

January 10, 2012

Dear Client:

It is time for another tax season and we look forward to assisting you with your tax preparation. We hope that you have been able to survive the ups and downs of this past year.

We have enclosed a **tax organizer** that will help you in assembling your tax information. Use it as a guide, but please **bring the original documents** with you to your appointment, just as you have in the past. Please call if you have any questions.

Call our office (480-898-7640) and **schedule your tax appointment early.**

The CPA firm of Jim S. Sweigart has merged with Fox Peterson. We are excited for the future and welcome all of Jim's clients to the Fox Peterson family.

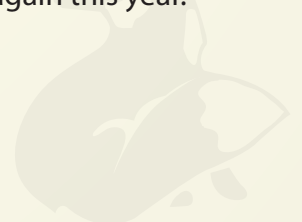
This year's news: Most of you will not see any substantial changes to your returns. The **adoption credit** has been expanded and increased. This year only, there will be **no phase out of itemized deductions** on Schedule A deductions and the self-employed will be able to deduct health insurance on Schedule C. The Service has also **increased late filing penalties** to as much as 25% of taxes due.

If Congress does not take action **2012** will see most of the **present tax cuts and tax credits will expire. This will mean higher taxes for the future!!** This makes personal and business tax planning even more important than ever.

The IRS has vastly expanded its audit programs as it has been directed by Congress to "close" the tax gap. As a result, more audits and spot checks are to be expected. Protect yourself: **keep good records**, and keep them for at least 6 years. Never ignore correspondence from tax authorities, but always be skeptical. The IRS has an annoying tendency to arbitrarily bill for taxes and penalties without first checking the facts.

The tax deadline is April 17th this year. We cannot guarantee that we can schedule tax appointments after April 10th, so please **don't wait until the last minute.** We will also be charging a small fee of \$25 for filing extensions. If we do not have the necessary paperwork to complete the tax return by September 15th, there will be an additional charge of \$100 in addition to the normal tax preparation fees. We cannot guarantee that any tax returns on extension that are received after October 1st will be able to be completed on time. We look forward to your call for an appointment and serving you again this year.

Clark Fox
Craig W. Peterson, CPA
Jim S. Sweigart, CPA



Client Organizer - 2011

Your Appointment

Your tax appointment is set for: _____, _____ @ _____
Day Date Time

Please call to schedule your appointment *as soon as possible* : 480-898-7640

Please mail / fax / email your information to us as soon as possible (*Hint: keep a copy!*)

Indicate a time that we can call to have a phone interview:

Be sure to call at least 24 hours in advance if you are unable to keep your appointment

Preparing for your Tax Appointment

Here is how you can best prepare for your tax appointment:

- Please use the organizer as a guide and **BRING ORIGINAL DOCUMENTS** for any items that may apply to your individual circumstances.
- Complete the organizer as best you can, because there are many tax saving opportunities

Foreign Income and Investments

Do you have **foreign source income** (*attach documentation*)

Yes / No

Do you have **foreign bank accounts** (*attach documentation*)

Yes / No Form TDF 90-22.1

Do you have **foreign source assets** (*attach documentation*)

Yes / No

List of Possibly Important Items!

Check () if any apply and supply details:

- | | |
|--|--|
| <input type="checkbox"/> Letters received from IRS or state (please bring) | <input type="checkbox"/> You or spouse in military or Guard |
| <input type="checkbox"/> Audit or Tax notice received (bring) | <input type="checkbox"/> You or spouse reach 70 ½ this year or next |
| <input type="checkbox"/> Prior year's returns need to be amended | <input type="checkbox"/> You or spouse legally blind / disabled |
| <input type="checkbox"/> Legal matters (lawsuit, etc) during year | <input type="checkbox"/> Marital status changed |
| <input type="checkbox"/> Received proceeds from an installment sale | <input type="checkbox"/> Change in income or expenses |
| <input type="checkbox"/> Large casualty / disaster loss | <input type="checkbox"/> Dependent with investment income over \$ 1900 |
| <input type="checkbox"/> Inherited assets last year | <input type="checkbox"/> Dependent returns need to be completed |
| <input type="checkbox"/> Jury duty (you/spouse) | <input type="checkbox"/> Change in dependents |
| <input type="checkbox"/> Cashed in any US Savings bonds | <input type="checkbox"/> Are your dependents related to you |
| <input type="checkbox"/> Scholarships | <input type="checkbox"/> Did your dependents live with you for 12 months |
| <input type="checkbox"/> Any existing/new K-1 for LLC, S Corp, Estate or Trust | <input type="checkbox"/> Provided partial support to possible dependent |
| <input type="checkbox"/> Do you have a calculation of "basis" in the entity? Y/N | <input type="checkbox"/> Have a mentally or physically disabled child |
| <input type="checkbox"/> Are you at risk for your investment? Y/N | <input type="checkbox"/> Provided support for dependent |
| <input type="checkbox"/> Part time business or side venture | <input type="checkbox"/> Did you pay employees or household help last year |
| <input type="checkbox"/> Business returns need to be completed | <input type="checkbox"/> Adoption expenses incurred |
| <input type="checkbox"/> Did you start or dispose of a business this past year | <input type="checkbox"/> Debt forgiven, short sale or foreclosure |
| <input type="checkbox"/> Do you have a student loan (expires in 2012) | <input type="checkbox"/> Sold or refinanced home |
| <input type="checkbox"/> Did you receive any Form 1099-K | <input type="checkbox"/> Moved your personal residence |
| <input type="checkbox"/> Other matters that we should be aware of: | <input type="checkbox"/> Can you substantiate travel/entertainment |
| <input type="checkbox"/> Bankruptcy or insolvency | <input type="checkbox"/> Can you substantiate charity donations |

None of these applied this year

List of Tax Credits.

Check () if any apply and supply details:

- | | |
|--|--|
| <input type="checkbox"/> Installed solar energy system (skylights, water heater, photocell-system) – bring documentation | |
| <input type="checkbox"/> Installed energy efficient improvements. | |
| <input type="checkbox"/> Disabled access credit | <input type="checkbox"/> Arizona tuition scholarship credit |
| <input type="checkbox"/> Adoption credit | <input type="checkbox"/> Arizona school ECA (Extra Curricular Activity) credit |

Client Organizer - General - 2011

Personal Information - *(note changes only)*

Name	Name	Soc. Sec. No.	Date of Birth	Occupation
Taxpayer	_____	_____	_____	_____
Spouse	_____	_____	_____	_____
Address	_____			
Phone numbers	Home	Cell		
E-mail address	_____			

Marital Status

Married	Will file Joint	Yes / No
Widow(er)	Date of Spouse's Death (if in 2009)	_____
Single	Date of Divorce (if in 2009)	_____

Dependents (Children & Others) - *(note changes only)*

Name (First, Last)	Relationship	Date of Birth	Soc. Sec. No.	Months with you	Student Yes / No
_____	_____	_____	_____	_____	Yes / No
_____	_____	_____	_____	_____	Yes / No
_____	_____	_____	_____	_____	Yes / No
_____	_____	_____	_____	_____	Yes / No

Child & Other Dependent Care Expenses *(for dependents under age 14)*

Name of Care Provider	Address	SS#/Employer ID	Amount Paid
_____	_____	_____	_____

Credit for Educational Expenses - *(degree seeking and non-degree seeking)*

Family member	Tuition	Computer	Books & supplies	Scholarships & Grants
_____	_____	_____	_____	_____

Educators classroom supplies purchased (up to \$250)

Student Loan Interest paid *(attach documentation)*

Health Savings Account (HSA & MSA)

Contributions to HSA Savings Account	_____	Health insurance premiums paid	_____
Amount disbursed from HSA:			
Qualified medical expenses	_____	Other:(non-qualified)	_____

IRA, SEP, SIMPLE, Keogh Plans and Other Retirement Plans deduction

	You	Spouse
Covered by a retirement plan?	Yes / No	Yes / No
Contribution for:		
IRA - deductible	_____	_____
IRA - non-deductable	_____	_____
Roth IRA	_____	_____
SEP/SIMPLE/Keough	_____	_____

Did you have a Roth rollover this year?

Estimated Tax Paid

	Date Paid	Federal amount	State amount
1	_____	_____	_____
2	_____	_____	_____
3	_____	_____	_____
4	_____	_____	_____

Client Organizer - Expenses - 2011

Medical/Dental Expenses

Medical Insurance (paid by you) _____
 Prescription Drugs, Insulin _____
 Doctor/Dental/Orthodontist (Braces) _____
 Hospital _____
 Lab & Xrays _____
 Nursing Care _____
 Glasses, Contacts _____
 Medical Therapy _____
 Medical Equipment, Supplies _____
 Hearing Aids, Batteries _____
 Mileage (No. of Miles) _____

Taxes Paid - attach receipts

Auto/Boat registration (license renewal) _____
 Home Property Tax _____
 State Taxes paid _____
Sales taxes pd on large purchases (car, RV) _____

Interest Expense

Attach 1098 and Closing papers _____
 Mortgage interest paid _____
 Second Home _____
 Qualified Mortgage insurance premiums _____
 Interest paid to individual for your home _____
 Points paid on new or refinance mortgage _____
 Paid to: Name, address, Soc Sec # _____

Investment Interest

Vacant Land _____
 Brokerage margin account _____

Employment-Related Expenses that you paid (Not self-employed)

Must be greater than 2% of adjusted gross income or do not complete

Business Mileage

Do you have written records? Yes / No _____
 Did you sell or trade in a car used for business? Yes / No _____
 If yes, attach copy of purchase agreement _____
 Make/Year Vehicle _____
 Date Purchased _____
 Total miles (personal & business) _____
 Business miles (not to and from work) _____
 From first to second job _____
 Education (One way work to school) _____
 Round Trip commuting distance _____
 Repairs, wash, insurance _____
 Gas, Oil, Batteries, Tires, etc. _____
 Interest, lease payments _____

Other Deductible Items

Safe Deposit Box Fees _____
 Tax preparation fees _____
Job Search Costs _____

Charitable Contributions

Cash - must attach receipts _____
 Church _____
 United Way _____
 Scouts, Telethons _____
 University, Public TV/Radio _____
 Heart, Lung, Cancer, etc. _____
 Arizona Tax Credits (school or needy) _____
Non-cash - must attach receipts _____
 Salvation Army, Goodwill _____
 (Itemize items donated in detail) _____
 Volunteer (No. of miles) _____

Job-Related Moving Expenses

Date of move *Attach receipts* _____
 Move Household Goods _____
 Travel to New Home (No. of Miles) _____
 Lodging During Move _____

Casualty/Theft Loss

For property damaged by storm, water, fire, accident or stolen
Attach Police report
 Location of Property _____

 Description of Property _____

 Amount of Damage _____
 Insurance Reimbursement _____
 Repair Costs _____
 Federal Grants Received _____

Other Business Expenses

Dues- Union, Professional _____
 Books, Subscriptions, Supplies _____
 Licenses _____
 Tools, Equipment, Safety Equipment _____
 Uniforms (include cleaning) _____
 Sales Expense, Gifts _____
 Seminars, Tuition, Books (work related) _____
 Entertainment _____

Office in home:

In Square Feet a) Total Home _____
 Rent, insurance, utilities b) Office _____
 Maintenance, other _____

Business Travel

If you are not reimbursed for exact amount, give total expenses
 Airfare, Lodging, Car, Taxi, Other _____
 Meals (No. of Days) _____
 Reimbursement Received _____

Client Organizer - Real Estate Rentals - 2011

Rental Properties

	#1	#2	#3
Purchase Date	_____	_____	_____
Purchase Price	_____	_____	_____
Sale Date	_____	_____	_____
Sale Price	_____	_____	_____
Other Costs (basis)	_____	_____	_____

Rental Income & Expense

Attach 1098 and Closing papers (HUD-1)

<u>Schedule E</u>	#1	#2	#3
Property Desc/Location	_____	_____	_____
Income - Rental	_____	_____	_____
Royalties	_____	_____	_____
Advertising	_____	_____	_____
Auto/travel(# miles)	_____	_____	_____
Cleaning/Maintenance	_____	_____	_____
Commissions	_____	_____	_____
Homeowners fees	_____	_____	_____
Insurance	_____	_____	_____
Interest	_____	_____	_____
Legal/professional	_____	_____	_____
Management fees	_____	_____	_____
Mortgage interest	_____	_____	_____
Repairs	_____	_____	_____
Supplies	_____	_____	_____
Taxes	_____	_____	_____
Utilities	_____	_____	_____
Other	_____	_____	_____
_____	_____	_____	_____
<i>Rented all year</i>	yes/no	yes/no	yes/no
<i>Rented number of days</i>	_____	_____	_____
<i>Personal use days</i>	_____	_____	_____

Equipment/Improvements (Please note property # to which each item below belongs)

Prop. Description	Date Bought	Cost	Date Sold	Selling price
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

IMPORTANT RENTAL CONSIDERATIONS: In general, rental losses are limited to \$25,000 per year. If your adjusted income is over \$125,000 (married filing joint), They are phased out entirely, except for real estate professionals. Note: losses can be limited if you are not "at risk" or if you spend less than 500 hours per year (9.6 hr/week) on rental activities. There are some exceptions: check with us

At Risk Test

I meet the "at risk" & "active participation" tests yes/no
 I am a real estate professional yes/no

Client Organizer - Small Business - Sole Proprietor - 2011

Important Notice

1099,s must be issued to any non-corp paid over \$600 last year. They are due 1/31.

The business belongs to _____ you or _____ spouse

Attach copies of payroll tax returns (4 quarterly 941, SUTA, 940, W3)

Schedule C

Do not complete if you have computer printouts for these figures

Income - 1099		
Income - non-1099		
Total Income		
Cost of Sales - Labor		
Cost of Sales - Purchases		
Cost of Sales - Other		
Total Cost of Sales		
Advertising		
Auto/travel		
Bank charges		
Commissions		
Dues - subscriptions		
Entertainment		
Equipment lease/rental		<u>Inventory</u>
Gifts (\$25/person/year)		
Health Insurance (2010)		
Insurance		
Interest		
Internet		
Legal/professional		
Licensees		
Office expense		
Outside services		
Repairs		
Rent		
Seminars, education (work related)		
Supplies		
Taxes		
Telephone		
Tools - equipment		
Travel for business		
Uniforms (include cleaning)		
Utilities		
Wages		
Other		
Total Expenses		

Equipment/Improvements (Purchased this year)

Equipment Description	Date Bought	Purchase Price	Date Sold	Selling price

What's New - 2012

Provision	2011	2012
Standard Mileage	.51 a mile	.555 a mile
Mileage for medical and moving	.19 a mile	.23 a mile
Mileage for charitable	.14 a mile	.14 a mile
Adoption Credit	\$13,360	\$12,650
Maximum wages subject to social security tax	\$106,800	\$110,100
Social security earnings limit		
Under full retirement age (66)	\$14,160	\$14,640
Year full retirement age	\$37,680	\$38,880
Full retirement age	No limit	No limit
Top estate tax rate	35%	35%
Amount exempt from estate tax	\$5 million	\$5,120,000
Annual gift tax exclusion (per donee)	\$13,000	\$13,000
Maximum retirement plan contributions		
IRA for those under age 50	\$5,000	\$5,000
IRA for those 50 and over	\$6,000	\$6,000
SIMPLE plan for those under age 50	\$11,500	\$11,500
SIMPLE plan for those 50 and over	\$14,000	\$14,000
401(k) plan for those under age 50	\$16,500	\$17,000
401(k) plan for those 50 and over	\$22,000	\$22,500
"Kiddie tax" threshold	\$1,900	\$1,900
"Nanny tax" threshold	\$1,700	\$1,800
Personal exemptions	\$3,700	\$3,800
Standard deduction		
Single	\$5,800	\$5,950
Joint returns and surviving spouse	\$11,600	\$11,900
Married filing separately	\$5,800	\$5,700
Head of household	\$8,500	\$8,700
Additional for elderly or blind (married)	\$1,150	\$1,150
Additional for elderly or blind (single)	\$1,450	\$2,600

Tax Rates for 2011

Tax Rates	Single	Married	H of H
10%	\$8,700	\$17,400	\$12,400
15%	\$35,350	\$70,700	\$47,350
25%	\$85,650	\$142,700	\$122,300
28%	\$178,650	\$217,450	\$198,050
33%	\$388,350	\$388,350	\$388,350
35%	over	over	over

The tax rate is calculated on income up to the listed amount

Breaking down the tax burden

Income Category	% of tax	2008 AGI
top 1%	38% of taxes	\$380,354 and up
top 2%-5%	21% of taxes	\$159,610 and up
top 6%-10%	11% of taxes	\$113,799 and up
top 11%-25%	16% of taxes	\$67,280 and up
top 26%-50%	11% of taxes	\$33,048 and up
Bottom 50%	3% of taxes	\$33,048 and under