EFSTATUS	EF Transmission Status (Keep for your records)	2011
Name(s) as shown on return DAVID & MARGARET HOLDEN		Your social security number 400-00-3008

The following will be transmitted to the IRS. [X] 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
DAVID	HOLDEN	400-00-3008
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
MARGARET	HOLDEN	400-00-1955

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.
1011 HILLTOP ROAD

▲ 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).
BILLINGS MT 59105

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)
				☐
				☐
				☐
				☐

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

No. of children on 6c who:
• lived with you ____
• did not live with you due to divorce or separation (see instructions) ____
Dependents on 6c not entered above ____
Add numbers on lines above ▶ 2

d Total number of exemptions claimed

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			7	147,000
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	1,000
b	Qualified dividends	9b	833		
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	
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	22,498
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	170,498

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	1,219		
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	1,219
37	Subtract line 36 from line 22. This is your **adjusted gross income** ▶			37	169,279

Tax and Credits

38	Amount from line 37 (adjusted gross income)		169,279
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)		20,000
41	Subtract line 40 from line 38		149,279
42	**Exemptions.** Multiply $3,700 by the number on line 6d		7,400
43	**Taxable income.** Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		141,879
44	**Tax** (see instructions). Check if any from: a ☐ Form(s) 8814 b ☐ Form 4972 c ☐ 962 election		27,687
45	**Alternative minimum tax** (see instructions). Attach Form 6251		
46	Add lines 44 and 45 ▶		27,687
47	Foreign tax credit. Attach Form 1116 if required		
48	Credit for child and dependent care expenses. Attach Form 2441		
49	Education credits from Form 8863, line 23		
50	Retirement savings contributions credit. Attach Form 8880		
51	Child tax credit (see instructions)	0	
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**		
55	Subtract line 54 from line 46. If line 54 is more than line 46, enter -0- ▶		27,687

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	2,142
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	
59b	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** ▶	29,829

Payments

If you have a qualifying child, attach Schedule EIC.

62	Federal income tax withheld from Forms W-2 and 1099	20,000	
63	2011 estimated tax payments and amount applied from 2010 return	15,000	
64a	**Earned income credit (EIC)**		
b	Nontaxable combat pay election 64b		
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** ▶		35,000

Refund

73	If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you **overpaid**	5,171
74a	Amount of line 73 you want **refunded to you.** If Form 8888 is attached, check here ▶ ☐	5,171
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
02008	01-01-2012	ATTORNEY	517-222-1111
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	Identity Protection PIN (see inst.)
01955		OFFICE MANAGER	

Paid Preparer Use Only

Preparer's signature	Date	Check ☐ if self-employed	PTIN
	11-19-2011		P00007777

Print/Type preparer's name Preparer 1

Firm's name ▶ Drake Software Firm's EIN ▶ 11-1222333

Firm's address ▶ 235 East Main Street Franklin, NC 28734 Phone no. 828-524-1234

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: DAVID & MARGARET HOLDEN

Your social security number: 400-00-3008

Medical and Dental Expenses		**Caution.** Do not include expenses reimbursed or paid by others.				
	1	Medical and dental expenses (see instructions)	1			
	2	Enter amount from Form 1040, line 38 [2]				
	3	Multiply line 2 by 7.5% (.075)	3			
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-			4	
Taxes You Paid	5	State and local **(check only one box):** a [X] Income taxes, **or** b [ ] General sales taxes	5	20,000		
	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	20,000
Interest You Paid	10	Home mortgage interest and points reported to you on Form 1098	10			
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	
Gifts to Charity	16	Gifts by cash or check. If you made any gift of $250 or more, see instructions	16			
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	
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.) ▶	21			
	22	Tax preparation fees	22			
	23	Other expenses - investment, safe deposit box, etc. List type and amount ▶	23			
	24	Add lines 21 through 23	24			
	25	Enter amount from Form 1040, line 38 [25]				
	26	Multiply line 25 by 2% (.02)	26			
	27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-			27	
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	20,000
	30	If you elect to itemize deductions even though they are less than your standard deduction, check here ▶ [ ]				

Name(s) shown on return. Do not enter name and social security number if shown on page 1.
DAVID & MARGARET HOLDEN

Your social security number
400-00-3008

Caution. The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations

Note. If you report a loss from an at-risk activity for which **any** amount is **not** at risk, you **must** check the box in column **(e)** on line 28 and attach **Form 6198.** See instructions.

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section. ☐ Yes ☒ No

28	(a) Name	(b) Enter P for partnership; S for S corporation	(c) Check if foreign partnership	(d) Employer identification number	(e) Check if any amount is not at risk
A	THE THREE DS RESTAURANT	P	☐	45-5667777	☐
B			☐		☐
C			☐		☐
D			☐		☐

	Passive Income and Loss		Nonpassive Income and Loss		
	(f) Passive loss allowed (attach Form 8582 if required)	(g) Passive income from Schedule K-1	(h) Nonpassive loss from Schedule K-1	(i) Section 179 expense deduction from Form 4562	(j) Nonpassive income from Schedule K-1
A					22,498
B					
C					
D					
29a Totals					22,498
b Totals					

30	Add columns (g) and (j) of line 29a	30	22,498
31	Add columns (f), (h), and (i) of line 29b	31	( )
32	**Total partnership and S corporation income or (loss).** Combine lines 30 and 31. Enter the result here and include in the total on line 41 below	32	22,498

Part III Income or Loss From Estates and Trusts

33	(a) Name	(b) Employer identification number
A		
B		

	Passive Income and Loss		Nonpassive Income and Loss	
	(c) Passive deduction or loss allowed (attach Form 8582 if required)	(d) Passive income from Schedule K-1	(e) Deduction or loss from Schedule K-1	(f) Other income from Schedule K-1
A				
B				
34a Totals				
b Totals				

35	Add columns (d) and (f) of line 34a	35	
36	Add columns (c) and (e) of line 34b	36	( )
37	**Total estate and trust income or (loss).** Combine lines 35 and 36. Enter the result here and include in the total on line 41 below	37	

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) - Residual Holder

38 (a) Name	(b) Employer identification number	(c) Excess inclusion from Schedules Q, line 2c (see instructions)	(d) Taxable income (net loss) from Schedules Q, line 1b	(e) Income from Schedules Q, line 3b

39	Combine columns (d) and (e) only. Enter the result here and include in the total on line 41 below	39	

Part V Summary

40	Net farm rental income or (loss) from **Form 4835**. Also, complete line 42 below	40	
41	**Total income or (loss).** Combine lines 26, 32, 37, 39, & 40. Enter the result here & on Form 1040, ln 17, or Form 1040NR, ln 18 ▶	41	22,498
42	**Reconciliation of farming and fishing income.** Enter your **gross** farming and fishing income reported on Form 4835, line 7; Schedule K-1 (Form 1065), box 14, code B; Schedule K-1 (Form 1120S), box 17, code U; and Schedule K-1 (Form 1041), line 14, code F (see instructions)	42	
43	**Reconciliation for real estate professionals.** If you were a real estate professional (see instructions), enter the net income or (loss) you reported anywhere on Form 1040 or Form 1040NR from all rental real estate activities in which you materially participated under the passive activity loss rules	43	

Name of person with **self-employment** income (as shown on Form 1040)	Social security number of person with **self-employment** income ▶
DAVID HOLDEN	400-00-3008

Section B—Long Schedule SE

Part I Self-Employment Tax

Note. If your only income subject to self-employment tax is **church employee income**, see instructions. Also see instructions for the definition of church employee income.

A	If you are a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361, but you had $400 or more of **other** net earnings from self-employment, check here and continue with Part I ▶ ☐		
1 a	Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A. **Note.** Skip lines 1a and 1b if you use the farm optional method (see instructions)	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. **Note.** Skip this line if you use the nonfarm optional method (see instructions)	2	22,498
3	Combine lines 1a, 1b, and 2	3	22,498
4 a	If line 3 is more than zero, multiply line 3 by 92.35% (.9235). Otherwise, enter amount from line 3	4a	20,777
	Note. If line 4a is less than $400 due to Conservation Reserve Program payments on line 1b, see instructions.		
b	If you elect one or both of the optional methods, enter the total of lines 15 and 17 here	4b	
c	Combine lines 4a and 4b. If less than $400, **stop**; you do not owe self-employment tax. **Exception.** If less than $400 and you had **church employee income,** enter -0- and continue ▶	4c	20,777
5 a	Enter your **church employee income** from Form W-2. See instructions for definition of church employee income — 5a		
b	Multiply line 5a by 92.35% (.9235). If less than $100, enter -0-	5b	
6	Add lines 4c and 5b	6	20,777
7	Maximum amount of combined wages and self-employment earnings subject to social security tax or the 4.2% portion of the 5.65% railroad retirement (tier 1) tax for 2011	7	106,800.00
8 a	Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If $106,800 or more, skip lines 8b through 10, and go to line 11 — 8a: 92,000		
b	Unreported tips subject to social security tax (from Form 4137, line 10) — 8b		
c	Wages subject to social security tax (from Form 8919, line 10) — 8c		
d	Add lines 8a, 8b, and 8c	8d	92,000
9	Subtract line 8d from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 ▶	9	14,800
10	Multiply the **smaller** of line 6 or line 9 by 10.4% (.104)	10	1,539
11	Multiply line 6 by 2.9% (.029)	11	603
12	**Self-employment tax.** Add lines 10 and 11. Enter here and on **Form 1040, line 56,** or **Form1040NR, line 54**	12	2,142
13	**Deduction for employer-equivalent portion of self-employment tax.** Add the two following amounts. • 59.6% (.596) of line 10. • One-half of line 11. Enter the result here and on **Form 1040, line 27,** or **Form 1040NR, line 27** — 13: 1,219		

Part II Optional Methods To Figure Net Earnings (see instructions)

	Farm Optional Method. You may use this method **only** if **(a)** your gross farm income[1] was not more than $6,720, **or (b)** your net farm profits[2] were less than $4,851.		
14	Maximum income for optional methods	14	4,480.00
15	Enter the **smaller** of: two-thirds (2/3) of gross farm income[1] (not less than zero) **or** $4,480. Also include this amount on line 4b above	15	
	Nonfarm Optional Method. You may use this method **only** if **(a)** your net nonfarm profits[3] were less than $4,851 and also less than 72.189% of your gross nonfarm income[4], **and (b)** you had net earnings from self-employment of at least $400 in 2 of the prior 3 years. **Caution.** You may use this method no more than five times.		
16	Subtract line 15 from line 14	16	
17	Enter the **smaller** of: two-thirds (2/3) of gross nonfarm income[4] (not less than zero) **or** the amount on line 16. Also include this amount on line 4b above	17	

[1] From Sch. F, line 9, and Sch. K-1 (Form 1065), box 14, code B.

[2] From Sch. F, line 34, and Sch. K-1 (Form 1065), box 14, code A - minus the amount you would have entered on line 1b had you not used the optional method.

[3] From Sch. C, line 31; Sch. C-EZ, line 3; Sch. K-1 (Form 1065), box 14, code A; and Sch K-1 (Form 1065-B), box 9, code J1.

[4] From Sch. C, line 7; Sch. C-EZ, line 1d; Sch. K-1 (Form 1065), box 14, code C; and Sch. K-1 (Form 1065-B), box 9, code J2.

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) ▶ 00-561332-020082

Taxpayer's name	Social security number
DAVID HOLDEN	400-00-3008
Spouse's name	**Spouse's social security number**
MARGARET HOLDEN	400-00-1955

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	169,279
2	Total tax (Form 1040, line 61; Form 1040A, line 35; Form 1040EZ, line 10)	2	29,829
3	Federal income tax withheld (Form 1040, line 62; Form 1040A, line 36; Form 1040EZ, line 7)	3	20,000
4	Refund (Form 1040, line 74a; Form 1040A, line 43a; Form 1040EZ, line 11; Form 1040-SS, Part I, line 12a)	4	5,171
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 02008 (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 ▶ 11-19-2011

Spouse's PIN: check one box only

[X] I authorize Drake Software (ERO firm name) to enter or generate my PIN 01955 (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 ▶ 11-19-2011

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 ▶ ______________________ Date ▶ 11-19-2011

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

Form **9325**
(Rev. January 2011)

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.

DAVID & MARGARET HOLDEN
Taxpayer Name

1011 HILLTOP ROAD
Taxpayer Address (optional)

BILLINGS, MT 59105

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. To use your credit card or debit card to pay by phone or Internet, you may call, 1-888-PAY-1040 (1-888-729-1040), 1-888-9-PAY-TAX (1-888-972-9829), or 1-888-UPAY-TAX (1-888-872-9829), or visit www.pay1040.com, www.payUSAtax.com, or www.officialpayments.com/fed. The 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. To learn more about credit and debit card payment options visit, www.irs.gov/e-pay.

If you are not paying electronically, you may use the Form 1040-V, Payment Voucher. You will receive the payment voucher in the mail or you can obtain it 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: DAVID & MARGARET HOLDEN

Your Social Security Number: 400-00-3008

Schedule A, Line 5

Description		Amount
Form W-2 - SMITH BROWN JONES & HOLDEN	$	13,000
Form W-2 - LUXURY HEAT AND AIR		7,000
Total:	**$**	**20,000**

Worksheet B Form 1040	Earned Income Credit (EIC)-Lines 64a and 64b Keep for Your Records	2011

Name(s) as shown on return	Your social security number
DAVID HOLDEN	400-00-3008

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	22,498
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	22,498
e.	Enter the amount from Schedule SE, Section A, line 6, or Section B, line 13, whichever applies.	-	1e	1,219
f.	Subtract line 1e from 1d.	=	1f	21,279

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 1f, 2c, and 3. **This is your total self-employed income.**	4a	21,279

Need more information or forms? See the instructions.

Qualified Dividends and Capital Gain Tax Worksheet - Line 44 (Form 1040) Line 28 (Form 1040A)

(Keep for Your Records)

NAME	SSN
DAVID & MARGARET HOLDEN	400-00-3008

Before you begin:
- See the instructions for line 44 on page 35 to see if you can use this worksheet to figure your tax.
- If you do not have to file Schedule D and you received capital gain distributions, be sure you checked the box on line 13 of Form 1040.

1.	Enter the amount from Form 1040, line 43 (Form 1040A, line 27). However, if you are filing Form 2555 or 2555-EZ (relating to foreign earned income), enter the amount from line 3 of the worksheet on page 36	**1.**	141,879
2.	Enter the amount from Form 1040, line 9b (Form 1040A, line 9b)*	**2.**	833
3.	Are you filing Schedule D?* ☐ **Yes.** Enter the **smaller** of line 15 or 16 of Schedule D. If either line 15 or line 16 is blank or a loss, enter -0- ☒ **No.** Enter the amount from Form 1040, line 13 (or Form 1040A, line 10)	**3.**	
4.	Add lines 2 and 3	**4.**	833
5.	If filing Form 4952 (used to figure investment interest expense deduction), enter any amount from line 4g of that form. Otherwise, enter -0-	**5.**	
6.	Subtract line 5 from line 4. If zero or less, enter -0-	**6.**	833
7.	Subtract line 6 from line 1. If zero or less, enter -0-	**7.**	141,046
8.	Enter: $34,000 if single or married filing separately, $68,000 if married filing jointly or qualifying widow(er), $45,550 if head of household.	**8.**	68,000
9.	Enter the smaller of line 1 or line 8	**9.**	68,000
10.	Enter the smaller of line 7 or line 9	**10.**	68,000
11.	Subtract line 10 from line 9. This amount is taxed at 0%	**11.**	
12.	Enter the smaller of line 1 or line 6	**12.**	833
13.	Enter the amount from line 11	**13.**	
14.	Subtract line 13 from line 12	**14.**	833
15.	Multiply line 14 by 15% (.15)	**15.**	125
16.	Figure the tax on the amount on line 7. If the amount on line 7 is less than $100,000, use the Tax Table to figure this tax. If the amount on line 7 is $100,000 or more, use the Tax Computation Worksheet	**16.**	27,562
17.	Add lines 15 and 16	**17.**	27,687
18.	Figure the tax on the amount on line 1. If the amount on line 1 is less than $100,000, use the Tax Table to figure this tax. If the amount on line 1 is $100,000 or more, use the Tax Computation Worksheet	**18.**	27,796
19.	**Tax on all taxable income.** Enter the **smaller** of line 17 or line 18. Also include this amount on Form 1040, line 44 (Form 1040A, line 28). If you are filing Form 2555 or 2555-EZ, do not enter this amount on Form 1040, line 44 (or Form 1040A, line 28). Instead, enter it on line 4 of the worksheet on page 36	**19.**	27,687

*If you are filing Form 2555 or 2555-EZ, see the footnote in the worksheet on page 36 before completing this line.

Partner's Adjusted Basis Worksheet, page 1

Keep for your records.

2011

Name of Partner:	DAVID HOLDEN	**SSN:**	400-00-3008
Name of Partnership:	THE THREE DS RESTAURANT	**EIN**	455667777

Line		Description	Source	Ref	Amount	Ref	Subtotal	Ref	Total
A.		Partner's share of partnership liabilities (Sch K-1, Item M)		A.					
B.		Partner's share of partnership liabilities from PRIOR year		B.	( )				
C.		Increases (Decrease) in share of Partnership Liabilities during this tax period		C.					
1.		Adjusted Basis from preceding year (combine lines A - C)						1.	81,810
2.		Capital contributions of property							
	a.	Gain (if any) recognized this year on contribution of property to partnership		2 a.					
	b.	Cash contributed during the year		b.					
	c.	Adjusted basis of property contributed during the year		c.					
	d.	Partnership interest acquired other than by cash or property		d.					
		Total additional contributions (Total lines 2a-2d)				2.			
3.		Items of Income or Gain for this period							
	a.	Ordinary Income	(Sch K-1, Line 1)	3 a.	22,498				
	b.	Real Estate Rental Income	(Sch K-1, Line 2)	b.					
	c.	Other Rental Income	(Sch K-1, Line 3c)	c.					
	d.	Interest, Dividends & Royalties	(Sch K-1, Lines 5, 6a & 7)	d.	1,000				
	e.	Capital Gain	(Sch K-1, Lines 8 & 9a)	e.					
	f.	Other Portfolio Income	(Sch K-1, Line 11a)	f.					
	g.	Section 1231 Gain	(Sch K-1, Line 10)	g.					
	h.	Other Income	(Sch K-1, Line 11f)	h.					
	i.	Tax Exempt Income	(Sch K-1, Lines 18a & b)	i.					
	j.	Excess Depletion Adjustment		j.					
	k.	Increase from Recapture of Business Credits		k.					
	i.	Gain from 179 disposition (See IRC §49(a), 50(a), 50(c)(2) & 1371 (d))		i.					
		Total items of Income or Gains (Total lines 3a-3l)				3.	23,498		
4.		Increase in Partnership Share of Partnership Liabilities from line C above				4.			
5.		Total increases in basis (combine lines 1 through 4)						5.	105,308
6.		Cash Distributions to the Partner during the year				6.			
7.		Decrease in Partner's Share of Partnership Liabilities from line C above				7.			
8	a.	Decrease for Non-Deductible Expenses/Credit Adjustments		8 a.					
	b.	Decrease for Depletion		b.					
		Total other decreases (lines 8a-8b)				8.			
9.		Subtotal - basis after all distributions and other decreases (Line 5 minus lines 6-8)						9.	105,308
10.		Items of Losses and Deductions (Allowed for the current year)							
	a.	Ordinary Loss	(Page 2, Col e, Line 10a)	10 a.					
	b.	Real Estate Rental Loss	(Page 2, Col e, Line 10b)	b.					
	c.	Other Rental Loss	(Page 2, Col e, Line 10c)	c.					
	d.	Capital Loss	(Page 2, Col e, Line 10d)	d.					
	e.	Other Portfolio Loss	(Page 2, Col e, Line 10e)	e.					
	f.	Section 1231 Loss	(Page 2, Col e, Line 10f)	f.					
	g.	Other Loss	(Page 2, Col e, Line 10g)	g.					
	h.	Charitable Contributions	(Page 2, Col e, Line 10h)	h.					
	i.	Section 179 Expense	(Page 2, Col e, Line 10i)	i.					
	j.	Portfolio Income Expenses	(Page 2, Col e, Line 10j)	j.					
	k.	Other Deductions	(Page 2, Col e, Line 10k)	k.					
	l.	Interest Expense on Investment Debt	(Page 2, Col e, Line 10l)	l.					
	m.	Total Foreign Taxes Paid/Accrued	(Page 2, Col e, Line 10m)	m.					
	n.	Section 59(e) Expenditures	(Page 2, Col e, Line 10n)	n.					
	o.	Other decreases	(Page 2, Col e, Line 10o)	o.					
	p.	Loss from 179 disposition	(Page 2, Col e, Line 10p)	p.					
		Total items of Losses and Deductions (Total lines 10a-10p)				10.			
11.		Adjusted Basis of Partnership Interest (Cannot be negative) (Line 9-Line 10)						11.	105,308

	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	SSN
DAVID & MARGARET HOLDEN	400-00-3008

Worksheet 1 - 2011 Schedule A worksheet as filed

1 Enter the total amount from Schedule A, line 5 . . . . . . 1 20,000

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 20,000

Worksheet 3 - Difference

1 Enter the amount from line 1, worksheet 1 above 1 20,000

2 Enter the amount from line 1, worksheet 2 above 2 20,000

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 - $5,700

Married filing jointly, or qualifying widow(er) - $11,400

Married filing separately - $5,700

Head of household - $8,400 plus motor vehicle taxes and/or disaster loss if applicable . . . . . . 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:

$1,100 if your 2011 filing status was MFJ or MFS or QW;

$1,400 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 20,000

2 2011 State General Sales Tax Deduction not taken on Schedule A, Line 5 . . . . . . 2 ______

3 Difference 3 20,000

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: DAVID & MARGARET HOLDEN

Your social security number: 400-00-3008

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	256
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	29,829
State tax liability for state 2210 calculation	
IRA basis — Taxpayer / Spouse	

Passive Activity

At Risk Limitations