EFSTATUS	EF Transmission Status (Keep for your records)	2011
Name(s) as shown on return PAUL & SARAH MATTHEWS		Your social security number 400-00-3010

The following will be transmitted to the IRS. ☒ 1040 ☐ 4868 ☐ 2350 ☐ 9465 ☐ Form 56

The following state returns will be transmitted:

The following returns have been suppressed or are not eligible and will NOT be transmitted.

EF Notes

Form **1040** Department of the Treasury - Internal Revenue Service (99)
U.S. Individual Income Tax Return 2011
OMB No. 1545-0074 IRS Use Only-Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2011, or other tax year beginning , 2011, ending , 20 See separate instructions.

Your first name and initial	Last name	Your social security number
PAUL	MATTHEWS	400-00-3010
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
SARAH	MATTHEWS	400-00-8008

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.
234 BRIGHT DAWN LANE

Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).
AMITY AR 71921

Foreign country name | Foreign province/county | Foreign postal code

Presidential Election Campaign
Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

Filing Status
Check only one box.

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 instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) with dependent child

Exemptions
6a ☒ **Yourself.** If someone can claim you as a dependent, **do not** check box 6a
b ☒ **Spouse**

Boxes checked on 6a and 6b: 2

c **Dependents:**

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) If child under age 17 qualifying for child tax credit (see instructions)
JOSHUA	MATTHEWS	400-00-8009	SON	☒
MARY	MATTHEWS	400-00-8010	DAUGHTER	☒
				☐
				☐

If more than four dependents, see instructions and check here ▶ ☐

No. of children on 6c who:
- lived with you: 2
- did not live with you due to divorce or separation (see instructions):

Dependents on 6c not entered above:

d Total number of exemptions claimed — Add numbers on lines above ▶ 4

Income
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use **Form 1040-V.**

7	Wages, salaries, tips, etc. Attach Form(s) W-2 Excess Allowance 1,500	7	92,500
8a	**Taxable** interest. Attach Schedule B if required	8a	
8b	**Tax-exempt** interest. **Do not** include on line 8a — 8b		
9a	Ordinary dividends. Attach Schedule B if required	9a	
9b	Qualified dividends — 9b		
10	Taxable refunds, credits, or offsets of state and local income taxes	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	4,530
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐	13	
14	Other gains or (losses). Attach Form 4797	14	
15a	IRA distributions 15a — b Taxable amount	15b	
16a	Pensions and annuities 16a — b Taxable amount	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits 20a — b Taxable amount	20b	
21	Other income	21	
22	Combine the amounts in the far right col for lines 7 through 21. This is your **total income** ▶	22	97,030

Adjusted Gross Income

23	Educator expenses	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	Deductible part of self-employment tax. Attach Schedule SE	27	3,948
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶	31a	
32	IRA deduction	32	
33	Student loan interest deduction	33	
34	Tuition and fees. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 35	36	3,948
37	Subtract line 36 from line 22. This is your **adjusted gross income** ▶	37	93,082

Tax and Credits

38	Amount from line 37 (adjusted gross income)		93,082
39a	Check if: ☐ You were born before January 2, 1947, ☐ Blind. ☐ Spouse was born before January 2, 1947, ☐ Blind. Total boxes checked ▶ 39a ☐		
b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b ☐		
40	**Itemized deductions** (from Schedule A) **or** your **standard deduction** (see left margin)		23,427
41	Subtract line 40 from line 38		69,655
42	**Exemptions.** Multiply $3,700 by the number on line 6d		14,800
43	**Taxable income.** Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		54,855
44	**Tax** (see instructions). Check if any from: a ☐ Form(s) 8814 b ☐ Form 4972 c ☐ 962 election		7,381
45	**Alternative minimum tax** (see instructions). Attach Form 6251		
46	Add lines 44 and 45 ▶		7,381
47	Foreign tax credit. Attach Form 1116 if required		
48	Credit for child and dependent care expenses. Attach Form 2441	1,000	
49	Education credits from Form 8863, line 23		
50	Retirement savings contributions credit. Attach Form 8880		
51	Child tax credit (see instructions)	2,000	
52	Residential energy credits. Attach Form 5695		
53	Other credits from Form: a ☐ 3800 b ☐ 8801 c ☐		
54	Add lines 47 through 53. These are your **total credits**		3,000
55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0- ▶		4,381

Standard Deduction for -
- People who check any box on line 39a or 39b **or** who can be claimed as a dependent, see instructions.
- All others:

Single or Married filing separately, $5,800

Married filing jointly or Qualifying widow(er), $11,600

Head of household, $8,500

Other Taxes

56	Self-employment tax. Attach Schedule SE		6,865
57	Unreported social security and Medicare tax from Form: a ☐ 4137 b ☐ 8919		
58	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		
59a	Household employment taxes from Schedule H		
b	First-time homebuyer credit repayment. Attach Form 5405 if required		
60	Other taxes. Enter code(s) from instructions		
61	Add lines 55 through 60. This is your **total tax** ▶		11,246

Payments

62	Federal income tax withheld from Forms W-2 and 1099	10,500	
63	2011 estimated tax payments and amount applied from 2010 return	6,000	
64a	**Earned income credit (EIC)**		
b	Nontaxable combat pay election 64b		CLERGY
65	Additional child tax credit. Attach Form 8812		
66	American opportunity credit from Form 8863, line 14		
67	First-time homebuyer credit from Form 5405, line 10		
68	Amount paid with request for extension to file		
69	Excess social security and tier 1 RRTA tax withheld		
70	Credit for federal tax on fuels. Attach Form 4136		
71	Credits from Form: a ☐ 2439 b ☐ 8839 c ☐ 8801 d ☐ 8885		
72	Add lines 62, 63, 64a, and 65 through 71. These are your **total payments** ▶		16,500

If you have a qualifying child, attach Schedule EIC.

Refund

73	If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you **overpaid**		5,254
74a	Amount of line 73 you want **refunded to you.** If Form 8888 is attached, check here ▶ ☐		5,254
b	Routing number XXXXXXXXX ▶ c Type: ☐ Checking ☐ Savings		
d	Account number XXXXXXXXXXXXXXXXX		
75	Amount of line 73 you want **applied to your 2012 estimated tax** ▶		

Direct deposit? See instructions.

Amount You Owe

76	**Amount you owe.** Subtract line 72 from line 61. For details on how to pay, see instructions ▶		
77	Estimated tax penalty (see instructions)		

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☐ **Yes.** Complete below. ☒ **No**

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

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.

Joint return? See instructions. Keep a copy for your records.

Your signature	Date	Your occupation	Daytime phone number
02010	01-01-2012	ORDAINED MINISTER	870-870-1111
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	Identity Protection PIN (see inst.)
08008		NURSE	

Paid Preparer Use Only

Preparer's signature	Date	Check ☐ if self-employed	PTIN
Preparer1	12-18-2011		P96325874

Print/Type preparer's name: Preparer1

Firm's name ▶ Drake Software — Firm's EIN ▶ 56-1494243

Firm's address ▶ 235 E Palmer Street, Franklin, NC 28734 — Phone no. 828-524-8020

SCHEDULE A (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Itemized Deductions

▶ Attach to Form 1040. ▶ See Instructions for Schedule A (Form 1040).

OMB No. 1545-0074
2011
Attachment Sequence No. **07**

Name(s) shown on Form 1040: PAUL & SARAH MATTHEWS

Your social security number: 400-00-3010

Medical and Dental Expenses		**Caution.** Do not include expenses reimbursed or paid by others.				
	1	Medical and dental expenses (see instructions)	1	8,095		
	2	Enter amount from Form 1040, line 38 [2] 93,082				
	3	Multiply line 2 by 7.5% (.075)	3	6,981		
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-			4	1,114
Taxes You Paid	5	State and local **(check only one box):**				
		a [X] Income taxes, **or**	5	7,500		
		b [ ] General sales taxes				
	6	Real estate taxes (see instructions)	6			
	7	Personal property taxes	7			
	8	Other taxes. List type and amount ▶	8			
	9	Add lines 5 through 8			9	7,500
Interest You Paid	10	Home mortgage interest and points reported to you on Form 1098	10	6,500		
Note. Your mortgage interest deduction may be limited (see instructions).	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ▶	11			
	12	Points not reported to you on Form 1098. See instructions for special rules	12			
	13	Mortgage insurance premiums (see instructions)	13			
	14	Investment interest. Attach Form 4952 if required. (See instructions.)	14			
	15	Add lines 10 through 14			15	6,500
Gifts to Charity	16	Gifts by cash or check. If you made any gift of $250 or more, see instructions	16	4,710		
If you made a gift and got a benefit for it, see instructions.	17	Other than by cash or check. If any gift of $250 or more, see instructions. You **must** attach Form 8283 if over $500	17			
	18	Carryover from prior year	18			
	19	Add lines 16 through 18			19	4,710
Casualty and Theft Losses	20	Casualty or theft loss(es). Attach Form 4684. (See instructions.)			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 instr.) ▶ FORM 2106-EZ 5,265	21	5,265		
	22	Tax preparation fees	22	200		
	23	Other expenses - investment, safe deposit box, etc. List type and amount ▶	23			
	24	Add lines 21 through 23	24	5,465		
	25	Enter amount from Form 1040, line 38 [25] 93,082				
	26	Multiply line 25 by 2% (.02)	26	1,862		
	27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-			27	3,603
Other Miscellaneous Deductions	28	Other - from list in instructions. List type and amount ▶			28	
Total Itemized Deductions	29	Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40			29	23,427
	30	If you elect to itemize deductions even though they are less than your standard deduction, check here ▶ [ ]				

SCHEDULE C (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Profit or Loss From Business

(Sole Proprietorship)

▶ **For information on Schedule C and its instructions, go to www.irs.gov/schedulec**

▶ **Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.**

OMB No. 1545-0074

2011

Attachment Sequence No. **09**

Name of proprietor: PAUL MATTHEWS | Social security number (SSN): 400-00-3010

A Principal business or profession, including product or service (see instructions): PASTOR | B Enter code from instructions ▶ 813000

C Business name. If no separate business name, leave blank.: PAUL MATTHEWS | D Employer ID number (EIN), (see instr.): 40-0004456

E Business address (including suite or room no.) ▶ 234 BRIGHT DAWN LANE

City, town or post office, state, and ZIP code: AMITY AR 71921

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

G Did you "materially participate" in the operation of this business during 2011? If "No," see instructions for limit on losses . [X] Yes [ ] No

H If you started or acquired this business during 2011, check here ▶ [ ]

I Did you make any payments in 2011 that would require you to file Form(s) 1099? (see instructions) [ ] Yes [X] No

J If "Yes," did you or will you file all required Forms 1099? [ ] Yes [X] No

Part I Income

1a	Merchant card and third party payments. For 2011, enter -0-	1a	0
1b	Gross receipts or sales not entered on line 1a (see instructions)	1b	10,000
1c	Income reported to you on Form W-2 if the "Statutory Employee" box on that form was checked. **Caution.** See instr. before completing this line	1c	
1d	**Total gross receipts.** Add lines 1a through 1c	1d	10,000
2	Returns and allowances plus any other adjustments (see instructions)	2	0
3	Subtract line 2 from line 1d	3	10,000
4	Cost of goods sold (from line 42)	4	
5	**Gross profit.** Subtract line 4 from line 3	5	10,000
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7	**Gross income.** Add lines 5 and 6 ▶	7	10,000

Part II Expenses

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

8	Advertising		18	Office expense (see instructions)	500
9	Car and truck expenses (see instructions)	5,280	19	Pension and profit-sharing plans	
			20	Rent or lease (see instructions):	
10	Commissions and fees		20a	Vehicles, machinery, and equipment	
11	Contract labor (see instructions)		20b	Other business property	
12	Depletion		21	Repairs and maintenance	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)		22	Supplies (not included in Part III)	
			23	Taxes and licenses	
			24	Travel, meals, and entertainment:	
14	Employee benefit programs (other than on line 19)		24a	Travel	500
15	Insurance (other than health)		24b	Deductible meals and entertainment (see instructions)	100
16	Interest:		25	Utilities	
16a	Mortgage (paid to banks, etc.)		26	Wages (less employment credits)	
16b	Other		27a	Other expenses (from line 48)	300
17	Legal and professional services		27b	**Reserved for future use**	

28	**Total expenses** before expenses for business use of home. Add lines 8 through 27a ▶	6,680
29	Tentative profit or (loss). Subtract line 28 from line 7	3,320
30	Expenses for business use of your home. Attach **Form 8829.** Do **not** report such expenses elsewhere	
31	**Net profit or (loss).** Subtract line 30 from line 29. • If a profit, enter on both **Form 1040, line 12** (or **Form 1040NR, line 13**) and on **Schedule SE, line 2.** If you entered an amount on line 1c, see instr. Estates and trusts, enter on **Form 1041, line 3.** • If a loss, you **must** go to line 32.	4,530

SEE CLERGY ATTACHMENT

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

- If you checked 32a, enter the loss on both **Form 1040, line 12,** (or **Form 1040NR, line 13**) and on **Schedule SE, line 2.** If you entered an amount on line 1c, see instructions for line 31. Estates and trusts, enter on **Form 1041, line 3.**
- If you checked 32b, you **must** attach **Form 6198.** Your loss may be limited.

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

Name(s)	SSN
PAUL MATTHEWS	400-00-3010

Part III Cost of Goods Sold (see instructions)

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 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 to find out if you must file Form 4562.

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

44 Of the total number of miles you drove your vehicle during 2011, 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

47 a 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.

MARRIAGE BOOKS	200
BAPTISMAL CERTIFICATED	100
48 Total other expenses. Enter here and on line 27a . . . 48	300

SCHEDULE SE (Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Self-Employment Tax

▶ Attach to Form 1040 or Form 1040NR. ▶ See separate instructions.

OMB No. 1545-0074

2011

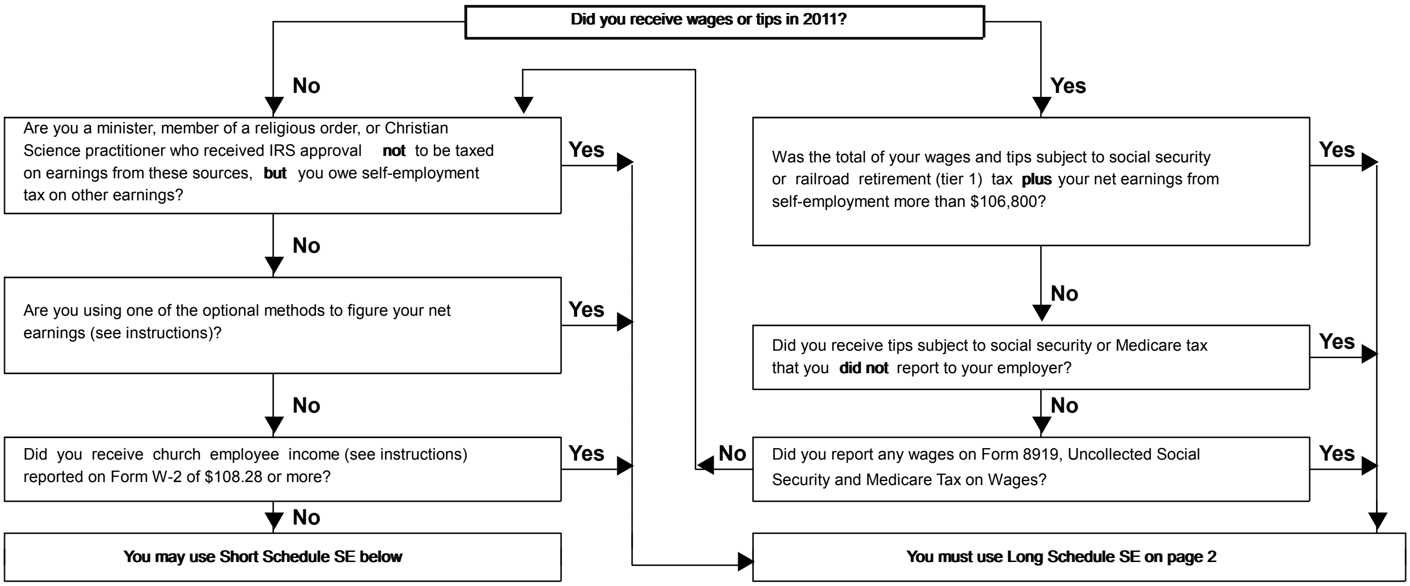
Attachment Sequence No. **17**

Name of person with **self-employment** income (as shown on Form 1040)	Social security number of person with **self-employment** income ▶
PAUL MATTHEWS	400-00-3010

Before you begin: To determine if you must file Schedule SE, see the instructions.

May I Use Short Schedule SE or Must I Use Long Schedule SE?

Note. Use this flowchart **only if** you must file Schedule SE. If unsure, see Who Must File Schedule SE in the instructions.



Section A - Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.

1a	Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	**1a**	
b	If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code Y	**1b**	( )
2	Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instructions for types of income to report on this line. See instructions for other income to report SEE CLERGY ATTACHMENT	**2**	55,890
3	Combine lines 1a, 1b, and 2	**3**	55,890
4	Multiply line 3 by 92.35% (.9235). If less than $400, you do not owe self-employment tax; **do not** file this schedule unless you have an amount on line 1b ▶ **Note.** If line 4 is less than $400 due to Conservation Reserve Program payments on line 1b, see instructions.	**4**	51,614
5	**Self-employment tax.** If the amount on line 4 is: • $106,800 or less, multiply line 4 by 13.3% (.133). Enter the result here and on **Form 1040, line 56,** or **Form 1040NR, line 54** • More than $106,800, multiply line 4 by 2.9% (.029). Then, add $11,107.20 to the result. Enter the total here and on **Form 1040, line 56,** or **Form 1040NR, line 54**	**5**	6,865
6	**Deduction for employer-equivalent portion of self-employment tax.** If the amount on line 5 is: • $14,204.40 or less, multiply line 5 by 57.51% (.5751) • More than $14,204.40, multiply line 5 by 50% (.50) and add $1,067 to the result. Enter the result here and on **Form 1040, line 27,** or **Form 1040NR, line 27** — **6** 3,948		

Form **2441**

Department of the Treasury
Internal Revenue Service (99)

Child and Dependent Care Expenses

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

▶ **See separate instructions.**

OMB No. 1545-0074

2011

Attachment Sequence No. **21**

Name(s) shown on return: PAUL & SARAH MATTHEWS

Your social security number: 400-00-3010

Part I **Persons or Organizations Who Provided the Care -** You **must** complete this part.
(If you have more than two care providers, see the instructions.)

1	**(a)** Care provider's name	**(b)** Address (number, street, apt. no., city, state, and ZIP code)	**(c)** Identifying number (SSN or EIN)	**(d)** Amount paid (see instructions)
	ADVENTURE HOUSE	444 EVENING SUNSET AVE AMITY, AR 71921	884-44-4444	5,000

Did you receive **dependent care benefits?**
No ▶ Complete only Part II below.
Yes ▶ Complete Part III on page 2 next.

Caution. If the care was provided in your home, you may owe employment taxes. If you do, you cannot file Form 1040A. For details, see the instructions for Form 1040, line 59a, or Form 1040NR, line 58a.

Part II **Credit for Child and Dependent Care Expenses**

2 Information about your **qualifying person(s).** If you have more than two qualifying persons, see the instructions.

(a) Qualifying person's name — First	Last	**(b)** Qualifying person's social security number	**(c) Qualified expenses** you incurred and paid in 2011 for the person listed in column (a)
JOSHUA	MATTHEWS	400-00-8009	2,500
MARY	MATTHEWS	400-00-8010	2,500

3 Add the amounts in column (c) of line 2. **Do not** enter more than $3,000 for one qualifying person or $6,000 for two or more persons. If you completed Part III, enter the amount from line 31 . . . . . **3** 5,000

4 Enter your **earned income.** See instructions **4** 51,942

5 If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions); **all others,** enter the amount from line 4 . . . . . **5** 46,000

6 Enter the **smallest** of line 3, 4, or 5 . . . . . **6** 5,000

7 Enter the amount from Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37 . . . . . **7** 93,082

8 Enter on line 8 the decimal amount shown below that applies to the amount on line 7

If line 7 is:

Over — But not over	Decimal amount is
$0 - 15,000	.35
15,000 - 17,000	.34
17,000 - 19,000	.33
19,000 - 21,000	.32
21,000 - 23,000	.31
23,000 - 25,000	.30
25,000 - 27,000	.29
27,000 - 29,000	.28

If line 7 is:

Over — But not over	Decimal amount is
$29,000 - 31,000	.27
31,000 - 33,000	.26
33,000 - 35,000	.25
35,000 - 37,000	.24
37,000 - 39,000	.23
39,000 - 41,000	.22
41,000 - 43,000	.21
43,000 - No limit	.20

8 X. 20

9 Multiply line 6 by the decimal amount on line 8. If you paid 2010 expenses in 2011, see the instructions **9** 1,000

10 Tax liability limit. Enter the amount from the Credit Limit Worksheet in the instructions **10** 7,381

11 **Credit for child and dependent care expenses.** Enter the **smaller** of line 9 or line 10 here and on Form 1040, line 48; Form 1040A, line 29; or Form 1040NR, line 46 . . . . . **11** 1,000

Form **2106-EZ**

Department of the Treasury
Internal Revenue Service (99)

Unreimbursed Employee Business Expenses

▶ **Attach to Form 1040 or Form 1040NR.**

OMB No. 1545-0074
2011
Attachment Sequence No. **129A**

Your name	Occupation in which you incurred expenses	Social security number
PAUL MATTHEWS	ORDAINED MINISTER	400-00-3010

You Can Use This Form Only if All of the Following Apply.

- You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.
- You **do not** get reimbursed by your employer for any expenses (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements for this purpose).
- If you are claiming vehicle expense, you are using the standard mileage rate for 2011.

Caution: You can use the standard mileage rate for 2011 **only if: (a)** you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, **or (b)** you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997.

Part I Figure Your Expenses

1	Complete Part II. Multiply line 8a by 51 cents (.51) for miles driven **before** July 1, 2011, and by 55.5 cents (.555) for miles driven **after** June 30, 2011. Add the amounts, then enter the result here	1	5,280
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	1,000
4	Business expenses not included on lines 1 through 3. **Do not** include meals and entertainment	4	
5	Meals and entertainment expenses: $ 300 x 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.)	5	150
6	**Total expenses.** Add lines 1 through 5. Enter here and on **Schedule A (Form 1040), line 21** (or on **Schedule A (Form 1040NR), line 7**). (Armed Forces reservists, fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter this amount.)	SEE 6	CLERGY ATTACHMENT 5,265

Part II Information on Your Vehicle.

Complete this part **only** if you are claiming vehicle expense on line 1.

7 When did you place your vehicle in service for business use? (year, month, day) ▶ 1970-06-15

8 Of the total number of miles you drove your vehicle during 2011, enter the number of miles you used your vehicle for:

a Business 10,000 **b** Commuting (see instructions) ______ **c** Other 5,000

9 Was your vehicle available for personal use during off-duty hours? . . . . ☒ Yes ☐ No

10 Do you (or your spouse) have another vehicle available for personal use? . . . . ☒ Yes ☐ No

11a Do you have evidence to support your deduction? . . . . ☒ Yes ☐ No

b If "Yes," is the evidence written? . . . . ☒ Yes ☐ No

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2011

Attachment Sequence No. **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
PAUL & SARAH MATTHEWS	SCHEDULE C - 1	400-00-3010

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental			27.5 yrs.	MM	S/L	
property			27.5 yrs.	MM	S/L	
i Nonresidential real			39 yrs.	MM	S/L	
property				MM	S/L	

Section C - Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

(a)	(b)	(c)	(d)	(e)	(f)	(g)
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.**)**

24a Do you have evidence to support the business/investment use claimed? X **Yes** ☐ **No** **24b** If "Yes," is the evidence written? X **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
1964 LINCOLN C	19700615	67 %						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L-		
		%				S/L-		
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles) .	10,000											
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven	5,000											
33 Total miles driven during the year. Add lines 30 through 32	15,000											
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?	X											
35 Was the vehicle used primarily by a more than 5% owner or related person?	X											
36 Is another vehicle available for personal use?	X											

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2011 tax year (see instructions):					
43 Amortization of costs that began before your 2011 tax year				43	
44 **Total.** Add amounts in column (f). See the instructions for where to report				44	

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

2011

Declaration Control Number (DCN) ▶ 00-561332-020102

Taxpayer's name	Social security number
PAUL MATTHEWS	400-00-3010
Spouse's name	**Spouse's social security number**
SARAH MATTHEWS	400-00-8008

Part I **Tax Return Information - Tax Year Ending December 31, 2011** (Whole Dollars Only)

1	Adjusted gross income (Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4)	1	93,082
2	Total tax (Form 1040, line 61; Form 1040A, line 35; Form 1040EZ, line 10)	2	11,246
3	Federal income tax withheld (Form 1040, line 62; Form 1040A, line 36; Form 1040EZ, line 7)	3	10,500
4	Refund (Form 1040, line 74a; Form 1040A, line 43a; Form 1040EZ, line 11; Form 1040-SS, Part I, line 12a) . .	4	5,254
5	Amount you owe (Form 1040, line 76; Form 1040A, line 45; Form 1040EZ, line 12)	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, 2011, 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)** the reason for any delay in processing the return or refund, and **(c)** 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). I authorize EFTPS to issue 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 request that my PIN be mailed to me, or to revoke (cancel) a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537. Payment cancellatiion requests must be received 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

[X] I authorize Drake Software (**ERO firm name**) to enter or generate my PIN 02010 (**Enter five numbers, but do not enter all zeros**) as my signature on my tax year 2011 electronically filed income tax return.

[ ] I will enter my PIN as my signature on my tax year 2011 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 ▶ ____________

Spouse's PIN: check one box only

[X] I authorize Drake Software (**ERO firm name**) to enter or generate my PIN 08008 (**Enter five numbers, but do not enter all zeros**) as my signature on my tax year 2011 electronically filed income tax return.

[ ] I will enter my PIN as my signature on my tax year 2011 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 ▶ ____________

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. 561332-12345 (**do not enter all zeros**)

I certify that the above numeric entry is my PIN, which is my signature for the tax year 2011 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 ▶ Preparer1 Date ▶ 12-18-2011

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

Form **9325** (Rev. January 2012)

Department of the Treasury - **Internal Revenue Service**

Acknowledgement and General Information for Taxpayers Who File Returns Electronically

Thank you for participating in IRS e-file.

Taxpayer name PAUL & SARAH MATTHEWS

Taxpayer address (optional)
234 BRIGHT DAWN LANE
AMITY, AR 71921

1. [X] Your federal income tax return for 2011 was filed electronically with the PHILADELPHIA Submission Processing Center. The electronic filing services were provided by Drake Software.

2. [ ] Your return was accepted on ______ using a Personal Identification Number (PIN) as your electronic signature. You entered a PIN or authorized the Electronic Return Originator (ERO) to enter or generate a PIN for you. The Declaration Control Number (DCN) assigned to your return is ______ .

3. [ ] Your return was accepted on ______. Please allow 4-6 weeks for the processing of your return. The Earned Income Credit or a dependent's exemption on your return may be reduced or disallowed due to a child's name and social security number mismatch.

4. [ ] Your electronic funds withdrawal payment was accepted.

5. [ ] Your electronic funds withdrawal payment was not accepted. You must pay the balance due by the prescribed due date. You may see your payment options in the "If You Owe Tax" section.

6. [ ] Your Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, was accepted on ______. The Declaration Control Number (DCN) assigned to your extension is ______.

PLEASE DO NOT SEND A PAPER COPY OF YOUR RETURN TO THE IRS.
IF YOU DO, IT WILL DELAY THE PROCESSING OF THE RETURN.

If You Need to Make a Change to Your Return

If you need to make a change or correct the return you filed electronically, you should send a Form 1040X, Amended U.S. Individual Income Tax Return, to the IRS Submission Processing Center that processes paper returns for your area. The address is available at www.irs.gov, or you can call the IRS toll-free at 1-800-829-1040.

If You Need to Ask About Your Refund

The IRS notifies your Electronic Return Originator (ERO) when your return is accepted, usually within 48 hours. If your return was not accepted, the IRS notifies your ERO of the reasons for rejection. If it has been more than three weeks since the IRS accepted your return and you have not received your refund, go to www.irs.gov and click on "Where's My Refund?" to view your refund status. Exception: If box 3 above is checked, please allow 4 to 6 weeks for processing of your return. A notice will be sent to you advising of changes to your return.

Also, you can call the TeleTax line at 1-800-829-4477, for automated refund information. You should have available the first social security number shown on your return, your filing status, and the exact amount of the refund you expect. TeleTax gives you the date for mailing or depositing your refund. You should receive your refund check within 30 days of the date given by TeleTax, or within one week of that date, if you chose direct deposit. If you do not receive it by then, or if TeleTax does not give your refund information, call the Refund Hotline at 1-800-829-1954.

The IRS uses refunds to cover overdue taxes and notifies you when this occurs. The Financial Management Service (FMS) offsets refunds through the Treasury Offset Program (TOP) to cover past due child support, federal agency non-tax debts such as student loans and state income tax obligations. FMS sends you an offset notice if it applies your refund or part of your refund to non-tax debts. If you have questions about the offset, contact the agency identified in the notice. You may also call the Treasury Offset Program Call Center at 1-800-304-3107, if you have additional questions.

If You Owe Tax

If your return has a balance due, you must pay the amount you owe by the prescribed due date. If you paid by electronic funds withdrawal (direct debit) or by credit card, no voucher is needed. The credit card service providers will charge a convenience fee based on the amount of taxes you are paying. The fees and the type of credit or debit cards accepted may vary between providers. You will be told the amount of the fee during the transaction and you will be given the option to either continue or end the transaction. For information on paying your taxes electronically, including by credit or debit card, go to www.irs.gov/e-pay.

If you are not paying electronically, you may use the Form 1040-V, Payment Voucher, which you can obtain from your Electronic Return Originator. If the IRS does not receive your payment by the prescribed due date, you will receive a notice that requests full payment of the tax due, plus penalties and interest. If you can not pay the amount in full, complete Form 9465, Installment Agreement Request, which you may file electronically. To apply for an installment agreement online, go to www.irs.gov. You may also order Form 9465 by calling 1-800-TAX-FORM (1-800-829-3676). If approved, the IRS charges a user fee to set up an installment agreement.

If You Need to Inquire About Your Electronic Funds Withdrawal Payment

You may call 1-888-353-4537, to inquire about the status of an electronic funds withdrawal payment. If there is a change to the bank account information included on your return, you should call this number to cancel a scheduled payment. You should have available the social security number of the first person listed on the tax return, the payment amount, and the bank account number. Cancellation requests must be received no later than 8:00 p.m. Eastern time, two business days prior to the scheduled payment date.

Refund Anticipation Loans

A refund anticipation loan is money borrowed from a lender based on the refund you expect to receive. This loan is a contract between you and a lender. The IRS is not associated with this contract, nor does it grant or deny the loan. **If you have questions about a refund anticipation loan, contact your Electronic Return Originator or the lender.**

Instructions to Electronic Return Originators

Line 2 - PIN Presence Indicator - Check box 2 if the taxpayer entered a PIN or authorized the ERO to enter or generate the PIN for the taxpayer, and the Acknowledgement File PIN Presence Indicator is a 1, 2, or 3. Form 8879, IRS e-file Signature Authorization, is required if the ERO enters or generates the PIN or if the Practitioner PIN method is used.

Use Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return, to send required paper forms or supporting documentation listed next to the form check boxes (do not send Forms W-2, W-2G, or 1099-R).

Line 3 - Exception Processing - Check box 3 if the Acknowledgement File Acceptance Code equals "E." The acceptance code indicates that this return has been previously rejected and this subsequent submission still has invalid data.

Line 4 - Payment Acknowledgement Literal - Check box 4 if the taxpayer requested to use electronic funds withdrawal to pay the balance due, and the Acknowledgement File Payment Acknowledgement Literal field equals "PYMNT RQST RECD."

Line 5 - Payment Acknowledgement Literal - Check box 5 if the taxpayer requested to use electronic funds withdrawal to pay the balance due, and the Acknowledgement File Payment Acknowledgement Literal field does not equal "PYMNT RQST RECD." If box 5 is checked, inform the taxpayer that he/she must pay by check, money order, debit card, or credit card.

Note: EROs can use the Acknowledgement File information, translated by the transmitter, to complete Form 9325.

1040 **Overflow Statement** **2011**

Name(s) as shown on return	Your Social Security Number
PAUL & SARAH MATTHEWS	400-00-3010

Schedule A, Line 5

Description		Amount
Form W-2 - DAY CARE THREE		$ 4,000
Form W-2 - UNITED STATES ARMY		3,500
	Total:	**$ 7,500**

Worksheet 1

Figuring the Percentage of Tax-Free Income

Note. For each line, enter the appropriate amount in **all** boxes that are not shaded.

(Keep for your records)

2011

Name(s) as shown on return: PAUL MATTHEWS

Your social security number: 400-00-3010

	Source of Income			(a) Taxable	(b) Tax-free	(c) Total
1	W-2 salary as a minister (from box 1 of Form W-2)	1		45,000		45,000
2	Gross income from weddings, baptisms, writing, lecturing, etc. (from line 1 of Schedule C or C-EZ)	2		10,000		10,000
	Note. Complete **either** lines 3a-3e or lines 4a-4i. • If your church provides you with a parsonage, complete lines 3a-3e. • If, instead of providing a parsonage, your church provides you with a rental or parsonage allowance, complete lines 4a-4i.					
3 a	FRV* of parsonage provided by church	3a				
b	Utility allowance, if any	3b				
c	Actual expenses for utilities	3c				
d	Enter the smaller of line 3b or 3c	3d				
e	Excess utility allowance (subtract line 3d from line 3b)	3e				
4 a	Parsonage or rental allowance	4a	12,000			
b	Utility allowance, if separate	4b	2,000			
c	Total allowance (add lines 4a and 4b)	4c	14,000			
d	Actual expenses for parsonage	4d	11,000			
e	Actual expenses for utilities	4e	1,500			
f	Total actual expenses for parsonage and utilities (add lines 4d and 4e)	4f	12,500			
g	FRV* of home, plus the cost of utilities	4g	13,500			
h	Enter the smaller of line 4c, 4f, or 4g	4h			12,500	12,500
i	Excess allowance (Subtract line 4h from line 4c)	4i		1,500		1,500
5	**Ministerial income** (for columns (a), (b), and (c), add lines 1 through 4i)	5		56,500	12,500	69,000
6	**Percentage of tax-free income:**		**Total Tax-Free income** $ 12,500 / **Total income** $ 69,000		=	0.1812 % **

* FRV (Fair Rental Value): As determined objectively and between unrelated parties, what it would cost to rent a comparable home (including furnishings) in a similar location.

** This percentage of your ministerial expenses will not be deductible. Use Worksheets 2 and 3 to figure your allowable deductions.

Worksheet 2	Figuring the Allowable Deduction for Schedule C or C-EZ Expenses (Keep for your records)	2011

Name(s) as shown on return	Your social security number
PAUL MATTHEWS	400-00-3010

1	**Percentage of expenses that are nondeductible** (from Worksheet 1, line 6): 0.1812 %			
2	Business use of car: miles x ** rate of .51 or .555 **	2		
3	Meals and entertainment: $ 200 x 50% (.50)	3		100
4	Other expenses (list item and amount)			
a	Car and Truck Expense	4a	5,280	
b	Office expense	4b	500	
c	Travel	4c	500	
d	MARRIAGE BOOKS	4d	200	
e	BAPTISMAL CERTIFICATED	4e	100	
f	Total other expenses (add lines 4a through 4e)	4f		6,580
5	Total Schedule C or C-EZ expenses (add lines 2, 3, and 4f)	5		6,680
6	Nondeductible part of Schedule C or C-EZ expenses (multiply line 5 by the percent in line 1)	6		1,210
7	**Deduction allowed.*** Subtract line 6 from line 5. Enter the result here and on Schedule C, line 27, or Schedule C-EZ, line 2.	7		5,470

* None of the other deductions claimed in this return are allocable to tax-free income.

Worksheet 3	Figuring the Allowable Deduction for Form 2106 or 2106-EZ Expenses (Keep for your records)	2011

Name(s) as shown on return: PAUL MATTHEWS

Your social security number: 400-00-3010

			Column A	Column B
1	**Percentage of expenses that are nondeductible** (from Worksheet 1, line 6): 0.1812 %			
2	Use of car for church business: 10,000 miles x ** rate of .51 or .555 **	2	5,280	
3	Meals and entertainment	3		300
4	Other expenses (list item and amount)			
a	Travel Expense Away From Home	4a	1,000	
b		4b		
c		4c		
d		4d		
e		4e		
5	Total expenses. In column A, add lines 2 and 4a through 4e and enter the result. In column B, enter the amount from line 3.	5	6,280	300
6	Enter reimbursements received for other expenses (Column A) and meals and entertainment (Column B) that were **not** included in box 1 of Form W-2	6		
7	Total Form 2106 or 2106-EZ unreimbursed expenses (subtract line 6 from line 5)	7	6,280	300
8	In Column A, enter the amount from line 7. In Column B, multiply line 7 by 50% (.50)	8	6,280	150
9	Add the amounts on line 8 of both columns and enter the total here	9	6,430	
10	Nondeductible part of Form 2106 or 2106-EZ expenses (multiply line 9 by the percent in line 1)	10	1,165	
11	**Ministerial employee business expense deduction allowed.*** Subtract line 10 from line 9. Enter the result here and on Form 2106, line 10, or Form 2106-EZ, line 6.	11		5,265

* None of the other deductions claimed in this return are allocable to tax-free income.

Worksheet 4	Figuring Net Self-Employment Income for Schedule SE (Form 1040) (Keep for your records)	2011

Name(s) as shown on return: PAUL MATTHEWS

Your social security number: 400-00-3010

1	W-2 salary as a minister (from box 1 of Form W-2)	1		45,000
2	Net profit from Schedule C, line 31, or Schedule C-EZ, line 3	2		4,530
3 a	Parsonage or rental allowance (from Worksheet 1, line 3a or 4a)	3a	12,000	
b	Utility allowance (from Worksheet 1, line 3b or 4b)	3b	2,000	
c	Total allowance (add lines 3a and 3b)	3c		14,000
4	Add lines 1, 2, and 3c	4		63,530
5	Schedule C or C-EZ expenses allocable to tax-free income (from Worksheet 2, line 6)	5	1,210	
6	Total unreimbursed employee business expenses after the 50% reduction for meals and entertainment (from Worksheet 3, line 9)	6	6,430	
7	Total business expenses not deducted in lines 1 and 2 above (add lines 5 and 6)	7		7,640
8	**Net self-employment income.** Subtract line 7 from line 4. Enter here and on Schedule SE, Section A, line 2, or Section B, line 2.	8		55,890

Worksheet B
Form 1040

Earned Income Credit (EIC)-Lines 64a and 64b

Keep for Your Records

2011

Name(s) as shown on return: PAUL MATTHEWS

Your social security number: 400-00-3010

Use this worksheet if you answered "Yes" to Step 5, question 3, on page 47.

- Complete the parts below (Parts 1 through 3) that apply to you. Then, continue to Part 4.
- If you are married filing a joint return, include your spouse's amounts, if any, with yours to figure the amounts to enter in Parts 1 through 3.

Part 1

Self-Employed, Members of the Clergy, and People With Church Employee Income Filing Schedule SE

1a. Enter the amount from Schedule SE, Section A, line 3, or Section B, line 3, whichever applies.		1a	55,890
b. Enter any amount from Form 1040, line 29.	+	1b	
c. Enter any amount from Schedule SE, Section B, line 4b, and line 5a.	+	1c	
d. Combine lines 1a, 1b, and 1c.	=	1d	55,890 3,948 51,942

Part 2

Self-Employed NOT Required To File Schedule SE

For example, your net earnings from self-employment were less than $400.

2. Do not include on these lines any statutory employee income, any net profit from services performed as a notary public, any amount exempt from self-employment tax as the result of the filing and approval of Form 4029 or Form 4361, any income or loss from a qualified joint venture reporting only rental real estate income not subject to self-employment tax, or any other amounts exempt from self-employment tax.

a. Enter any net farm profit or (loss) from Schedule F, line 36, and from farm partnerships, Schedule K-1 (Form 1065), box 14, code A*.		2a	
b. Enter any net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1*.	+	2b	
c. Combine lines 2a and 2b.	=	2c	

*If you have any Schedule K-1 amounts, complete the appropriate line(s) of Schedule SE, Section A. Reduce the Schedule K-1 amounts as described in the Partner's Instructions for Schedule K-1. Enter your name and social security number on Schedule SE and attach it to your return.

Part 3

Statutory Employees Filing Schedule C or C-EZ

3. Enter the amount from Schedule C, line 1, or Schedule C-EZ, line 1, that you are filing as a statutory employee.	3	

Part 4

All Filers Using Worksheet B

4a. Combine lines 1d, 2c, and 3. **This is your total self-employed income.**	4a	51,942

Need more information or forms? See the instructions.

Auto Expense Worksheet

2011

Name(s) as shown on return	Your social security number
PAUL & SARAH MATTHEWS	400-00-3010

Profession/Business

PASTOR \PAUL MATTHEWS

Description 1964 LINCOLN CONTINENTAL

Date placed in service 1970-06-15

Number of miles your vehicle was used for:

Total Business miles driven during the year	10,000
Total Commuting miles driven during the year	
Total Other miles driven during the year	5,000
Total Miles driven during the year	15,000
Business Use percentage	66.67

Expenses:

	Total	Business Percentage	
Section 179			
Bonus Depreciation			
Depreciation			
Garage Rent			
Gas			
Insurance			
Licenses			
Oil			
Parking Fees			
Rental Fees			
Interest			
Personal Property Tax			
Repairs			
Tires			
Tolls			
Other Expenses:			
Total Expenses			

Standard Mileage Rate Calculation

Business miles driven before 07-01	6,000	X .51	3,060	
Business miles driven before 07-01	4,000	X .555	2,220	5,280
Parking fees				
Tolls				
Interest				
Personal Property Tax				
Total Standard Mile Rate deduction				5,280

How it is reported:

Depreciation deduction	
Auto Expense	5,280
Property Taxes Schedule A, Line 8	

Forms 1040, 1040A
1040NR

Child Tax Credit Worksheet

Keep for your records.

Name(s) as shown on return: PAUL & SARAH MATTHEWS

Your social security number: 400-00-3010

CAUTION! To be a qualifying child for the child tax credit, the child must be **under age 17** at the end of 2011 and meet the other requirements listed in instructions.

Part 1

1.	Number of qualifying children: 2 X $1,000. Enter the result.			1	2,000
2.	Enter the amount from Form 1040, line 38; Form 1040A, line 22; or Form 1040NR, line 37.	2	93,082		
3.	**1040 Filers.** Enter the total of any - • Exclusion of income from Puerto Rico, and • Amounts from Form 2555, lines 45 and 50; Form 2555-EZ, line 18; and Form 4563, line 15. **1040A and 1040NR Filers.** Enter -0-.	3			
4.	Add lines 2 and 3. Enter the total.	4	93,082		
5.	Enter the amount shown below for your filing status. • Married filing jointly - $110,000 • Single, head of household, or qualifying widow(er) - $75,000 • Married filing separately - $55,000	5	110,000		
6.	Is the amount on line 4 more than the amount on line 5? [X] **No.** Leave line 6 blank. Enter -0- on line 7. [ ] **Yes.** Subtract line 5 from line 4. If the result is not a multiple of $1,000, increase it to the next multiple of $1,000. For example, increase $425 to $1,000, increase $1,025 to $2,000, etc.	6			
7.	Multiply the amount on line 6 by 5% (.05). Enter the result.			7	0
8.	Is the amount on line 1 more than the amount on line 7? [ ] **No. STOP** You cannot take the child tax credit on Form 1040, line 51; Form 1040A, line 33; or Form 1040NR, line 48. You also cannot take the additional child tax credit on Form 1040, line 65; Form 1040A, line 39; or Form 1040NR, line 63. Complete the rest of your Form 1040, 1040A, or Form 1040NR. [X] **Yes.** Subtract line 7 from line 1. Enter the result. Go to Part 2.			8	2,000

Part 2

9.	Enter the amount from Form 1040, line 46; Form 1040A, line 28; or Form 1040NR, line 44.			9	7,381
10.	Add the following amounts from:				

Form 1040	or Form 1040A	or Form 1040NR		Amount
Line 47		Line 45	+	
Line 48	Line 29	Line 46	+	1,000
Line 49	Line 31		+	
Line 50	Line 32	Line 47	+	
Form 5695, line 14			+	
Form 8834, line 23			+	
Form 8910, line 22			+	
Form 8936, line 15			+	
Schedule R, line 22			+	
		Enter the total.	10	1,000

11. Are you claiming any of the following credits?
- Mortgage interest credit, Form 8396.
- Residential energy efficient property credit, Form 5695, Part II.
- District of Columbia first-time homebuyer credit, Form 8859.

[X] **No.** Enter the amount from line 10.
[ ] **Yes.** Complete the Line 11 Worksheet on the next page to figure the amount to enter here. — 11: 1,000

12. Subtract line 11 from line 9. Enter the result. — 12: 6,381

13. Is the amount on line 8 of this worksheet more than the amount on line 12?
[X] **No.** Enter the amount from line 8.
[ ] **Yes.** Enter the amount from line 12. See the **TIP** below.
This is your child tax credit. — 13: 2,000

Enter this amount on Form 1040, line 51; Form 1040A, line 33; or Form 1040NR, line 48.

TIP You may be able to take the **additional child tax credit** on Form 1040, line 65; Form 1040A, line 39; **or** Form 1040NR, line 63, only if you answered "Yes" on line 13.
- First, complete your Form 1040 through line 64a (also complete line 69), Form 1040A through line 38a, or Form 1040NR through line 62 (also, complete line 65).
- Then, use Form 8812 to figure any additional child tax credit.

Credit Limit Worksheet

2011

Name PAUL & SARAH MATTHEWS

SSN 400-00-3010

1.	Amount from Form 1040, line 46; Form 1040A, line 28; or Form 1040NR line 44		1. 7,381	
2.	Foreign tax credit amount from Form 1040, line 47 or Form 1040NR line 45		2.	
3.	**Subtract line 2 from line 1. Enter this amount on Form 2441, line 10**			3. 7,381
4.	Amount from Form 2441, line 11		4. 1,000	
5.	**Subtract line 4 from line 3. Enter this amount on Schedule R, line 21**			5. 6,381
6.	Amount from Schedule R, line 22		6.	
7.	Enter amount from Form 8863, line 22	7.		
8.	Subtract line 6 from line 5	8. 6,381		
9.	Enter the smaller of line 7 or line 8. Nonrefundable lifetime learning credit	9.		
10.	Enter amount from Form 8863, line 15	10.		
11.	Subtract line 9 from line 8.	11. 6,381		
12.	Enter the smaller of line 10 or line 11. Nonrefundable American Opportunity credit	12.		
13.	**Add line 9 and line 12. Enter this amount on Form 8863, line 23**			13.
14.	**Subtract line 13 from line 8. Enter this amount on Form 8880, line 13**			14. 6,381
15.	Amount from Form 8880, line 14		15.	
16.	**Subtract line 15 from line 14. Enter this amount on Form 5695, line 13**			16. 6,381
17.	Amount from Form 5695, line 14		17.	
18.	**Subtract line 17 from line 16. Enter this amount on Form 8834, line 20**			18. 6,381
19.	Amount from Form 8834, line 23		19.	
20.	**Subtract line 19 from line 18. Enter this amount on Form 8910, line 19**			20. 6,381
21.	Amount from Form 8910, line 22		21.	
22.	**Subtract line 21 from line 20. Enter this amount on Form 8936, line 12**			22. 6,381
23.	Amount from Form 8936, line 15		23.	
24.	Amount from Line 12 of WK_8812.PG2		24.	
25.	**Subtract lines 23 and 24 from line 22. Enter this amount on Form 8396, line 8**			25. 6,381
26.	Amount from Form 8396, line 9		26.	
27.	**Subtract line 26 from line 25. Enter this amount on Form 8859, line 2**			27. 6,381

Projected State and Local Income Tax Refund Worksheet For 2012 This amount will carry to next year's screen 3.	2011
Name(s) as shown on Form 1040 PAUL & SARAH MATTHEWS	SSN 400-00-3010

Worksheet 1 - 2011 Schedule A worksheet as filed

1	Enter the total amount from Schedule A, line 5	1	7,500

Worksheet 2 - 2011 Sch. A worksheet recomputed using original Sch. A line 5 less state and local refunds

1	Enter the total state and local taxes actually paid in 2011 (line 1 above less state refund that will be received on 2012 Form 1099-G)	1	7,500

Worksheet 3 - Difference

1	Enter the amount from line 1, worksheet 1 above	1	7,500
2	Enter the amount from line 1, worksheet 2 above	2	7,500
3	Subtract line 2 from line 1. This is the **maximum** amount of the total refund that is taxable in 2012	3	
	If line 3 is -0- or less, **STOP.** None of your state and local refunds are taxable. If line 3 is greater than -0-, complete worksheet 4 below to determine how much of your state and local refunds are taxable.		

Worksheet 4 - State and Local Income Tax Refund Worksheet

1	Enter the amount from line 3, worksheet 3 above	1	
2	Enter your total allowable itemized deductions from your 2011 Schedule A line 28	2	
	Note. If your 2011 filing status was MFS and your spouse itemized deductions in 2011, skip lines 3, 4, and 5, and enter the amount from line 2 on line 6 below.		
3	Enter the amount shown below for the filing status claimed on your 2011 Form 1040. Single - $5,800 Married filing jointly, or qualifying widow(er) - $11,600 Married filing separately - $5,800 Head of household - $8,500	3	
4	Did you fill in line 39a on your 2011 Form 1040? **No.** Enter -0-. **Yes.** Multiply the number in the box on line 39a of your 2011 Form 1040 by: $1,150 if your 2011 filing status was MFJ or MFS or QW; $1,450 if your 2011 filing status was single or HOH	4	
5	Add lines 3 and 4	5	
6	Is the amount on line 5 less than the amount on line 2? **No. STOP** None of your refund is taxable. **Yes.** Subtract line 5 from line 2	6	
7	Enter the **smaller** of line 1 or line 6 here	7	
8	Taxable Income for 2011	8	
9	Taxable part of your refund. If line 8 is zero or more, enter amount from line 7. If line 8 is less than zero add lines 7 and 8 and enter the result but not less than zero	9	

Worksheet 5 - State and Local Income Tax and General State Sales Tax Computation

1	2011 State Income Tax Deduction from Schedule A, Line 5	1	7,500
2	2011 State General Sales Tax Deduction not taken on Schedule A, Line 5	2	1,155
3	Difference	3	6,345
4	Taxable part of your refund from line 9 of worksheet 4	4	
5	Lesser of line 3 or 4	5	
	This is the maximum taxable portion of your state and local refund.		

Carryover Worksheet
List of items that will carryover to the 2012 tax return

(Keep for your records)

2011

Name(s) as shown on return: PAUL & SARAH MATTHEWS

Your social security number: 400-00-3010

Itemized Deductions	Carryover Amount
Contributions subject to 100% of AGI limitations	
Contributions subject to 50% of AGI limitations	
Contributions subject to 30% of AGI limitations (50% capital gains appreciated property)	
Contributions subject to 30% of AGI limitations	
Contributions subject to 20% of AGI limitations (30% capital gains appreciated property)	
Taxable state and local refunds to Form 1040, line 10	
State/local taxes paid in 2012 to flow to the Schedule A	
Preparer Fee to flow to the Schedule A	
State donations and contributions carryover	
State overpayment applied to next year	

Expenses

Office in home operating expenses	
Office in home excess casualty losses and depreciation	
Disallowed investment interest expense	
Section 179 expense	
Operating expenses, from Form WK_E, Sch E - Rental limitation on deductions when used for personal use	
Excess depreciation, from Form WK_E, Sch E - Rental limitation on deductions when used for personal use	

Losses

Short-term capital loss	
Long-term capital loss	
Net operating loss	
Nonrecaptured net section 1231 losses	

Credits

Mortgage interest credit		Investment credit	
General business credit (should be carried back before being carried forward)		Work opportunity credit	
		Alcohol and cellulosic biofuel credit	
Credit for prior year minimum tax		Low-income housing credit	
Foreign Tax credit		Renewable electricity credit	
District of Columbia first time home owner's credit		Small employer health ins. credit	
Employer SS and Medicare taxes paid on tips credit		Res. energy efficient property credit	

Other

Overpayment applied to next year's estimates	
Federal tax liability for 2210 calculation	11,246
State tax liability for state 2210 calculation	
IRA basis — Taxpayer ______ Spouse	

Passive Activity

At Risk Limitations

TAX RETURN COMPARISON
2009 / 2010 /2011

2011

Name(s) as shown on return: PAUL & SARAH MATTHEWS

Identifying number: 400-00-3010

	2009	2010	2011	Difference 2010-2011
Filing Status		2	2	
Number of Exemptions		4	4	
Income				
Wages, salaries, tips, etc.		92,500	92,500	
Taxable interest and dividends				
Taxable state and local refunds				
Alimony				
Business income (loss)		4,760	4,530	(230)
Gains (losses)				
Pensions and IRA distributions				
Rent and royalty income (loss)				
Part, S-corps, trusts income (loss)				
Farm income (loss)				
Unemployment compensation				
Total SS benefits received				
Taxable SS benefits				
Other income (loss)				
Total Income		97,260	97,030	(230)
Adjusted Gross Income				
Half of self-employment tax		4,423	3,948	(475)
IRA deduction				
Other adjustments				
Total Adjusted Gross Income		92,837	93,082	245
Deductions				
Medical deductions		1,157	1,114	(43)
State and local taxes		7,500	7,500	
Interest		6,500	6,500	
Contributions		4,710	4,710	
Employee business expenses		4,493	3,603	(890)
Standard or other deductions				
Total Itemized or Standard Ded		24,360	23,427	(933)
Exemption Amount		14,600	14,800	200
Tax and Credits				
Taxable Income		53,877	54,855	978
Tax		9,523	7,381	(2,142)
Credits		3,000	3,000	
Self-employment tax		8,845	6,865	(1,980)
Other taxes				
Total Tax		15,368	11,246	(4,122)
Payments				
Withholdings		10,500	10,500	
Estimated tax payments		6,000	6,000	
Earned income credit				
Other payments and credits		800		(800)
Refund		1,932	5,254	3,322
Balance Due				
Resident State		0		
Taxable income				
Tax				
Refund				
Balance Due				
Marginal tax rate		15.00	15.00	
Effective tax rate		18.00	13.46	(4.54)