

1040X

Department of the Treasury-Internal Revenue Service

Amended U.S. Individual Income Tax Return

OMB No. 1545-0074

(Rev. November 2007)

◆ See separate instructions.

This return is for calendar year **2007**, or fiscal year ended ◆

Please print or type	Your first name and initial MICHAEL R	Last name PENCE	Your social security number [REDACTED]	
	If a joint return, spouse's first name and initial KAREN S	Last name PENCE	Spouse's social security number [REDACTED]	
	Home address (no. and street) or P.O. box if mail is not delivered to your home [REDACTED]		Apt. no.	Phone number
	City, town or post office, state, and ZIP code. If you have a foreign address, see page 3 of the instructions. ARLINGTON VA 22213-1206			[REDACTED]

A If the address shown above is different from that shown on your last return filed with the IRS, would you like us to change it in our records? Yes No

B Filing status. Be sure to complete this line. **Note.** You cannot change from joint to separate returns after the due date.
 On original return ◆ Single Married filing jointly Married filing separately Head of household Qualifying widow(er)
 On this return ◆ Single Married filing jointly Married filing separately Head of household* Qualifying widow(er)

* If the qualifying person is a child but not your dependent, see page 3 of the instructions.

Use Part II on the back to explain any changes		A. Original amount or as previously adjusted (see page 3)	B. Net change-amount of increase or (decrease)-explain in Part II	C. Correct amount
Income and Deductions (see instructions)				
	1 Adjusted gross income (see page 3)	1 162,955	-1,194	161,761
	2 Itemized deductions or standard deduction (see page 4)	2 64,819	22	64,841
	3 Subtract line 2 from line 1	3 98,136	-1,216	96,920
	4 Exemptions. If changing, fill in Parts I and II on the back (see page 4)	4 17,000		17,000
	5 Taxable income. Subtract line 4 from line 3	5 81,136	-1,216	79,920
Tax Liability	6 Tax (see page 5). Method used in col. C Tables	6 13,129	-300	12,829
	7 Credits (see page 5)	7 698	11	709
	8 Subtract line 7 from line 6. Enter the result but not less than zero	8 12,431	-311	12,120
	9 Other taxes (see page 5)	9 119	-119	
	10 Total tax. Add lines 8 and 9	10 12,550	-430	12,120
Payments	11 Federal income tax withheld and excess social security and tier 1 RRTA tax withheld. If changing, see page 5	11 22,472		22,472
	12 Estimated tax payments, including amount applied from prior year's return	12 0		
	13 Earned income credit (EIC)	13 0		
	14 Additional child tax credit from Form 8812	14 0		
	15 Credits: Federal telephone excise tax or from Forms 2439, 4136, 8885, or 8801 (if refundable)	15 0		
	16 Amount paid with request for extension of time to file (see page 5)	16		
17 Amount of tax paid with original return plus additional tax paid after it was filed	17			
18 Total payments. Add lines 11 through 17 in column C	18 22,472			
Refund or Amount You Owe				
	19 Overpayment, if any, as shown on original return or as previously adjusted by the IRS	19 9,922		
	20 Subtract line 19 from line 18 (see page 6)	20 12,550		
	21 Amount you owe. If line 10, column C, is more than line 20, enter the difference and see page 6	21		
	22 If line 10, column C, is less than line 20, enter the difference	22 430		
	23 Amount of line 22 you want refunded to you	23 430		
	24 Amount of line 22 you want applied to your estimated tax	24		

Sign Here
 Joint return? See page 2. Keep a copy for your records.

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Your signature <i>[Signature]</i>	Date	Spouse's signature. If a joint return, both must sign.	Date
Preparer's signature <i>[Signature]</i>	Date 6/10/08	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN [REDACTED]
Firm's name (or yours if self-employed), address, and ZIP code Cadick Williams McAllister Ford PC CPA's 2905 East 46th Street Indianapolis IN 46205-2408	EIN [REDACTED]	Phone no. 317-549-3091	

MICHAEL R & KAREN S PENCE



Form 1040X (Rev. 11-2007)

Part I Exemptions. See Form 1040 or 1040A instructions.
 Complete this part only if you are:
 • Increasing or decreasing the number of exemptions claimed on line 6d of the return you are amending, or
 • Increasing or decreasing the exemption amount for housing individuals displaced by Hurricane Katrina.

	A. Original number of exemptions reported or as previously adjusted	B. Net change	C. Correct number of exemptions															
25 Yourself and spouse <i>Caution.</i> If someone can claim you as a dependent, you cannot claim an exemption for yourself.	25																	
26 Your dependent children who lived with you	26																	
27 Your dependent children who did not live with you due to divorce or separation	27																	
28 Other dependents	28																	
29 Total number of exemptions. Add lines 25 through 28	29																	
30 Multiply the number of exemptions claimed on line 29 by the amount listed below for the tax year you are amending. Enter the result here. But see the instructions for line 4 on page 3 if the amount on line 1 is over:	30																	
<table border="1"> <thead> <tr> <th>Tax year</th> <th>Exemption amount</th> <th>But see the instructions for line 4 on page 3 if the amount on line 1 is over:</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>\$3,400</td> <td>\$117,300</td> </tr> <tr> <td>2006</td> <td>3,300</td> <td>112,875</td> </tr> <tr> <td>2005</td> <td>3,200</td> <td>109,475</td> </tr> <tr> <td>2004</td> <td>3,100</td> <td>107,025</td> </tr> </tbody> </table>	Tax year	Exemption amount	But see the instructions for line 4 on page 3 if the amount on line 1 is over:	2007	\$3,400	\$117,300	2006	3,300	112,875	2005	3,200	109,475	2004	3,100	107,025	30		
Tax year	Exemption amount	But see the instructions for line 4 on page 3 if the amount on line 1 is over:																
2007	\$3,400	\$117,300																
2006	3,300	112,875																
2005	3,200	109,475																
2004	3,100	107,025																
31 If you are claiming an exemption amount for housing individuals displaced by Hurricane Katrina, enter the amount from Form 8914, line 2 for 2005 or line 6 for 2006 (see instructions for line 4). Otherwise enter -0-	31																	
32 Add lines 30 and 31. Enter the result here and on line 4	32																	

33 Dependents (children and other) not claimed on original (or adjusted) return:

(a) First name	Last name	(b) Dependent's social security number	(c) Dependent's relationship to you	(d) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see page 6)	No. of children on 33 who:
					<input checked="" type="checkbox"/> lived with you <input checked="" type="checkbox"/> did not live with you due to divorce or separation (see page 6)
					Dependents on 33 not entered above

Part II Explanation of Changes

Enter the line number from the front of the form for each item you are changing and give the reason for each change. Attach only the supporting forms and schedules for the items changed. If you do not attach the required information, your Form 1040X may be returned. Be sure to include your name and social security number on any attachments.

If the change relates to a net operating loss carryback or a general business credit carryback, attach the schedule or form that shows the year in which the loss or credit occurred. See page 2 of the instructions. Also, check here

THE ORIGINAL RETURN REFLECTED AN IRA DISTRIBUTION FROM MERRILL LYNCH FOR \$1,194 AS TAXABLE. THIS AMOUNT WAS ROLLED OVER TO ANOTHER IRA ACCOUNT WITHIN 60 DAYS.

Part III Presidential Election Campaign Fund. Checking below will not increase your tax or reduce your refund.

If you did not previously want \$3 to go to the fund but now want to, check here
 If a joint return and your spouse did not previously want \$3 to go to the fund but now wants to, check here

1040 U.S. Individual Income Tax Return 2007

Department of the Treasury—Internal Revenue Service

(99) IRS Use Only—Do not write or staple in this space.

Label (See instructions on page 12.) Use the IRS label. Otherwise, please print or type. Presidential

Form header section containing tax year (2007), OMB No. 1545-0074, and taxpayer information: MICHAEL R PENCE, KAREN S PENCE, ARLINGTON VA 22213-1206.

Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 12) You Spouse

Filing Status section with options: 1 Single, 2 Married filing jointly (checked), 3 Married filing separately, 4 Head of household, 5 Qualifying widow(er).

Exemptions section: 6a Yourself (checked), 6b Spouse (checked), 6c Dependents table listing MICHAEL J PENCE (SON), CHARLOTTE PENCE (DAUGHTER), and AUDREY A PENCE (DAUGHTER). Total exemptions claimed: 5.

Income section: 7 Wages, salaries, tips, etc. 162,094; 8a Taxable interest AS AMENDED; 10 Taxable refunds, credits, or offsets of state and local income taxes 2,477; 13 Capital gain or (loss) -3,000; 15a IRA distributions 1,194; 22 Total income 161,761.

Adjusted Gross Income section: 23 Educator expenses; 24 Certain business expenses; 25 Health savings account deduction; 26 Moving expenses; 27 One-half of self-employment tax; 28 Self-employed SEP, SIMPLE, and qualified plans; 29 Self-employed health insurance deduction; 30 Penalty on early withdrawal of savings; 31a Alimony paid; 32 IRA deduction; 33 Student loan interest deduction; 34 Tuition and fees deduction; 35 Domestic production activities deduction; 36 Add lines 23 through 31a and 32 through 35; 37 Subtract line 36 from line 22. This is your adjusted gross income 161,761.

Tax and Credits	38 Amount from line 37 (adjusted gross income)		38	161,761
	39a Check <input type="checkbox"/> You were born before January 2, 1943, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39a			
	if: <input type="checkbox"/> Spouse was born before January 2, 1943, <input type="checkbox"/> Blind.			
	b If your spouse itemizes on a separate return or you were a dual-status alien, see page 31 and check here <input type="checkbox"/> 39b			
	40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)		40	64,841
	41 Subtract line 40 from line 38		41	96,920
	42 If line 38 is \$117,300 or less, multiply \$3,400 by the total number of exemptions claimed on line 6d. If line 38 is over \$117,300, see the worksheet on page 33		42	17,000
	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43	79,920
	44 Tax (see page 33). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972		44	12,829
	c <input type="checkbox"/> Form(s) 8889		45	
	45 Alternative minimum tax (see page 36). Attach Form 6251		45	
	46 Add lines 44 and 45		46	12,829
	47 Credit for child and dependent care expenses. Attach Form 2441	47		
	48 Credit for the elderly or the disabled. Attach Schedule R	48	AS AMENDED	
	49 Education credits. Attach Form 8863	49		
	50 Residential energy credits. Attach Form 5695	50	190	
	51 Foreign tax credit. Attach Form 1116 if required	51		
	52 Child tax credit (see page 39). Attach Form 8901 if required	52	400	
	53 Retirement savings contributions credit. Attach Form 8880	53		
	54 Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8859 c <input type="checkbox"/> Form 8839	54		
	55 Other credits: a <input type="checkbox"/> Form 3800 b <input checked="" type="checkbox"/> Form 8801	55	119	
	c <input type="checkbox"/> Form			
	56 Add lines 47 through 55. These are your total credits	56		709
	57 Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57		12,120

Other Taxes	58 Self-employment tax. Attach Schedule SE			
	59 Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919		59	
	60 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		60	
	61 Advance earned income credit payments from Form(s) W-2, box 9		61	
	62 Household employment taxes. Attach Schedule H		62	
	63 Add lines 57 through 62. This is your total tax		63	12,120

Payments	64 Federal income tax withheld from Forms W-2 and 1099		64	22,472
	65 2007 estimated tax payments and amount applied from 2006 return		65	
	66a Earned income credit (EIC)		66a	
	b Nontaxable combat pay election <input checked="" type="checkbox"/> 66b			
	67 Excess social security and tier 1 RRTA tax withheld (see page 59)		67	
	68 Additional child tax credit. Attach Form 8812		68	
	69 Amount paid with request for extension to file (see page 59)		69	
	70 Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8885		70	
	71 Refundable credit for prior year minimum tax from Form 8801, line 27		71	
	72 Add lines 64, 65, 66a, and 67 through 71. These are your total payments		72	22,472

Refund	73 If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid			73	10,352
	74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>		74a		10,352
	◆ b Routing number <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings				
	◆ d Account number				
	75 Amount of line 73 you want applied to your 2008 estimated tax		75		

Amount You Owe	76 Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 60				
	77 Estimated tax penalty (see page 61)		77		

Third Party Designee Do you want to allow another person to discuss this return with the IRS (see page 61)? Yes. Complete the following. No

Designee's name **Preparer** Personal identification number (PIN) Phone no.

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation LEGISLATOR	Daytime phone number
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation TEACHER	

Preparer's Use Only

Preparer's signature Date **6/10/08** Check if self-employed Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code **Cadick Williams McAllister Ford PC CPA's** EIN
2905 East 46th Street Phone no.
Indianapolis **IN 46205-2408** **317-549-3091**

SCHEDULES A&B

Schedule A—Itemized Deductions

OMB No. 1545-0074

(Form 1040)

(Schedule B is on back)

2007

Department of the Treasury Internal Revenue Service

Attach to Form 1040. See Instructions for Schedules A&B (Form 1040).

Attachment Sequence No. 07

Name(s) shown on Form 1040

MICHAEL R & KAREN S PENCE

Your social security number

Medical and Dental Expenses table with rows 1-4. Includes caution: Do not include expenses reimbursed or paid by others.

Taxes You Paid table with rows 5-9. Includes sub-sections for state/local taxes, real estate taxes, and other taxes.

Interest You Paid table with rows 10-11. Includes note: Home mortgage interest reported to you on Form 1098.

Note: Personal interest is not deductible. Table with rows 12-15 for interest-related deductions.

Gifts to Charity table with rows 16-19. Includes note: If you made a gift and got a benefit for it, see page A-8.

Casualty and Theft Losses table with row 20. Includes note: Attach Form 4684.

Job Expenses and Certain Miscellaneous Deductions table with rows 21-27. Includes note: Form 2106 Expenses.

Other Miscellaneous Deductions table with row 28. Includes note: Other—from list on page A-10.

Total Itemized Deductions table with rows 29-30. Includes checkboxes for limited and unlimited deductions.

AS AMENDED

Form **6251**

Alternative Minimum Tax—Individuals

OMB No. 1545-0074

2007

Attachment Sequence No. **32**

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1040NR.

Name(s) shown on Form 1040 or Form 1040NR

MICHAEL R & KAREN S PENCE

Your social security number

[REDACTED]

Part I Alternative Minimum Taxable Income (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41, and go to line 2. Otherwise, enter the amount from Form 1040, line 38, and go to line 7. (If less than zero, enter as a negative amount.)	1	96,920
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4, or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-	2	
3	Taxes from Schedule A (Form 1040), line 9	3	15,531
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet on page 2 of the instructions	4	0
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	5	3,000
6	If Form 1040, line 38, is over \$156,400 (over \$78,200 if married filing separately), enter the amount from line 11 of the Itemized Deductions Worksheet on page A-10 of the instructions for Schedule A (Form 1040)	6	107
7	Tax refund from Form 1040, line 10 or line 21	7	2,477
8	Investment interest expense (difference between regular tax and AMT)	8	
9	Depletion (difference between regular tax and AMT)	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	10	
11	Interest from specified private activity bonds exempt from the regular tax	11	
12	Qualified small business stock (7% of gain excluded under section 1202)	12	
13	Exercise of incentive stock options (excess of AMT income over regular tax income)	13	
14	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	14	
15	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	15	
16	Disposition of property (difference between AMT and regular tax gain or loss)	16	
17	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	17	
18	Passive activities (difference between AMT and regular tax income or loss)	18	
19	Loss limitations (difference between AMT and regular tax income or loss)	19	0
20	Circulation costs (difference between regular tax and AMT)	20	
21	Long-term contracts (difference between AMT and regular tax income)	21	
22	Mining costs (difference between regular tax and AMT)	22	
23	Research and experimental costs (difference between regular tax and AMT)	23	
24	Income from certain installment sales before January 1, 1987	24	
25	Intangible drilling costs preference	25	
26	Other adjustments, including income-based related adjustments	26	
27	Alternative tax net operating loss deduction	27	
28	Alternative minimum taxable income. Combine lines 1 through 27. (If married filing separately and line 28 is more than \$207,500, see page 7 of the instructions.)	28	112,867

AS AMENDED

Part II Alternative Minimum Tax

29	Exemption. (If this form is for a child under age 18, see page 7 of the instructions.)		
	IF your filing status is . . .	AND line 28 is not over...	THEN enter on line 29...
	Single or head of household	\$112,500	\$44,350
	Married filing jointly or qualifying widow(er)	150,000	66,250
	Married filing separately	75,000	33,125
29	If line 28 is over the amount shown above for your filing status, see page 7 of the instructions.		66,250
30	Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 33 and 35 and skip the rest of Part II		46,617
31	<ul style="list-style-type: none"> If you are filing Form 2555 or 2555-EZ, see page 8 of the instructions for the amount to enter. If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on the back and enter the amount from line 55 here. All others: If line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result. 		12,120
32	Alternative minimum tax foreign tax credit (see page 8 of the instructions)		
33	Tentative minimum tax. Subtract line 32 from line 31		12,120
34	Tax from Form 1040, line 44 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 51). If you used Schedule J to figure your tax, the amount from line 44 of Form 1040 must be refigured without using Schedule J (see page 9 of the instructions)		12,829
35	Alternative minimum tax. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45		0

For Paperwork Reduction Act Notice, see page 10 of the instructions.

Form **6251** (2007)

Form **8801**

**Credit for Prior Year Minimum Tax—
Individuals, Estates, and Trusts**

OMB No. 1545-1073

2007

Department of the Treasury
Internal Revenue Service (99)

◆ See separate instructions.
◆ Attach to Form 1040, 1040NR, or 1041.

Attachment
Sequence No. **74**

Name(s) shown on return

Identifying number

MICHAEL R & KAREN S PENCE

Part I Net Minimum Tax on Exclusion Items

1	Combine lines 1, 6, and 10 of your 2006 Form 6251. Estates and trusts, see instructions	1	96,299
2	Enter adjustments and preferences treated as exclusion items (see instructions)	2	18,757
3	Minimum tax credit net operating loss deduction (see instructions)	3	
4	Combine lines 1, 2, and 3. If more than zero or you filed Form 2555 or 2555-EZ for 2006, go to line 5. If zero or less and you did not file Form 2555 or 2555-EZ for 2006, enter -0- here and on line 15 and go to Part II. If more than \$200,100 and you were married filing separately for 2006, see instructions	4	115,056
5	Enter: \$62,550 if married filing jointly or qualifying widow(er) for 2006; \$42,500 if single or head of household for 2006; or \$31,275 if married filing separately for 2006. Estates and trusts, enter \$22,500	5	62,550
6	Enter: \$150,000 if married filing jointly or qualifying widow(er) for 2006; \$112,500 if single or head of household for 2006; or \$75,000 if married filing separately for 2006. Estates and trusts, enter \$75,000	6	150,000
7	Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9	7	0
8	Multiply line 7 by 25% (.25)	8	0
9	Subtract line 8 from line 5. If zero or less, enter -0-. If this form is for a child under age 18, see instructions	9	62,550
10	Subtract line 9 from line 4. If more than zero or you filed Form 2555 or 2555-EZ for 2006, go to line 11. If zero or less and you did not file Form 2555 or 2555-EZ for 2006, enter -0- here and on line 15 and go to Part II. Form 1040NR filers, see instructions	10	52,506
11	<ul style="list-style-type: none"> • If for 2006 you filed Form 2555 or 2555-EZ, see page 2 of the instructions for the amount to enter. • If for 2006 you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b (Form 1041, line 2b(2)); or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (lines 14a and 15, column (2), of Schedule D (Form 1041)), complete Part III of Form 8801 and enter the amount from line 48 here. • All others: If line 10 is \$175,000 or less (\$87,500 or less if married filing separately for 2006), multiply line 10 by 26% (.26). Otherwise, multiply line 10 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2006) from the result. 	11	13,652
12	Minimum tax foreign tax credit on exclusion items (see instructions)	12	
13	Tentative minimum tax on exclusion items. Subtract line 12 from line 11	13	13,652
14	Enter the amount from your 2006 Form 6251, line 34, or 2006 Form 1041, Schedule I, line 55	14	13,109
15	Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-	15	543

AS AMENDED

Part II Current Year Nonrefundable and Refundable Credits and Carryforward to 2008

16	Enter the amount from your 2006 Form 6251, line 35, or 2006 Form 1041, Schedule I, line 56	16	543
17	Enter the amount from line 15 above	17	543
18	Subtract line 17 from line 16. If less than zero, enter as a negative amount	18	
19	2006 minimum tax credit carryforward. Enter the amount from your 2006 Form 8801, line 26	19	846
20	Enter your 2006 unallowed qualified electric vehicle credit (see instructions)	20	
21	Combine lines 18, 19, and 20. If zero or less, stop here and see instructions	21	846
22	Enter your 2007 regular income tax liability minus allowable credits (see instructions)	22	12,239
23	Enter the amount from your 2007 Form 6251, line 33, or 2007 Form 1041, Schedule I, line 54	23	12,120
24	Subtract line 23 from line 22. If zero or less, enter -0-	24	119
25	Current year nonrefundable credit. Enter the smaller of line 21 or line 24. Also enter this amount on your 2007 Form 1040, line 55; Form 1040NR, line 50; or Form 1041, Schedule G, line 2d	25	119
26	<ul style="list-style-type: none"> • Estates and trusts: Leave lines 26 and 27 blank and go to line 28. • Individuals: Did you have a minimum tax credit carryforward to 2005 (on your 2004 Form 8801, line 26)? <input checked="" type="checkbox"/> No. Leave lines 26 and 27 blank and go to line 28. <input type="checkbox"/> Yes. Complete Part IV of Form 8801 to figure the amount to enter	26	
27	Is line 26 more than line 25? <input type="checkbox"/> No. Leave line 27 blank and go to line 28. <input type="checkbox"/> Yes. Subtract line 25 from line 26. This is your current year refundable credit. Enter the result here and on your 2007 Form 1040, line 71, or Form 1040NR, line 69	27	
28	Credit carryforward to 2008. Subtract the larger of line 25 or line 26 from line 21. Keep a record of this amount because you may use it in future years	28	727

For Paperwork Reduction Act Notice, see page 4 of the instructions.

Form **8801** (2007)

Form **5695**

Residential Energy Credits

OMB No. 1545-0074

2007

Department of the Treasury
Internal Revenue Service

- ◆ See instructions.
- ◆ Attach to Form 1040 or Form 1040NR.

Attachment
Sequence No. **158**

Name(s) shown on return

MICHAEL R & KAREN S PENCE

Your social security number

Before you begin Part I: Figure the amount of any foreign tax credit or retirement savings contributions credit you are claiming.

Part I Nonbusiness Energy Property Credit (See instructions before completing this part.)

1		Were the qualified energy efficiency improvements or residential energy property costs for your main home located in the United States? (see instructions)	1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No			
<p>Caution: If you checked the "No" box, you cannot claim the nonbusiness energy property credit. Do not complete Part I.</p>								
2		Qualified energy efficiency improvements (see instructions).	AS AMENDED					
a		Insulation material or system specifically and primarily designed to reduce heat loss or gain in your home				2a		
b		Exterior doors				2b		700
c		Metal roof with appropriate pigmented coatings that meet the Energy Star program requirements and is specifically and primarily designed to reduce heat gain in your home				2c		
d		Exterior windows (including skylights)				2d	1,200	
e		Maximum amount of cost on which the credit can be figured				2e	2,000	
f		Enter the amount, if any, from your 2006 Form 5695, line 2b. Otherwise, enter -0-				2f	0	
g		Subtract line 2f from line 2e				2g	2,000	
h		Enter the smaller of line 2d or line 2g				2h		1,200
3		Add lines 2a, 2b, 2c, and 2h				3		1,900
4		Multiply line 3 by 10% (.10)	4		190			
5		Residential energy property costs (see instructions).						
a		Energy-efficient building property. Do not enter more than \$300	5a					
b		Qualified natural gas, propane, or oil furnace or hot water boiler. Do not enter more than \$150	5b					
c		Advanced main air circulating fan used in a natural gas, propane, or oil furnace. Do not enter more than \$50	5c					
6		Add lines 5a through 5c	6					
7		Add lines 4 and 6	7		190			
8		Maximum credit amount. (If you jointly occupied the home, see instructions)	8		500			
9		Enter the amount, if any, from your 2006 Form 5695, line 8. Otherwise, enter -0-	9					
10		Subtract line 9 from line 8	10		500			
11		Enter the smaller of line 7 or line 10	11		190			
12		Enter the amount from Form 1040, line 46, or Form 1040NR, line 43	12	12,829				
13		Enter the total, if any, of your credits from Form 1040, lines 47 through 49, and lines 51 and 53, or Form 1040NR, lines 44, 46, and 48	13					
14		Subtract line 13 from line 12. If zero or less, stop. You cannot take the nonbusiness energy property credit	14		12,829			
15		Nonbusiness energy property credit. Enter the smaller of line 11 or line 14	15		190			

For Paperwork Reduction Act Notice, see instructions.

Form **5695** (2007)

MICHAEL R & KAREN S PENCE

Form 5695 (2007)

Before you begin Part II: Figure the amount of any of the following credits you are claiming.

- Foreign tax credit
- Child tax credit
- Retirement savings contributions credit
- Mortgage interest credit
- Adoption credit
- District of Columbia first-time homebuyer credit

Part II Residential Energy Efficient Property Credit (See instructions before completing this part.)

16 Qualified solar electric property costs	16		
17 Multiply line 16 by 30% (.30)	17		
18 Maximum credit amount	18	2,000	
19 Enter the smaller of line 17 or line 18			19
20 Qualified solar water heating property costs	20		
21 Multiply line 20 by 30% (.30)	21		
22 Maximum credit amount	22	2,000	
23 Enter the smaller of line 21 or line 22			23
24 Qualified fuel cell property costs	24		
25 Multiply line 24 by 30% (.30)	25		
26 Kilowatt capacity of property on line 24 above ♦ X \$1,000	26		
27 Enter the smaller of line 25 or line 26			27
28 Credit carryforward from 2006. Enter the amount, if any, from your 2006 Form 5695, line 30			28
29 Add lines 19, 23, 27, and 28			29
30 Enter the amount from Form 1040, line 46, or Form 1040NR, line 43	30		
31 1040 filers: Enter the total, if any, of your credits from Form 1040, lines 47 through 49, and lines 51, 53, and 54; line 15 of this form, and line 12 of the Line 11 Worksheet in Pub. 972 (see instructions). 1040NR filers: Enter the total, if any, of your credits from Form 1040NR, lines 44, 46, 48, and 49; line 15 of this form; and line 12 of the Line 11 Worksheet in Pub. 972 (see instructions).	31		
32 Subtract line 31 from line 30. If zero or less, enter -0- here and on line 33			32
33 Residential energy efficient property credit. Enter the smaller of line 29 or line 32			33
34 Credit carryforward to 2008. If line 33 is less than line 29, subtract line 33 from line 29	34		

AS AMENDED

Part III Current Year Residential Energy Credits

35 Add lines 15 and 33. Enter here and on Form 1040, line 50, or Form 1040NR, line 45	35	190
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Form

1040

Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return 2007

(99) IRS Use Only—Do not write or staple in this space.

Label (See instructions on page 12.) Use the IRS label. Otherwise, please print or type. Presidential

Form header section containing taxpayer information: MICHAEL R PENCE, KAREN S PENCE, ARLINGTON VA 22213-1206

Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 12)

Filing Status section with options: 1 Single, 2 Married filing jointly (checked), 3 Married filing separately, 4 Head of household, 5 Qualifying widow(er)

Exemptions section: 6a Yourself (checked), 6b Spouse (checked), 6c Dependents table with MICHAEL J PENCE, CHARLOTTE PENCE, AUDREY A PENCE

d Total number of exemptions claimed 5

Income section: 7 Wages 162,094; 10 Taxable refunds 2,477; 12 Business income 190; 13 Capital gain -3,000; 15a IRA distributions 1,194; 22 Total income 162,955

Adjusted Gross Income section: 23 Educator expenses; 24 Business expenses; 25 Health savings account; 26 Moving expenses; 27 Self-employment tax; 28 Self-employed SEP; 29 Self-employed health insurance; 30 Penalty on early withdrawal; 31a Alimony paid; 32 IRA deduction; 33 Student loan interest; 34 Tuition and fees; 35 Domestic production activities; 36 Add lines 23 through 31a; 37 Adjusted gross income 162,955

Tax and Credits	38 Amount from line 37 (adjusted gross income)	38	162,955
Standard Deduction for- • People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 31. • All others: Single or Married filing separately, \$5,350 Married filing jointly or Qualifying widow(er), \$10,700 Head of household, \$7,850	39a Check <input type="checkbox"/> You were born before January 2, 1943, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39a		
	if: <input type="checkbox"/> Spouse was born before January 2, 1943, <input type="checkbox"/> Blind. <input type="checkbox"/> 39b		
	b If your spouse itemizes on a separate return or you were a dual-status alien, see page 31 and check here <input type="checkbox"/> 39b		
	40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	64,819
	41 Subtract line 40 from line 38	41	98,136
	42 If line 38 is \$117,300 or less, multiply \$3,400 by the total number of exemptions claimed on line 6d. If line 38 is over \$117,300, see the worksheet on page 33	42	17,000
	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	81,136
	44 Tax (see page 33). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972	44	13,129
	c <input type="checkbox"/> Form(s) 8889	45	13,129
	45 Alternative minimum tax (see page 36). Attach Form 6251	45	
46 Add lines 44 and 45	46	13,129	
47 Credit for child and dependent care expenses. Attach Form 2441	47		
48 Credit for the elderly or the disabled. Attach Schedule R	48		
49 Education credits. Attach Form 8863	49		
50 Residential energy credits. Attach Form 5695	50	190	
51 Foreign tax credit. Attach Form 1116 if required	51		
52 Child tax credit (see page 39). Attach Form 8901 if required	52	350	
53 Retirement savings contributions credit. Attach Form 8880	53		
54 Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8859 c <input type="checkbox"/> Form 8839	54		
55 Other credits: a <input type="checkbox"/> Form 3800 b <input checked="" type="checkbox"/> Form 8801	55	158	
c <input type="checkbox"/> Form			
56 Add lines 47 through 55. These are your total credits	56	698	
57 Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	12,431	

AS ORIGINALLY FILED

Other Taxes	58 Self-employment tax. Attach Schedule SE	58	
	59 Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919	59	
	60 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required NO	60	119
	61 Advance earned income credit payments from Form(s) W-2, box 9	61	
	62 Household employment taxes. Attach Schedule H	62	
	63 Add lines 57 through 62. This is your total tax	63	12,550

Payments	64 Federal income tax withheld from Forms W-2 and 1099	64	22,472
If you have a qualifying child, attach Schedule EIC.	65 2007 estimated tax payments and amount applied from 2006 return	65	
	66a Earned income credit (EIC)	66a	
	b Nontaxable combat pay election <input checked="" type="checkbox"/> 66b	66b	
	67 Excess social security and tier 1 RRTA tax withheld (see page 59)	67	
	68 Additional child tax credit. Attach Form 8812	68	
	69 Amount paid with request for extension to file (see page 59)	69	
	70 Payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8885	70	
	71 Refundable credit for prior year minimum tax from Form 8801, line 27	71	
	72 Add lines 64, 65, 66a, and 67 through 71. These are your total payments	72	22,472

Refund	73 If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid	73	9,922
Direct deposit? See page 59 and fill in 74b, 74c, and 74d, or Form 8888.	74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	74a	9,922
	◆ b Routing number XXXXXXXXXX <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
	◆ d Account number XXXXXXXXXX		
	75 Amount of line 73 you want applied to your 2008 estimated tax	75	

Amount You Owe	76 Amount you owe. Subtract line 72 from line 63. For details on how to pay, see page 60	76	
	77 Estimated tax penalty (see page 61)	77	

Do you want to allow another person to discuss this return with the IRS (see page 61)? Yes. Complete the following. No

Designee's name Preparer	Personal identification number (PIN) <input type="text"/>
	Phone no. <input type="text"/>

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
		LEGISLATOR	
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	
		TEACHER	

Preparer's Use Only	Preparer's signature <input type="text"/>	Date 6/10/08	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PIN XXXXXXXXXX
	Firm's name (or yours if self-employed), address, and ZIP code	EIN		Phone no.
	Cadick Williams McAllister Ford PC CPA's 2905 East 46th Street Indianapolis IN 46205-2408			317-549-3091

SCHEDULES A&B

Schedule A—Itemized Deductions

OMB No. 1545-0074

(Form 1040)

(Schedule B is on back)

2007

Department of the Treasury Internal Revenue Service

Attach to Form 1040. See Instructions for Schedules A&B (Form 1040).

Attachment Sequence No. 07

Name(s) shown on Form 1040

MICHAEL R & KAREN S PENCE

Your social security number

Medical and Dental Expenses

Caution. Do not include expenses reimbursed or paid by others.

Table with 4 rows: 1 Medical and dental expenses (461), 2 Enter amount from Form 1040, line 38 (162,955), 3 Multiply line 2 by 7.5% (.075) (12,222), 4 Subtract line 3 from line 1 (0)

Taxes You Paid

5 State and local (check only one box):

- a [X] Income taxes, or
b [] General sales taxes

Table with 4 rows: 5 State and local taxes (9,458), 6 Real estate taxes (5,906), 7 Personal property taxes (167), 8 Other taxes, 9 Add lines 5 through 8 (15,531)

Interest You Paid

10 Home mortgage interest and points reported to you on Form 1098

11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-6 and show that person's name, identifying no., and address

12 Points not reported to you on Form 1098. See page A-6 for special rules

13 Qualified mortgage insurance premiums (See page A-7)

14 Investment interest. Attach Form 4952 if required. (See page A-7.)

15 Add lines 10 through 14

AS ORIGINALLY FILED

Gifts to Charity

16 Gifts by cash or check. If you made any gift of \$250 or more, see page A-8

17 Other than by cash or check. If any gift of \$250 or more, see page A-8. You must attach Form 8283 if over \$500

18 Carryover from prior year

19 Add lines 16 through 18

Casualty and Theft Losses

20 Casualty or theft loss(es). Attach Form 4684. (See page A-9.)

Job Expenses and Certain Miscellaneous Deductions

21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See page A-9.)

Form 2106 Expenses

22 Tax preparation fees

23 Other expenses—investment, safe deposit box, etc. List type and amount

MEMBER OF CONGRESS

24 Add lines 21 through 23

25 Enter amount from Form 1040, line 38 (162,955)

26 Multiply line 25 by 2% (.02)

27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-

Other Miscellaneous Deductions

28 Other—from list on page A-10. List type and amount

Total Itemized Deductions

29 Is Form 1040, line 38, over \$156,400 (over \$78,200 if married filing separately)?

- [] No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40.
[X] Yes. Your deduction may be limited. See page A-10 for the amount to enter.

30 If you elect to itemize deductions even though they are less than your standard deduction, check here

Form **6251**

Alternative Minimum Tax—Individuals

OMB No. 1545-0074

2007

Attachment Sequence No. **32**

▶ See separate instructions.

▶ Attach to Form 1040 or Form 1040NR.

Department of the Treasury
Internal Revenue Service (99)

Name(s) shown on Form 1040 or Form 1040NR

MICHAEL R & KAREN S PENCE

Your social security number

[REDACTED]

Part I Alternative Minimum Taxable Income (See instructions for how to complete each line.)

1	If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41, and go to line 2. Otherwise, enter the amount from Form 1040, line 38, and go to line 7. (If less than zero, enter as a negative amount.)	1	98,136
2	Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4, or 2.5% (.025) of Form 1040, line 38. If zero or less, enter -0-	2	
3	Taxes from Schedule A (Form 1040), line 9	3	15,531
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet on page 2 of the instructions	4	0
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	5	3,002
6	If Form 1040, line 38, is over \$156,400 (over \$78,200 if married filing separately), enter the amount from line 11 of the Itemized Deductions Worksheet on page A-10 of the instructions for Schedule A (Form 1040)	6	131
7	Tax refund from Form 1040, line 10 or line 21	7	2,477
8	Investment interest expense (difference between regular tax and AMT)	8	
9	Depletion (difference between regular tax and AMT)	9	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	10	
11	Interest from specified private activity bonds exempt from the regular tax	11	
12	Qualified small business stock (7% of gain excluded under section 1202)	12	
13	Exercise of incentive stock options (excess of AMT income over regular tax income)	13	
14	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	14	
15	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	15	
16	Disposition of property (difference between AMT and regular tax gain or loss)	16	
17	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	17	
18	Passive activities (difference between AMT and regular tax income or loss)	18	
19	Loss limitations (difference between AMT and regular tax income or loss)	19	0
20	Circulation costs (difference between regular tax and AMT)	20	
21	Long-term contracts (difference between AMT and regular tax income)	21	
22	Mining costs (difference between regular tax and AMT)	22	
23	Research and experimental costs (difference between regular tax and AMT)	23	
24	Income from certain installment sales before January 1, 1987	24	
25	Intangible drilling costs preference	25	
26	Other adjustments, including income-based related adjustments	26	
27	Alternative tax net operating loss deduction	27	
28	Alternative minimum taxable income. Combine lines 1 through 27. (If married filing separately and line 28 is more than \$207,500, see page 7 of the instructions.)	28	114,061

AS ORIGINALLY FILED

Part II Alternative Minimum Tax

29	Exemption. (If this form is for a child under age 18, see page 7 of the instructions.)		
	IF your filing status is . . .	AND line 28 is not over...	THEN enter on line 29...
	Single or head of household	\$112,500	\$44,350
	Married filing jointly or qualifying widow(er)	150,000	66,250
	Married filing separately	75,000	33,125
29	If line 28 is over the amount shown above for your filing status, see page 7 of the instructions.		66,250
30	Subtract line 29 from line 28. If more than zero, go to line 31. If zero or less, enter -0- here and on lines 33 and 35 and skip the rest of Part II		47,811
31	<ul style="list-style-type: none"> If you are filing Form 2555 or 2555-EZ, see page 8 of the instructions for the amount to enter. If you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b; or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (as refigured for the AMT, if necessary), complete Part III on the back and enter the amount from line 55 here. All others: If line 30 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 30 by 26% (.26). Otherwise, multiply line 30 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result. 		12,431
32	Alternative minimum tax foreign tax credit (see page 8 of the instructions)		
33	Tentative minimum tax. Subtract line 32 from line 31		12,431
34	Tax from Form 1040, line 44 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 51). If you used Schedule J to figure your tax, the amount from line 44 of Form 1040 must be refigured without using Schedule J (see page 9 of the instructions)		13,129
35	Alternative minimum tax. Subtract line 34 from line 33. If zero or less, enter -0-. Enter here and on Form 1040, line 45		0

For Paperwork Reduction Act Notice, see page 10 of the instructions.

Form **8801**

**Credit for Prior Year Minimum Tax—
Individuals, Estates, and Trusts**

OMB No. 1545-1073

2007

Department of the Treasury
Internal Revenue Service (99)

◆ See separate instructions.
◆ Attach to Form 1040, 1040NR, or 1041.

Attachment
Sequence No. **74**

Name(s) shown on return

Identifying number

MICHAEL R & KAREN S PENCE

Part I Net Minimum Tax on Exclusion Items

1	Combine lines 1, 6, and 10 of your 2006 Form 6251. Estates and trusts, see instructions	1	96,299
2	Enter adjustments and preferences treated as exclusion items (see instructions)	2	18,757
3	Minimum tax credit net operating loss deduction (see instructions)	3	
4	Combine lines 1, 2, and 3. If more than zero or you filed Form 2555 or 2555-EZ for 2006, go to line 5. If zero or less and you did not file Form 2555 or 2555-EZ for 2006, enter -0- here and on line 15 and go to Part II. If more than \$200,100 and you were married filing separately for 2006, see instructions	4	115,056
5	Enter: \$62,550 if married filing jointly or qualifying widow(er) for 2006; \$42,500 if single or head of household for 2006; or \$31,275 if married filing separately for 2006. Estates and trusts, enter \$22,500	5	62,550
6	Enter: \$150,000 if married filing jointly or qualifying widow(er) for 2006; \$112,500 if single or head of household for 2006; or \$75,000 if married filing separately for 2006. Estates and trusts, enter \$75,000	6	150,000
7	Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9	7	0
8	Multiply line 7 by 25% (.25)	8	0
9	Subtract line 8 from line 5. If zero or less, enter -0-. If this form is for a child under age 18, see instructions	9	62,550
10	Subtract line 9 from line 4. If more than zero or you filed Form 2555 or 2555-EZ for 2006, go to line 11. If zero or less and you did not file Form 2555 or 2555-EZ for 2006, enter -0- here and on line 15 and go to Part II. Form 1040NR filers, see instructions	10	52,506
11	<ul style="list-style-type: none"> • If for 2006 you filed Form 2555 or 2555-EZ, see page 2 of the instructions for the amount to enter. • If for 2006 you reported capital gain distributions directly on Form 1040, line 13; you reported qualified dividends on Form 1040, line 9b (Form 1041, line 2b(2)); or you had a gain on both lines 15 and 16 of Schedule D (Form 1040) (lines 14a and 15, column (2), of Schedule D (Form 1041)), complete Part III of Form 8801 and enter the amount from line 48 here. • All others: If line 10 is \$175,000 or less (\$87,500 or less if married filing separately for 2006), multiply line 10 by 26% (.26). Otherwise, multiply line 10 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately for 2006) from the result. 	11	13,652
12	Minimum tax foreign tax credit on exclusion items (see instructions)	12	
13	Tentative minimum tax on exclusion items. Subtract line 12 from line 11	13	13,652
14	Enter the amount from your 2006 Form 6251, line 34, or 2006 Form 1041, Schedule I, line 55	14	13,109
15	Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-	15	543

AS ORIGINALLY FILED

Part II Current Year Nonrefundable and Refundable Credits and Carryforward to 2008

16	Enter the amount from your 2006 Form 6251, line 35, or 2006 Form 1041, Schedule I, line 56	16	543
17	Enter the amount from line 15 above	17	543
18	Subtract line 17 from line 16. If less than zero, enter as a negative amount	18	
19	2006 minimum tax credit carryforward. Enter the amount from your 2006 Form 8801, line 26	19	846
20	Enter your 2006 unallowed qualified electric vehicle credit (see instructions)	20	
21	Combine lines 18, 19, and 20. If zero or less, stop here and see instructions	21	846
22	Enter your 2007 regular income tax liability minus allowable credits (see instructions)	22	12,589
23	Enter the amount from your 2007 Form 6251, line 33, or 2007 Form 1041, Schedule I, line 54	23	12,431
24	Subtract line 23 from line 22. If zero or less, enter -0-	24	158
25	Current year nonrefundable credit. Enter the smaller of line 21 or line 24. Also enter this amount on your 2007 Form 1040, line 55; Form 1040NR, line 50; or Form 1041, Schedule G, line 2d	25	158
26	<ul style="list-style-type: none"> • Estates and trusts: Leave lines 26 and 27 blank and go to line 28. • Individuals: Did you have a minimum tax credit carryforward to 2005 (on your 2004 Form 8801, line 26)? <ul style="list-style-type: none"> <input checked="" type="checkbox"/> No. Leave lines 26 and 27 blank and go to line 28. <input type="checkbox"/> Yes. Complete Part IV of Form 8801 to figure the amount to enter 	26	
27	Is line 26 more than line 25? <ul style="list-style-type: none"> <input type="checkbox"/> No. Leave line 27 blank and go to line 28. <input type="checkbox"/> Yes. Subtract line 25 from line 26. This is your current year refundable credit. Enter the result here and on your 2007 Form 1040, line 71, or Form 1040NR, line 69 	27	
28	Credit carryforward to 2008. Subtract the larger of line 25 or line 26 from line 21. Keep a record of this amount because you may use it in future years	28	688

For Paperwork Reduction Act Notice, see page 4 of the instructions.

Form **8801** (2007)

Form **5695**

Residential Energy Credits

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service

- ◆ See instructions.
- ◆ Attach to Form 1040 or Form 1040NR.

2007

Attachment
Sequence No. **158**

Name(s) shown on return

MICHAEL R & KAREN S PENCE

Your social security number

Before you begin Part I: Figure the amount of any foreign tax credit or retirement savings contributions credit you are claiming.

Part I Nonbusiness Energy Property Credit (See instructions before completing this part.)

1		Were the qualified energy efficiency improvements or residential energy property costs for your main home located in the United States? (see instructions)	◆	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Caution: If you checked the "No" box, you cannot claim the nonbusiness energy property credit. Do not complete Part I.					
2		Qualified energy efficiency improvements (see instructions).			
a		Insulation material or system specifically and primarily designed to reduce heat loss or gain in your home		2a	
b		Exterior doors		2b	700
c		Metal roof with appropriate pigmented coatings that meet the Energy Star program requirements and is specifically and primarily designed to reduce heat gain in your home		2c	
d		Exterior windows (including skylights)	2d	1,200	
e		Maximum amount of cost on which the credit can be figured	2e	2,000	
f		Enter the amount, if any, from your 2006 Form 5695, line 2b. Otherwise, enter -0-	2f	0	
g		Subtract line 2f from line 2e	2g	2,000	
h		Enter the smaller of line 2d or line 2g	2h	1,200	
3		Add lines 2a, 2b, 2c, and 2h	3	1,900	
4		Multiply line 3 by 10% (.10)	4	190	
5		Residential energy property costs (see instructions).			
a		Energy-efficient building property. Do not enter more than \$300	5a		
b		Qualified natural gas, propane, or oil furnace or hot water boiler. Do not enter more than \$150	5b		
c		Advanced main air circulating fan used in a natural gas, propane, or oil furnace. Do not enter more than \$50	5c		
6		Add lines 5a through 5c	6		
7		Add lines 4 and 6	7	190	
8		Maximum credit amount. (If you jointly occupied the home, see instructions)	8	500	
9		Enter the amount, if any, from your 2006 Form 5695, line 8. Otherwise, enter -0-	9		
10		Subtract line 9 from line 8	10	500	
11		Enter the smaller of line 7 or line 10	11	190	
12		Enter the amount from Form 1040, line 46, or Form 1040NR, line 43	12	13,129	
13		Enter the total, if any, of your credits from Form 1040, lines 47 through 49, and lines 51 and 53, or Form 1040NR, lines 44, 46, and 48	13		
14		Subtract line 13 from line 12. If zero or less, stop. You cannot take the nonbusiness energy property credit	14	13,129	
15		Nonbusiness energy property credit. Enter the smaller of line 11 or line 14	15	190	

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For Paperwork Reduction Act Notice, see instructions.

Form **5695** (2007)

MICHAEL R & KAREN S PENCE

Form 5695 (2007)

Before you begin Part II: Figure the amount of any of the following credits you are claiming.

- Foreign tax credit
- Child tax credit
- Retirement savings contributions credit
- Mortgage interest credit
- Adoption credit
- District of Columbia first-time homebuyer credit

Part II Residential Energy Efficient Property Credit (See instructions before completing this part.)

16	Qualified solar electric property costs	16		19
17	Multiply line 16 by 30% (.30)	17		
18	Maximum credit amount	18	2,000	
19	Enter the smaller of line 17 or line 18			19
20	Qualified solar water heating property costs	20		23
21	Multiply line 20 by 30% (.30)	21		
22	Maximum credit amount	22	2,000	
23	Enter the smaller of line 21 or line 22			23
24	Qualified fuel cell property costs	24		27
25	Multiply line 24 by 30% (.30)	25		
26	Kilowatt capacity of property on line 24 above ♦ X \$1,000	26		
27	Enter the smaller of line 25 or line 26			27
28	Credit carryforward from 2006. Enter the amount, if any, from your 2006 Form 5695, line 30			28
29	Add lines 19, 23, 27, and 28			29
30	Enter the amount from Form 1040, line 46, or Form 1040NR, line 43	30		32
31	1040 filers: Enter the total, if any, of your credits from Form 1040, lines 47 through 49, and lines 51, 53, and 54; line 15 of this form, and line 12 of the Line 11 Worksheet in Pub. 972 (see instructions). 1040NR filers: Enter the total, if any, of your credits from Form 1040NR, lines 44, 46, 48, and 49; line 15 of this form; and line 12 of the Line 11 Worksheet in Pub. 972 (see instructions).	31		
32	Subtract line 31 from line 30. If zero or less, enter -0- here and on line 33			
33	Residential energy efficient property credit. Enter the smaller of line 29 or line 32	33	0	33
34	Credit carryforward to 2008. If line 33 is less than line 29, subtract line 33 from line 29	34		35
35	Add lines 15 and 33. Enter here and on Form 1040, line 50, or Form 1040NR, line 45		190	

AS ORIGINALLY FILED

Part III Current Year Residential Energy Credits

35	Add lines 15 and 33. Enter here and on Form 1040, line 50, or Form 1040NR, line 45	35	190
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Form **1040X**

Department of the Treasury-Internal Revenue Service

Amended U.S. Individual Income Tax Return

OMB No. 1545-0074

(Rev. November 2007)

◆ See separate instructions.

This return is for calendar year **2007**, or fiscal year ended ◆

Please print or type	Your first name and initial MICHAEL R	Last name PENCE	Your social security number [REDACTED]
	If a joint return, spouse's first name and initial KAREN S	Last name PENCE	Spouse's social security number [REDACTED]
	Home address (no. and street) or P.O. box if mail is not delivered to your home [REDACTED]		Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 3 of the instructions. ARLINGTON VA 22213-1206			

A If the address shown above is different from that shown on your last return filed with the IRS, would you like us to change it in our records? Yes No

B Filing status. Be sure to complete this line. **Note.** You cannot change from joint to separate returns after the due date.
 On original return ◆ Single Married filing jointly Married filing separately Head of household Qualifying widow(er)
 On this return ◆ Single Married filing jointly Married filing separately Head of household* Qualifying widow(er)

* If the qualifying person is a child but not your dependent, see page 3 of the instructions.

Use Part II on the back to explain any changes		A. Original amount or as previously adjusted (see page 3)	B. Net change-amount of increase or (decrease)-explain in Part II	C. Correct amount
Income and Deductions (see instructions)				
	1 Adjusted gross income (see page 3)	1 162,955	-1,194	161,761
	2 Itemized deductions or standard deduction (see page 4)	2 64,819	22	64,841
	3 Subtract line 2 from line 1	3 98,136	-1,216	96,920
	4 Exemptions. If changing, fill in Parts I and II on the back (see page 4)	4 17,000		17,000
	5 Taxable income. Subtract line 4 from line 3	5 81,136	-1,216	79,920
Tax Liability	6 Tax (see page 5). Method used in col. C Tables	6 13,129	-300	12,829
	7 Credits (see page 5)	7 698	11	709
	8 Subtract line 7 from line 6. Enter the result but not less than zero	8 12,431	-311	12,120
	9 Other taxes (see page 5)	9 119	-119	
	10 Total tax. Add lines 8 and 9	10 12,550	-430	12,120
Payments	11 Federal income tax withheld and excess social security and tier 1 RRTA tax withheld. If changing, see page 5	11 22,472		22,472
	12 Estimated tax payments, including amount applied from prior year's return	12 0		
	13 Earned income credit (EIC)	13 0		
	14 Additional child tax credit from Form 8812	14 0		
	15 Credits: Federal telephone excise tax or from Forms 2439, 4136, 8885, or 8801 (if refundable)	15 0		
	16 Amount paid with request for extension of time to file (see page 5)	16		
	17 Amount of tax paid with original return plus additional tax paid after it was filed	17		
	18 Total payments. Add lines 11 through 17 in column C	18 22,472		

Refund or Amount You Owe

19 Overpayment, if any, as shown on original return or as previously adjusted by the IRS	19 9,922
20 Subtract line 19 from line 18 (see page 6)	20 12,550
21 Amount you owe. If line 10, column C, is more than line 20, enter the difference and see page 6	21
22 If line 10, column C, is less than line 20, enter the difference	22 430
23 Amount of line 22 you want refunded to you	23 430
24 Amount of line 22 you want applied to your estimated tax	24

Sign Here Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Joint return? See page 2. Keep a copy for your records.	Your signature	Date	Spouse's signature. If a joint return, both must sign.	Date
	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN

Paid Preparer's Use Only	Firm's name (or yours if self-employed), address, and ZIP code	2905 East 46th Street Indianapolis IN 46205-2408	Phone no.	317-549-3091
		Cadick Williams McAllister Ford PC CPA's		

For Paperwork Reduction Act Notice, see page 7 of instructions.

Form **1040X** (Rev. 11-2007)

MICHAEL R & KAREN S PENCE

Form 1040X (Rev. 11-2007)

Part I Exemptions. See Form 1040 or 1040A instructions.

Complete this part only if you are:

- Increasing or decreasing the number of exemptions claimed on line 6d of the return you are amending, or
Increasing or decreasing the exemption amount for housing individuals displaced by Hurricane Katrina.

A. Original number of exemptions reported or as previously adjusted

B. Net change

C. Correct number of exemptions

Table with 3 columns: Line number, Description, and Amount. Rows include 25 (Yourself and spouse), 26 (Your dependent children who lived with you), 27 (Your dependent children who did not live with you due to divorce or separation), 28 (Other dependents), 29 (Total number of exemptions), 30 (Multiply the number of exemptions claimed on line 29 by the amount listed below for the tax year you are amending), 31 (If you are claiming an exemption amount for housing individuals displaced by Hurricane Katrina), and 32 (Add lines 30 and 31).

But see the instructions for line 4 on page 3 if the amount on line 1 is over:

Table with 3 columns: Tax year, Exemption amount, and Amount. Rows for years 2007, 2006, 2005, and 2004.

33 Dependents (children and other) not claimed on original (or adjusted) return:

Table with 5 columns: (a) First name, Last name, (b) Dependent's social security number, (c) Dependent's relationship to you, and (d) if qualifying child for child tax credit (see page 6).

No. of children on 33 who:

Form with checkboxes for: lived with you, did not live with you due to divorce or separation, and Dependents on 33 not entered above.

Part II Explanation of Changes

Enter the line number from the front of the form for each item you are changing and give the reason for each change. Attach only the supporting forms and schedules for the items changed. If you do not attach the required information, your Form 1040X may be returned. Be sure to include your name and social security number on any attachments.

If the change relates to a net operating loss carryback or a general business credit carryback, attach the schedule or form that shows the year in which the loss or credit occurred. See page 2 of the instructions. Also, check here

THE ORIGINAL RETURN REFLECTED AN IRA DISTRIBUTION FROM MERRILL LYNCH FOR \$1,194 AS TAXABLE. THIS AMOUNT WAS ROLLED OVER TO ANOTHER IRA ACCOUNT WITHIN 60 DAYS.

Part III Presidential Election Campaign Fund. Checking below will not increase your tax or reduce your refund.

If you did not previously want \$3 to go to the fund but now want to, check here
If a joint return and your spouse did not previously want \$3 to go to the fund but now wants to, check here