

2023

Paid Preparer's Due Diligence Checklist for California Earned Income Tax Credit

3596

Attach to taxpayer's original or amended California Form 540, 540 2EZ, or 540NR.

Name(s) as shown on tax return

SSN or ITIN

Part I Due Diligence Requirements

- 1 a Preparer's name ☒ 1a _____
- b Preparer's PTIN ☒ 1b _____
- c Preparer's license, registration, or enrollment type. Check one box
- ☐ CPA ☐ EA ☐ Attorney ☐ CTEC ☐ Other (specify) _____
- If CPA, Attorney, or Other, enter license, registration, or enrollment state ☒ 1c _____
- d Preparer's license, registration, or enrollment number ☒ 1d _____
- 2 Did you complete form FTB 3514, California Earned Income Tax Credit, based on current information provided by the taxpayer or reasonably obtained by you? 2 ☐ Yes ☐ No
- 3 Did you complete the California Earned Income Tax Credit Worksheet found in the form FTB 3514 instructions, or your own worksheet that provides the same information as the form FTB 3514 worksheet? 3 ☐ Yes ☐ No
- 4 Did you satisfy the knowledge requirement? To meet the knowledge requirement, you must do both of the following:
- Interview the taxpayer, ask questions, and contemporaneously document the taxpayer's responses to determine that the taxpayer is eligible to claim the California Earned Income Tax Credit (EITC)
 - Review information to determine that the taxpayer is eligible to claim the credit and for what amount 4 ☐ Yes ☐ No
- 5 Did any information provided by the taxpayer, a third party, or reasonably known to you, in connection with preparing form FTB 3514, appear to be incorrect, incomplete, or inconsistent? (If "Yes," answer questions 5a and 5b. If "No," go to question 6.) 5 ☐ Yes ☐ No
- a Did you make reasonable inquiries to determine the correct, complete, and consistent information? 5a ☐ Yes ☐ No
- b Did you contemporaneously document your inquiries? (Documentation should include the questions you asked, whom you asked, when you asked, the information that was provided, and the impact the information had on your preparation of form FTB 3514.) 5b ☐ Yes ☐ No
- 6 Did you satisfy the record retention requirement? To meet the record retention requirement, you must keep a copy of your documentation referenced in question 5b, a copy of this form, a copy of applicable worksheets, a record of how, when, and from whom the information used to prepare form FTB 3514 and worksheet(s) was obtained, and a copy of any document(s) provided by the taxpayer that you relied on to determine eligibility for or to figure the amount for the credit 6 ☐ Yes ☐ No
- List those documents provided by the taxpayer, if any, that you relied on.
- _____
- _____
- _____
- _____
- 7 Did you ask the taxpayer whether he/she could provide documentation to substantiate eligibility for and the amount of the EITC claimed on the return if his/her return is selected for audit? 7 ☐ Yes ☐ No
- 8 If the taxpayer is reporting self-employment income, did you ask questions to prepare a complete and correct federal Form 1040, Form 1040-SR, Schedule C, Schedule F, or Schedule SE? 8 ☐ Yes ☐ No
- ☐ N/A