

# Earned Income Credit Due Diligence

(Keep for your records)

**2017**

Name(s) as shown on return

Tax ID Number

## Income

Does the income appear to be sufficient to support the taxpayer and qualifying children?

If "No," some additional inquiries might be needed . . . . .  Yes  No

## Taxpayers with self-employment income:

Not applicable

1. How long have you owned your business? . . . . . \_\_\_\_\_

2. Can you provide any documentation to substantiate your business?

- |   |  |
|---|--|
| <input type="checkbox"/> Business cards                                 | <input type="checkbox"/> Business/occupational license (if required)           |
| <input type="checkbox"/> Business stationary                            | <input type="checkbox"/> Other tax returns (sales/excise, employment, etc.)    |
| <input type="checkbox"/> Receipts or receipt book (with company header) | <input type="checkbox"/> Advertisements (newspaper, flyer, yellow pages, etc.) |

Other (list any other documentation you can provide to substantiate your business):

\_\_\_\_\_

3. Who maintains the business records? . . . . . \_\_\_\_\_

4. Do you maintain separate banking accounts for personal and business transactions? . . . . .  Yes  No

a. If "Yes," what form of records were provided?

\_\_\_\_\_

b. If "No," how do you differentiate between personal and business transactions and monetary assets?

\_\_\_\_\_

5. Were satisfactory records of income and expense provided? . . . . .  Yes  No

a. If "Yes," in what form were these records provided?

- |   |   |
|---|---|
| <input type="checkbox"/> Accounting records     | <input type="checkbox"/> Car/truck expenses     |
| <input type="checkbox"/> Paid invoices/receipts | <input type="checkbox"/> Ledgers                |
| <input type="checkbox"/> Log books              | <input type="checkbox"/> Business bank accounts |
| <input type="checkbox"/> Computer records       |   |

Other (list any other forms of documentation you can provide to support your business):

\_\_\_\_\_

b. If "No," how did you determine:

The amount of income? \_\_\_\_\_

The amount of expense? \_\_\_\_\_

6. Form 1099-MISC:

a. Do you have any Forms 1099-MISC to support the income? . . . . .  Yes  No

b. If not, is it reasonable that the business type would not receive Form 1099-MISC? . . . . .  Yes  No

7. Are the expenses consistent with the type of business? . . . . .  Yes  No

8. Are the amounts of expense reasonable? . . . . .  Yes  No

9. Are any expenses that are typical for this type of business missing? . . . . .  Yes  No

10. List any other information you can provide related to your business:

\_\_\_\_\_

|                           |      |  |      |
|---------------------------|------|--|------|
| Your signature            | Date | Spouse's signature. If joint return, BOTH must sign. | Date |
| Paid preparer's signature | Date |  |      |