

Income Due Diligence

(This page is not filed with the return. It is for your records only.)

2021

Name(s) as shown on return

Tax ID Number

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? . . . . . \_\_\_\_\_
Brief description of business . . . . . \_\_\_\_\_
Where do you conduct business? . . . . . \_\_\_\_\_

2. What services do you perform? . . . . . \_\_\_\_\_
How much do you charge for these services? . . . . . \_\_\_\_\_

3. Approximately how many clients do you have? . . . . . \_\_\_\_\_
How often do you provide services for each client? . . . . . \_\_\_\_\_

4. What types of items do you need to operate? . . . . . \_\_\_\_\_
How often are these items replenished? . . . . . \_\_\_\_\_

5. Do you travel for business?  Yes  No How do you keep track of mileage? . . . . . \_\_\_\_\_
When and where do you have to travel for business? \_\_\_\_\_

6. Can you provide any documentation to substantiate your business?
 Business cards  Business/occupational license (if required)
 Business stationary  Other tax returns (sales/excise, employment, etc.)
 Receipts or receipt book (with company header)  Advertisements (newspaper, flyer, yellow pages, etc.)
Other (list any other documentation you can provide to substantiate your business): \_\_\_\_\_

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

8. 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? \_\_\_\_\_

9. Were satisfactory records of income and expense provided? . . . . .  Yes  No
a. If "Yes," in what form were these records provided?

- Accounting records  Log books
 Paid invoices/receipts  Ledgers
 Computer records  Business bank accounts
 Car/truck expenses

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? \_\_\_\_\_

10. Form 1099-NEC:
a. Do you have any Forms 1099-NEC to support the income? . . . . .  Yes  No
b. If not, is it reasonable that the business type would not receive Form 1099-NEC? . . . . .  Yes  No