

DUE DILIGENCE FOR EARNED INCOME CREDIT:

The IRS is stepping up its efforts to verify Earned Income Tax Credit claims and is holding tax preparers responsible for exercising "DUE DILIGENCE" in preparing such returns. Failure to make sufficient inquiries subjects a tax preparer to a \$ 500 fine. Therefore, I will need the following information if you expect to claim an earned income credit.

CHILDREN: Answer yes or no:

Is your child unmarried? _____

Did the child/children live with you more than ½ year? _____

Could anyone other than yourself claim the child/children as a dependent? _____

What School did the child attend? _____

Do you have school records as evidence of the child's attendance? _____

If you have a second child, Do you have the records as evidence for that child's attendance? _____

EVIDENCE TO INDICATE YOUR INCOME IS SUFFICIENT TO SUPPORT YOURSELF AND YOUR FAMILY

TOTAL FROM FORM 4822 attached \$ _____ **

IF YOU HAVE A BUSINESS OR FARM:

How long have you had your business or farm? _____ years

Are your expenses consistent with your type business? _____ Are expenses reasonable? _____

Evidence to support (YES OR NO): Business cards _____, Business Stationery _____

Receipts or Receipt book with company header _____ Business license _____

Received Forms 1099 supporting business income

Have you filed any Sales tax returns, payroll tax returns _____ Issued any Form 1099s to subcontractors? _____ Who maintains the business records? _____

Do you have a separate business bank account? _____

Indicate by circling which of the following you have: Accounting records Paid invoices/receipts

Log books Computer records Car/truck expenses Ledgers Business bank accounts

Your signature above