

1040 U.S. Individual Income Tax Return 2008

Department of the Treasury—Internal Revenue Service

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

Label
See instructions on page 14.)
Use the IRS label.
Otherwise, please print or type.
Presidential

L A B E L	For the year Jan. 1-Dec. 31, 2008, or other tax year beginning _____, 2008, ending _____, 20		OMB No. 1545-0074
	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 (number and street). If you have a P.O. box, see page 14. [REDACTED] Apt. no. _____		You must enter your SSN(s) above. ▲
City, town or post office, state, and ZIP code. If you have a foreign address, see page 14. ARLINGTON VA 22213-1206		Checking a box below will not change your tax or refund.	

Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 14) You Spouse

Filing Status

1 Single

2 Married filing jointly (even if only one had income)

3 Married filing separately. Enter spouse's SSN above and full name here. ▶

4 Head of household (with qualifying person). (See page 15.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶

5 Qualifying widow(er) with dependent child (see page 16)

Exemptions

6a Yourself. If someone can claim you as a dependent, do not check box 6a

6b Spouse

6c **Dependents:**

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input type="checkbox"/> If qual. child for child tax cr. (see page 17)	Boxes checked on 6a and 6b No. of children on 6c who:
MICHAEL J	PENCE	[REDACTED]	SON	<input type="checkbox"/>	<input checked="" type="checkbox"/> lived with you <input type="checkbox"/> did not live with you due to divorce or separation (see page 18)
CHARLOTTE	PENCE	[REDACTED]	DAUGHTER	<input checked="" type="checkbox"/>	
AUDREY A	PENCE	[REDACTED]	DAUGHTER	<input checked="" type="checkbox"/>	

Dependents on 6c not entered above _____

Add numbers on lines above ▶ **5**

Income

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	166,722
8a	Taxable interest. Attach Schedule B if required	8a	
b	Tax-exempt interest. Do not include on line 8a	8b	
9a	Ordinary dividends. Attach Schedule B if required	9a	
b	Qualified dividends (see page 21)	9b	
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 22)	10	3,537
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	246
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	-3,000
14	Other gains or (losses). Attach Form 4797	14	
15a	IRA distributions	15a	
b	Taxable amount (see page 23)	15b	
16a	Pensions and annuities	16a	
b	Taxable amount (see page 24)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	271
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits	20a	
b	Taxable amount (see page 26)	20b	
21	Other income. List type and amount (see page 28)	21	
22	Add the amounts in the far right column for lines 7 through 21. This is your total income	22	167,776

Adjusted Gross Income

23	Educator expenses (see page 28)	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	One-half of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction (see page 29)	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid	31a	
b	Recipient's SSN ▶		
32	IRA deduction (see page 30)	32	
33	Student loan interest deduction (see page 33)	33	
34	Tuition and fees deduction. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 31a and 32 through 35	36	
37	Subtract line 36 from line 22. This is your adjusted gross income	37	167,776

Tax and Credits

Standard Deduction for—
• People who checked any box on line 39a, 39b, or 39c or who can be claimed as a dependent, see page 34.
• All others: Single or Married filing separately, \$5,450
Married filing jointly or Qualifying widow(er), \$10,900
Head of household, \$8,000

Table with 3 columns: Line number, Description, and Amount. Rows include: 38 Amount from line 37 (adjusted gross income) 167,776; 39a Check if: You were born before January 2, 1944, Blind. Total boxes checked 39a; 39b Spouse was born before January 2, 1944, Blind.; 39c If your spouse itemizes on a separate return or you were a dual-status alien, see page 34 and check here; 40 Itemized deductions (from Schedule A) or your standard deduction (see left margin) 62,504; 41 Subtract line 40 from line 38 105,272; 42 If line 38 is over \$119,975, or you provided housing to a Midwestern displaced individual, see page 36. Otherwise, multiply \$3,500 by the total number of exemptions claimed on line 6d 17,500; 43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- 87,772; 44 Tax (see page 36). Check if any tax is from: a Form(s) 8814 b Form 4972 14,631; 45 Alternative minimum tax (see page 39). Attach Form 6251; 46 Add lines 44 and 45 14,631; 47 Foreign tax credit. Attach Form 1116 if required; 48 Credit for child and dependent care expenses. Attach Form 2441; 49 Credit for the elderly or the disabled. Attach Schedule R; 50 Education credits. Attach Form 8863; 51 Retirement savings contributions credit. Attach Form 8880; 52 Child tax credit (see page 42). Attach Form 8901 if required; 53 Credits from Form: a 8396 b 8839 c 5695; 54 Other credits from Form: a 3800 b 8801 c; 55 Add lines 47 through 54. These are your total credits 727; 56 Subtract line 55 from line 46. If line 55 is more than line 46, enter -0- 13,904

Other Taxes

Table with 3 columns: Line number, Description, and Amount. Rows include: 57 Self-employment tax. Attach Schedule SE; 58 Unreported social security and Medicare tax from Form: a 4137 b 8919; 59 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required; 60 Additional taxes: a AEIC payments b Household employment taxes. Attach Schedule H; 61 Add lines 56 through 60. This is your total tax 13,904

Payments

If you have a qualifying child, attach Schedule EIC.

Table with 3 columns: Line number, Description, and Amount. Rows include: 62 Federal income tax withheld from Forms W-2 and 1099 21,168; 63 2008 estimated tax payments and amount applied from 2007 return; 64a Earned income credit (EIC); 64b Nontaxable combat pay election; 65 Excess social security and tier 1 RRTA tax withheld (see page 61); 66 Additional child tax credit. Attach Form 8812; 67 Amount paid with request for extension to file (see page 61); 68 Credits from Form: a 2439 b 4136 c 8801 d 8885; 69 First-time homebuyer credit. Attach Form 5405; 70 Recovery rebate credit (see worksheet on pages 62 and 63); 71 Add lines 62 through 70. These are your total payments 21,168

Refund

Direct deposit? See page 63 and fill in 73b, 73c, and 73d, or Form 8888.

Table with 3 columns: Line number, Description, and Amount. Rows include: 72 If line 71 is more than line 61, subtract line 61 from line 71. This is the amount you overpaid 7,264; 73a Amount of line 72 you want refunded to you. If Form 8888 is attached, check here 7,264; 73b Routing number; 73c Checking; 73d Savings; 74 Amount of line 72 you want applied to your 2009 estimated tax; 75 Amount you owe. Subtract line 71 from line 61. For details on how to pay, see page 65

Amount You Owe

Table with 3 columns: Line number, Description, and Amount. Rows include: 76 Estimated tax penalty (see page 65)

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 66)? [X] Yes. Complete the following. [] No
Designee's name: Preparer
Personal identification number (PIN)
Phone no.

Sign Here

Joint return? See page 15. Keep a copy for your records.

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

Paid

Preparer's signature: Date: 3/04/09 Check if self-employed Preparer's SSN or PTIN

Preparer's Use Only

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: 317-549-3091 Phone no.

Form **8879**
 Department of the Treasury
 Internal Revenue Service

IRS e-file Signature Authorization

▶ Do not send to the IRS. This is not a tax return.
 ▶ Keep this form for your records. See instructions.

OMB No. 1545-0074

2008

Declaration Control Number (DCN) ▶

Taxpayer's name
MICHAEL R PENCE

Social security number

Spouse's name
KAREN S PENCE

Part I Tax Return Information—Tax Year Ending December 31, 2008 (Whole Dollars Only)

1	Adjusted gross income (Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4)	1	167,776
2	Total tax (Form 1040, line 61; Form 1040A, line 37; Form 1040EZ, line 11)	2	13,904
3	Federal income tax withheld (Form 1040, line 62; Form 1040A, line 38; Form 1040EZ, line 7)	3	21,168
4	Refund (Form 1040, line 73a; Form 1040A, line 45a; Form 1040EZ, line 12a; Form 1040-SS, Part I, line 12a)	4	7,264
5	Amount you owe (Form 1040, line 75; Form 1040A, line 47; Form 1040EZ, line 13)	5	

Part II Taxpayer Declaration and Signature Authorization (Be sure you get and keep a copy of your return)

Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2008, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts from my electronic income tax return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send my return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) an indication of any refund offset, (c) the reason for any delay in processing the return or refund, and (d) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of my Federal taxes owed on this return and/or a payment of estimated tax, and the financial institution to debit the entry to this account. I further understand that this authorization may apply to future Federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). In order for me to initiate future payments, I request that the IRS send me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I further acknowledge that the personal identification number (PIN) below is my signature for my electronic income tax return and, if applicable, my Electronic Funds Withdrawal Consent.

Taxpayer's PIN: check one box only

- I authorize Cadick Williams McAllister Ford PC to enter or generate my PIN as my signature on my tax year 2008 electronically filed income tax return. Enter five numbers, but do not enter all zeros
- I will enter my PIN as my signature on my tax year 2008 electronically filed income tax return. Check this box **only** if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Your signature ▶ _____ Date ▶ 2/09/09

Spouse's PIN: check one box only

- I authorize Cadick Williams McAllister Ford PC to enter or generate my PIN as my signature on my tax year 2008 electronically filed income tax return. Enter five numbers, but do not enter all zeros
- I will enter my PIN as my signature on my tax year 2008 electronically filed income tax return. Check this box **only** if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Spouse's signature ▶ _____ Date ▶ 2/09/09

Practitioner PIN Method Returns Only—continue below

Part III Certification and Authentication—Practitioner PIN Method Only

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN.

do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature for the tax year 2008 electronically filed income tax return for the taxpayer(s) indicated above. I confirm that I am submitting this return in accordance with the requirements of the Practitioner PIN method and Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns.

ERO's signature ▶ _____ Date ▶ 2/09/09

**ERO Must Retain This Form — See Instructions
 Do Not Submit This Form to the IRS Unless Requested To Do So**

Taxpayer Name MICHAEL R PENCE
 Spouse Name KAREN S PENCE

DO NOT SUBMIT THIS DOCUMENT TO IRS UNLESS REQUESTED TO DO SO

ERO Declaration

I declare that the information contained in this electronic tax return is the information furnished to me by the taxpayer. If the taxpayer furnished me a completed tax return, I declare that the information contained in this electronic tax return is identical to that contained in the return provided by the taxpayer. If the furnished return was signed by a paid preparer, I declare I have entered the paid preparer's identifying information in the appropriate portion of this electronic return. If I am the paid preparer, under the penalties of perjury I declare that I have examined this electronic return, and to the best of my knowledge and belief, it is true, correct, and complete. This declaration is based on all information of which I have any knowledge.

ERO Signature

I am signing this Tax Return by entering my PIN below.

ERO's PIN XXXXXXXXXX

Taxpayer Declarations

Perjury Statement

Under penalties of perjury, I declare that I have examined this return, including any accompanying statements and schedules and, to the best of my knowledge and belief, it is true, correct, and complete.

Consent to Disclosure

I consent to allow my Intermediate Service Provider, transmitter, or Electronic Return Originator (ERO) to send my return to IRS and to receive the following information from IRS: a) an acknowledgment of receipt or reason for rejection of transmission; b) an indication of any refund offset; c) the reason for any delay in processing or refund; and, d) the date of any refund.

Electronic Funds Withdrawal Consent

If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH Electronic Funds Withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of my Federal taxes owed on this return and/or a payment of estimated tax, and the financial institution to debit the entry to this account. I further understand that this authorization may apply to future Federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). In order for me to initiate future payments, I request that the IRS send me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

I am signing this Tax Return/Form and Electronic Funds Withdrawal Consent, if applicable, by entering my Self-Select PIN below.

Date (all numerics) 2/09/09

Taxpayer's PIN (enter five numbers, other than all zeroes) XXXXXX

Spouse's PIN (enter five numbers, other than all zeroes) XXXXXX

Form 1310 Signature and Verification

Completion of this section indicates that I am requesting a refund of taxes overpaid by or on behalf of the decedent. Under penalties of perjury, I declare that I have examined this Form 1310 claim, and to the best of my knowledge and belief, it is true, correct and complete.

 Signature of person claiming refund

 Date

SCHEDULES A&B

Schedule A—Itemized Deductions

OMB No. 1545-0074

(Form 1040)

(Schedule B is on back)

2008

Department of the Treasury
Internal Revenue Service (99)

▶ **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.			
1	Medical and dental expenses (see page A-1)	1	503		
2	Enter amount from Form 1040, line 38	2	167,776		
3	Multiply line 2 by 7.5% (.075)	3	12,583		
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			0
Taxes You Paid		5 State and local (check only one box):			
a	<input checked="" type="checkbox"/> Income taxes, or	5	9,626		
b	<input type="checkbox"/> General sales taxes				
6	Real estate taxes (see page A-5)	6	5,408		
7	Personal property taxes	7	459		
8	Other taxes. List type and amount ▶	8			
9	Add lines 5 through 8	9			15,493
Interest You Paid		10 Home mortgage interest and points reported to you on Form 1098			
10		10	31,785		
Note. Personal interest is not deductible.		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 ▶			
11		11			
12	Points not reported to you on Form 1098. See page A-6 for special rules	12	91		
13	Qualified mortgage insurance premiums (see page A-6)	13			
14	Investment interest. Attach Form 4952 if required. (See page A-6.)	14			
15	Add lines 10 through 14	15			31,876
Gifts to Charity		16 Gifts by cash or check. If you made any gift of \$250 or more, see page A-7			
16		16	12,013		
If you made a gift and got a benefit for it, see page A-7.		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			
17		17	200		
18	Carryover from prior year	18			
19	Add lines 16 through 18	19			12,213
Casualty and Theft Losses		20 Casualty or theft loss(es). Attach Form 4684. (See page A-8.)			
20		20			
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.) ▶			
21		21	3,000		
Form 2106 Expenses		22 Tax preparation fees			
22		22			
MEMBER OF CONGRESS		23 Other expenses—investment, safe deposit box, etc. List type and amount ▶			
23		23	3,356		
24	Add lines 21 through 23	24	6,356		
25	Enter amount from Form 1040, line 38	25	167,776		
26	Multiply line 25 by 2% (.02)	26	3,356		
27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27			3,000
Other Miscellaneous Deductions		28 Other—from list on page A-10. List type and amount ▶			
28		28			
Total Itemized Deductions		29 is Form 1040, line 38, over \$159,950 (over \$79,975 if married filing separately)?			
		<input type="checkbox"/> 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.			
		<input checked="" type="checkbox"/> 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			
		* Limited by AGI ▶ <input type="checkbox"/>			
		29			62,504

SCHEDULE C (Form 1040)

Profit or Loss From Business

(Sole Proprietorship)

OMB No. 1545-0074

2008

Attachment Sequence No. 09

Department of the Treasury Internal Revenue Service (99)

Partnerships, joint ventures, etc., generally must file Form 1065 or 1065-B. Attach to Form 1040, 1040NR, or 1041. See Instructions for Schedule C (Form 1040).

Name of proprietor

KAREN S PENCE

Social security number (SSN)

A Principal business or profession, including product or service (see page C-3 of the instructions) WATERCOLOR ARTIST

B Enter code from pages C-9, 10, & 11 541920

C Business name. If no separate business name, leave blank. KAREN PENCE

D Employer ID number (EIN), if any

E Business address (including suite or room no.) City, town or post office, state, and ZIP code IN

F Accounting method: (1) X Cash (2) Accrual (3) Other (specify)

G Did you "materially participate" in the operation of this business during 2008? If "No," see page C-4 for limit on losses X Yes No

H If you started or acquired this business during 2008, check here

Part I Income

Table with 7 rows for income calculation. Line 1: Gross receipts or sales 395. Line 2: Returns and allowances. Line 3: Subtract line 2 from line 1 395. Line 4: Cost of goods sold. Line 5: Gross profit 395. Line 6: Other income. Line 7: Gross income 395.

Part II Expenses. Enter expenses for business use of your home only on line 30.

Table with 27 rows for expense calculation. Line 8: Advertising 95. Line 10: Commissions and fees 40. Line 17: Legal and professional services. Line 27: Other expenses 123.

28 Total expenses before expenses for business use of home. Add lines 8 through 27 258

29 Tentative profit or (loss). Subtract line 28 from line 7 137

30 Expenses for business use of your home. Attach Form 8829

31 Net profit or (loss). Subtract line 30 from line 29. 137

32 If you have a loss, check the box that describes your investment in this activity (see page C-8).

32a All investment is at risk. 32b Some investment is not at risk.

KAREN S PENCE

Schedule C (Form 1040) 2008 WATERCOLOR ARTIST

Part III Cost of Goods Sold (see page C-8)

33 Method(s) used to value closing inventory: a [] Cost b [] Lower of cost or market c [] Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation [] Yes [X] No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation 35

36 Purchases less cost of items withdrawn for personal use 36

37 Cost of labor. Do not include any amounts paid to yourself 37

38 Materials and supplies 38

39 Other costs 39

40 Add lines 35 through 39 40

41 Inventory at end of year 41

42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4 42

Part IV Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-5 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶

44 Of the total number of miles you drove your vehicle during 2008, enter the number of miles you used your vehicle for:

a Business b Commuting (see instructions) c Other

45 Was your vehicle available for personal use during off-duty hours? [] Yes [] No

46 Do you (or your spouse) have another vehicle available for personal use? [] Yes [] No

47a Do you have evidence to support your deduction? [] Yes [] No

b If "Yes," is the evidence written? [] Yes [] No

Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.

LOCK BOX 80
POST OFFICE BOX 43

48 Total other expenses. Enter here and on page 1, line 27 48 123

**SCHEDULE C
(Form 1040)**

Profit or Loss From Business

(Sole Proprietorship)

OMB No. 1545-0074

2008

Attachment Sequence No. **09**

Department of the Treasury
Internal Revenue Service (99)

▶ Partnerships, joint ventures, etc., generally must file Form 1065 or 1065-B.
▶ Attach to Form 1040, 1040NR, or 1041. ▶ See Instructions for Schedule C (Form 1040).

Name of proprietor
KAREN S PENCE

Social security number (SSN)
[REDACTED]

A Principal business or profession, including product or service (see page C-3 of the instructions)
PUBLIC SPEAKING

B Enter code from pages C-9, 10, & 11
▶

C Business name. If no separate business name, leave blank.
KAREN PENCE

D Employer ID number (EIN), if any

E Business address (including suite or room no.) ▶ [REDACTED]
City, town or post office, state, and ZIP code **ARLINGTON VA 22213-1206**

F Accounting method: (1) Cash (2) Accrual (3) Other (specify) ▶

G Did you "materially participate" in the operation of this business during 2008? If "No," see page C-4 for limit on losses Yes No

H If you started or acquired this business during 2008, check here

Part I Income

1 Gross receipts or sales. Caution. See page C-4 and check the box if: • This income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, or • You are a member of a qualified joint venture reporting only rental real estate income not subject to self-employment tax. Also see page C-4 for limit on losses.	<input type="checkbox"/>	1	750
2 Returns and allowances		2	
3 Subtract line 2 from line 1		3	750
4 Cost of goods sold (from line 42 on page 2)		4	
5 Gross profit. Subtract line 4 from line 3		5	750
6 Other income, including federal and state gasoline or fuel tax credit or refund (see page C-4)		6	
7 Gross income. Add lines 5 and 6		7	750

Part II Expenses. Enter expenses for business use of your home only on line 30.

8 Advertising	8		18 Office expense	18	
9 Car and truck expenses (see page C-5)	9	46	19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see page C-6):	20a	
11 Contract labor (see page C-5)	11		a Vehicles, machinery, and equipment	20b	
12 Depletion	12		b Other business property	21	
13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-5)	13		21 Repairs and maintenance	22	
14 Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)	23	
15 Insurance (other than health)	15		23 Taxes and licenses	24	
16 Interest:			24 Travel, meals, and entertainment:	24a	
a Mortgage (paid to banks, etc.)	16a		a Travel	24b	
b Other	16b		b Deductible meals and entertainment (see page C-7)	25	
17 Legal and professional services	17	595	25 Utilities	26	
			26 Wages (less employment credits)	27	
			27 Other expenses (from line 48 on page 2)		
28 Total expenses before expenses for business use of home. Add lines 8 through 27				28	641
29 Tentative profit or (loss). Subtract line 28 from line 7				29	109
30 Expenses for business use of your home. Attach Form 8829				30	
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Form 1040, line 12 , and Schedule SE, line 2 , or on Form 1040NR, line 13 (if you checked the box on line 1, see page C-7). Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.				31	109
32 If you have a loss, check the box that describes your investment in this activity (see page C-8). • If you checked 32a, enter the loss on both Form 1040, line 12 , and Schedule SE, line 2 , or on Form 1040NR, line 13 (if you checked the box on line 1, see the line 31 instructions on page C-7). Estates and trusts, enter on Form 1041, line 3 . • If you checked 32b, you must attach Form 6198 . Your loss may be limited.				32a	<input type="checkbox"/> All investment is at risk.
				32b	<input type="checkbox"/> Some investment is not at risk.

KAREN S PENCE

Schedule C (Form 1040) 2008 PUBLIC SPEAKING

Part III Cost of Goods Sold (see page C-8)

33 Method(s) used to value closing inventory: a [] Cost b [] Lower of cost or market c [] Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation [] Yes [] No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation 35

36 Purchases less cost of items withdrawn for personal use 36

37 Cost of labor. Do not include any amounts paid to yourself 37

38 Materials and supplies 38

39 Other costs 39

40 Add lines 35 through 39 40

41 Inventory at end of year 41

42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on page 1, line 4 42

Part IV Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-5 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) 01/01/08

44 Of the total number of miles you drove your vehicle during 2008, enter the number of miles you used your vehicle for:

a Business 85 b Commuting (see instructions) c Other 13,607

45 Was your vehicle available for personal use during off-duty hours? [X] Yes [] No

46 Do you (or your spouse) have another vehicle available for personal use? [X] Yes [] No

47a Do you have evidence to support your deduction? [X] Yes [] No

b If "Yes," is the evidence written? [X] Yes [] No

Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.

Table with multiple rows for listing other business expenses.

48 Total other expenses. Enter here and on page 1, line 27 48

**SCHEDULE D
(Form 1040)**

Capital Gains and Losses

OMB No. 1545-0074

2008

Attachment
Sequence No. **12**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040 or Form 1040NR. ▶ See Instructions for Schedule D (Form 1040).
▶ Use Schedule D-1 to list additional transactions for lines 1 and 8.

Name(s) shown on return

MICHAEL R & KAREN S PENCE

Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-7 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)	
1						
2	Enter your short-term totals, if any, from Schedule D-1, line 2			2		
3	Total short-term sales price amounts. Add lines 1 and 2 in column (d)			3		
4	Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4	
5	Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5	
6	Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet on page D-7 of the instructions				6	
7	Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)				7	0

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-7 of the instructions)	(e) Cost or other basis (see page D-7 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)	
8						
9	Enter your long-term totals, if any, from Schedule D-1, line 9			9		
10	Total long-term sales price amounts. Add lines 8 and 9 in column (d)			10		
11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11	
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12	
13	Capital gain distributions. See page D-2 of the instructions				13	
14	Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet on page D-7 of the instructions				14	13,536
15	Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on the back				15	-13,536

For Paperwork Reduction Act Notice, see Form 1040 or Form 1040NR instructions.

Schedule D (Form 1040) 2008

Part III Summary

<p>16 Combine lines 7 and 15 and enter the result</p>	16	-13,536
<p>If line 16 is:</p> <ul style="list-style-type: none"> ● A gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. ● A loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. ● Zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 		
<p>17 Are lines 15 and 16 both gains? <input type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.</p>		
<p>18 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet on page D-8 of the instructions</p>	18	
<p>19 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet on page D-9 of the instructions</p>	19	
<p>20 Are lines 18 and 19 both zero or blank? <input type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Qualified Dividends and Capital Gain Tax Worksheet on page 38 of the Instructions for Form 1040 (or in the Instructions for Form 1040NR). Do not complete lines 21 and 22 below. <input type="checkbox"/> No. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Schedule D Tax Worksheet on page D-10 of the instructions. Do not complete lines 21 and 22 below.</p>		
<p>21 If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of: <ul style="list-style-type: none"> ● The loss on line 16 or ● (\$3,000), or if married filing separately, (\$1,500)] </p>	21	3,000)
<p>Note. When figuring which amount is smaller, treat both amounts as positive numbers.</p>		
<p>22 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b? <input type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 40. Then complete the Qualified Dividends and Capital Gain Tax Worksheet on page 38 of the Instructions for Form 1040 (or in the Instructions for Form 1040NR). <input checked="" type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.</p>		

**SCHEDULE E
(Form 1040)**

Supplemental Income and Loss
(From rental real estate, royalties, partnerships,
S corporations, estates, trusts, REMICs, etc.)

OMB No. 1545-0074

2008

Attachment
Sequence No. **13**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040NR, or Form 1041. ▶ See instructions for Schedule E (Form 1040).

Name(s) shown on return

Your social security number

MICHAEL R & KAREN S PENCE

Part I Income or Loss From Rental Real Estate and Royalties Note. If you are in the business of renting personal property, use Schedule C or C-EZ (see page E-3). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

1	List the type and address of each rental real estate property:	2	For each rental real estate property listed on line 1, did you or your family use it during the tax year for personal purposes for more than the greater of:	
			Yes	No
A	RENTAL HOME [REDACTED] COLUMBUS, IN 47203	14 days or 10% of the total days rented at fair rental value? (See page E-3)	A	X
B			B	
C			C	

Income:	Properties			Totals	
	A	B	C	(Add columns A, B, and C.)	
3 Rents received	3 4,800			3	4,800
4 Royalties received	4			4	
Expenses:					
5 Advertising	5				
6 Auto and travel (see page E-4)	6				
7 Cleaning and maintenance	7				
8 Commissions	8				
9 Insurance	9				
10 Legal and other professional fees	10				
11 Management fees	11				
12 Mortgage interest paid to banks, etc. (see page E-5)	12 4,262			12	4,262
13 Other interest	13				
14 Repairs	14				
15 Supplies	15				
16 Taxes	16 267				
17 Utilities	17				
18 Other (list) ▶	18				
19 Add lines 5 through 18	19 4,529			19	4,529
20 Depreciation expense or depletion (see page E-5)	20			20	
21 Total expenses. Add lines 19 and 20	21 4,529				
22 Income or (loss) from rental real estate or royalty properties. Subtract line 21 from line 3 (rents) or line 4 (royalties). If the result is a (loss), see page E-5 to find out if you must file Form 6198	22 271				
23 Deductible rental real estate loss. Caution. Your rental real estate loss on line 22 may be limited. See page E-5 to find out if you must file Form 8582. Real estate professionals must complete line 43 on page 2	23 0				
24 Income. Add positive amounts shown on line 22. Do not include any losses				24	271
25 Losses. Add royalty losses from line 22 and rental real estate losses from line 23. Enter total losses here.				25	
26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Form 1040, line 17, or Form 1040NR, line 18. Otherwise, include this amount in the total on line 41 on page 2				26	271

Form **6251**

Alternative Minimum Tax—Individuals

OMB No. 1545-0074

▶ See separate instructions.

2008

Attachment Sequence No. **32**

Department of the Treasury
Internal Revenue Service (99)

▶ 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

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 (minus any amount on Form 8914, line 2), and go to line 2. Otherwise, enter the amount from Form 1040, line 38 (minus any amount on Form 8914, line 2), and go to line 7. (If less than zero, enter as a negative amount.)	105,272
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-	
3	Taxes from Schedule A (Form 1040), line 9	15,493
4	Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet on page 2 of the instructions	0
5	Miscellaneous deductions from Schedule A (Form 1040), line 27	3,000
6	If Form 1040, line 38, is over \$159,950 (over \$79,975 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)	78
7	If claiming the standard deduction, enter any amount from Form 4684, line 18a, as a negative amount	
8	Tax refund from Form 1040, line 10 or line 21	3,537
9	Investment interest expense (difference between regular tax and AMT)	
10	Depletion (difference between regular tax and AMT)	
11	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	
12	Interest from specified private activity bonds exempt from the regular tax	
13	Qualified small business stock (7% of gain excluded under section 1202)	
14	Exercise of incentive stock options (excess of AMT income over regular tax income)	
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	
17	Disposition of property (difference between AMT and regular tax gain or loss)	
18	Depreciation on assets placed in service after 1986 (difference between regular tax and AMT)	
19	Passive activities (difference between AMT and regular tax income or loss)	0
20	Loss limitations (difference between AMT and regular tax income or loss)	0
21	Circulation costs (difference between regular tax and AMT)	
22	Long-term contracts (difference between AMT and regular tax income)	
23	Mining costs (difference between regular tax and AMT)	
24	Research and experimental costs (difference between regular tax and AMT)	
25	Income from certain installment sales before January 1, 1987	
26	Intangible drilling costs preference	
27	Other adjustments, including income-based related adjustments	
28	Alternative tax net operating loss deduction	
29	Alternative minimum taxable income. Combine lines 1 through 28. (If married filing separately and line 29 is more than \$214,900, see page 8 of the instructions.)	120,150

Part II Alternative Minimum Tax (AMT)

30	Exemption. (If you were under age 24 at the end of 2008, see page 9 of the instructions.)													
	<table border="0"> <tr> <td>IF your filing status is . . .</td> <td>AND line 29 is not over...</td> <td>THEN enter on line 30...</td> </tr> <tr> <td>Single or head of household</td> <td>\$112,500</td> <td>\$46,200</td> </tr> <tr> <td>Married filing jointly or qualifying widow(er)</td> <td>150,000</td> <td>69,950</td> </tr> <tr> <td>Married filing separately</td> <td>75,000</td> <td>34,975</td> </tr> </table>	IF your filing status is . . .	AND line 29 is not over...	THEN enter on line 30...	Single or head of household	\$112,500	\$46,200	Married filing jointly or qualifying widow(er)	150,000	69,950	Married filing separately	75,000	34,975	
IF your filing status is . . .	AND line 29 is not over...	THEN enter on line 30...												
Single or head of household	\$112,500	\$46,200												
Married filing jointly or qualifying widow(er)	150,000	69,950												
Married filing separately	75,000	34,975												
30		69,950												
	If line 29 is over the amount shown above for your filing status, see page 8 of the instructions.													
31	Subtract line 30 from line 29. If more than zero, go to line 32. If zero or less, enter -0- here and on lines 34 and 36 and skip the rest of Part II	50,200												
32	<ul style="list-style-type: none"> If you are filing Form 2555 or 2555-EZ, see page 9 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 31 is \$175,000 or less (\$87,500 or less if married filing separately), multiply line 31 by 26% (.26). Otherwise, multiply line 31 by 28% (.28) and subtract \$3,500 (\$1,750 if married filing separately) from the result. 	13,052												
33	Alternative minimum tax foreign tax credit (see page 9 of the instructions)													
34	Tentative minimum tax. Subtract line 33 from line 32	13,052												
35	Tax from Form 1040, line 44 (minus any tax from Form 4972 and any foreign tax credit from Form 1040, line 47). 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 11 of the instructions)	14,631												
36	AMT. Subtract line 35 from line 34. If zero or less, enter -0-. Enter here and on Form 1040, line 45	0												

For Paperwork Reduction Act Notice, see page 12 of the instructions.

Form **6251** (2008)

Form **8606**

Nondeductible IRAs

OMB No. 1545-0074

▶ See separate instructions.

2008

Attachment Sequence No. **48**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040, Form 1040A, or Form 1040NR.

Name. If married, file a separate form for each spouse required to file Form 8606. See page 5 of the instructions.

Your social security number

KAREN S PENCE

**Fill in Your Address Only
If You Are Filing This
Form by Itself and Not
With Your Tax Return**

Home address (number and street, or P.O. box if mail is not delivered to your home)

Apt. no.

City, town or post office, state, and ZIP code

Part I Nondeductible Contributions to Traditional IRAs and Distributions From Traditional, SEP, and SIMPLE IRAs

Complete this part only if one or more of the following apply.

- You made nondeductible contributions to a traditional IRA for 2008.
- You took distributions from a traditional, SEP, or SIMPLE IRA in 2008 and you made nondeductible contributions to a traditional IRA in 2008 or an earlier year. For this purpose, a distribution does not include a rollover (other than a repayment of a qualified disaster recovery assistance distribution), qualified charitable distribution, one-time distribution to fund an HSA, conversion, recharacterization, or return of certain contributions.
- You converted part, but not all, of your traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2008 (excluding any portion you recharacterized) and you made nondeductible contributions to a traditional IRA in 2008 or an earlier year.

1	Enter your nondeductible contributions to traditional IRAs for 2008, including those made for 2008 from January 1, 2009, through April 15, 2009 (see page 5 of the instructions)	1	
2	Enter your total basis in traditional IRAs (see page 6 of the instructions)	2	
3	Add lines 1 and 2	3	
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <p>In 2008, did you take a distribution from traditional, SEP, or SIMPLE IRAs, or make a Roth IRA conversion?</p> </div> <p style="margin-left: 20px;">No → Enter the amount from line 3 on line 14. Do not complete the rest of Part I.</p> <p style="margin-left: 20px;">Yes → Go to line 4.</p>			
4	Enter those contributions included on line 1 that were made from January 1, 2009, through April 15, 2009	4	
5	Subtract line 4 from line 3	5	
6	Enter the value of all your traditional, SEP, and SIMPLE IRAs as of December 31, 2008, plus any outstanding rollovers. Subtract any repayments of qualified disaster recovery assistance distributions. If the result is zero or less, enter -0- (see page 6 of the instructions)	6	
7	Enter your distributions from traditional, SEP, and SIMPLE IRAs in 2008. Do not include rollovers (other than repayments of qualified disaster recovery assistance distributions), qualified charitable distributions, a one-time distribution to fund an HSA, conversions to a Roth IRA, certain returned contributions, or recharacterizations of traditional IRA contributions (see page 6 of the instructions)	7	
8	Enter the net amount you converted from traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2008. Do not include amounts converted that you later recharacterized (see page 7 of the instructions). Also enter this amount on line 16	8	
9	Add lines 6, 7, and 8	9	
10	Divide line 5 by line 9. Enter the result as a decimal rounded to at least 3 places. If the result is 1.000 or more, enter "1.000"	10	
11	Multiply line 8 by line 10. This is the nontaxable portion of the amount you converted to Roth IRAs. Also enter this amount on line 17	11	
12	Multiply line 7 by line 10. This is the nontaxable portion of your distributions that you did not convert to a Roth IRA	12	
13	Add lines 11 and 12. This is the nontaxable portion of all your distributions	13	
14	Subtract line 13 from line 3. This is your total basis in traditional IRAs for 2008 and earlier years	14	
15a	Subtract line 12 from line 7.	15a	
b	Amount on line 15a attributable to qualified disaster recovery assistance distributions (see page 7 of the instructions). Also enter this amount on Form 8930, line 13	15b	
c	Taxable amount. Subtract line 15b from line 15a. If more than zero, also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b	15c	
<p>Note: You may be subject to an additional 10% tax on the amount on line 15c if you were under age 59½ at the time of the distribution (see page 7 of the instructions).</p>			

For Privacy Act and Paperwork Reduction Act Notice, see page 9 of the instructions.

Form **8606** (2008)

Part II 2008 Conversions From Traditional, SEP, or SIMPLE IRAs to Roth IRAs

Complete this part if you converted part or all of your traditional, SEP, and SIMPLE IRAs to a Roth IRA in 2008 (excluding any portion you recharacterized).

Caution: If your modified adjusted gross income is over \$100,000 or you are married filing separately and you lived with your spouse at any time in 2008, you **cannot** convert any amount from traditional, SEP, or SIMPLE IRAs to Roth IRAs for 2008. If you erroneously made a conversion, you must recharacterize (correct) it (see page 7 of the instructions).

16 If you completed Part I, enter the amount from line 8. Otherwise, enter the net amount you converted from traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2008. Do not include amounts you later recharacterized back to traditional, SEP, or SIMPLE IRAs in 2008 or 2009 (see page 7 of the instructions)	16	
17 If you completed Part I, enter the amount from line 11. Otherwise, enter your basis in the amount on line 16 (see page 7 of the instructions)	17	
18 Taxable amount. Subtract line 17 from line 16. Also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b	18	

Part III Distributions From Roth IRAs

Complete this part only if you took a distribution from a Roth IRA in 2008. For this purpose, a distribution does not include a rollover (other than a repayment of a qualified disaster recovery assistance distribution), qualified charitable distribution, one-time distribution to fund an HSA, recharacterization, or return of certain contributions (see page 7 of the instructions).

19 Enter your total nonqualified distributions from Roth IRAs in 2008 including any qualified first-time homebuyer distributions (see page 7 of the instructions)	19	
20 Qualified first-time homebuyer expenses (see page 7 of the instructions). Do not enter more than \$10,000	20	
21 Subtract line 20 from line 19. If zero or less, enter -0- and skip lines 22 through 25	21	
22 Enter your basis in Roth IRA contributions (see page 8 of the instructions)	22	1,540
23 Subtract line 22 from line 21. If zero or less, enter -0- and skip lines 24 and 25. If more than zero, you may be subject to an additional tax (see page 8 of the instructions)	23	
24 Enter your basis in conversions from traditional, SEP, and SIMPLE IRAs and rollovers from qualified retirement plans to a Roth IRA (see page 8 of the instructions)	24	
25a Subtract line 24 from line 23. If zero or less, enter -0- and skip lines 25b and 25c	25a	
b Amount on line 25a attributable to qualified disaster recovery assistance distributions (see page 8 of the instructions). Also enter this amount on Form 8930, line 14	25b	
c Taxable amount. Subtract line 25b from line 25a. If more than zero, also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b	25c	0

Sign Here Only If You Are Filing This Form by Itself and Not With Your Tax Return

Under penalties of perjury, I declare that I have examined this form, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature Date

Paid Preparer's Use Only	Preparer's signature 	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code 	EIN	Phone no.	

Form **2106**

Employee Business Expenses

OMB No. 1545-0074

▶ See separate instructions.

2008

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040 or Form 1040NR.

Attachment
Sequence No. **129**

Your name MICHAEL R PENCE	Occupation in which you incurred expenses CONGRESS	Social security number [REDACTED]
-------------------------------------	--------------------------------------------------------------	---------------------------------------------

Part I Employee Business Expenses and Reimbursements

	Column A Other Than Meals and Entertainment	Column B Meals and Entertainment
Step 1 Enter Your Expenses		
1 Vehicle expense from line 22c or line 29. (Rural mail carriers: See instructions.)	1	
2 Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and from work	2	
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. Do not include meals and entertainment	3	
4 Business expenses not included on lines 1 through 3. Do not include meals and entertainment	3,000	
5 Meals and entertainment expenses (see instructions)		
6 Total expenses. In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5	3,000	

Note: If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

Step 2 Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1

7 Enter reimbursements received from your employer that were not reported to you in box 1 of Form W-2. Include any reimbursements reported under code "L" in box 12 of your Form W-2 (see instructions)	7	
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---	--

Step 3 Figure Expenses To Deduct on Schedule A (Form 1040 or Form 1040NR)

8 Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 7 (or on Form 1040NR, line 8)	8	3,000
Note: If both columns of line 8 are zero, you cannot deduct employee business expenses. Stop here and attach Form 2106 to your return.		
9 In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 80% (.80) instead of 50%. For details, see instructions.)	9	3,000
10 Add the amounts on line 9 of both columns and enter the total here. Also, enter the total on Schedule A (Form 1040), line 21 (or on Schedule A (Form 1040NR), line 9). (Reservists, qualified performing artists, fee-basis state or local government officials, and individuals with disabilities: See the instructions for special rules on where to enter the total.)	▶ 10	3,000

For Paperwork Reduction Act Notice, see instructions.

Form **2106** (2008)

Form **8801**
 (Rev. February 2009)
 Department of the Treasury
 Internal Revenue Service (99)

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

▶ See separate instructions.

▶ Attach to Form 1040, 1040NR, or 1041.

OMB No. 1545-1073

2008

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 2007 Form 6251. Estates and trusts, see instructions	1	96,813
2	Enter adjustments and preferences treated as exclusion items (see instructions)	2	16,054
3	Minimum tax credit net operating loss deduction (see instructions)	3	
4	Combine lines 1, 2, and 3. If zero or less, enter -0- here and on line 15 and go to Part II. If more than \$207,500 and you were married filing separately for 2007, see instructions	4	112,867
5	Enter: \$66,250 if married filing jointly or qualifying widow(er) for 2007; \$44,350 if single or head of household for 2007; or \$33,125 if married filing separately for 2007. Estates and trusts, enter \$22,500	5	66,250
6	Enter: \$150,000 if married filing jointly or qualifying widow(er) for 2007; \$112,500 if single or head of household for 2007; or \$75,000 if married filing separately for 2007. 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	66,250
10	Subtract line 9 from line 4. If zero or less, enter -0- here and on line 15 and go to Part II. Form 1040NR filers, see instructions	10	46,617
11	<ul style="list-style-type: none"> If for 2007 you filed Form 2555 or 2555-EZ, see page 2 of the instructions for the amount to enter. If for 2007 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 51 here. Form 1040NR filers, see instructions. 	11	12,120
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	12,120
14	Enter the amount from your 2007 Form 6251, line 34, or 2007 Form 1041, Schedule I, line 55	14	12,829
15	Net minimum tax on exclusion items. Subtract line 14 from line 13. If zero or less, enter -0-	15	0

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

Form **8801** (2008) (Rev. 2-2009)

Part II Current Year Nonrefundable and Refundable Credits and Carryforward to 2009

16	Enter the amount from your 2007 Form 6251, line 35, or 2007 Form 1041, Schedule I, line 56	16	
17	Enter the amount from line 15	17	
18	Subtract line 17 from line 16. If less than zero, enter as a negative amount	18	
19	2007 credit carryforward. Enter the amount from your 2007 Form 8801, line 28	19	727
20	Enter your 2007 unallowed qualified electric vehicle credit (see instructions)	20	
21	Enter as a negative amount any alternative minimum tax for 2007 or any prior year that is attributable to the exercise of incentive stock options and was unpaid as of October 3, 2008 (see instructions)	21	
22	Combine lines 18 through 21. If zero or less, enter -0-	22	727
23	Enter 50% (.50) of the total interest and penalties you paid before October 3, 2008, on alternative minimum tax attributable to the exercise of incentive stock options for 2007 or any prior year	23	
24	Add lines 22 and 23. If zero, stop here and see instructions	24	727
25	Enter your 2008 regular income tax liability minus allowable credits (see instructions)	25	14,631
26	Enter the amount from your 2008 Form 6251, line 34, or 2008 Form 1041, Schedule I, line 54	26	13,052
27	Subtract line 26 from line 25. If zero or less, enter -0-	27	1,579
28	Current year nonrefundable credit. Enter the smaller of line 24 or line 27. Also enter this amount on your 2008 Form 1040, line 54 (check box b); Form 1040NR, line 49 (check box b); or Form 1041, Schedule G, line 2d	28	727
29	<ul style="list-style-type: none"> Estates and trusts: Leave lines 29 and 30 blank and go to line 31. Individuals: Did you have a minimum tax credit carryforward to 2006 (on your 2005 Form 8801, line 26) or pay any interest or penalties before October 3, 2008, on alternative minimum tax attributable to the exercise of incentive stock options for 2007 or any prior year? <ul style="list-style-type: none"> <input type="checkbox"/> No. Leave lines 29 and 30 blank and go to line 31. <input checked="" type="checkbox"/> Yes. Complete Part IV of Form 8801 to figure the amount to enter 	29	727
30	Is line 29 more than line 28? <ul style="list-style-type: none"> <input checked="" type="checkbox"/> No. Leave line 30 blank and go to line 31. <input type="checkbox"/> Yes. Subtract line 28 from line 29. This is your current year refundable credit. Enter the result here and on your 2008 Form 1040, line 68 (check box c), or Form 1040NR, line 68 	30	
31	Credit carryforward to 2009. Subtract the larger of line 28 or line 29 from line 24. Keep a record of this amount because you may use it in future years	31	0

MICHAEL R & KAREN S PENCE

Form 8801 (2008) (Rev. 2-2009)

Part IV Tentative Refundable Credit

52	Enter the amount from line 22	52	727
53	Enter the total of lines 18 and 20 from your 2006 Form 8801. If zero or less, enter -0-	53	
54	Enter the total of lines 18 and 20 from your 2007 Form 8801. If zero or less, enter -0-	54	
55	Enter the total of lines 18 and 20 from your 2008 Form 8801. If zero or less, enter -0-	55	
56	Add lines 53 through 55	56	
57	Long-term unused minimum tax credit. Subtract line 56 from line 52 (If zero or less, enter -0- here and on line 61 and go to line 62)	57	727
58	Multiply line 57 by 50% (.50)	58	364
59	Enter the amount from your 2007 Form 8801, line 55	59	846
60	Enter the larger of line 58 or line 59	60	846
61	Enter the smaller of line 57 or line 60	61	727
62	Enter the amount from line 23	62	
63	Add lines 61 and 62. Enter the result here and on line 29	63	727

Form **1040** **Auto Worksheet** **2008**

Name **MICHAEL R & KAREN S PENCE** Taxpayer Identification Number XXXXXXXXXX

Description PUBLIC SPEAKING
 Form/Schedule C Unit number 2
 Vehicle 1 - Date 1/01/08 Description CAR
 Vehicle 2 - Date _____ Description _____
 Vehicle 3 - Date _____ Description _____

General Information

	Vehicle 1	Vehicle 2	Vehicle 3
1. Total mileage	13,692		
2 a. Business miles (50.5 cents per mile)	45		
b. Business miles (58.5 cents per mile)	40		
3. Commuting mileage			
4. Other mileage	13,607		
5. Business use percentage	0.62 %		

Actual Expenses

	Vehicle 1	Vehicle 2	Vehicle 3
6. Parking fees and tolls			
7 a. Gasoline, oil, repairs, insurance, etc.			
b. Interest, registration & taxes			
c. Vehicle rentals (net of inclusion amount)			
8. Total expenses. Add lines 7a - 7c			
9. Business use percentage from line 5	0.62 %		
10. Business use portion of actual expenses			
11. Depreciation			
12. Total actual expense allowable. Add lines 6, 10 and 11			

Standard Mileage Rate Method

	Vehicle 1	Vehicle 2	Vehicle 3
13. Business mileage (line 2) multiplied by applicable rate	46		
14. Parking fees and tolls from line 6			
15. Line 7b (Int & taxes only) multiplied by bus pct (line 5)			
16. Standard mileage rate	46		

Vehicle 4 - Date _____ Description _____
 Vehicle 5 - Date _____ Description _____
 Vehicle 6 - Date _____ Description _____

General Information

	Vehicle 4	Vehicle 5	Vehicle 6
1. Total mileage			
2 a. Business miles (50.5 cents per mile)			
b. Business miles (58.5 cents per mile)			
3. Commuting mileage			
4. Other mileage			
5. Business use percentage			

Actual Expenses

	Vehicle 4	Vehicle 5	Vehicle 6
6. Parking fees and tolls			
7 a. Gasoline, oil, repairs, insurance, etc.			
b. Interest, registration & taxes			
c. Vehicle rentals (net of inclusion amount)			
8. Total expenses. Add lines 7a - 7c			
9. Business use percentage from line 5			
10. Business use portion of actual expenses			
11. Depreciation			
12. Total actual expense allowable. Add lines 6, 10 and 11			

Standard Mileage Rate Method

	Vehicle 4	Vehicle 5	Vehicle 6
13. Business mileage (line 2) multiplied by applicable rate			
14. Parking fees and tolls from line 6			
15. Line 7b (Int & taxes only) multiplied by bus pct (line 5)			
16. Standard mileage rate			

Allowable Deduction	Vehicle expense	Vehicle rentals	Vehicle depreciation	Total allowable deduction
46				46

Form 1040	Capital Loss Carryover Worksheet	2008
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Name MICHAEL R & KAREN S PENCE	Taxpayer Identification Number <div style="background-color: black; width: 100%; height: 15px;"></div>
----------------------------------------------	-----------------------------------------------------------------------------------------------------------

2008 to 2009 Capital Loss Carryover Worksheet

Use this worksheet to figure your capital loss carryovers from 2008 to 2009 if Schedule D, Line 21, is a loss and (a) that loss is a smaller loss than the loss on Schedule D, line 16, or (b) Form 1040, line 41, reduced by any amount on Form 8914, line 2, is less than zero. Otherwise, you do not have any carryovers.

1. Enter the amount from Form 1040, line 41. If a loss, enclose the amount in parentheses	1. <u>105,272</u>
2. Did you file Form 8914 (to claim an exemption amount for housing a Midwestern displaced individual)?	
<input checked="" type="checkbox"/> No. Enter -0-	
<input type="checkbox"/> Yes. Enter the amount from your Form 8914, line 2	2. _____
3. Subtract line 2 from line 1. If the result is less than zero, enclose it in parentheses	3. <u>105,272</u>
4. Enter the loss from Schedule D, line 21, as a positive amount	4. <u>3,000</u>
5. Combine lines 3 and 4. If zero or less, enter -0-	5. <u>108,272</u>
6. Enter the smaller of line 4 or line 5	6. <u>3,000</u>
If line 7 of Schedule D is a loss, go to line 7; otherwise, enter -0- on line 7 and go to line 11.	
7. Enter the loss from Schedule D, line 7, as a positive amount	7. <u>0</u>
8. Enter any gain from Schedule D, line 15. If a loss, enter -0-	8. _____
9. Add lines 6 and 8	9. _____
10. Short-term capital loss carryover to 2009. Subtract line 9 from line 7. If zero or less, enter -0-	10. _____
If line 15 of Schedule D is a loss, go to line 11; otherwise, skip lines 11 through 15.	
11. Enter the loss from Schedule D, line 15, as a positive amount	11. <u>13,536</u>
12. Enter the gain, if any, from Schedule D, line 7. If a loss, enter -0-	12. _____
13. Subtract line 7 from line 6. If zero or less, enter -0-	13. <u>3,000</u>
14. Add lines 12 and 13	14. <u>3,000</u>
15. Long-term capital loss carryover to 2009. Subtract line 14 from line 11. If zero or less, enter -0-	15. <u>10,536</u>

Form 1040	General Sales Tax Deduction Worksheet	2008
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Name as shown on return MICHAEL R & KAREN S PENCE	Taxpayer Identification Number <div style="background-color: black; width: 100px; height: 15px;"></div>
-----------------------------------------------------------------	------------------------------------------------------------------------------------------------------------

State of Virginia	Locality of
-----------------------------	-------------

General Sales Tax from IRS Tables

- | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---------|
| 1. Enter the amount of adjusted gross income (AGI) from Form 1040, Line 37 | 1. | 167,776 |
| 2. Add the nontaxable amounts from Form 1040, lines 8b, 15a, 16a, 20a (Exclude rollovers and tax-free Sec. 1035 exchanges) | 2. | |
| 3. Add the nontaxable amounts from combat pay, public assistance, veteran's benefits, unemployment compensation. Also include any amounts which increase spendable income, such as the refundable portion of refundable tax credits received in 2008, as well as any economic stimulus payment you received in 2008 | 3. | 1,447 |
| 4. Add lines 1 through 3, this is income for general sales tax table purposes | 4. | 169,223 |
| 5. Enter the amount from the sales tax table in the Schedule A instructions. Part-year residents, complete lines 6 - 8; Full-year residents skip lines 6 - 8 and enter the amount from line 5 on line 9 | 5. | 1,002 |
| 6. Enter the number of days of residence in state | 6. | |
| 7. Total days in year | 7. | 366 |
| 8. Divide line 6 by line 7 (rounded to at least 3 decimal places) | 8. | |
| 9. Multiply line 5 by line 8, this is the deductible general sales tax using the IRS table. | 9. | 1,002 |

Local Sales Tax Using IRS Tables

- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| 10. Enter the amount from the sales tax table in the Schedule A instructions. | 10. | |
| 11. If you are a resident of Alaska, Arizona, Arkansas, California (Los Angeles County only), Colorado, Georgia, Illinois, Louisiana, Missouri, New York State, North Carolina, South Carolina, Tennessee, Utah, or Virginia, enter the amount from the applicable Optional Local Sales Tax Table in the Schedule A instructions. | 11. | |
| 12. Enter the local general sales tax rate (exclude statewide local sales tax rate) | 12. | |
| 13. Enter the state general sales tax rate (include statewide local sales tax rate) | 13. | |
| 14. Divide line 12 by line 13 (rounded to at least 3 decimal places) | 14. | |
| 15. If you entered an amount on line 11, multiply line 11 by line 12. This is the local sales tax using the optional local sales tax tables. Part-year residents, complete lines 16 - 18; Full-year residents skip lines 16 - 18 and enter the amount from line 15 on line 19. If you did not enter an amount on line 11, multiply line 10 by line 14. This is the local sales tax using the optional state and certain local sales tax tables. Part-year residents, complete lines 16 - 18; Full-year residents skip lines 16 - 18 and enter the amount from line 15 on line 19 | 15. | |
| 16. Enter the number of days of residence in locality | 16. | |
| 17. Total days in year | 17. | 366 |
| 18. Divide line 16 by line 17 (rounded to at least 3 decimal places) | 18. | |
| 19. Multiply line 15 by line 18. This is the deductible general local sales tax using the IRS tables. | 19. | |

General Sales Tax Summary

- | | | |
|---------------------------------------------------------------------------------------|-----|-------|
| 20. Enter the sum of line 9 from all General Sales Tax Deduction Worksheets | 20. | 1,002 |
| 21. Enter the sum of line 19 from all General Sales Tax Deduction Worksheets | 21. | |
| 22. Add lines 20 and 21, this is the total General Sales taxes using the tables | 22. | 1,002 |
| 23. Enter the actual state and local general sales taxes paid | 23. | |
| 24. Enter the greater of line 22 or line 23 | 24. | 1,002 |
| 25. Enter the state and local taxes paid on specified items (Major purchases) | 25. | |
| 26. Add lines 24 and 25, this is the deductible General Sales tax | 26. | 1,002 |
| 27. Enter total state and local income taxes paid | 27. | 9,626 |

Enter the greater of line 26 or 27 on Schedule A line 5. If line 26 is greater, mark Schedule A line 5b. If line 27 is greater, mark Schedule A line 5a.

Form 1040	Roth IRA Worksheets	2008
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Name MICHAEL R & KAREN S PENCE	Taxpayer Identification Number <div style="background-color: black; width: 100px; height: 15px;"></div>
----------------------------------------------	------------------------------------------------------------------------------------------------------------

	Taxpayer IRA	Spouse IRA
Modified adjusted gross income for Roth IRA contributions	_____	_____
Roth IRA Contribution Worksheet		
1. Enter your taxable compensation	1. _____	_____
2. Enter the smaller of line 1 or \$5,000 (\$6,000 if 50 or older)	2. _____	_____
3. Enter your total contributions to traditional IRAs for 2008	3. _____	_____
4. Subtract line 3 from line 2	4. _____	_____
5. Enter: \$169,000 if married filing jointly or qualifying widow(er); \$10,000 if married filing separately and you lived with your spouse at any time during the year. All other filers, enter \$116,000	5. _____	_____
6. Enter your modified AGI for purposes of Roth IRAs	6. _____	_____
7. Subtract line 6 from line 5. If zero or less, stop here ; you may not contribute to a Roth IRA for 2008. See Recharacterizations on page 3 of Form 8606 instructions if you made Roth IRA contributions for 2008	7. _____ 0	_____ 0
8. If line 5 above is \$116,000, enter \$15,000; otherwise, enter \$10,000. If line 7 is greater than or equal to line 8, skip lines 9 and 10, and enter the amount from line 4 on line 12	8. _____	_____
9. Divide line 7 by line 8 and enter the result as a decimal (rounded to at least 3 places). Do not enter more than "1.000"	9. _____	_____
10. Multiply line 2 by line 9. If the result is not a multiple of \$10, round it up to the next multiple of \$10 (e.g., round \$611.40 to \$620)	10. _____	_____
11. Enter the greater of \$200 or the amount on line 10	11. _____	_____
12. Maximum 2008 Roth IRA contribution. Enter the smaller of line 4 or line 11. See Recharacterizations on page 3 of Form 8606 instructions if you contributed more than this amount to Roth IRAs for 2008	12. _____	_____

	Taxpayer IRA	Spouse IRA
Modified adjusted gross income for Roth IRA conversions (does not include minimum required distributions)	_____	_____
Worksheet for Determining Roth IRA Basis Amounts		
1. Basis in your Roth IRA contributions as of December 31, 2007	1. _____	_____ 1,540
2. Enter your Roth IRA contributions for 2008, adjusted for any recharacterizations	2. _____	_____
3. Add lines 1 and 2	3. _____	_____ 1,540
4. Enter the amount, if any, from Form 8606, line 19	4. _____	_____
5. Contribution basis deducted as loss on Schedule A, line 23, not reduced by distributions	5. _____	_____
6. Basis in your Roth IRA contributions as of December 31, 2008. Subtract lines 4 and 5 from line 3. If zero or less, enter -0-	6. _____ 0	_____ 1,540
7. Basis in your Roth IRA conversions as of December 31, 2007	7. _____	_____
8. Enter the amount, if any, from Form 8606 line 16	8. _____	_____
9. Add lines 7 and 8	9. _____	_____
10. Enter the amount, if any, from Form 8606, line 23	10. _____	_____
11. Conversion basis deducted as loss on Schedule A, line 23, not reduced by distributions	11. _____	_____
12. Basis in your Roth IRA conversions as of December 31, 2008. Subtract line 10 and 11 from line 9. If zero or less, enter -0-	12. _____ 0	_____ 0

Form 1040	Itemized and Standard Deduction Worksheets	2008
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Name MICHAEL R & KAREN S PENCE	Taxpayer Identification Number <div style="background-color: black; width: 100px; height: 15px;"></div>
----------------------------------------------	------------------------------------------------------------------------------------------------------------

Itemized Deductions Worksheet

1. Enter the total of the amounts from Schedule A, lines 4, 9, 15, 19, 20, 27, and 28	1.	62,582
2. Enter the total of the amounts from Schedule A, lines 4, 14, and 20, plus any gambling and casualty or theft losses included on line 28. Caution: Be sure your total gambling and casualty/theft losses are identified on line 28. Also include any amount included on Schedule A, line 16, that you elected to treat as qualified contributions for relief efforts in a Midwestern disaster area	2.	
3. Subtract line 2 from line 1. If the result is zero, stop here ; enter the amount from line 1 above on Schedule A, line 29	3.	62,582
4. Multiply line 3 by 80% (.80)	4.	50,066
5. Enter the amount from Form 1040, line 38	5.	167,776
6. Enter \$159,950 (\$79,975 if married filing separately)	6.	159,950
7. Subtract line 6 from line 5. If the result is zero or less, stop here ; enter the amount from line 1 above on Schedule A, line 29	7.	7,826
8. Multiply line 7 by 3% (.03)	8.	235
9. Enter the smaller of line 4 or line 8	9.	235
10. Divide line 9 by 1.50	10.	157
11. Subtract line 10 from line 9	11.	78
12. Total itemized deductions. Subtract line 11 from line 1. Enter the result here and on Schedule A, line 29	12.	62,504

Standard Deduction Worksheet

1. Enter the amount shown below for your filing status. <ul style="list-style-type: none"> ● Single or Married filing separately - \$5,450 ● Married filing jointly or qualifying widow(er) - \$10,900 ● Head of household - \$8,000 	1.	10,900
2. Can you (or your spouse if married, filing jointly) be claimed as a dependent? <input checked="" type="checkbox"/> No. Skip line 3; enter the amount from line 1 on line 4. <input type="checkbox"/> Yes. Go to line 3.		
3. Is your earned income more than \$600? <input type="checkbox"/> Yes. Add \$300 to your earned income. Enter the total. <input type="checkbox"/> No. Enter \$900	3.	
4. Enter the smaller of line 1 or line 3. If under 65 and not blind, continue to line 6. Otherwise , go to line 5.	4.	10,900
5. Check if: <input type="checkbox"/> You were 65 or older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> If 65 or older or blind, multiply \$1,050 (\$1,350 if single or head of household) by the number in the box above	5.	
6. Enter net disaster loss from Form 4684, line 18a. If more than zero, check the box on Form 1040, line 39c.	6.	
7. Enter the amount of state and local real estate taxes paid that would be deductible on Schedule A, line 6, if you were itemizing deductions. Do not include foreign real estate taxes.	7.	5,408
8. Enter \$500 (\$1,000 if married filing jointly)	8.	1,000
9. Enter the smaller of line 7 or line 8. If more than zero, check the box on Form 1040, line 39c.	9.	1,000
10. Add lines 4, 5, 6, and 9. Enter the total here and on Form 1040, line 40 (Form 1040A, line 24)	10.	11,900

Form 1040	Tax Refund Worksheets	2008
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Name MICHAEL R & KAREN S PENCE	Taxpayer Identification Number <div style="background-color: black; width: 100px; height: 15px;"></div>
----------------------------------------------	------------------------------------------------------------------------------------------------------------

	2007	2006	2005
1. State and local tax refunds	1. _____	_____	_____
2a. State and local tax refunds with no tax benefit derived due to AMT	2a. _____	_____	_____
2b. Sales tax benefit reduction	2b. _____	_____	_____
3. Net state and local tax refunds. Subtract lines 2a and 2b from line 1	3. _____	_____	_____
4. Total itemized deductions from Schedule A	4. _____	_____	_____
5. Standard deduction	5. _____	_____	_____
6. Subtract line 5 from line 4. If result is zero or less, STOP here The amount on line 3 is not taxable	6. _____	_____	_____
7. Enter the smaller of line 3 or line 6	7. _____	_____	_____
8. Taxable income (If taxable income is negative amount, enter that amount in brackets. Adjust taxable income for any NOL carryover.)	8. _____	_____	_____
9. Enter the following amount to include on Form 1040, line 10: If line 8 is:	9. _____	_____	_____
• 0 or more, enter the amount from line 7.			
• A negative amount, add lines 7 and 8 and enter net amount, but not less than zero.			

Tax Refund Worksheet for Itemized Deduction Limitation

	2007	2006	2005
1. State and local tax refunds subject to phase-out	1. <u>3,537</u>	_____	_____
2a. State and local tax refunds with no tax benefit derived due to AMT	2a. _____	_____	_____
2b. Sales tax benefit reduction	2b. _____	_____	_____
3. Net state and local tax refunds. Subtract lines 2a and 2b from line 1	3. <u>3,537</u>	_____	_____
Itemized deductions before state and local tax refunds:			
4. Adjusted gross income	4. <u>161,761</u>	_____	_____
5. AGI threshold	5. <u>156,400</u>	_____	_____
6. Line 4 minus line 5	6. <u>5,361</u>	_____	_____
7. Itemized deductions before phase-out	7. <u>64,948</u>	_____	_____
8. Itemized deductions subject to phase-out	8. <u>64,948</u>	_____	_____
9. Multiply line 6 by 3% (.03)	9. <u>161</u>	_____	_____
10. Multiply line 8 by 80% (.80)	10. <u>51,958</u>	_____	_____
11. Phase-out (smaller of line 9 or line 10)(multiply by 2/3 for 2006 and 2007)	11. <u>107</u>	_____	_____
12. Allowable itemized deductions (line 7 minus line 11)	12. <u>64,841</u>	_____	_____
Itemized deductions adjusted for state and local tax refund:			
13. Adjusted itemized deductions before phase-out (line 7 minus line 3)	13. <u>61,411</u>	_____	_____
14. Adjusted itemized deductions subject to phase-out (line 8 minus line 3)	14. <u>61,411</u>	_____	_____
15. Multiply line 14 by 80% (.80)	15. <u>49,129</u>	_____	_____
16. Adjusted phase-out (smaller of line 9 or 15)(multiply by 2/3 for 2006/2007)	16. <u>107</u>	_____	_____
17. Adjusted itemized deductions allowed (line 13 minus line 16)	17. <u>61,304</u>	_____	_____
18. Standard deduction	18. <u>10,700</u>	_____	_____
19. Enter the larger of line 17 or line 18	19. <u>61,304</u>	_____	_____
20. Taxable refund to be reported on Form 1040, line 10 (line 12 minus line 19)	20. <u>3,537</u>	_____	_____

Form 1040	Tax Refund Worksheet - 2008 State and Local Refunds	2009
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Name MICHAEL R & KAREN S PENCE	Taxpayer Identification Number <div style="background-color: black; width: 100px; height: 15px;"></div>
----------------------------------------------	------------------------------------------------------------------------------------------------------------

IN

- | | | |
|-------------------------------------------------------------------------------------------------------|----|-----------------------------|
| 1. 2008 payments paid in 2009 | 1. | <u> </u> |
| 2. 2008 extension paid in 2009 | 2. | <u> </u> |
| 3. 2008 additional payment paid in 2009 | 3. | <u> </u> |
| 4. Total 2008 payments paid in 2009 (sum of lines 1 through 3) | 4. | <u> </u> |
| 5. Total payments on the 2008 return | 5. | <u>9,059</u> |
| 6. Total 2008 overpayment/refund | 6. | <u>3,349</u> |
| 7. 2008 refund attributable to tax paid in 2009 (line 4 divided by line 5 multiplied by line 6) | 7. | <u> </u> |
| 8. 2008 state/local tax refund attributable to tax paid in 2008 (line 6 minus line 7) | 8. | <u>3,349</u> |

VA

- | | | |
|-------------------------------------------------------------------------------------------------------|----|-----------------------------|
| 1. 2008 payments paid in 2009 | 1. | <u> </u> |
| 2. 2008 extension paid in 2009 | 2. | <u> </u> |
| 3. 2008 additional payment paid in 2009 | 3. | <u> </u> |
| 4. Total 2008 payments paid in 2009 (sum of lines 1 through 3) | 4. | <u> </u> |
| 5. Total payments on the 2008 return | 5. | <u>567</u> |
| 6. Total 2008 overpayment/refund | 6. | <u>94</u> |
| 7. 2008 refund attributable to tax paid in 2009 (line 4 divided by line 5 multiplied by line 6) | 7. | <u> </u> |
| 8. 2008 state/local tax refund attributable to tax paid in 2008 (line 6 minus line 7) | 8. | <u>94</u> |

- | | | |
|-------------------------------------------------------------------------------------------------------|----|-----------------------------|
| 1. 2008 payments paid in 2009 | 1. | <u> </u> |
| 2. 2008 extension paid in 2009 | 2. | <u> </u> |
| 3. 2008 additional payment paid in 2009 | 3. | <u> </u> |
| 4. Total 2008 payments paid in 2009 (sum of lines 1 through 3) | 4. | <u> </u> |
| 5. Total payments on the 2008 return | 5. | <u> </u> |
| 6. Total 2008 overpayment/refund | 6. | <u> </u> |
| 7. 2008 refund attributable to tax paid in 2009 (line 4 divided by line 5 multiplied by line 6) | 7. | <u> </u> |
| 8. 2008 state/local tax refund attributable to tax paid in 2008 (line 6 minus line 7) | 8. | <u> </u> |

- | | | |
|-------------------------------------------------------------------------------------------------------|----|-----------------------------|
| 1. 2008 payments paid in 2009 | 1. | <u> </u> |
| 2. 2008 extension paid in 2009 | 2. | <u> </u> |
| 3. 2008 additional payment paid in 2009 | 3. | <u> </u> |
| 4. Total 2008 payments paid in 2009 (sum of lines 1 through 3) | 4. | <u> </u> |
| 5. Total payments on the 2008 return | 5. | <u> </u> |
| 6. Total 2008 overpayment/refund | 6. | <u> </u> |
| 7. 2008 refund attributable to tax paid in 2009 (line 4 divided by line 5 multiplied by line 6) | 7. | <u> </u> |
| 8. 2008 state/local tax refund attributable to tax paid in 2008 (line 6 minus line 7) | 8. | <u> </u> |

- | | | |
|-------------------------------------------------------------------------------------------------------|----|-----------------------------|
| 1. 2008 payments paid in 2009 | 1. | <u> </u> |
| 2. 2008 extension paid in 2009 | 2. | <u> </u> |
| 3. 2008 additional payment paid in 2009 | 3. | <u> </u> |
| 4. Total 2008 payments paid in 2009 (sum of lines 1 through 3) | 4. | <u> </u> |
| 5. Total payments on the 2008 return | 5. | <u> </u> |
| 6. Total 2008 overpayment/refund | 6. | <u> </u> |
| 7. 2008 refund attributable to tax paid in 2009 (line 4 divided by line 5 multiplied by line 6) | 7. | <u> </u> |
| 8. 2008 state/local tax refund attributable to tax paid in 2008 (line 6 minus line 7) | 8. | <u> </u> |

Total of ALL 2008 state/local tax refunds attributable to tax paid in 2009 (sum of lines 7)	<u> </u>
Total of ALL 2008 state/local tax refunds attributable to tax paid in 2008 (sum of lines 8; for 2009 Tax Refund Wrk)	<u>3,443</u>

Federal Statements

HOUSE OF REPRESENTATIVES

Form W-2, Box 12

Description	Amount
Section 401(k) contributions	\$ 15,492
Total	\$ <u>15,492</u>

Federal Statements**Schedule A, Line 1 - Medical and Dental Expenses**

<u>Description</u>	<u>Amount</u>
ATTENDING HOUSE PHYSICIAN	\$ 503
Total	\$ <u>503</u>

Schedule A, Line 5 - State and Local Taxes

<u>Description</u>	<u>Amount</u>
State Withholding on W-2s	\$ 5,426
City Withholding on W-2s	4,200
Total Income Taxes*	<u>9,626</u>
General Sales Tax	1,002
Total Sales Taxes	<u>1,002</u>

*Income taxes are being deducted

Schedule A, Line 6 - Real Estate Taxes

<u>Description</u>	<u>Amount</u>
GMAC MORTGAGE	\$ 5,141
Personal RE Tax from Sch E	267
Total	\$ <u>5,408</u>

Schedule A, Line 7 - Personal Property Taxes

<u>Description</u>	<u>Amount</u>
LICENSE PLATES	\$ 459
Total	\$ <u>459</u>

Schedule A, Line 10 - Home Mortgage Interest From Form 1098

<u>Description</u>	<u>Amount</u>
NATIONAL CITY MORTGAGE	\$ 3,653
GMAC MORTGAGE DBA DITECH	3,451
GMAC MORTGAGE	20,419
Sch E Interest	4,262
Total	\$ <u>31,785</u>

Federal Statements**RENTAL HOME**Schedule E, Line 16 - Taxes

<u>Description</u>	<u>Gross Amount</u>	<u>Business Use Percentage</u>	<u>Net Amount</u>
Real estate taxes	\$ 665	50.00	\$ 333
PROPERTY TAX REFUND	-131	50.00	-66
Total	<u>\$ 534</u>		<u>\$ 267</u>

Federal StatementsForm 6251, Line 19 - Passive Activities

<u>Description</u>	<u>Form/ Sch</u>	<u>AMT Inc/Loss</u>	<u>Regular Inc/Loss</u>	<u>Difference Line 19</u>
RENTAL HOME	Sch E1	\$ 271	\$ 271	\$
Total		<u>\$ 271</u>	<u>\$ 271</u>	<u>\$ 0</u>

Federal Statements

CONGRESS

Form 2106, Line 4 - Business Expenses Not Included on Lines 1 through 3

<u>Description</u>	<u>Amount</u>
MEMBER OF CONGRESS	\$ 3,000
Total	\$ <u>3,000</u>

Federal Statements**2007 State and Local Income Tax Refunds**

<u>Description</u>	<u>Amount</u>
'07 IN income tax refund	\$ 3,440
'07 VA income tax refund	97
Total	<u>3,537</u>

Federal Asset Report

FYE: 12/31/2008

PUBLIC SPEAKING

Asset	Description	Date In Service	Cost	Bus Sec % 179 Bonus	Basis for Depr	PerConv Meth	Prior	Current
Listed Property:								
	1 CAR	1/01/08	0	0.62	0	0 HY	0	0
			<u>0</u>		<u>0</u>		<u>0</u>	<u>0</u>
	Grand Totals		0		0		0	0
	Less: Dispositions		0		0		0	0
	Less: Start-up/Org Expense		0		0		0	0
	Net Grand Totals		<u>0</u>		<u>0</u>		<u>0</u>	<u>0</u>

Form **1040****Carryover Report****2008**

Name **MICHAEL R & KAREN S PENCE** Taxpayer Identification Number XXXXXXXXXX

Carryover Item	Available to 2008	2008 Amounts		Carryover to 2009
Excess section 179				
Minimum tax credit	727	Utilized	-727	0
Investment interest				
Investment interest - AMT				
Short-term capital loss				
Short-term capital loss - AMT				
Long-term capital loss	13,536	Utilized	-3,000	10,536
Long-term capital loss - AMT	13,536	Utilized	-3,000	10,536
Residential energy efficient property				

Nonrecaptured Section 1231 Losses - Line 8, Form 4797			AMT Nonrecaptured Section 1231 Losses - Line 8, Form 4797		
2003 Amounts	<u>Generated</u>	1,715	2003 Amounts	<u>Generated</u>	3,027
2004 Amounts			2004 Amounts	<u>Utilized</u>	-791
2005 Amounts			2005 Amounts		
2006 Amounts			2006 Amounts		
2007 Amounts			2007 Amounts		
Available to 2008		<u>1,715</u>	Available to 2008		<u>2,236</u>
2008 Amounts			2008 Amounts		
Carryover to 2009			Carryover to 2009		

Form **1040** **Salaries & Wages Report** **2008**

Name **MICHAEL R & KAREN S PENCE** Taxpayer Identification Number XXXXXXXXXX

T/S	Employer	Federal Wages	Federal Withheld	Soc Sec wages
A	T HOUSE OF REPRESENTATIVES	147,916	20,787	102,000
B	S IMMANUEL CHRISTIAN SCHOOL	18,806	381	18,806
C				
D				
E				
F				
G				
H				
I				
J				
K				
L				
M				
Taxpayer		147,916	20,787	102,000
Spouse		18,806	381	18,806
Totals		166,722	21,168	120,806

	Soc Sec Withheld	Medicare Wages	Medicare Withheld	Allocated Tips	Advanced EIC	Dep Care Ben	Other, Box 14
A	6,324	163,408	2,369				
B	1,166	18,806	273				
C							
D							
E							
F							
G							
H							
I							
J							
K							
L							
M							
Taxpayer	6,324	163,408	2,369				
Spouse	1,166	18,806	273				
Totals	7,490	182,214	2,642				

	State	State Wages	State Withheld	Name of Locality	Local Wages	Local Withheld
A	IN	147,916	4,859	Shelby	I73 147,916	I73 4,200
B	VA	18,806	567			
C						
D						
E						
F						
G						
H						
I						
J						
K						
L						
M						
Taxpayer		147,916	4,859		147,916	4,200
Spouse		18,806	567			
Totals		166,722	5,426		147,916	4,200