

Name and Address of Taxpayer

THOMAS [REDACTED]  
[REDACTED]  
[REDACTED]

Taxpayer Identification Number

[REDACTED]

Return Form No.:

1040

Person with whom examination changes were discussed.

Name and Title:  
THOMAS B DRUMMOND

1. Adjustments to Income		Period End 12/31/2000	Period End 12/31/2001	Period End 12/31/2002
a. Sch C1 - Gross Receipts or Sales		154,123.00	118,650.00	120,384.00
b. SE AGI Adjustment		(6,788.00)	(6,574.00)	(6,876.00)
c. Standard Deduction		(4,400.00)	(4,550.00)	(4,700.00)
d. Exemptions		(2,352.00)	(2,900.00)	(3,000.00)
e.				
f.				
g.				
h.				
i.				
j.				
k.				
l.				
m.				
n.				
o.				
p.				
<b>2. Total Adjustments</b>		140,583.00	104,626.00	105,808.00
<b>3. Taxable Income Per Return or as Previously Adjusted</b>		0.00	0.00	0.00
<b>4. Corrected Taxable Income</b>		140,583.00	104,626.00	105,808.00
Tax Method		TAX RATE	TAX RATE	TAX RATE
Filing Status		Single	Single	Single
<b>5. Tax</b>		38,661.00	26,563.00	26,057.00
<b>6. Additional Taxes / Alternative Minimum</b>				
<b>7. Corrected Tax Liability</b>		38,661.00	26,563.00	26,057.00
<b>8. Less Credits</b>				
a. Rate Reduction Credit				
b.			300.00	
c.				
d.				
<b>9. Balance (Line 7 less total of Lines 8a thru 8d)</b>		38,661.00	26,263.00	26,057.00
<b>10. Plus Other Taxes</b>				
a. Self Employment Tax		13,576.00	13,147.00	13,752.00
b.				
c.				
d.				
<b>11. Total Corrected Tax Liability (Line 9 plus Lines 10a thru 10d)</b>		52,237.00	39,410.00	39,809.00
<b>12. Total Tax Shown on Return or as Previously Adjusted</b>		0.00	0.00	0.00
<b>13. Adjustments to:</b>				
a.				
b.				
c.				
<b>14. Deficiency-Increase in Tax or (Overassessment - Decrease in Tax) (Line 11 less Line 12 adjusted by Lines 13a thru 13d)</b>		52,237.00	39,410.00	39,809.00
<b>15. Adjustments to Prepayment Credits-Increase (Decrease)</b>				
<b>16. Balance Due or (Overpayment) - (Line 14 adjusted by Line 15) (Excluding interest and penalties)</b>		52,237.00	39,410.00	39,809.00

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17. Penalties/ Code Sections	Period End	Period End	Period End
	12/31/2000	12/31/2001	12/31/2002
a. Delq-IRC 6651 (a) (2)	13,059.25	9,852.50	9,952.25
b. Delq-IRC 6651 (a) (1)	11,753.33	8,867.25	8,957.03
c.			
d.			
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<b>18. Total Penalties</b>	<b>24,812.58</b>	<b>18,719.75</b>	<b>18,909.28</b>
Underreporter attributable to negligence: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underreporter attributable to fraud: (1981-1987) A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.			
Underreporter attributable to Tax Motivated Transactions (TMT). Interest will accrue and be assessed at 120% of underpayment rate in accordance with IRC 6621(c).	0.00	0.00	0.00
<b>19. Summary of Taxes, Penalties and Interest:</b>			
a. Balance due or (Overpayment) Taxes - (Line 16, Page 1)	52,237.00	39,410.00	39,809.00
b. Penalties (Line 18) - computed to 10/02/2008	24,812.58	18,719.75	18,909.28
c. Interest (IRC § 6601) - computed to 11/01/2008	46,181.90	28,625.79	24,050.30
d. TMT Interest - computed to 11/01/2008 (on TMT underpayment)	0.00	0.00	0.00
e. Amount due or refund - (sum of Lines a, b, c and d)	123,231.48	86,755.54	82,768.58

Other information:

Examiner's Signature:

Name R. Reilly <i>Reilly</i>	Employee ID: 50-34597	Office: Fairfax, VA	Date: 10/02/2008
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The Internal Revenue Service has agreements with state tax agencies under which information about federal tax, including increases or decreases, is exchanged with the states. If this change affects the amount of your state income tax, you should amend your state return by filing the necessary forms.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income you earned and do not pay the required tax. The IRS may order backup withholding (withholding of a percentage of your dividend and/or interest payments) if the tax remains unpaid after it has been assessed and four notices have been issued to you over a 120-day period.