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Dear Valued Client,

We would like to take a moment and update you on new laws, key issues and information for your review regarding Individual Tax Returns for 2011.

Home Owner Energy Credits

If you (and spouse if married) made or are considering investing in insulation, storm windows or doors, high efficiency furnaces or water heaters or similar energy improvements there is a 10-30% Federal income tax credit available in many cases. It is limited to a maximum of \$500!

Mortgage Interest

Recent IRS scrutiny of home mortgage interest deductions now require us to carefully track re-financings and the use of loan proceeds. Please provide us with any new home loan information, closing statements from any re-financings, and a summary of what any additional loan proceeds were used for.

Charity

The IRS requires you to keep receipts for all deductions of any amount. Any individual contribution over \$250 must also have an acknowledgement letter from the charity, and the letter must be dated by the date we file your return. The letter should show the date and amount of any individual contribution over \$250, and should also state that no goods or services were received in return for the contribution.

Foreign Accounts

If you have read any news in the last year you know that the IRS is looking closely for offshore accounts. If you have an account, rental property, or business interest with a value over \$10,000 in a foreign country, or a foreign business ownership (not through a mutual fund) please let us know as some special rules will apply to you. There are substantial penalties for failure to disclose these items.

Mileage Deductions

Deductible mileage rates changed during the year. Please provide us with the number of medical miles you drove during the year for this deduction. This includes trips to the doctor, dentist, pharmacy, dialysis, as well as any charity related volunteer work mileage.

Education Credits

A major revision of college credits by President Obama has provided us with the "American Opportunity Credit", a special credit for undergraduate college students. If you have children in college or near to college, please discuss some options with us to assure that you receive the best benefit for these costs.

Rental Property

If you own rental property, this year the IRS has demanded substantially more information. We now need, **FOR EACH PROPERTY SPERATELY**, the physical location, the type of property (single-family,

duplex, etc.), and Forms 1099-K received, and a record, by property of the number of days rented and the number of days used for personal purposes. If you receive a new Form 1099-k please be sure to bring it to us, it may have a direct impact on your return.

Gift Changes

Effective 1/1/2009 the amount you may give to one person in one year without any return filing requirements has been increased to \$13,000. Additionally, Congressional inaction on the estate tax front requires most people that have any substantial net worth to immediately consider estate planning. Please contact us to discuss these issues.

Worthless Stocks and Bonds

If you own stocks or bonds that became worthless this year please be sure to provide us with the cost and purchase dates so that we can take any allowable deductions.

Sales Tax and Use Tax

If you have a business and purchase items via Internet and don't pay sales tax, the Oklahoma Statutes require you to pay use tax. We need the amount of purchase via Internet when we file your tax return for 2011.

Please rest assured that we will utilize our best resources to once again provide you with timely, complete and accurate service while keeping your tax burden to the lowest legal amount. We are requesting everyone to try to have their tax information in to us no later than **March 1, 2012**. However, prior to the preparation of your 2011 tax returns, **we will need the attached engagement letter signed and returned to our office.**

Thank you again for your continued support.

Sincerely,



Nancy K. Hyde, CPA, CVA
CEO
Hyde & Company CPAs P.C.