

W. RALPH SOMMERS TAX SERVICES

TAX & BUSINESS SERVICES

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December 10, 2009

MEMO – 2009 INCOME TAX PREPARATION FOR SOLE PROPRIETORSHIPS/LLCs AND PARTNERSHIPS

Dear Valued Friend and Client,

We will need the following information from you in order to assist us in preparing your income tax returns. As you are aware, your partnership or sole proprietorship profit/loss must be completed prior to the completion of your individual income tax return. We are interested in completing this portion of your return **as soon as possible**. Accordingly, please provide the following data to insure timely filing of your return. These items are needed so we may accurately prepare your taxes in compliance with IRS regulations.

- **Cash receipts** (sales) journals
- **Cash disbursements** (checks) journals
- **Bank statements**, with canceled checks
- List of deposits made with **personal funds** or loans from other sources
- List of business expenses paid with **personal funds**
- Information about **new assets** such as trucks or equipment – date acquired, cost (including any financing arrangements) and description of each item
- Information on the sale of **old assets** or trade ins. (Bills of sale etc.)
- All quarterly and year-end employee **payroll reports** for the year
- Cost of self-employed health insurance premiums
- **Dates and amounts of Federal and State Estimated Taxes Paid**
- **Mileage logs** for business use of vehicles are required and should be available upon audit.
- Items such as **owner or partner draws** should be delineated as such.
- If your business uses a **resale inventory**, please provide a list of items, quantity and your cost as of December 31, 2009.

Due to recent inquiries regarding the business use of your home, we've included a brief description of the qualifications needed in order to claim this deduction.

- Your home office area must be used regularly and exclusively for your business needs.
- The business part of your home must be either your principal place of business or where you meet or deal with clients or customers in the normal course of your business.
- If your home office is used exclusively and regularly for the administration or management activities of your business, keeping your books and records, ordering supplies, or setting up appointments qualifies as administrative duties.

If you meet the requirements to claim a home office, some of the expenses that you can deduct include a portion of your real estate taxes, mortgage interest, rent, utilities, insurance, and repairs. The total amount you can deduct depends on the percentage of your home used for business. Your deduction will be limited if the income from your business is less than all your business expenses. You'll need to provide us with the square footage of the room and the total square footage of your home, or we can use a percentage by dividing the total number of rooms in your home.

If you have any further questions, please don't hesitate to contact us. We appreciate your time and thank you for your continued business with Sommers Tax Services.

Sincerely,

W. Ralph Sommers, EA
Accountant/Tax Practitioner

In accordance with IRS Circular 230 we are required to advise you that any Federal tax advice contained herein was not written, and may not be used by you, or by any subsequent reader hereof, for the purpose of avoiding any penalties which may be asserted pursuant to the provisions of the Internal Revenue Code