



INSTRUCTIONS (LONG FORM)

Step 1. Complete this questionnaire. Read Notes 1-6 first, and be sure to sign the Certification when done. Cross out or leave blank any sections that don't apply. Need help? Contact us at 703.307.2478 or info@hamiltontaxservices.com.

Step 2. Send us the following by mail or fax (email - see Note 7):

- This completed questionnaire (omit the Notes pages).
- Your W-2's, 1099's, and other supporting documents and explanations. (Check here if you need to explain something to us by phone:)
- A copy of your 2008 federal and state tax returns, including any amendments.
- A signed Client Service Agreement (available at HamiltonTaxServices.com/csa2.pdf). Be sure to initial the "Use of Email" paragraph on page 2 if you want us to communicate by email (recommended).
- A photocopy of: (a) your driver's license or other photo ID showing your name and current address, AND
(b) your Social Security card and those of your spouse and dependents. (Why do we ask for these? See Note 4.)
- A voided check from your bank account (for Direct Deposit of a refund or electronic withdrawal of a tax payment).

Step 3. We'll prepare your return and send a draft for review. Sign and return the E-file Authorization along with payment for our services.

Step 4. We'll e-file your return and let you know when it's been accepted by the IRS (usually within 48-72 hours). Then we'll send a paper copy for your records and return your original supporting documents.

CERTIFICATION

I/we have gathered and submitted the information contained in this questionnaire, and to the best of my/our knowledge it is true, correct, and complete.

Taxpayer _____ Date _____ Spouse _____ Date _____

EXTENSION REQUEST

[Applies if Hamilton receives this questionnaire after 31 March 2010.] I/we authorize Hamilton Tax Services to file Form 4868, Application for Automatic Extension, on my/our behalf. I/we understand this is an extension of time to file a tax return, not an extension of time to pay any tax due. I/we agree that Hamilton Tax Services shall not be responsible for any penalty or interest assessed as a result of my/our failure to pay enough tax by the due date to satisfy the total tax liability for the year.

- Check here if you have already filed an extension request with the IRS (and state: ____). Show any taxes paid with the request in Section 6.

1. PERSONAL DATA (see Note 1 about name, SSN, and e-filing)

	TAXPAYER		SPOUSE	
Last name			<input type="checkbox"/> same	
First, MI, Suffix				
SSN/Taxpayer ID				
Date of birth				
Principal occupation				
Street address	<input type="checkbox"/> new since 2008		<input type="checkbox"/> same	
City, State, Zip			<input type="checkbox"/> same	
Phone (check best)	<input type="checkbox"/> home	<input type="checkbox"/> work	<input type="checkbox"/> home	<input type="checkbox"/> work
	<input type="checkbox"/> cell	<input type="checkbox"/> fax	<input type="checkbox"/> cell	<input type="checkbox"/> fax
Email				
Citizenship status for 2009	<input type="checkbox"/> US citizen <input type="checkbox"/> resident alien <input type="checkbox"/> nonresident alien <input type="checkbox"/> dual-status (Note 8)		<input type="checkbox"/> US citizen <input type="checkbox"/> resident alien <input type="checkbox"/> nonresident alien <input type="checkbox"/> dual-status (Note 8)	
	<input type="checkbox"/> nonresident alien who elects to be treated as a resident alien		<input type="checkbox"/> nonresident alien who elects to be treated as a resident alien	

Marital status as of 31 Dec 2009 and desired filing status (Note 9). CHECK ONLY ONE:

- | | |
|--|--|
| <input type="checkbox"/> Unmarried - Single | <input type="checkbox"/> Married - Married filing jointly |
| <input type="checkbox"/> Unmarried - Head of household* | <input type="checkbox"/> Married - Married filing separately (provide spouse's name, SSN, and citizenship above) |
| <input type="checkbox"/> Unmarried - Qualifying widow(er) with dependent child | <input type="checkbox"/> Married - Head of household* (provide spouse's name, SSN, and citizenship above) |

*(HoH) If the qualifying person is a child but not your dependent, enter name here:

1. PERSONAL DATA (cont.)

TAXPAYER	SPOUSE	ADDITIONAL QUESTIONS			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Were you legally blind as of 31 Dec 2009?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Can you be claimed as a dependent by someone else?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you move from another state in 2009?	State:	Date moved:	
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Do you claim another state as your legal residence (Note 10)?	State:	Reason:	
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Are you retired on permanent and total disability AND on 1 Jan 2009 had not reached mandatory retirement age (the age set by your employer at which you would have been required to retire if not disabled)?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you provide housing for at least 60 consecutive days (without compensation) to a Midwestern displaced individual who was not your spouse or dependent?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you receive a \$250 Economic Recovery Payment (applies to recipients of Social Security, SSI, RR retirement benefits, VA benefits)?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you buy a new motor vehicle between 17 February 2009 and 31 December 2009?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you place an alternative motor vehicle (hybrid, lean burn, alternative fuel, fuel cell, or electric) in service in 2009?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Were you an eligible trade adjustment assistance (TAA), alternative TAA (ATAA) or Pension Benefit Guarantee Corporation pension recipient?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you incur or carry forward any adoption expenses or receive employer adoption reimbursements in 2009?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you receive an insurance payment or other reimbursement/recovery for a prior-year casualty/theft loss or medical expense deduction?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you pay \$1,700 or more in cash wages to any one person, or \$1,000 or more in cash wages in any calendar quarter to all household workers combined, for household services (nannies, maids, health aides, yard workers, etc.)?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Do you have children under age 18 with investment income (under 24 if a dependent student)?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Do you expect any significant changes in income, deductible expenses, tax withholding, or tax liability in the coming year?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	In the past 3 years, has the IRS or a state tax authority changed your return or disallowed any deduction, adjustment or credit?			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Would you like to designate \$3 of your taxes to go to the Presidential Election Campaign fund? (This will not affect your tax liability or refund.)			
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you make any gifts totaling more than \$12,000 to any individual?			

2. DEPENDENTS (Note 11)

Name (last, first, MI)	DOB	SSN/TIN/ATIN	Relationship to you	Months in your home*	Qualifies for child tax credit (Note 12)
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
*If you claim children who did not live with you more than half the year, are they allowed under a pre-2009 agreement or decree?				<input type="checkbox"/> Y <input type="checkbox"/> N	

Child or dependent care expenses. Check all boxes that apply:

<input type="checkbox"/> 1.	You paid someone to care for:	<input type="checkbox"/>	your dependent who was under the age of 13. Name(s):		
		<input type="checkbox"/>	your disabled spouse who lived with you more than half the year		
		<input type="checkbox"/>	a disabled person who lived with you more than half the year and (a) was your dependent, or (b) would have been your dependent, except that: (1) he or she received \$3650 or more of gross income, or (2) he or she filed a joint return, or (3) you, or your spouse if filing jointly, could be claimed as a dependent by someone else.		
		<input type="checkbox"/>	Name of disabled person:		
<input type="checkbox"/> 2.	You paid these expenses to allow you (and your spouse, unless he or she is disabled or a full-time student) to work or look for work.				
<input type="checkbox"/> 3.	The person you paid was:	<input type="checkbox"/>	a dependent for whom you (or your spouse if you are married) can claim an exemption.		
		<input type="checkbox"/>	your child who was under 19 at the end of the year, even if he or she was not your dependent.		
		<input type="checkbox"/>	a person who was your spouse at any time during the year.		
		<input type="checkbox"/>	the parent of the child (under 13) for whom care was provided.		

If you checked boxes 1 and 2 but not 3, complete the following. Otherwise go to Section 6.

Amount paid (Note 13):	\$	Provider's ID (Note 14):	
Provider's name:		Address:	

Did your employer provide dependent care benefits?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, which type?
<input type="checkbox"/>	Direct payment to you or the care provider. Amount for year:	\$
<input type="checkbox"/>	A daycare facility provided or sponsored by the employer.	
<input type="checkbox"/>	A flexible spending arrangement (FSA) to which you made pre-tax contributions.	

3. INCOME

Applies	Type of Income	Documents Needed	Note
<input type="checkbox"/> Y <input type="checkbox"/> N	Wages, salaries, tips	W-2's	
<input type="checkbox"/> Y <input type="checkbox"/> N	Tips, gratuities, commissions, or bonuses not reported on Form W-2	Income records	
<input type="checkbox"/> Y <input type="checkbox"/> N	Income from services as a household employee, if not given a W-2	Income records	
<input type="checkbox"/> Y <input type="checkbox"/> N	Qualified military combat pay		
<input type="checkbox"/> Y <input type="checkbox"/> N	Dividends and interest (including seller-financed mortgage)	1099-INT, 1099-DIV, 1099-OID, brokerage statements	15,16
<input type="checkbox"/> Y <input type="checkbox"/> N	Unemployment compensation	1099-G	
<input type="checkbox"/> Y <input type="checkbox"/> N	State/local income tax refund	1099-G	17
<input type="checkbox"/> Y <input type="checkbox"/> N	Self-employment income	1099-MISC, other income/expense records	18
<input type="checkbox"/> Y <input type="checkbox"/> N	Capital gain (loss) from sale of stocks, bonds, mutual funds, other assets	1099-B, brokerage statements, other records	19
<input type="checkbox"/> Y <input type="checkbox"/> N	Undistributed capital gains from mutual funds	Form 2439 or statements from fund manager, including taxes paid	
<input type="checkbox"/> Y <input type="checkbox"/> N	Capital loss carryover	Prior year records	
<input type="checkbox"/> Y <input type="checkbox"/> N	Employee stock options (ISOs, NQSOs); employee stock purchase plans	Records of option exercises; purchases and sales	
<input type="checkbox"/> Y <input type="checkbox"/> N	Profit-sharing distributions	1099-R or other records	
<input type="checkbox"/> Y <input type="checkbox"/> N	Rental property income (or loss)	Income and expense records	20
<input type="checkbox"/> Y <input type="checkbox"/> N	Partnership, S corp, trust or estate income	Schedule K-1	
<input type="checkbox"/> Y <input type="checkbox"/> N	Royalties (from copyrights, recordings, publishing, motion pictures; industrial; natural resources)	1099-MISC or other income/expense records	
<input type="checkbox"/> Y <input type="checkbox"/> N	Farming and fishing income (including livestock, forestry, crop production)	Income and expense records	
<input type="checkbox"/> Y <input type="checkbox"/> N	Sale or rental of business property (including royalty property and K-1 assets)	Records of acquisition costs, sales amounts, expenses of sale, depreciation taken	
<input type="checkbox"/> Y <input type="checkbox"/> N	Foreign accounts and trusts	Records of income and expenses, including taxes paid	
<input type="checkbox"/> Y <input type="checkbox"/> N	Section 1256 contracts; straddles	Broker statements	
<input type="checkbox"/> Y <input type="checkbox"/> N	Distributions from an IRA or Keogh plan	1009-R	
<input type="checkbox"/> Y <input type="checkbox"/> N	Pensions and annuities	1099-R or other records	
<input type="checkbox"/> Y <input type="checkbox"/> N	Retirement fund income, Social Security or railroad retirement payments	1099-R, SSA-1099, RRB-1099, RRB 1099-R	21
<input type="checkbox"/> Y <input type="checkbox"/> N	Gambling/lottery winnings (and losses); contest awards	W-2G, 1009-MISC, and other records	22
<input type="checkbox"/> Y <input type="checkbox"/> N	Alimony received (not child support)	Amounts received, payer's SSN	
<input type="checkbox"/> Y <input type="checkbox"/> N	Payments for educational expenses from a qualified education fund or account	1099-Q	
<input type="checkbox"/> Y <input type="checkbox"/> N	Foreign earned income	Records of income and foreign taxes paid. Also include records of foreign living expenses for the same period of time.	
<input type="checkbox"/> Y <input type="checkbox"/> N	Alaska Permanent Fund dividends	APF dividend statements	
<input type="checkbox"/> Y <input type="checkbox"/> N	Taxable scholarship income	Amounts received and purpose	
<input type="checkbox"/> Y <input type="checkbox"/> N	Sickness and injury benefits, such as disability pensions, long-term care insurance contracts, workers compensation, and others	Income records	
<input type="checkbox"/> Y <input type="checkbox"/> N	Other government payments, such as taxable grants, trade adjustment assistance (TAA or ATAA), and agriculture payments		
<input type="checkbox"/> Y <input type="checkbox"/> N	Jury duty or public service pay (<input type="checkbox"/> if you had to give this to your employer)		
<input type="checkbox"/> Y <input type="checkbox"/> N	Barter	Records of goods or services traded, including valuation	
<input type="checkbox"/> Y <input type="checkbox"/> N	Other income (explain)		

4. ADJUSTMENTS

TAXPAYER	SPOUSE	
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Are you a school teacher who paid for classroom materials without reimbursement? If yes, attach summary.
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Were you an Armed Forces reservist, fee-basis government official, or performing artist?
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you have a Health Savings Account or Medical Savings Account during the year?
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you move to a new home because you changed job locations or started a new job?
<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you pay alimony? If yes, enter recipient's name, SSN, and amount:

5. E-FILING and DIRECT DEPOSIT (Note 23)

<input type="checkbox"/> Y <input type="checkbox"/> N	A. If your return is eligible, do you want to file electronically?
<input type="checkbox"/> Y <input type="checkbox"/> N	B. If you're entitled to a refund, do you want Direct Deposit?
<input type="checkbox"/> Y <input type="checkbox"/> N	C. If you owe tax, do you want it withdrawn electronically? Date: _____
If yes to B or C, include a voided check. For a savings account, enter routing and account numbers:	
ROUTING NUMBER	ACCOUNT NUMBER <input type="checkbox"/> CHECKING
	<input type="checkbox"/> SAVINGS

6. ESTIMATED TAXES PAID

FEDERAL (1040-ES or 4868)		STATE	
Date	Amount	Date	Amount
	\$		\$
	\$		\$
	\$		\$
	\$		\$

7. EDUCATION EXPENSES (Notes 25-28)

	Student 1 (name)	Student 2 (name)
Did you made payments on a student loan in 2009? Include 1098-E or other documents showing interest paid.	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
Did you, or a dependent for whom you claim an exemption, pay education expenses in 2009 (even if the period of attendance was in another year)? If yes, check below the expenses you paid and enter amounts or provide receipts/records. If no, skip the rest of this section.	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
Tuition and fees (do not include student health fees). Provide 1098-T and other records showing amounts paid in 2009.	<input type="checkbox"/> \$	<input type="checkbox"/> \$
Books, equipment, and supplies.	<input type="checkbox"/> \$	<input type="checkbox"/> \$
Did the school <i>require</i> you to purchase any of these items (books, equipment, supplies) <i>directly from the school?</i> (Note 27)	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
Room and board, transportation, insurance, medical expenses, or other personal or living expenses.	<input type="checkbox"/> \$	<input type="checkbox"/> \$
Did you receive any non-taxable scholarships or grants? If yes, check and enter amount.	<input type="checkbox"/> \$	<input type="checkbox"/> \$
Did you take any distributions from a Coverdell ESA (formerly known as an Educational IRA), Section 529/Qualified Tuition Plan, or other tax-advantaged account for educational expenses? If yes, provide Form 1099-Q or other records.	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
Were any of your expenses reimbursed by an employer? If yes, attach explanation and record of amounts.	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
Was the student pursuing an undergraduate degree or other recognized credential (U), a graduate or professional degree (G), or was the education in a non-degree program (N)?	<input type="checkbox"/> U <input type="checkbox"/> G <input type="checkbox"/> N	<input type="checkbox"/> U <input type="checkbox"/> G <input type="checkbox"/> N
Was the student enrolled at least half-time (under the institution's rules) for at least one academic period in the year?	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
Did the student complete the first two years of postsecondary education prior to 2009?	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
Did the student complete the first four years of postsecondary education prior to 2009?	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
(For work-related education) Was the education (a) to maintain or improve your current job skills or (b) required by your employer or the law to keep your present job, status, or salary? See Note 28.	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N

8. RETIREMENT ACCOUNTS

Contributions made for 2009	Traditional IRA	Date	Roth IRA	Date	SEP/SIMPLE	Date
Taxpayer	\$		\$		\$	
Spouse	\$		\$		\$	
					TAXPAYER	SPOUSE
Are you covered by a retirement plan at work?	<input type="checkbox"/> Y <input type="checkbox"/> N		<input type="checkbox"/> Y <input type="checkbox"/> N		<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
Do you intend to make a deductible IRA contribution for 2009 by 15 April 2010?	<input type="checkbox"/> Y <input type="checkbox"/> N		<input type="checkbox"/> Y <input type="checkbox"/> N		<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
If you reached age 70 1/2 in 2009 (or before), have you begun taking your mandatory retirement savings withdrawals?	<input type="checkbox"/> Y <input type="checkbox"/> N		<input type="checkbox"/> Y <input type="checkbox"/> N		<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
If over 70 1/2, did you make any direct charitable contributions from your IRA?	<input type="checkbox"/> Y <input type="checkbox"/> N		<input type="checkbox"/> Y <input type="checkbox"/> N		<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
If you will be 70 1/2 or older in 2010, what is the total value of all your IRAs as of 31 December 2009?	\$		\$		\$	\$

9. HOME OWNERSHIP (Note 29)

Did you own your main home at any time during 2009?	<input type="checkbox"/> Y <input type="checkbox"/> N	A second home or vacation home?	<input type="checkbox"/> Y <input type="checkbox"/> N
(If you answered no to both questions above, skip the remainder of this section. Otherwise continue, and provide supporting records.)			
Did you buy, sell, or refinance any home in 2009? If yes, see Notes 30, 31.	<input type="checkbox"/> Y <input type="checkbox"/> N	Did you make energy improvements to any home?	<input type="checkbox"/> Y <input type="checkbox"/> N
If you bought a main home in 2009, did you own a main home at any time in the three year period ending on the date of purchase?	<input type="checkbox"/> Y <input type="checkbox"/> N	Are you a long-time homeowner who bought a new main home after 6 November 2009?	<input type="checkbox"/> Y <input type="checkbox"/> N
For a second home or vacation home: Number of days in 2009 you used this property for personal purposes:		Number of days in 2009 you rented this property to others at fair market value:	
		Main home	Second home
Interest paid on first mortgage (provide Form 1098)	\$	\$	\$
Interest paid on second mortgage, home equity loan, or home equity line of credit (provide Form 1098)	\$	\$	\$
Does the amount in Form 1098 block 1 include any payment you made in late December 2008 and claimed on your 2008 return?	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
If you have a home equity loan or line of credit, were the proceeds (whenever taken) used <i>exclusively</i> to pay off an existing loan or to repair or improve the property? (Answer "no" if any part of the proceeds were used to pay credit card bills, buy a car, etc.)	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N	<input type="checkbox"/> Y <input type="checkbox"/> N
If you paid mortgage interest to a person who did not issue a 1098 (e.g., the seller), provide their name, address, and tax ID no., and indicate which loan it applies to:			
Mortgage insurance premiums (if insurance contract was issued <i>after</i> 2006)	\$	\$	\$
Real estate taxes paid	\$	\$	\$

10. ITEMIZED DEDUCTIONS

Read Note 32 before beginning this section. Then, for the categories below, provide figures here or on a separate sheet. Include supporting documents so we can determine the correct amount and confirm that each item is a deductible expense. The descriptions below are not all-inclusive. Think of *all* your expenses; we'll help you determine which qualify.

TAXES (Note 33)

State and local income tax paid (other than amounts shown on Forms W-2, 1099, etc., or listed in Section 6)	\$	Real estate taxes on homes (Note 36 re special assessments)	\$
State and local sales tax (Note 34)	\$	Foreign income and real estate taxes	\$
Personal property taxes (Note 35)	\$	Other taxes (explain)	\$

CHARITABLE CONTRIBUTIONS (See Note 37 for recordkeeping requirements)

Cash donations	\$	Vehicle miles related to volunteer work	
Clothing and household items (at fair market value)	\$	Other out-of-pocket expenses related to volunteer work	\$
Cars, boats, airplanes	\$	Exchange student expenses	\$
Stocks, bonds, artwork, jewelry, collections	\$	Other (explain)	\$

OTHER DEDUCTIONS (not subject to 2% AGI floor)

Investment interest (Note 38)	\$	Amortizable premium on taxable bonds	\$
Gambling losses (up to the amount of gambling winnings)	\$	Other (Note 39)	\$

MEDICAL AND DENTAL EXPENSES - 7.5% AGI floor (Note 40)

Medical service fees (doctors, dentists, other practitioners)	\$	Vehicle miles related to medical care	
Prescription drugs, insulin	\$	Travel and transportation expenses	\$
Hospital, lab, radiology, surgery, therapy charges	\$	Medical insurance premiums (incl. Medicare), long-term care contracts	\$
Medical devices, equipment, and supplies	\$	Ambulance, paramedic fees	\$
Wages for nursing services	\$	Treatments, clinics (drug, alcohol, obesity, smoking, psychiatric)	\$
Nursing home medical care	\$	Other (explain)	\$

CASUALTY AND THEFT LOSSES - 10% AGI floor (Note 41)

Fire, storm, vandalism, theft, etc.	\$	Accidents (auto, boat, etc.)	\$
Money (deposits) lost due to insolvency or bankruptcy of a financial institution	\$	Costs of proving the nature and amount of a loss (e.g., appraisal fees, photographs)	\$
Were any of these losses in (1) the Kansas disaster area after May 3, 2007, and attributable to the storms and tornadoes that began May 4, 2007; (2) a Midwestern disaster area and attributable to severe storms, tornadoes, or flooding; or (3) another Federally declared disaster area?			<input type="checkbox"/> Y <input type="checkbox"/> N
Did you have any <i>gains</i> from nonbusiness casualties and thefts? (Include explanation.)			<input type="checkbox"/> Y <input type="checkbox"/> N
Did you use the damaged or stolen property in performing services as an employee, or was it income-producing property?			<input type="checkbox"/> Y <input type="checkbox"/> N

EMPLOYEE BUSINESS EXPENSES - 2% AGI floor (Notes 42-43)

Protective clothing (hard hats, safety shoes, glasses); other safety equipment; small tools and supplies	\$	Job search expenses, such as fees to employment agencies, resume preparation and mailing, and travel expenses (Note 45)	\$
Uniforms required by your employer and not suitable for ordinary wear (Note 44)	\$	Dues to professional organizations, chambers of commerce (except portion related to lobbying)	\$
Subscriptions to professional journals, trade magazines	\$	Vehicle expenses (Note 46) - check here and complete Sec 12	<input type="checkbox"/>
Business liability or malpractice insurance premiums	\$	Transportation, travel, lodging (Note 47)	\$
Licenses, occupational taxes, regulatory fees	\$	Meals and entertainment (Note 48)	\$
Union dues (restrictions apply)	\$	Other (Note 42)	\$

OTHER DEDUCTIONS (subject to 2% AGI floor)

Tax preparation fees paid in 2009	\$	Other (Note 49)	\$
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11. SELF-EMPLOYMENT (Note 18)

Business name		Type of business	
Address <input type="checkbox"/> Home		EIN (if any)	
Accounting method <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (explain)		Inventory method <input type="checkbox"/> Cost <input type="checkbox"/> Lower of cost or market <input type="checkbox"/> Other (explain)	
Did you materially participate in the business? <input type="checkbox"/> Y <input type="checkbox"/> N		Did you start/acquire or end the business in 2009? If yes, date: <input type="checkbox"/> No <input type="checkbox"/> Start <input type="checkbox"/> End	
Gross receipts <input type="checkbox"/> 1099s attached		Expenses*	
Income/sales not on 1099-MISC	\$	Advertising	\$
Returns and allowances	\$	Bank fees	\$
Cost of goods sold		Commissions, fees	\$
Beginning inventory	\$	Contract labor, consultants	\$
Inventory purchases	\$	Depreciation, Sec 179 expense	\$
Cost of labor (not your own)	\$	Employee benefit programs	\$
Materials and supplies	\$	Insurance (other than your health)	\$
Other costs (explain)	\$	Interest paid	\$
Ending inventory	\$	Legal, professional services	\$
Capital equipment purchases	(explain)	Office expenses, postage/del'y	\$
Bus. property sold/disposed of	(explain)	Pension, profit-sharing plans	\$
Health insurance (you + family)	\$	Rent (office, storage space)	\$
		Equipment rental and leasing	\$
		Repairs and maintenance	\$
		Supplies (not in COGS)	\$
		Donations to business orgs.	\$
		Taxes, licenses, regulatory fees	\$
		Travel, transportation, lodging	\$
		Meals and entertainment	\$
		Utilities	\$
		Wages paid to employees (W-2)	\$
		Dues, publications	\$
		Employee exp. reimbursements	\$
		Other (explain)	\$

*For vehicle expenses use Section 12. For business use of your home use Section 13.

12. VEHICLE EXPENSES (Notes 46, 50)

	Vehicle 1	Vehicle 2		Vehicle 1	Vehicle 2
Year, make, model			Date placed in service		
			(Cost or other basis)	\$	\$
Deductible use is:	<input type="checkbox"/> Self-employed bus exp <input type="checkbox"/> Employee bus exp	<input type="checkbox"/> Self-employed bus exp <input type="checkbox"/> Employee bus exp	(FMV on in-service date)	\$	\$
For:	<input type="checkbox"/> Taxpayer <input type="checkbox"/> Spouse	<input type="checkbox"/> Taxpayer <input type="checkbox"/> Spouse	Ending odometer reading		
Expense method chosen	<input type="checkbox"/> Standard mileage rate <input type="checkbox"/> Actual expenses	<input type="checkbox"/> Standard mileage rate <input type="checkbox"/> Actual expenses	Beginning odometer reading		
If standard mileage rate chosen, is test met? (Note 51)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	Business miles for 2009		
			Commuting miles (note 50)		
Was this vehicle available for personal use during off-duty hours?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	Parking, tolls (business only)	\$	\$
Do you (or spouse) have another vehicle available for personal use?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	Personal property tax	\$	\$
			Do you have evidence to support the business use claimed?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
			If yes, is the evidence written (such as a mileage log)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Complete the lines below only if the actual expense method is selected above					
Fuel	\$	\$	Lease payments	\$	\$
Maintenance, repairs	\$	\$	Licenses, registration	\$	\$
Insurance	\$	\$	Garage rent	\$	\$

13. BUSINESS USE OF YOUR HOME (Note 52)

Type of trade, business, or profession			
Proprietor or employee	<input type="checkbox"/> Taxpayer <input type="checkbox"/> Spouse <input type="checkbox"/> Both	Test(s) met	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E <input type="checkbox"/> F (<input type="checkbox"/> Empl)
Date you began using your home for business purposes		If you stopped using it for this purpose in 2009, check and enter date	<input type="checkbox"/>

Expenses (Note 53). In the right column, enter *annual* figures.

Total sq. ft. of home		Mortgage interest	\$
Sq. ft. used regularly and exclusively for business		Rent	\$
Sq. ft. used regularly but not exclusively for business		Taxes	\$
Date home acquired		Condo/HOA fees	\$
Home cost	<input type="checkbox"/> Adj basis <input type="checkbox"/> FMV	Insurance	\$
Land cost	<input type="checkbox"/> Adj basis <input type="checkbox"/> FMV	Utilities	\$
Date improvements made (if any)		Repairs and maintenance	\$
Cost of improvements	\$	Other	\$

14. FINAL QUESTION (All must answer)

Are you aware of anything else not covered above that might affect your 2009 tax liability? If yes, attach explanation.	<input type="checkbox"/> Y <input type="checkbox"/> N
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Notes and Instructions

1. Filling in the blanks. You do not need to fill in dollar amounts if the correct figures are clearly shown on your supporting documents. For example, if we ask for the amount of mortgage interest you paid, you can leave the line blank if you provide a Form 1098 showing the correct amount.

Please answer all yes/no questions (except in sections that are clearly not applicable). We use these to determine whether we need more information for your return. If a line says "explain," write a short explanation on the back of the page or on a separate sheet of paper. If the explanation is complicated, call us.

2. Supporting documents. Include your **original W-2's, W-2G's, and 1099-R's** and the original or a photocopy of all other supporting documents. We'll return all documents to you unless you request otherwise. Our **fax number** is 703.933.7031. Our **mailing address** is: 4201 36th St S, Arlington VA 22206.

If you transmit your documents by fax or email (see Note 7), send us the original W-2's, W-2G's, and 1099-R's when you return the e-file authorization by mail.

Include a copy of your **2008 federal and state tax returns**, including any amendments. Skip this if we prepared your 2008 returns.

3. Organizing your records. For most income and expense items, you'll have only one or a small number of supporting documents. When there are many, please create a list or spreadsheet and include the total for each category. For example, if you claim a deduction for business use of your home, don't send us a stack of utility bills, insurance invoices, and repair receipts. Create a list showing expenses by category. We'll let you know if we have questions about the details.

4. Why do we ask for your Social Security card, driver's license, etc.? Two reasons: **First, for your protection.** We want to be sure the person who claims to be you really is you. We don't want an impostor filing a tax return in your name and receiving your refund.

Second, to prevent errors. The IRS compares the names and SSNs on your tax return with Social Security Administration records. A mismatch **will** cause rejection of an e-filed return, and may cause problems with a paper return. It's important to file your return using the name exactly as shown on the card. A common error is the use of a different name due to marriage or divorce without informing the Social Security Administration.

5. Dates. Unless otherwise specified, when we ask "Did you do X?," it means "during 2009." "Are (or were) you X?" means as of 31 December 2009.

6. Cash vs. accrual accounting. Most individual taxpayers use the cash method of accounting. That means the date you actually paid an expense matters, not the date you became obligated to pay. For example, if you receive a property tax bill in November 2008 for part of 2008 but you pay the bill in January 2009, the expense is deductible in 2009, not 2008.

For most tax purposes, "cash" payments include cash, check, money order, credit card, electronic bank transfer, and payroll deduction.

7. Email. Ordinary email is NOT a secure method of communication. Do not transmit sensitive information by email unless it's in a password-protected (encrypted) PDF or zipped file. If you have the ability to create encrypted PDFs (this requires a "full" version of Adobe Acrobat, not just Acrobat Reader), you can scan and send us your information that way. Set compatibility to Acrobat 7.0 or higher, and call us with the password.

* * * * *

8. Dual-status. A resident alien for part of the year and a nonresident alien for the rest of the year. Different rules apply for each part of the year.

9. Marital status. For more info see the discussion on our website, www.hamiltontaxservices.com. Click on Tax Info, then Filing FAQs.

10. Legal residence. Most taxpayers are legal residents ("domiciliaries") of the state in which they reside. But if your presence is temporary (e.g., you're an active-duty military member or a college student), you may retain your legal residence in your home state. This exception generally does not apply to spouses.

11. Dependents. You may be able to claim the following persons as dependents:

• **Your child**, who:

- (a) lived with you and was
 - (i) disabled (regardless of age), or
 - (ii) on 31 Dec 2009, under the age of 19 or a student under the age of 24, or
- (b) lived with your ex-spouse, if an agreement or court order allows you to claim the child as a dependent.

• **Your parent**, if you provided more than 50% of his or her support.

• **Your adult relative** who lived with you and had gross income of less than \$3650.

You may be able to claim other relatives as dependents, but the rules are somewhat complicated. Contact us for details, especially if any of the following are applicable:

- The person was born or died during 2009, or was kidnapped.
- The person is not a US citizen or resident alien.
- The person is married.
- Two or more taxpayers provide support for this person, but neither provides more than 50%.
- You or your spouse can be claimed as a dependent by someone else.

12. Child tax credit. To qualify for the child tax credit, the child must meet **all** of the following tests:

- Is your child, adopted child, stepchild, foster child, sibling, step-sibling, or a descendant of one of them.
- Was **under** the age of 17 on 31 Dec 2009.
- Did not provide over 50% of his or her own support in 2009.
- Lived with you for more than half of 2009.
- Was a US citizen, US national, or resident.

Special rules may apply to adopted children, children temporarily absent from your home, and children who are qualifying children of more than one taxpayer.

13. Multiple providers. If you paid more than one provider during the year, list one on the questionnaire and attach a separate sheet showing the information for the others.

14. Provider's identification. The provider's ID is either a Social Security number or individual taxpayer identification number (ITIN) if an individual, or an EIN if an organization. You do not have to give an ID number for a tax-exempt organization such as a school or church. For all other providers, you must give the (correct) ID number or be able to show that you exercised due diligence in trying to get it from the provider. To show due diligence, you must get and keep one of the following, or keep records showing that you asked for the information but the provider refused to give it to you:

- A copy of the provider's Social Security card
- A copy of the provider's driver's license (if it shows SSN)
- The provider's W-4 if he/she is your household employee
- A copy of the statement furnished by your employer if the provider is your employer's dependent care plan
- A letter or invoice from the provider that shows the ID number

15. Interest income. Some banks don't issue a Form 1099-INT if the amount they paid you is less than \$10. However, the interest income is still taxable. Please provide other supporting documents such as your December or January bank statement showing year-to-date interest paid, or write the amount in this line.

16. Seller-financed mortgage interest. If you sold property and provided all or part of the buyer's financing, you must report as income the interest component of the loan payments, whether or not you gave the buyer a Form 1098.

17. State/local income tax refunds. These are taxable income in the year received **if** you claimed the tax as an itemized deduction for the year in which you paid it (through withholding or otherwise). If your itemized deductions were reduced based on your AGI, only a portion of the refund will be taxable income.

18. Self-employment income. If you're engaged in a trade or business as a sole proprietor or "independent contractor," you must report income and expenses

on Schedule C or C-EZ and pay self-employment taxes on Schedule SE. (This does not apply to: (a) income reported to you on Form W-2; (b) income from a partnership, S corporation, or trust reported on Schedule K-1; (c) income from an LLC or LLP that elects to be treated as a corporation; (d) income you report on Schedule E or F; and (e) hobbies and activities not engaged in for profit.)

If your business had few expenses, we can prepare your return based on the receipts you've saved (invoices, credit card receipts, cancelled checks). But if there's more than a few, please provide an income and expense report (profit and loss statement) and balance sheet generated by software such as Quicken or Microsoft Money, or at least a spreadsheet with your expenses organized by category. Include with your documents:

- records of business property purchased in 2009
- depreciation records for property purchased before 2009 and not expensed under Section 179
- auto mileage logs showing business mileage, plus records of expenses for parking and tolls (see also Notes 46 and 50)
- records of income not reported on Form 1099-MISC

If you use Section 11 of this questionnaire to provide expense figures, include the following items under "Other":

- bank fees
- donations to business organizations
- business-related education expenses

19. Involuntary sale of stock. You may have sold stock without realizing it. If a company whose stock you own was acquired by another company, or conducted a reverse stock split, your broker may have been required to redeem some or all of your shares for cash. This may result in a capital gain or loss.

20. Rental property. Expenses include management fees; advertising; maintenance and repairs; condo or association fees; mortgage interest; vehicle and other travel expenses related to management of the property; legal, accounting, or other professional fees; and of course, depreciation.

21. Retirement fund income. Include records showing **rollovers** of withdrawals from IRAs, 401(k)'s, and other qualified plans.

22. Gambling and lotteries. Gambling losses may be deducted, but only to the extent of reported winnings, and only as an itemized deduction.

23. E-filing and deposit options. Most federal and state returns are eligible for e-filing, and we do not charge extra for this service. If you're due a refund, you can get a paper check by mail or have Direct Deposit to a checking or savings account, or to an account at a financial institution such as a mutual fund, brokerage firm, or credit union. IRS refunds can even be split between two or three accounts. (State options may vary.) If you owe tax, you can pay by check (mailed not later than 15 April) or by direct debit from a checking or savings account, which can be scheduled for any date up to 15 April.

If you use a checking account for Direct Deposit or electronic withdrawal, please send us a voided check (not a deposit slip). For a savings or other account, enter the routing and account numbers in Section 5. The ABA routing number is a 9-digit number beginning with 01 through 12 or 21 through 32. You may wish to contact your bank to verify the routing number to use for electronic transactions.

Some banks will not allow a joint refund to be deposited into an account held in only one name. If an electronic deposit is rejected, the IRS will issue a paper check but your refund will be delayed significantly.

24. [Reserved]

25. Education expenses. An **eligible educational institution** is any college, university, vocational school, or other postsecondary educational institution eligible to participate in a student aid program administered by the Dept. of Education. Virtually all accredited institutions in the US (and some outside the US) qualify. However, qualified education expenses do not include expenses related to **sports, games, hobbies, or non-credit** courses, unless the course is part of your degree program.

An eligible educational institution may also include an elementary or secondary school (K-12), but only for the purpose of determining whether a distribution from a Coverdell ESA qualifies as a tax-free distribution.

26. Payment of expense. You are treated as paying an expense even if another person (e.g., a relative or former spouse) pays the school directly, or the money comes from a gift, inheritance, or loan.

An expense billed in 2009 but actually paid in 2010 (or 2008) does not qualify for 2009. If your school issues a Form 1098-T showing an amount **billed** in block 2, you must be able to show when it was paid.

27. Course-related books, software, supplies, equipment. The cost of these items is a **qualified education expense** for the Hope and Lifetime Learning credits only if those expenses **must** be paid **directly** to the institution. If you are permitted to buy them from another source, they are not eligible expenses for the purpose of these tax credits, but may be important for other tax purposes (work-related education; Coverdell ESA or QTP distributions). When you provide receipts or other records showing these costs, be sure to indicate which ones, if any, meet this "required" test.

This test does **not** apply for the American Opportunity Credit (available for 2009 and 2010). For this credit, course-related materials can be acquired from any source.

28. Work-related education. The education must not be part of a program of study that will qualify you for a *new* trade or business, and must not be needed to meet the *minimum* educational requirements of your present trade or business.

29. Home ownership. A home may be a house, condominium, cooperative apartment, mobile home, or houseboat that has sleeping space, a toilet, and cooking facilities. Do not include "rental properties" in this section.

"Refinance" includes complete or partial refinancing as well as home equity loans and home equity lines of credit.

For 2009, eligible energy improvements include insulation; high-efficiency windows, door, and HVAC equipment; and certain solar, fuel cell, small wind energy, and geothermal equipment.

For mortgage interest and insurance premiums, provide Form 1098 if received; otherwise provide records showing amounts paid. Real estate taxes are normally shown on your annual escrow statement, but if you paid the taxes directly provide the bills and proof of dates paid.

30. Home purchase or refinance. For a new purchase, provide the HUD-1 settlement statement and a copy of the purchase contract. For a refinance, provide the HUD-1 for the new loan. If any existing loan was paid off with the refinance, also provide the HUD-1 from the origin of that loan and a copy of your tax return for the year of that loan.

31. Home sale.

a. Basic information. Properly reporting the sale of a home can be complex, requiring the consideration of several years' records. The list below is a start; we'll probably ask for additional documents when we fully understand the circumstances of your transaction.

- HUD-1 settlement statements from the sale, the original purchase, and any refinancing (this includes a home equity loan or line of credit. Also include the sales contract and any other documents showing expenses of sale/purchase and other adjustments, if not shown on the HUD-1 forms.
- Your income tax returns (including relevant worksheets) for the year of purchase and the year(s) of any refinancing.
- Records showing the cost of any home improvements made; special assessments; and expenses of restoring property after a casualty loss.
- Records of any tax credits pertaining to the property.
- Records related to postponed gain from the sale of a previous home before 7 May 1997.

b. Additional information. If the sale of your home is different in **any way** from the simplest case described below, please explain how it is different and what supporting records you have. The simplest case meets **all** of these tests:

- You bought the home on the open market from an unrelated seller in an arms-length transaction. You paid cash or used ordinary bank financing with no federal mortgage subsidy (FHAVA insurance is not a subsidy).
- No ownership interests were transferred (including between spouses, easements, etc.) while you owned it.

- You used it as your main home for at least 730 days of the 5 years preceding the date of sale.
- You sold the home on the open market to an unrelated seller in an arms-length transaction. The buyer paid cash or used ordinary bank financing.
- You did not use any part of the home for business or to produce rental income.
- None of the following applies: foreclosure or repossession; abandonment, destruction, or condemnation; transfer due to divorce; trade or like-kind exchange.

32. Itemized deductions. As a practical matter, most taxpayers can itemize deductions only if they own a home. Without mortgage interest and real estate tax, deductible expenses usually don't exceed the standard deduction (\$5700 for single, \$11,400 for married filing jointly). Some exceptions:

- high-income taxpayers (high state income tax)
- unusually high charitable contributions, unreimbursed medical expenses, or casualty and theft losses
- unusually high unreimbursed employee expenses, including qualified education expenses

If you don't own a home and don't meet one of these exceptions, you probably shouldn't spend time completing this section. But consider whether you itemized deductions for 2008 and whether your situation changed in 2009.

33. Taxes. Do not include in this section any taxes incurred for business purposes, including rental property. If you received a refund or rebate of any tax (other than a state income tax refund shown on Form 1099-G), provide details.

34. State taxes. You may deduct either state and local income taxes or sales taxes. Most taxpayers pay more in income taxes than sales tax, but if you live in a state with no income tax or you bought a big ticket item (car, boat, etc.) and have receipts to prove all your sales taxes, that may be a better choice this year.

35. Personal property taxes. This includes taxes on cars, boats, planes, and other personal property if the tax is based on the property's value. In some states, vehicle registration fees are based partly on value and partly on weight (or may have a flat fee component). In such cases, the portion of the registration fee based on value is a deductible property tax.

36. Special assessments. Most special assessments are not deductible because they pay for *improvements* to property. An exception is a special assessment to pay for general governmental functions. Even if not deductible, however, you should keep records of special assessments because they can be added to the basis of the property and may reduce the amount of taxable gain when you sell.

37. Charitable contributions. The IRS can disallow a deduction if you don't have sufficient records to support it, including:

- **Cash contribution under \$250:** a bank record (cancelled check, credit card receipt, etc.), cell phone bill (for donations made via text message), or a written statement from the charity.
- **Single contribution of \$250 or more** (cash or non-cash): a written statement from the recipient showing (i) the amount of money contributed or (ii) a description (but not value) of property donated; and (iii) whether you received any goods or services in return.
- **Car, boat, or airplane over \$500:** a Form 1098-C or other statement from the recipient.

Greater reporting requirements apply if your non-cash donations exceed \$500. An appraisal is generally required if any item exceeds \$500 or your total exceeds \$5,000. If you gave a partial or future interest in any property, provide details.

38. Investment interest is interest you paid on money borrowed to buy or maintain investment property (property that produces capital gains, interest, dividends, annuities, or royalties). Such property does not include:

- securities that generate tax-exempt income
- property held in the ordinary course of a trade or business
- passive activities

39. Other deductions not subject to 2% AGI floor include:

- Casualty and theft losses from income-producing property
- Federal estate tax on income in respect of a decedent

- Impairment-related work expenses of persons with disabilities
- Loss from other activities from Schedule K-1, box 2
- Repayments of more than \$3,000 under a claim of right
- Unrecovered investment in an annuity.

40. Medical and dental expenses. While it's important to keep good records for insurance purposes, the 7.5% AGI floor makes it difficult for most taxpayers to deduct medical expenses. Don't spend time on this section unless you think your unreimbursed expenses will exceed the limits in a and b below.

a. 7.5% AGI floor. Medical expenses are deductible only if they exceed 7.5% of your AGI. For example, if your AGI is \$60,000, your unreimbursed expenses must exceed \$4,500; even then only the amount above \$4,500 is deductible.

b. Reimbursements and expenses paid with pre-tax income or tax-favored accounts. Before comparing your expenses to 7.5% of your AGI, you must first *exclude* any amounts:

- Paid or reimbursed by insurance (incl. Medicare) or by your employer
- Paid with funds that have not been subject to income tax, such as:
 - Medical insurance premiums paid by pre-tax deduction from wages
 - Medical Savings Accounts, Health Savings Accounts
 - Flexible Spending Arrangements (if funded with pre-tax income)

When you give us your list of expenses and supporting documents, either don't include such expenses or clearly show which expenses were paid with pre-tax income or reimbursed from a tax-favored account.

c. Expenses for general health are not considered medical expenses. These include such things as gym memberships, sports lessons, vitamins and nutritional supplements, and nonprescription drugs. Surgery and other treatments for purely cosmetic reasons are also not deductible.

41. Casualty and theft losses include the fair market value of the property at the time of loss or the cost to repair or restore the property, less any recovery from insurance or other sources. Nonbusiness losses are generally deductible only if the total of all losses (reduced by \$500 per loss) exceeds 10% of your AGI. Different treatment may apply to income-producing property and property you used to perform services as an employee.

42. Unreimbursed employee expenses. If you are an employee (you receive a W-2), you can deduct "ordinary and necessary" work-related expenses that are not reimbursed by your employer. To be deductible, your unreimbursed expenses must exceed 2% of your AGI (when combined with certain other miscellaneous deductions described in Note 49 below).

An expense is "ordinary" if it is common and accepted in your trade, business, or profession. It is "necessary" if it is appropriate and helpful to your business, even if not strictly required. Some common examples are shown in Section 10. Other permissible expenses include:

- business bad debt
- damages paid for breach of an employment contract
- depreciation on a computer or cell phone your employer requires you to use in your work
- educator expenses (if more than deducted as an adjustment to income)
- gifts (normally limited to \$25/person per year)
- home office expenses (but see Note 52)
- legal fees related to doing or keeping your job
- medical examinations required by your employer
- passport for a business trip
- research expenses of a college professor
- telephone calls (long-distance or cellular)
- work-related education

43. Reimbursements for employee expenses. The proper tax treatment depends on whether the reimbursement arrangement is an accountable plan or a nonaccountable plan, and whether you're required to return excess amounts. Your employer can explain how their plan works.

44. Work clothing and uniforms. You can deduct the cost of buying and maintaining distinctive uniforms required as a condition of your employment. This includes theatrical costumes if you are an entertainer. It does not include military uniforms for members of the armed forces on full-time active duty, but exceptions

may apply for insignia and BDUs/DCUs, and different rules may apply to members of reserve components.

45. Job search expenses. You can deduct certain costs of looking for a new job in your present occupation, even if you don't find one. (Your first job, or a job in a new occupation, doesn't qualify.) You can deduct transportation, lodging, and other travel expenses if the primary purpose of the trip was to look for a job.

46. Vehicle expenses. You can deduct the business use of your car or truck as an employee business expense (subject to the 2% AGI floor) or as a self-employed business expense. To deduct vehicle expenses, you must have a mileage log showing date, destination, business purpose, and start/end odometer readings for each trip, plus odometer readings at the beginning and end of the year.

Commuting expenses (transportation between your home and regular workplace, including parking and tolls) are never deductible. But you can deduct expenses for transportation: (a) from your home or regular workplace to a temporary job site, (b) from your primary job to a second job, and (c) from your workplace to school.

You can claim either the standard mileage rate (varies each year) or a portion of your actual vehicle expenses. The standard rate is simpler and usually more advantageous, unless you have an expensive car with high operating costs. If you use the standard rate in the first year of service, you can change to the actual expense method in a later year. You generally cannot go in the other direction.

47. Travel and transportation. In addition to vehicle expenses, you can deduct other unreimbursed costs of traveling for your employer, such as air, rail, and bus tickets; car rental; taxi fares; parking and tolls; baggage fees; cleaning and laundry costs; and meals and lodging.

48. Meals and entertainment. Because this area is ripe for abuse, the rules and record keeping requirements are more strict. For each meal or entertainment item, you should have records of who was present and what business was conducted before, during, and after. Expenses cannot be lavish or extravagant, and only 50% of the cost can be deducted.

49. Other deductions subject to the 2% AGI floor include:

- Expenses paid to produce or collect taxable income or get tax advice
- Investment fees and expenses, including trustee's fees for your IRA (if separately billed and paid)
- Loss on IRA (when fully distributed)
- Safe deposit box rental

50. Vehicle expenses. For "date placed in service," enter the date the vehicle first became available for business use. If that date was in 2009 **and** you are claiming actual expenses, provide both your acquisition cost (or other basis) and the fair market value as of the in-service date. Acquisition cost includes the price you paid plus related costs such as documentation fees, sales tax, and pre-purchase inspection. That cost is your basis unless you later took depreciation on the vehicle or deducted a casualty loss.

Odometer readings and any expenses shown should reflect the full calendar year, unless you placed the vehicle in service or removed it from service (for business use) during 2009. In that case, "commuting miles" should reflect only the portion of the year during which the vehicle was used for business purposes, and you should include a note explaining whether other items are full-year, or partial year. If you did not log your commuting miles, estimate them based on the number of days you drove to work and the normal round-trip mileage.

51. Standard mileage rate test. You **pass** the test to use the standard mileage rate if **none** of the following are true:

- You use the car for hire (e.g., a taxi)
- You use five or more vehicles at the same time
- You claimed depreciation using any method other than straight line

- You claimed a Section 179 deduction for the vehicle
- You claimed the special depreciation allowance
- You lease the car, and claimed actual expenses anytime after 1997
- You are a rural mail carrier who received qualified reimbursement

52. Business use of home—generally. In Section 13, state which of the following tests (A-F) you meet. If you meet two or more tests for a single business, attach an explanation. If you have more than one business, you may need to use multiple copies of the questionnaire.

A. You use a specific part of your home regularly and exclusively as your principal place of business.

B. You use a specific part of your home regularly and exclusively to meet with clients, patients, or customers in the normal course of business (does not have to be your principal place of business).

C. You use part of your home in connection with your trade or business (applies only to a separate structure not connected to your home).

D. You use part of your home on a regular basis (does not have to be exclusive) for the storage of inventory or product samples. Your business involves selling products at wholesale or retail; your home is the only fixed location of your business; and the space used is separately identifiable and suitable for storage.

E. You rent out part of your home.

F. You use part of your home as a daycare facility for children, persons 65 or older, or persons physically or mentally unable to care for themselves. You must be in compliance with state licensing requirements.

If you claim the deduction as an employee, you must also meet the following tests:

- Your business use of the home is for the convenience of your employer. (It is not enough that your use of a home office is appropriate and useful. If your employer provides suitable facilities for your job, you don't meet this test.)
- You must not rent any part of your home to your employer and use that part to perform services for that employer.

53. Home office expenses. If you claimed this deduction in 2008, the information in the left column should be shown on your 2008 return, in which case enter "see 2008." But if you began using your for business in 2009, you'll need to come up with these figures.

For "home cost" and "land cost," provide the *lower* of your adjusted basis or the fair market value on the date you began using the home for business. Adjusted basis is normally the property's cost, plus the cost of permanent improvements you made, minus any casualty losses or depreciation deducted in earlier years. If the land was not acquired separately, it will be necessary to determine what portion of the original cost was for the land. To do this, use the ratio shown in the property tax appraisal for the year of purchase. (Subsequent adjustments to basis normally apply only to buildings and other improvements, not land. But it is possible for land to go down in value.)

If you own the home, the figures for mortgage interest and taxes should be the same as you reported for itemized deductions. Provide annual figures for the other items. We'll assume all figures apply to the home generally; but if you have a reasonable basis for allocating a specific amount to business use, include an explanation. For example, if the business use of the home is 10%, we would normally allocate 10% of the electric bill, insurance, etc. to business use. But if you believe 25% of the electric bill or 100% of a repair is related to the business, include an explanation. For utilities, do not include the cost of the first telephone line (including taxes). Normally, a second line used for the business is allocable 100% to the business.