

3. Petitioner Elizabeth Olsen's taxpayer identification number is [See Statement of Taxpayer Identification Number].

4. Tax returns for the period here involved were filed with the Internal Revenue Service ("IRS") and the tax periods were subsequently selected for examination by the IRS.

5. The Notice of Deficiency was mailed to the Petitioners on or about July 30, 2014, and was issued by the IRS Office of Appeals at Las Vegas, Nevada. A copy of the Notice of Deficiency is attached hereto as required by the Court.

6. The deficiencies determined by the Commissioner are for income taxes for the Petitioners' tax years 2010, 2011 and 2012.

7. The deficiency determined by the Commissioner originally reported on the Notice of Deficiency dated July 30, 2014 is in the amount of \$30,760.00 in income tax and \$6,152.00 in penalties for tax year 2010; \$22,089.00 in income tax and \$4,717.80 in penalties for tax year 2011; and \$26,097.00 in income tax and \$5,219.40 in penalties for tax year 2012, all of which is now disputed.

8. The deficiencies determined by the Commissioner are incorrect and Petitioners are seeking relief therefrom for the following reasons, which are set forth in the order presented in Form 886-A, Explanation of Items, attached.

a. The Commissioner erroneously imposed a recapture of the a general business credit from the Petitioners' 2009 Form 3800 to their 2010 return in the amount of

\$7,506.00 on the assertion that the Petitioners did not establish that the property subject to depreciation was used in a trade or business or held for the production of income.

b. The Commissioner also erroneously recaptured a depreciation expense from the taxpayers' 2009 tax return, thereby increasing the taxpayers' income for the tax year 2010 in the amount of \$30,600.00

c. The Petitioners assert that the property subject to depreciation was used in a trade or business or held for the production of income, and the Commissioner's imposition of the credit recapture is erroneous.

d. The adjustments made by the Commissioner to the taxpayers' 2009 as detailed above are made outside the statute of limitations on assessments set forth in 26 USC §6501 and are therefore erroneous.

e. The Commissioner erroneously disallowed carryforward credits on Petitioners' Form 3800 in the amount of \$10,949 for tax year 2010; \$188.00 for tax year 2011; and \$7,357.00 for tax year 2012, on the erroneous assertion that the Petitioners did not provide enough information to support the entries on the returns at issue.

f. The Petitioners did provide sufficient information in support of the entries and the Commissioner's disallowance is erroneous.

g. The Commissioner erroneously disallowed credits on Petitioners' Form 3800 in the amount of \$10,949 for tax year 2010; \$14,700.00 for tax year 2011; and \$13,650.00

for tax year 2012, on the erroneous assertion that the Petitioners did not provide enough information to support the entries on the returns at issue.

h. The Petitioners did provide sufficient information in support of the entries and the Commissioner's disallowance is erroneous.

i. The Commissioner erroneously disallowed the legal and professional services expense on the Petitioners' 2010 and 2011 Schedule C1 in the amounts of \$425.00 and 325.00, respectively, on the erroneous assertion that the Petitioners did not establish that they incurred the expense, or if incurred, that the amount paid during the taxable year was for ordinary and necessary business purposes, or qualified under the Internal Revenue Code ("IRC") §162.

j. The Petitioners did incur the expense in the taxable year as reported for ordinary and necessary business purposes and it is qualified under the IRC §162, and the Commissioner's disallowance is erroneous.

k. The Commissioner erroneously disallowed the depreciation and section 179 expense on the Petitioners' 2010, 2011 and 2012 Schedule C1, in the amounts of \$8,160.00, \$46,546.00, and \$23,242.00, respectively, based on the erroneous assertion that the Petitioners did not establish that the property subject to depreciation was used in a trade or business or held for the production of income.

l. The Petitioners did establish that the property subject to depreciation was used in a trade or business or held for the production of income, and the Commissioner's disallowance is erroneous.

m. The Petitioners acknowledge that there may be a statutory adjustment to their itemized deductions for tax year 2010, to the extent the Petitioners' adjusted gross income may be adjusted, as finally determined for 2010; however, the Petitioners disagree with the adjustments proposed by the Commissioner.

n. The Petitioners acknowledge that there may be a statutory adjustment to their student loan interest deduction for tax years 2010 and 2011, to the extent the Petitioners' adjusted gross income for said tax years may be adjusted, as finally determined; however, the Petitioners disagree with the adjustments proposed by the Commissioner.

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WHEREFORE, Petitioners petition the court to enter an order, judgment and decree that:

1. Petitioners are not liable for payment of the deficiency in tax, including any interest and penalties, assessed by the IRS for the tax years 2010, 2011 and 2012.
2. Petitioners are reimbursed for all costs of this action.
3. For such other and further relief as the court determines to be just and proper.

Dated this 27th day of October, 2014.

By  **ADMITTED**

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