

SUTTON FINANCIAL
2171 Junipero Serra Blvd #520
Daly City, CA 94014

Dear Sir or Madam:

The purpose of this letter is to confirm that you have retained Sutton Financial for preparation of your **2009 Income Tax Returns**. **Please acknowledge below and return this letter with your organizer.** You will receive a copy for your files as you chose by pdf or by paper this year.

Our responsibilities as your tax preparer:

We will prepare your Federal and State income tax returns as requested by you, but we do not audit or otherwise verify data which you submit, though we may ask for clarification. We are not responsible for the accuracy of your records or the results derived in the event they are inaccurate.

We are required by law, however, to exercise "due diligence" and make reasonably certain that the return prepared by us complies with the requirements of law.

Your responsibilities as a taxpayer:

It is your responsibility to timely file a correct tax return and pay the correct tax.

The information submitted to our firm must be true, complete, accurate, and correctly represent all relevant items required to be reported on your tax return. If you are claiming deductions for unreimbursed auto, charity, travel, and other business expenses; you must keep **written** records.

You are expected to maintain copies of your tax returns and records for at least four years, but you should retain, indefinite, information with respect to the basis of currently and previously-owned capital assets and depreciable business property.

Disclosure:

Please be advised that any information concerning income or expenses provided to me during the preparation of your return will be included in your client file and must be disclosed to the taxing authorities, if requested by them.

Position:

Tax law is sometimes unclear and subject to different interpretations. A position taken on your tax return may be disputed by the tax authorities, even though it meets the standards for tax return positions described in the Federal Regulations. I am not responsible for any tax, interest or penalties, that may be assessed as result of a position taken is successfully challenged by the tax authorities.

Audits and Representation:

In the event your return is selected for audit review, we will discuss the appropriate action to be taken. I am available to represent you for an additional fee based on time and the complexity of the items at issue.

Please notify me if you receive any correspondence from any taxing agency.

We will review our privacy rules and IRS code section 7216 as it relates to you and using the information from your tax returns that we might use to provide additional financial services. We cannot and do not use any information or release any of your tax information without your prior written approval.

Fees:

Our tax preparation fees are based on an itemized schedule of charges, which is available on request. Our work will be billed upon completion of your return. Your return can be mailed to you. Your fee is due prior to us e-filing your tax returns. While some tax consultation is provided as a normal part of my service, lengthy consultation involving complex tax issues will be billed separately at the rate of \$200/hour, or at a fee negotiated prior to the consultation.

AGREED: SUTTON FINANCIAL: _____ DATE: _____

RECEIVED AND UNDERSTOOD: _____ DATE: _____

RECEIVED AND UNDERSTOOD: _____ DATE: _____

Sutton Financial

January 2009

Dear Valued Client:

Re: Permission to Disclose Tax Return Form 1040 Tax Return Information

The IRS has recently added provisions to the tax code that are designed to protect the confidentiality of your personal tax information and ensure that you are aware of anyone who is using your information.

In order to provide a high level of service to my clients I have added financial solutions to my practice. I would like to work with you proactively to help you achieve your overall financial goals, which may include savings, investing, preserving your life style during retirement with guaranteed income and having the right kind and amount of life and long term care insurance. I have been motivated above all by seeing what can happen when my clients do not receive good advice and information about these topics.

As a Financial Adviser associated with Genworth Financial Securities Corporation and Genworth Financial Advisers Corporation, I am able to offer you various financial services, including, insurance and investment advisory services. To determine whether these services may be appropriate for you, I will need to use some of the information found in your tax return. If you request that certain of your tax return information not be used, you may be asked to provide additional information before entering into an agreement or transaction relating to a specific financial service.

I am asking you to sign this document to allow me to use the information I gather from your tax return to help in analyzing your current financial circumstance. The goal of this analysis is to make recommendations and then implement any recommendations through the entities I am affiliated with.

Please know that any tax return information used by me and disclosed to companies that you agree to do business with is held in strict confidence.

Federal law requires that this consent form be provided to you. Unless authorized by law, I cannot disclose, without your consent, your tax return information to third parties for purposes other than the preparation and filing of your tax return. If you consent to the disclosure of your tax return information, Federal law may not protect your tax return information from further use or distribution.

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Examinations, Appeals, Collections, and Refunds

Examinations (Audits)

We accept most taxpayers' returns as filed. If we inquire about your return or select it for examination, it does not suggest that you are dishonest. The inquiry or examination may or may not result in more tax. We may close your case without change; or, you may receive a refund.

The process of selecting a return for examination usually begins in one of two ways. First, we use computer programs to identify returns that may have incorrect amounts. These programs may be based on information returns, such as Forms 1099 and W-2, on studies of past examinations, or on certain issues identified by compliance projects. Second, we use information from outside sources that indicates that a return may have incorrect amounts. These sources may include newspapers, public records, and individuals. If we determine that the information is accurate and reliable, we may use it to select a return for examination.

Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund, explains the rules and procedures that we follow in examinations. The following sections give an overview of how we conduct examinations.

By Mail

We handle many examinations and inquiries by mail. We will send you a letter with either a request for more information or a reason why we believe a change to your return may be needed. You can respond by mail or you can request a personal interview with an examiner. If you mail us the requested information or provide an explanation, we may or may not agree with you, and we will explain the reasons for any changes. Please do not hesitate to write to us about anything you do not understand.

By Interview

If we notify you that we will conduct your examination through a personal interview, or you request such an interview, you have the right to ask that the examination take place at a reasonable time and place that is convenient for both you and the IRS. If our examiner proposes any changes to your return, he or she will explain the reasons for the changes. If you do not agree with these changes, you can meet with the examiner's supervisor.

Repeat Examinations

If we examined your return for the same items in either of the 2 previous years and proposed no change to your tax liability, please contact us as soon as possible so

we can see if we should discontinue the examination.

Appeals

If you do not agree with the examiner's proposed changes, you can appeal them to the Appeals Office of IRS. Most differences can be settled without expensive and time-consuming court trials. Your appeal rights are explained in detail in both Publication 5, Your Appeal Rights and How To Prepare a Protest If You Don't Agree, and Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund.

If you do not wish to use the Appeals Office or disagree with its findings, you may be able to take your case to the U.S. Tax Court, U.S. Court of Federal Claims, or the U.S. District Court where you live. If you take your case to court, the IRS will have the burden of proving certain facts if you kept adequate records to show your tax liability, cooperated with the IRS, and meet certain other conditions. If the court agrees with you on most issues in your case and finds that our position was largely unjustified, you may be able to recover some of your administrative and litigation costs. You will not be eligible to recover these costs unless you tried to resolve your case administratively, including going through the appeals system, and you gave us the information necessary to resolve the case.

Collections

Publication 594, The IRS Collection Process, explains your rights and responsibilities regarding payment of federal taxes. It describes:

- What to do when you owe taxes. It describes what to do if you get a tax bill and what to do if you think your bill is wrong. It also covers making installment payments, delaying collection action, and submitting an offer in compromise.
- IRS collection actions. It covers liens, releasing a lien, levies, releasing a levy, seizures and sales, and release of property.

Your collection appeal rights are explained in detail in Publication 1660, Collection Appeal Rights.

Innocent Spouse Relief

Generally, both you and your spouse are each responsible for paying the full amount of tax, interest, and penalties due on your joint return. However, if you qualify for innocent spouse relief, you may be relieved of part or all of the joint liability. To request relief, you must file Form 8857, Request for Innocent Spouse Relief no later than 2 years after the date

on which the IRS first attempted to collect the tax from you. For example, the two-year period for filing your claim may start if the IRS applies your tax refund from one year to the taxes that you and your spouse owe for another year. For more information on innocent spouse relief, see Publication 971, Innocent Spouse Relief, and Form 8857.

Potential Third Party Contacts

Generally, the IRS will deal directly with you or your duly authorized representative. However, we sometimes talk with other persons if we need information that you have been unable to provide, or to verify information we have received. If we do contact other persons, such as a neighbor, bank, employer, or employees, we will generally need to tell them limited information, such as your name. The law prohibits us from disclosing any more information than is necessary to obtain or verify the information we are seeking. Our need to contact other persons may continue as long as there is activity in your case. If we do contact other persons, you have a right to request a list of those contacted.

Refunds

You may file a claim for refund if you think you paid too much tax. You must generally file the claim within 3 years from the date you filed your original return or 2 years from the date you paid the tax, whichever is later. The law generally provides for interest on your refund if it is not paid within 45 days of the date you filed your return or claim for refund. Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund, has more information on refunds.

If you were due a refund but you did not file a return, you generally must file your return within 3 years from the date the return was due (including extensions) to get that refund.

Tax Information

The IRS provides the following sources for forms, publications, and additional information.

- **Tax Questions:** 1-800-829-1040 (1-800-829-4059 for TTY/TDD)
- **Forms and Publications:** 1-800-829-3676 (1-800-829-4059 for TTY/TDD)
- **Internet:** www.irs.gov
- **Small Business Ombudsman:** A small business entity can participate in the regulatory process and comment on enforcement actions of IRS by calling 1-888-REG-FAIR.
- **Treasury Inspector General for Tax Administration:** You can confidentially report misconduct, waste, fraud, or abuse by an IRS employee by calling 1-800-366-4484 (1-800-877-8339 for TTY/TDD). You can remain anonymous.

California Society of Tax Consultants



2012 (members) BY (year) 2012

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● Code of Ethics

No member shall engage in business dealings which take unfair advantage of clients because of the members knowledge of client information.

No member shall charge contingent fees except where allowed by law and then these fees will be within the prescribed limits.

No member shall violate client confidentiality except where required by law.

No member shall repress, omit or cover up material facts or make false, incomplete, or misleading reports to clients or government agencies.

No member shall advertise in an unprofessional manner as determined by the Society Board of Directors.

It shall be considered unethical to solicit business from the clientele of another Society member.

It shall be considered unethical to solicit employees from another member without discussing it with that member.

No member shall use a misleading business name which indicates services or associations which do not exist.

Employees of members will not be required to become members of this Society.



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2010 Ethics in the Tax Profession

1. What is Ethics?

From Answer.com:

Ethics are kind of like morals and common sense. It is what you think is right or wrong. Being "ethical" means trying to be reasonable and doing what you think is right.

Furthermore ethics can be considered as moral philosophy. It deals with critical analysis of morality. ethics searches a reasonable ground to our moral standards. It deals with answering questions such as 'what ought to be', not 'what is'.

Question – How many times is the word “fair” used in the Internal Revenue Code?

2. What could be the route cause that might effect ethics in 2010?

- a. Greed - Taxpayers need to have it all
- b. Needs – Tax preparers and taxpayers financial needs
- c. Knowledge or lack of it.
- d. Interesting facts from the IRS Return Preparer Review Dec 2009 Report
 1. Shoppers present tax returns to 28 preparers
 - a. 16 asked for information worksheets of those 11 prepared incorrect returns
 - b. 7 preparers did not exercise due diligence
 - c. 17 did not show the correct amount of tax due or refund
 - f. GREED/NEED – HR Block agrees to refund \$19.4 million to customers for recommending an IRA Fund that lost money . SF Chronicle 1/5/10

3. Professional Organization Code of Ethics

- a. Circular 230: http://www.irs.gov/pub/irs-ur/circular_230.pdf
- b. CSTC: <http://www.cstcsociety.org/ethics.htm>
- c. AICPA: <http://www.aicpa.org/download/tax/sstsfinal.pdf>

- f. Time limits and income limits are the same as for the current version of the \$8,000 credit
- g. House cannot be purchase from a relative
- h. A buyer must be at least eighteen at time of purchase
- i. If the home purchase price of a home exceeds \$800,000, no credit will be available.
- j. Carryback – 2009 to 2008 and purchase in 2010 to 2009

4. Other Factors

- a. HUD announce that FHA will allow buyers working with state housing finance agencies, with certain non-profits or with FHA-Approved lender to apply the amount of the tax credit to all or part of their down payment and closing cost
- b. Notice in 2009 - 12 states the First Time buyer credit can be shared with unmarried taxpayers and may be allocated using any "reasonable" method

Film clip:

<http://vodpod.com/watch/1689120-huds-housing-plan-8k-tax-credit-now-available-upfront-at-closing-cnbc-com>

5. Tax Planning

- a. 2009 required no RMD – clients may qualified
- b. 2010 Roth Conversion may cause the tax taxpayer to become unqualified
- c. Parents helping children purchase property
- d. Might help retire – 2010 Average 8,000 per day will turn 65 (US Bureau of Census)

6. California New Home Tax Purchases

- a. Purchases between March 1, 2009 to March 1, 2010
- b. Qualified Principal residence that was never occupied
- c. Buyer must reside for a minimum for two years
- d. Must be eligible for the homeowner's exemption
- e. Application Processing
 - 1. Verification that the Home was not occupied

Housing Credit and Tax Challenges

1. Round One

- a. Housing and Economic Recovery Act of 2008
- b. 10% of purchase price up to \$7,500
- c. Must be repaid over 15 years beginning 2010 - Estimate Taxes or Changing W4
- d. Income limitation \$75,000 to \$90,000 Single to \$150,000 to \$170,000
- e. Selling home tax must be repaid
- f. Only for purchases of a principal Residence

2. Round Two

- a. American Recovery and Reinvestment Act of 2009 (Passed 2/09)
- b. 10% of purchase price up to \$8,000
- c. Must hold the home for 36 months
- d. For home purchased thru November 30, 2009
- e. Same income limitation
- f. Can amend 2008 tax returns

3. Round Three

- a. Worker, Homeownership and Business Assistance Act
- b. Extended the no-payback credit this June 30, 2010 (as long as you are in a binding contract by May 2, 2010)
- c. Income Limitation increase Single \$125,000 and up to \$225,000 for Joint Return.
- d. A partial credit is available up to \$145,000 single and \$245,000
- e. Now available to people who have lived in a residence for 5 consecutive years during the eight years before buying a new residence may qualify for a \$6,500 credit

** this info on ben doc? is a criminal offence*

2. Application must be received within one week after the close of escrow – the escrow Company will file them and provides a copy of the form. You will need the FTB allocation of credit notice.
3. No credit after the state has issued the \$100,000,000 (one hundred million)
As of August 31, 2009, FTB is allocated the entire Hundred Million.
4. Form 3528-A –

7. Solar Investment Tax Credit

- a. Water heater limited to \$2,000
- b. Total house – 30% unlimited – Manufacturer’s Certifications statement required
 1. Solar Energy Systems
 2. Fuel Cells
 3. Small Wind Energy Systems
 4. Geothermal Heat Pumps
 5. The cost includes labor cost properly allocable to the onsite prep.
- c. May be used to offset AMT liability
- d. Excess must carry forward to the next succeeding taxable year

d. NAEA/CSEA:

http://portal.naeacentral.org/MemberPortal/About/Governance/Ethics_and_Professional_Conduct.htm

4. Your Values

a. Core Beliefs

b. Core Values

c. Taxpayers Bill of Rights: <http://www.irs.gov/advocate/article/0.id=98206.00.html>

d. California Bill of Rights: <http://www.ftb.ca.gov/forms/misc/4058C.pdf>

5. Written Procedures

a. Sec 7216 Letter

b. Engagement Letter

6. Be Prepared

a. Tax Organizer

b. Sec 7216/ Privacy Letter

c. Key Questions



Department of the Treasury
Internal Revenue Service

Publication 1

(Rev. May 2005)

Catalog Number 64731W

www.irs.gov

Your Rights as a Taxpayer

The first part of this publication explains some of your most important rights as a taxpayer. The second part explains the examination, appeal, collection, and refund processes. This publication is also available in Spanish.

THE IRS MISSION

PROVIDE AMERICA'S
TAXPAYERS TOP QUALITY
SERVICE BY HELPING THEM
UNDERSTAND AND MEET
THEIR TAX RESPONSIBILITIES
AND BY APPLYING THE TAX
LAW WITH INTEGRITY AND
FAIRNESS TO ALL.

Declaration of Taxpayer Rights

I. Protection of Your Rights

IRS employees will explain and protect your rights as a taxpayer throughout your contact with us.

II. Privacy and Confidentiality

The IRS will not disclose to anyone the information you give us, except as authorized by law. You have the right to know why we are asking you for information, how we will use it, and what happens if you do not provide requested information.

III. Professional and Courteous Service

If you believe that an IRS employee has not treated you in a professional, fair, and courteous manner, you should tell that employee's supervisor. If the supervisor's response is not satisfactory, you should write to the IRS director for your area or the center where you file your return.

IV. Representation

You may either represent yourself or, with proper written authorization, have someone else represent you in your place. Your representative must be a person allowed to practice before the IRS, such as an attorney, certified public accountant, or enrolled agent. If you are in an interview and ask to consult such a person, then we must stop and reschedule the interview in most cases.

You can have someone accompany you at an interview. You may make sound recordings of any meetings with our examination, appeal, or collection personnel, provided you tell us in writing 10 days before the meeting.

V. Payment of Only the Correct Amount of Tax

You are responsible for paying only the correct amount of tax due under the law—no more, no less. If you cannot pay all of your tax when it is due, you may be able to make monthly installment payments.

VI. Help With Unresolved Tax Problems

The Taxpayer Advocate Service can help you if you have tried unsuccessfully to resolve a problem with the IRS. Your local Taxpayer Advocate can offer you special help if you have a significant hardship as a result of a tax problem. For more information, call toll free 1-877-777-4778 (1-800-829-4059 for TTY/TDD) or write to the Taxpayer Advocate at the IRS office that last contacted you.

VII. Appeals and Judicial Review

If you disagree with us about the amount of your tax liability or certain collection actions, you have the right to ask the Appeals Office to review your case. You may also ask a court to review your case.

VIII. Relief From Certain Penalties and Interest

The IRS will waive penalties when allowed by law if you can show you acted reasonably and in good faith or relied on the incorrect advice of an IRS employee. We will waive interest that is the result of certain errors or delays caused by an IRS employee.

CALIFORNIA TAXPAYERS' BILL OF RIGHTS

A COMPREHENSIVE GUIDE

CALIFORNIA FRANCHISE TAX BOARD

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You are not required to complete this form. If I obtain your signature on this form by conditioning my services on your consent, your consent will not be valid. Your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for one year.

- I, _____ authorize Sutton Financial to use the information I provide to you during the preparation of my tax return to determine whether you have appropriate solutions for me in brokerage, insurance or other advisory products.

Option 2

- I, _____ authorize Sutton Financial to use the information I provide to you during the preparation of my tax return to determine whether you have appropriate solutions for me in brokerage, insurance or other advisory products. This authorization remains in place as long as I engage Sutton Financial to complete my tax returns.

Taxpayer: _____

Signature: _____

Date: _____

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484, or by email at complaints@tigta.treas.gov.