if you have a divorce decree stating that you get the deduction in 2011. Every year I have custodial spouses who take the deduction for the child even though the divorce decree says the other spouse get the deduction. The IRS will not honor divorce decree arrangements. You need to cover yourself.

We look forward to seeing all of you again. Be sure to call for your appointment as early as possible. Have a great Christmas and holiday season.

Sincerely,

David H Horning

2011 Tax Planning & Tips

The tax laws continue to provide opportunities for the wise and traps for the unwary. Often, tax savings can be achieved by taking action before the year-end. The information and strategies discussed herein may or may not be appropriate for your situation. Remember to consult with your tax professional before implementing them.

Stay Tuned – Additional Changes Coming?

More than ever, year-end tax planning for 2011 will be done in a highly uncertain legislative environment. The President and Congress are discussing numerous proposals designed to stimulate the economy. Also, before year-end, the Joint Select Committee on Deficit Reduction may recommend major tax reforms for 2012 designed to reduce the deficit.

Congress also must decide on whether to extend the alternative minimum tax patch and the post-2012 expiration of the Bush-era income tax cuts including tax rates for ordinary income and long-term capital gains and qualified dividends.

Finally, the US Supreme Court is probably going to rule on health care reform by June of 2012. This could have a major impact on future tax rules, because at least 42 of the 514 Affordable Care Act provisions add to or amend the Internal Revenue Code, and the Act contains \$438 billion of revenue provisions in the form of new taxes and fees. Given this politically charged environment, anything is

possible. Deficit spending has become a major political issue, and the days of automatically extending expiring tax breaks may be over.

Actions to Consider in 2011

As always, the general rule is to accelerate deductions into 2011 and defer income into 2012 to the extent that such actions are possible. This strategy may enable you to claim larger deductions, credits, and other tax breaks for 2011 that are phased out based on adjusted gross income. These items include child tax credits, higher education tax credits, the above-the-line deduction for higher-education expenses, and deductions for student loan interest.



Possible tax saving moves include; deferring a bonus until 2012 if possible or using a credit card to prepay expenses that can generate deductions for 2011. State and local income taxes may be prepaid through estimated payments or through increased employer withholding before year-end.

Consider investment loss harvesting, a strategy in which you realize losses on stock while substantially preserving your investment position. Capital losses may be used to offset capital gains and an additional \$3,000 of ordinary income.

Capital losses in excess of these amounts are carried forward. If capital

gains taxes increase in future years, these capital loss carry forwards will become more valuable. Losses can be harvested by selling a security at a loss and buying that same security back again, at least 31 days later. An alternative approach is to sell a type of security at a loss, and purchase a similar, but not identical security, immediately.

It is also a great time to consider converting traditional-IRA money invested in stocks or mutual funds that have declined in value into a Roth IRA. The converted value will have to be included in income for 2011. There is no special two-year income inclusion rule for conversions in 2011.

If you converted from a traditional IRA to a Roth IRA earlier in 2011, and the Roth IRA has declined in value, consider a recharacterization. Otherwise, you will have to include the converted amount in income in 2011, when the value of the account is actually lower. You can back out of the transaction by recharacterizing the conversion. To do this you need to transfer the converted amount, minus losses, from the Roth IRA back to a traditional IRA in a trustee-to-trustee transfer. You can later reconvert to a Roth IRA at the lower market value.

If you reached age 70½ in 2011, consider taking your first required minimum distribution (RMD) from your IRA or other employer-sponsored retirement plan in 2011 instead of waiting until 2012. If you turned age 70½ in 2011, you are allowed to delay the first required distribution to 2012,

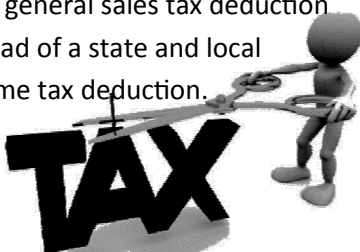
but if you do, you will have to take two distributions in 2012 – both the 2011 amount plus the 2012 amount. Taking two distributions in 2012 could push you into a higher tax bracket or reduce the benefit of various income tax deductions that are reduced at higher income levels. In some situations it may make sense to wait and take two distributions in the year after you turn 70 ½.

Individual Provisions Ending

December 31, 2011. According to the staff of the Joint Committee on Taxation, there are over 50 provisions that will expire at the end of 2011. Following is a discussion of some of these expiring provisions.

Unless Congress acts, take-home pay will go down by 2% after December 31, 2011. The 2010 Tax Relief Act's reduction of the employee share of the OASDI portion of Social Security taxes from 6.2 percent to 4.2 percent on the first \$106,800 (\$110,100 in 2012) of wages is scheduled to end.

In 2011 individuals have the choice of claiming an itemized deduction for state and local sales and use taxes instead of state income taxes. Since this choice is no longer available in 2012, it may make sense to make major purchases which are subject to sales tax before December 31, 2011. This strategy only makes sense if you are going to elect to claim a state and local general sales tax deduction instead of a state and local income tax deduction.



Tax-free distributions by individuals age 70½ or older from can be made from IRAs for charitable purposes in 2011. To

qualify, the IRA distributions must be made directly to charities by the IRA trustee and may be made for up to \$100,000. Such a distribution, if done properly, has no income tax consequences. This special rule increases the amount of funds available for contribution to the charity by reducing income taxes payable by the IRA owner. A charitable contribution deduction is not available for the donor when using this strategy. If contributions are contemplated for 2012, consider making them before December 31, 2011 to benefit from this strategy.

The classroom expense deduction of \$250 (\$500 if married filing joint and both spouses are educators, but not more than \$250 each) for teachers ends in 2011. Eligible educators can deduct unreimbursed expenses paid for books, supplies, computer equipment (including related software and services), other equipment, and supplementary materials that are used in the classroom. Consider making additional purchases in 2011 in order to maximize the deduction.

The mortgage insurance premium deduction for premiums paid for qualified mortgage insurance expires at the end of 2011. The deduction is phased out starting at adjusted gross incomes greater than \$100,000 (\$50,000 if your filing status is married filing separately). Special pro-ration

rules prevent a taxpayer from benefiting from prepaying these premiums.

The above-the-line deduction for up to \$4,000 of qualified higher education expenses is also scheduled to end December 31, 2011. If you are eligible for the deduction, consider prepaying eligible education expenses. The deduction is allowed for qualified education expenses paid in 2011 in connection with enrollment during 2011 or for an academic period beginning in 2011 or in the first 3 months of 2012.

The tax credit for energy saving non-business home improvements or for purchasing energy efficient

property is ending after 2011. The credit is available for property placed in service in 2011, with a

lifetime limit of \$500, of which only \$200 may be used for windows. Subject to the lifetime limits, the residential energy property costs are limited to \$300 for energy efficient building property, \$150 for any qualified natural gas, propane, or oil furnace or hot water boiler, and \$50 for any advanced main air circulating fan. Exterior windows, doors, and skylights must now just meet or exceed the Energy Star program requirements. Unfortunately, a simple list of all qualified property does not exist. However, you can check with the manufacturer and ask them for a Manufacturer Certification Statement



certifying that the product or component qualifies for the tax credit.

Individuals who buy qualified small business stock before January 1, 2012 will be able to exclude 100% of the gain on the sale if they hold the stock for more than five years. There is no tax on gain from the sale of such stock if it is (1) purchased after September 27, 2010 and

before January 1, 2012, and (2) held for more than five years. The stock must be issued by a C corporation with gross assets of \$50 million or less. Investments in qualifying ventures should be made before year end, if possible. After 2012, the normal exclusion rate will drop to 50 percent, although it has been 75 percent in recent years.

Without an extension of the AMT "patch," the Congressional Budget Office estimates that an additional 20 million middle-class taxpayers would suddenly become subject to AMT. The AMT exemption amount for individuals is scheduled to decrease from \$74,450 for joint filers/surviving spouses and \$48,450 for others to \$45,000 and \$33,750, respectively, in 2012. Consider realizing AMT income, such as capital gains, in 2011, rather than in 2012.

Standard Mileage Rate. Taxpayers can use the standard mileage rate (in lieu of actual expenses) in computing the deductible costs of operating automobiles owned or leased by them (including vans, pickups or panel trucks) for business purposes. This rate is also used as a benchmark by the federal government and many businesses to reimburse their

employees for business travel. Due to higher fuel costs, the IRS increased the standard mileage rate for the second half of this year. If you are an employee you may deduct an amount computed using the standard mileage rate only as an itemized deduction, subject to the 2 percent floor on miscellaneous itemized deductions.

Mileage Rates

Jan-June 2011

Business	\$0.51
Medical	\$0.19
Moving	\$0.19
Charitable	\$0.14

July-Dec 2011

Business	\$0.555
Medical	\$0.235
Moving	\$0.235
Charitable	\$0.14

Looking Ahead

At present, there is no tax legislation effective January 1, 2012. However, tax increases are already set for 2013. When planning during 2012, keep this in mind. It may make sense to recognize income in 2012 instead of 2013. Tax rates should remain the same for 2011 and 2012, with ordinary income tax rates for individuals at 10, 15, 25, 28, 33 and 35 percent; capital gains rates are zero and 15 percent.

Social Security announced a 3.6% benefit increase for 2012. This cost-of-living adjustment is the first since 2009. Monthly Social Security and Supplemental Security Income (SSI) benefits for more than 60 million Americans will increase 3.6 percent in

2012. Also, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$110,100 from \$106,800.

Estate and Gift. For an estate of any decedent dying during calendar year 2012, the basic exclusion from the estate tax amount is \$5,120,000, up from \$5,000,000 for calendar year 2011.

The annual exclusion for gifts remains at \$13,000.

Retirement Planning. The elective deferral (contribution) limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased from \$16,500 to \$17,000. The catch-up contribution limit for those aged 50 and over remains unchanged at \$5,500.



The contribution limitation for SIMPLE retirement accounts remains unchanged at \$11,500.

The traditional IRA deduction is phased-out for singles and heads of household who are covered by a workplace retirement plan and have modified adjusted gross incomes (AGI) between \$58,000 and \$68,000, up from \$56,000 and \$66,000 in 2011.

For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phase-out range is \$92,000 to \$112,000, up from \$90,000 to \$110,000.

For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$173,000 and \$183,000, up from \$169,000 and \$179,000.

The AGI phase-out range for taxpayers making contributions to a Roth IRA is \$173,000 to \$183,000 for married couples filing jointly, up from \$169,000 to \$179,000 in 2011.

For singles and heads of household, the income phase-out range is \$110,000 to \$125,000, up from \$107,000 to \$122,000.

For a married individual filing a separate return who is covered by a retirement plan at work, the phase-out range remains \$0 to \$10,000.

Sometimes Being an Accountant Can Be Very "Taxing".



5 Common Small Business Accounting Mistakes

Adding and subtracting is easy, but doing financial accounting isn't always

that simple. Small businesses often try and save money by doing their own accounting, but common sense isn't always the best guide.

When your company's revenue (and relationship with the IRS) is at stake, you don't want to mess up the numbers. Here are five common small business accounting mistakes, and how to watch out for them.

1. Time Traveling Revenue

Probably the most common accounting mistake that small businesses make is counting a sale as revenue before actually delivering all the products or services. If your carpet company sells \$7,000 worth of hand-stitched Turkish rugs in March, but they are meant to be delivered over the course of seven months, don't be so quick to write down that you made \$7,000 in March.

Logging the sale as one lump sum, rather than spreading it over the seven months it really covers, will give your company a false sense of its cash flow. You'll end up making decisions on a financial situation that doesn't actually exist. Instead, each month write down that your revenue increased by \$1,000.

2. Ignoring the Golden Ratio

When small businesses are looking to grow, most of the time they will either use existing cash flows or go into debt to finance their growth. A common mistake with either strategy is not paying attention to the ratio of spending on growth and new profits coming in.

If a small business doesn't keep a close eye on this number, it could find itself

heavily in debt or having completely depleted its cash flow, even though it still looks profitable on paper. Paying attention to this ratio will help you realize when to slow down so you don't go into debt or run out of cash.

3. Unique Procedures for Unique Personalities

Small businesses pride themselves on having employees with unique characters and qualities, but that isn't a strength when it comes to accounting procedures. Every financial transaction that comes through your business should be handled in a consistent and standardized way.

Without a formalized system of procedures, decision-making can become inconsistent and the numbers just won't add up. Small businesses should make sure that anyone involved in accounting manages and records all transactions in the same way.

4. Budgeting as a Game of Chance

New entrepreneurs tend to fall prey to this mistake, but any seasoned business owner can tell you that a well-checked budget is indispensable for planning out your company's future.

You can't expect to grow successfully if you don't plan thoroughly and manage your finances accordingly. Setting a proper budget, rather than just estimating, will keep you focused on a smart and efficient business strategy.

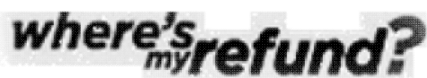
5. Tax Return Surprises

When you get your tax returns, either you're thrilled to see that you'll be getting something back, or you're sour the rest of the day that you still owe

more. If you have to then scramble to find the cash to make up the difference, it can throw other planned expenses off as well.

Instead of being caught off guard, every time a deposit comes into your business take a little portion (either 10%-20% depending on your tax bracket) and save it in a tax reserve. This way you'll have a cushion between any return saying you owe a little more and your business's regular cash flow.

While trying to make it on your own in the labyrinth of accounting might be admirable, it's not always advisable. **Asking for help from a professional accountant or tax adviser always makes better sense.**



The IRS has an app for that...

The Internal Revenue Service has unveiled IRS2Go, its first smartphone application that lets taxpayers check on their status of their tax refund and obtain helpful tax information.

"This new smart phone app reflects our commitment to modernizing the agency and engaging taxpayers where they want when they want it," said IRS Commissioner Doug Shulman. "As technology evolves and younger taxpayers get their information in new ways, we will keep innovating to make it easy for all taxpayers to access helpful information."

The IRS2Go phone app gives people a convenient way of checking on their federal refund. It also gives people a quick way of obtaining easy-to-

understand tax tips.

Apple users can download the free IRS2Go application by visiting the Apple App Store. Android users can visit the Android Marketplace to download the free IRS2Go app.

"This phone app is a first step for us," Shulman said. "We will look for additional ways to expand and refine our use of smartphones and other new technologies to help meet the needs of taxpayers."

The mobile app, among a handful in the federal government, offers a number of safe and secure ways to help taxpayers. Features of the first release of the IRS2Go app include:

Get Your Refund Status Taxpayers can check the status of their federal refund through the new phone app with a few basic pieces of information. First, taxpayers enter a Social Security number, which is masked and encrypted for security purposes. Next, taxpayers pick the filing status they used on their tax return. Finally, taxpayers enter the amount of the refund they expect from their 2011 tax return.

For people who e-file, the refund function of the phone app will work within about 72 hours after taxpayers receive an e-mail acknowledgement saying the IRS received their tax return.

For people filing paper tax returns, longer processing times mean they will need to wait three to four weeks before they can check their refund status.

About 70 percent of the 142 million individual tax returns were filed

electronically last year.

Get Tax Updates Phone app users enter their e-mail address to automatically get daily tax tips. Tax Tips are simple, straightforward tips and reminders to help with tax planning and preparation. Tax Tips are issued daily during the tax filing season and periodically during the rest of the year. The plain English updates cover topics such as free tax help, child tax credits, the Earned Income Tax Credit, education credits and other topics.



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We do not disclose any non-public personal information about our clients or former clients to anyone, except as instructed to do so by such clients, or required by law. We restrict access to non-public personal information and we maintain physical, electronic, and procedural safeguards to guard your personal non-public information.

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Services Offered at Horning's Accounting & Tax Service

Accounting Services

- **Computerized Bookkeeping Services.** Computerized full general ledger, general journal. Accounts payable, accounts receivable, financial statements, bank reconciliation and payroll.
- **Accounts payable and Accounts Receivable** Monthly check writing and billing process
- **QuickBooks Pro Advisors.** We can offer a discount on all QuickBooks products and have free trials that you can have to test out the product before purchasing it.



Corporate Services

- **Corporation Set-up**
Includes Preparation of Corporate Articles; Filing Fee; Corporate Binder with Corporate Seal; SS-4; Joint Tax Application and Sub S Election (if applicable)
- **Corporate Compliance**
State required annual registered agent services; Stock transfer ledger maintenance; Advance notification of all your annual reports; and preparation of annual corporate meeting minutes.
- **Medical Reimbursement Plan**
Allows qualified small business owners a 100% deduction of all family medical expenses such as vision, prescription drugs; co-pays and deductibles.

- **Set-up of Corporations & LLC's in any state** We now have the ability to set-up a corporation in any state.

Trademarks and Copyrights. We also have the ability to register trademarks/logos with the US Patent & Trademark Office. In addition, we can help you protect your work with Copyright registration with the US Copyright Office.

Payroll Services

- **Payroll Processing**
Report your payroll hours to us and we will calculate your payroll amounts including employer and employee taxes and provide payroll checks and reports.
- **Payroll Tax Reporting**
Prepare A1WP (Withholding Tax), A1-QRT (Withholding Liability) A1R (Reconciliation), DES Quarterly reports; Prepare Form 940 and 941.

Tax Related Services

- Tax Preparation (personal and business)
- Tax Consulting
- Audit Services
- Year Round Income Tax Services



Mortgage Division

- As many of you are aware we also have a great mortgage division. We provide great loan products, available through many financial providers. Our experience can help you find the right loan for you! We also have access to

Commercial Loans and Equipment Leasing Programs.

Insurance & Retirement

- If any of you need assistance in the areas of Life Insurance, Disability Insurance, Annuities or other Retirement Products such as IRA or 401K please call us and set up an appointment with David to provide you with a Complimentary Financial Analysis to see what your real needs are. Don't wait till you have an insurance agent sitting in front of you trying to sell you a policy.



Other Services Provided

- Medical Insurance, Life Insurance
- Notary Public

Referrals

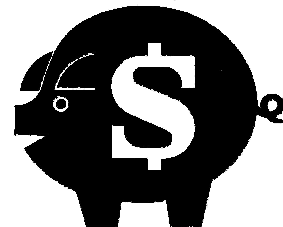
As many of you may have noticed, we have a shelf in our office containing business cards of our clients offering an array of services. We invite you to be a part of our business referral network. We promote our clients, to our clients! Referrals are the best form of advertising!



As usual, we are offering a 10% discount for any new client and a 10% discount to our existing clients for each new client referred to us. Please take advantage of this cost saving offer.

In 2012 we are going to be working hard to get everyone's tax returns in and out timely. Make sure you have the money set aside to pay your tax preparation fees. If any of you do not have a checking account and need to have an account for refund and paycheck deposits I have access to setting up a checking account with a debit card available to anyone.

If you need to rollover your 401k or IRA's or just looking for an investment account paying very good returns let me know. We can handle money for almost any reason. Long term or short term savings, child education funds, funds going to beneficiaries, life insurance, disability and long term care insurance. If you have any questions call and set up a time to meet with me. These programs are rapidly lowering their guaranteed interest rates. Don't settle for 1-3% on a long term investment.



Once again below you will see the early bird, new client referrals, and veteran's discount still being offered. Get in early!

The worksheets in the back of the newsletter are yours to use to help remember things you forget. Please use them. As soon as you have everything you need to file your return call us for an appointment.

Just for Laughs

"Worried about an IRS audit? Avoid what's called a red flag. That's something the IRS always looks for. For example, say you have some money left in your bank account after paying taxes. That's a red flag." -- Jay Leno



Isn't it appropriate that the month when the taxes are due begins with April Fool's Day and ends with cries of "May Day!"? -Unknown

Q: Ever wonder why the IRS calls it Form 1040?

A: Because for every \$50 that you earn, you get \$10 and they get \$40.

<h3>New Client Tax Preparation</h3>  <p>Bring in this coupon to receive a 10% discount on tax preparation. New clients only. Also, if you are an existing client, receive a 10% discount for each new client you refer.</p> <p>Horning's Accounting & Tax Service 830 S Revere Mesa, AZ 85210 Phone 480-833-3265</p>	<h3>Early Bird Special</h3>  <p>Bring in this coupon and have your taxes prepared by February 28th to receive an additional 10% of your tax preparation fees</p> <p>Horning's Accounting & Tax Service 830 S Revere Mesa, AZ 85210 Phone 480-833-3265</p>	<h3>Veterans Discount</h3> <p>Horning's Accounting & Tax Service Wants to Thank You for Your Service</p>  <p>Veterans bring in this coupon to receive a 10% discount on tax preparation.</p> <p>Horning's Accounting & Tax Service 830 S Revere Mesa, AZ 85210 Phone 480-833-3265</p>
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Visit our website at www.horningaccounting.com for important information and useful links

Personal Information

If anything changed from prior year, check this box.

Taxpayer

Spouse

First Name & Initial				
Last Name				
Social Security No				
Date of Birth				
Occupation				
Home Phone				
Work Phone				
Other Phone				
E-Mail Address				
Street Address			Apt No	
City	State		Zip	

Dependents

Name	Relationship	Date of Birth	Social Security Number	Months Living with you	Student Disabled	Gross Income
					\	
					\	
					\	
					\	

- Did you receive unemployment or Disability Income?
- Did you purchase, sell or refinance any of your homes or take an equity loan?
- Did you convert a traditional/SEP/SIMPLE IRA to a Roth IRA?
- Can you be claimed as a dependent on another persons tax return?
- Did you foreclose, file bankruptcy, or have repossession procedures?
- Do you have any income from foreign country?
- Did you make any purchases from catalog or internet and not pay sales tax?

Yes	No

Required Document Check List

- | | |
|---|--|
| <ul style="list-style-type: none"> <input type="checkbox"/> Bring All Wage Statements (W-2's) <input type="checkbox"/> Bring All Pension, Annuity IRA Documents (1099-R) <input type="checkbox"/> Bring All Trust & Estate Documents (K-1's) <input type="checkbox"/> Bring Property Sold Documents (1099-S) <input type="checkbox"/> Bring Real Estate Tax Bill | <ul style="list-style-type: none"> <input type="checkbox"/> Bring Soc Security/Railroad Benefits (SSA-1099) <input type="checkbox"/> Bring Interest Income Statements (1099-INT) <input type="checkbox"/> Bring Dividend Income Documents (1099-DIV) <input type="checkbox"/> Bring Day Care Statements <input type="checkbox"/> Bring Home Refinancing Documents |
|---|--|

Adjustments to Income

Alimony Paid	
Name _____	SSN _____
Amount Paid:	\$ _____
IRA/SEP Cont Taxpayer	\$ _____
IRA/SEP Cont Spouse	\$ _____
Student Loan Interest	\$ _____
Health Savings Account	\$ _____

Other Income

Alimony Received	\$ _____
Gambling/Lottery Winnings	\$ _____
Jury Duty	\$ _____
Disability Income	\$ _____
State Income Tax Refund	\$ _____
Other	\$ _____
Other	\$ _____

Investments Sold

Bring All 1099-B's and Confirmation slips

Investment	Date Acquired	Date Sold	Basis (cost)	Sale Price

Schedule C Business Income and Expenses The IRS has determined that small business owners are very likely candidates to make mistakes applying the tax law. Accordingly, anticipate more audits for business owners in the near future. Please review the following information carefully to assure compliance with the law.

Business Name _____

Total Sales _____ Owner Taxpayer Spouse

Holding deposits until next year is *not* a tax planning item. IRS requires all receipt to be reported in the year received. If there are absorbent deposits that occur following the year end, photo copy all checks being deposits to confirm the payment dates.

****New for 2011**** Credit Cards - Do you accept credit cards from your customers? If you have transactions exceeding \$20,000 and more than 200 transactions, your credit card service is required to send a 1099-K to you. Bring all 1099's to your appointment (1099-K's, 1099-Misc)

During 2011, did you refinance using your primary resident to secure a business loan? Bring all Paperwork.

Balance on note prior to re-finance: _____ Balance on Note at 12-31: _____

Expenses

Advertising	_____	Supplies	_____
Bank Charges	_____	Taxes	_____
Commissions	_____	**Telephone	_____
Dues & Subscriptions	_____	Tools & Equipment	_____
Insurance	_____	Travel Expenses	_____
Interest - Mortgage	_____	Uniforms	_____
Interest - Other	_____	Utilities	_____
Legal & Professional Fees	_____	Vehicle Expense	_____
Meals & Entertainment	_____	Vehicle Mileage (Jan-June)	_____
Office Expense	_____	Vehicle Mileage (July-Dec)	_____
Postage	_____	Wages	_____
Rent - Building	_____	Other	_____
Rent - Equipment	_____	Other	_____
*Repairs & Maintenance	_____	Other	_____

*Do any amounts shown in Repairs and Maintenance add value to the property, prolong, useful life, or adapt it to new uses? If so, these amounts can be depreciated. Bring in description of alteration, cost, and in service date.

**Cell Phones: Does the business blend itself in such a manner that a cell phone is an ordinary and necessary component of the business? Is the cell phone on your business card? Is the cell phone number listed on your letterhead and/or yellow page advertising?

Assets Purchased

Date	Amount	Description	Business Percentage

Cost of Goods Sold

Beginning Inventory	_____
Purchases	_____
Less Personal Use	_____
Direct Labor	_____
Supplies	_____
Other	_____
Ending Inventory	_____

Schedule C Home Office Expenses

Is a home office used for administrative or management activities for business? _____ Is there any other fixed location where business is conducted? _____

Total Square Feet of Home	_____	Purchase Price of Residence	_____
Total Square Feet of Office	_____	Bring in Real Estate Tax Bill for 2011	_____
Expenses:	Mortgage Insurance _____	Property Insurance _____	
	Real Estate Taxes _____	Utilities _____	

Schedule E Rental Income and Expenses The IRS has determined that over 60% of Schedule E's are prepared incorrectly. Schedule E has been revised to assure the laws are applied correctly. Please review the following information carefully to comply with the tax law.

Type of Property: <i>Choose From:</i>	Single Family Mutli Family	Vacation/Short Term Rental Commercial	Self Rental Other	Flip Spec Home
Rental Property	Property 1	Property 2	Property 3	Property 4
Address				
City, State				
Personal Use Days				
Type of Property				
Fair Market Value				

A fair rental price is the amount of rent you can expect to received from an unrelated party. Consider structure, size, condition, furnishing, and location when determining the fair market value.

Rent Received				
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Is Property Rented To A Relative? If so, how was the Fair Market Value Determined?

Expenses				
Advertising				
Cleaning & Maint				
Commissions Paid				
Insurance				
Interest - Mortgage				
Interest - Other				
Legal & Prof Fees				
Management Fees				
Repairs				
Supplies				
Taxes				
Utilities				
Vehicle Mileage				
Other				
Other				



Have a Tax or Financial Question for David?
Send him an e-mail:
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