

David L. Buterbaugh, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

8040 East Morgan Trail • Suite 15 • Scottsdale, AZ 85258-1211 • 480 905-3640 • FAX 480 905-3642

January 5, 2012

Dear Client,

First and foremost I would like to thank you for trusting us to handle your tax and financial matters. This is my 31st tax season (and I only have a few grey hairs)!

I truly believe we have one of the best tax organizers around. I strongly encourage you to answer all questions as they were designed to uncover deductions and tax credits you may qualify for.

There is a complete page which explains the new law regarding a new question on the Arizona tax return this year concerning "Use Tax". Please read this information carefully and answer as accurately as you can.

For Clients with Capital Gains & Losses in 2011

Finally, the reporting of capital gains this year will be more time consuming than in the past. Previously, we simply reported long term vs. short term capital gains (*two classifications*). However, in an effort to ensure proper reporting of capital gains and losses, the U.S. Internal Revenue Service (IRS) has introduced the redesigned Form 1040, Schedule D, and the new Form 8949, copies of which are enclosed for your reference. These forms require more detailed information on acquisitions and sales than reported in previous years (*Total of six classifications*). Naturally, complying with the additional requirements imposed by the Internal Revenue Service will necessitate additional time and costs in preparation of tax returns.

The increased time and cost will largely depend on the format, completeness, accuracy and number of transactions reported on Form 1099-B issued by your brokerage-house in conjunction with any redemption of stocks or securities. Please be assured that we are as concerned as you are about the increase in time and costs associated with the new requirements and would be able to provide a more accurate estimate of the increase once we have the opportunity to review your actual 2011 Form 1099-B and Schedule of Realized Gain and Loss.

For detail information on these changes, please visit the IRS website at www.irs.gov/form8949.

Please contact us with any questions or if we may be of assistance at your earliest convenience.

Very truly yours,

David L. Buterbaugh

David L. Buterbaugh, CPA

Enclosures