

General Questions

How many people live with you? How Many: Adults _____ Children _____ How many work? _____

List Relationships:

Does anyone above make more than you: Yes No How Much? \$ _____ Are expenses shared? (groceries, rent, etc. Yes No

If AGI is less than \$15,000

How Are you paying for rent, utilities, food, etc?

Are you getting assistance from: The County State Other How Much? \$ _____

Does anyone live you funds to live on? Yes No

Who? How Much? \$ _____

If you live with your parents...

Who pays:

Rent: Me Parents Other How Much? \$ _____

Insurance: Me Parents Other How Much? \$ _____

Medical: Me Parents Other How Much? \$ _____

Entertainment: Me Parents Other How Much? \$ _____

Utilities/Food: Me Parents Other How Much? \$ _____

Single Parent

Does other parent make enough to support child? Yes No How Much? \$ _____

Where's the child other parent?

Why isn't the other parent claiming the child?

How often does child stay with parent?

What school does child attend?

Year Round? Yes No

Who:

Carries health insurance? Me Other Parent Other How Much? \$ _____

Pays other medical expenses? Me Other Parent Other How Much? \$ _____

Pays for activities & essentials? (Clothes, lunch, sports, etc.) Me Other Parent Other How Much? \$ _____

Watches children while at work? Me Other Parent Other How Much? \$ _____

Pays for day care? Me Other Parent Other How Much? \$ _____

Working parent with no child care expenses...

Does family member watch child?

Yes No

Do they live with you?

Yes No

Do they file a tax return?

Yes No

If your child is in college:

What school?

How Long?

Who Pays: Me Other Parent Other

How Much?
\$ _____

Do you have proof child attended?

Yes No

Room & Board? Me Other Parent Other

How Much?
\$ _____

Tuition: Me Other Parent Other

How Much?
\$ _____

Does student live at home?

Yes No

Entertainment? Me Other Parent Other

How Much?
\$ _____

Cell Phone? Me Other Parent Other

How Much?
\$ _____

Internet? Me Other Parent Other

How Much?
\$ _____

If someone helped you pay for student costs, why didn't they claim student?

Where does the other payee live?

Are you less than 15 years older than your son/daughter: Yes No

Is this child really your child? Yes No

Did you adopt the child? Yes No

Do you have legal proof of the adoption? Yes No

Are they really your sibling, not child? Yes No

Why aren't the child's parent claiming them?

Where do they live?

Why are they not filing their own return?

Can someone else claim the child? Yes No

You listed a child with the same last names as the above adult; what is their relationship to each other?

Non-Standard Dependents (Grandchild, niece, nephew, stepchild, foster child, etc.)

Other adults in your home who are related to the child?

Why aren't the child's parent claiming the child?

Where are the parents?

How long have you had the child?

Did the parent work/or collect unemployment? Yes No How Much? \$ _____

Did Parents send any funds to help care for the child? Yes No

Do you receive any support for the child? Yes No

How did you end up caring for this child?

When: / /

Do you have: Court documentation of custody? Yes No

Documents proving relationship to this child? Yes No

Adult Dependents

Who is this person?

Where to they live?

Are they disabled? Yes No

Tax Preparer Earned Income Credit Additional Due Diligence Questions

Areas of Emphasis

There are 3 areas that account for 60% of EITC mistakes. There are: (1) claiming a child that does not meet the age, residency, or relationship requirement; (2) filing as single or HOH when married; and (3) incorrectly reporting income/expenses. Focus on these are when questioning each client.

All people eligible for EITC have seven things in common:

1. Have earned income
2. Have a valid Social Security number
3. Do not file as married filing separately
4. Generally are not a nonresident alien
5. Are not a qualifying child of another person
6. Are not filing Form 2555 or Form 2555-EZ
7. Have limited investment income

Income Verification

Does the income that the taxpayer is reporting seem sufficient to support the taxpayer and the qualifying children that are being claimed? If no, additional questions pertaining to both the income and the children should be asked.

Please answer the following:

- Can you prove your income with third party records (e.g. pay stubs, cashed check receipts, bank account deposits)? If so, try to obtain these records. _____

- If no records exist, what are your main living expenses (e.g. rent utilities, automobile expenses, child care, etc.)? Ask for documentation proving these expenses. _____

- Did you have income other than W2? If so, how much? (Earned or unearned income)

- Determine if the income stated by client are near or below local poverty levels. If so, then inquire as to what type of assistance (if any) client is getting to sustain the household (e.g. financial aid, government assistance, Section 8 housing, food stamps, contributions from relatives, etc.) Obtain documents about this assistance. _____

Property Levels:

2014 POVERTY GUIDELINES FOR THE 48 CONTIGUS STATES AND THE DISTRIC OF COLUMBIA

Persons in family/household	Poverty Guidelines
For families/households with more than 8 persons, add \$4,060 for each additional person.	
1	\$11,670
2	\$15,730
3	\$19,790
4	\$28,850
5	\$27,910
6	\$31,970
7	\$36,030
8	\$40,090

Self-Employment Income

Be on the lookout for odd situations. These might include a client who operates a business and claims income, but has no expenses. This could also include a business with a fairly high income, but a high amount of expenses that bring the net income within the eligibility threshold for EITC.

Ask your client...

- How long have you owned your business? _____
- Do you have any documentation to substantiate your business (e.g., formation documents, bills in the company's name, etc.)? _____

- Who maintains the business records for your business? _____

- Do you have separate banking accounts for personal and business transactions? _____

- Have you been issues a 1099-MISC to support the income? _____

- Does the business have its own tax ID? _____
- Did the client provide satisfactory records of all incme and expenses? _____
- Are the expenses being reported consistent with this type of business? _____
- In your opinion, are the amount of expenses being reported reasonable? _____

- Does anything seem like it is missing? _____

Excludable Income

Some types of income are excluded from the income used to determine the earned income tax credit...

Ask your client...

- Is any of the income you reported scholarship or fellowship grants not reported on a Form W-2? (this income is excluded) _____
- Is any of the income you reported amounts received for work performed while an inmate in a penal institution? (this income is excluded) _____
- Is any of the income you reported from a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan? (this income is excluded) _____
- Is any of the income you reported Medicaid waiver payments you exclude from income? (this income is excluded) _____

Qualifying Children

Be particularly aware of children over 18 years of age who are full time students, or permanently and totally disabled, have different last names than parents, or whose ages are close to the ages of the parent:

Ask your clients...

- What school did the child attend? Can you provide a copy of any documentation verifying that the child was a full time student (student records, 1098T) if requested by the IRS? _____
- Is there any documentation from their school or other third-party source that shows the child's address as matching the parent? _____
- Can you provide a copy of the child's birth certificate if requested by the IRS? _____
- If single parent: Who watched your children while you worked? _____
- Obtain a copy of the child's social security card, or other ID. _____
- Why is your child's last name different from yours? _____
- Did the child (children) live with you for more than 6 months? _____
 - ◇ If not, where and with whom did the child (children) live? _____

Keep in mind that we are trying to establish that no one else will claim the same child/children on another return!

Children who are permanently and totally disabled:

Ask your client...

- When did the child become disabled? _____
- What type of disability does the child have? _____
- How long is the disability expected to last? _____
- Does the child receive SSI or other disability payments? _____
- Do you have a letter from the child's doctor, healthcare provider stating that the child is permanently and totally disabled? (obtain documents from the client and place in file) _____

Relationship – If other than the taxpayer’s son or daughter:

Ask your client...

- What is your relationship to the child? _____
- Does the child’s biological parents live with the client? If no, where are the biological parent’s? _____
- Are they diseased? _____
- Do they reside outside the US? _____

Filing Status

Head of Household

Ask your client...

Details about their marital status

- Have you ever been married? _____
- Is your spouse deceased? _____
- Are you divorced? Can you provide a copy of your divorce decree if requested by the IRS? _____
- Are you separated? Can you provided a copy of a separate maintenance agreement if requested by the IRS?

- Are you married but living apart from your spouse? _____
- Have you lived apart from your spouse for the last 6 months of the year? Can you provide a copy of any documentation verifying that you lived apart from your spouse (e.g. lease agreement, utility bill, letter from clergyman etc.) if requested by the IRS? _____
- Did you maintain more than half of the cost of the home? Can you provide a copy of any documentation verifying that you maintained more than half the cost of the home (utility bill, property tax bill, rent receipts, grocery receipts, etc.) if requested by the IRS? _____

Client states that all information provided is true and correct.

Signature: _____ Date: _____