

## 2021 Paid Preparer Due Diligence Checklist

- Earned Income Credit (EIC)
- American Opportunity Credit (AOC)
- Child Tax Credit (CTC)
- Additional Child Tax Credit (ACTC)
- Credit for Other Dependents (ODC)
- Head of Household (HOH)

	<b>EIC</b>	<b>AOC</b>	<b>CTC/ACTC/ODC</b>	<b>HOH</b>
Can you provide documentation, if required, to substantiate your eligibility for each credit and/or HOH filing status and the amount of each credit being claimed? (See below for examples of documentation.)	_ Yes _ No n/a	_ Yes _ No n/a	_ Yes _ No n/a	_ Yes _ No n/a
	<b>EIC</b>	<b>AOC</b>	<b>CTC/ACTC/ODC</b>	<b>HOH</b>
Were any of these credits disallowed or reduced in a prior year?	Yes No n/a	Yes No n/a	Yes No n/a	n/a
	<b>EIC</b>	<b>AOC</b>	<b>CTC/ACTC/ODC</b>	<b>HOH</b>
Is each qualifying person for whom you are claiming the Child Tax Credit, Additional Child Tax Credit, and Credit for Other Dependents a citizen, national, or resident of the United States?	n/a	n/a	Yes No n/a	n/a
Did all children for whom you are claiming the Child Tax Credit and/or Additional Child Tax Credit reside with you for more than half the year?	n/a	n/a	Yes No n/a	n/a
Is there an active Form 8332, <i>Release/Revocation of Claim to Exemption for Child by Custodial Parent</i> , or a similar statement in place?	n/a	n/a	Yes No n/a	n/a
Did you release the claim for exemption to another person?	n/a	n/a	Yes No n/a	n/a
	<b>EIC</b>	<b>AOC</b>	<b>CTC/ACTC/ODC</b>	<b>HOH</b>
Have you provided documentation for the American Opportunity Credit, including Form 1098-T and/or receipts for qualified tuition and related expenses?	n/a	Yes No n/a	n/a	n/a
	<b>EIC</b>	<b>AOC</b>	<b>CTC/ACTC/ODC</b>	<b>HOH</b>
Were you unmarried or considered unmarried on the last day of the tax year and provided more than half of the cost of keeping up a home for the year for a qualifying person?	n/a	n/a	n/a	Yes No n/a

### Documentation Examples *(list not all-inclusive)*

<b>Residency of a Qualifying Child</b> <ul style="list-style-type: none"> <li>School records or statement.</li> <li>Landlord or a property management statement.</li> <li>Health care provider statement.</li> <li>Medical records.</li> <li>Child care provider records.</li> <li>Placement agency statement.</li> <li>Social service records or statement.</li> <li>Place of worship statement.</li> <li>Indian tribal official statement.</li> </ul>	<b>Disability of Qualifying Child</b> <ul style="list-style-type: none"> <li>Medical doctor's statement.</li> <li>Other health care provider's statement.</li> <li>Social services agency or program statement.</li> </ul>	<b>Schedule C</b> <ul style="list-style-type: none"> <li>Business license.</li> <li>Forms 1099.</li> <li>Records of gross receipts.</li> <li>Summary of income.</li> <li>Records of expenses.</li> <li>Summary of expenses.</li> <li>Bank statements show income and expenses.</li> </ul>
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### Due Diligence: Additional Questions and Information *(list not all-inclusive)*

- Ask questions, contemporaneously document questions and client responses.
- Must not know of any reason to know that the client's information is false.
- Do not ignore the implications of any information provided by the client and make additional inquiries.
- Complete and submit Form 8867 for each credit claimed.
- Compute the credits.

*Taxpayer*

*Spouse (if filing jointly)*

*Date*

## Earned Income Credit Diligence Questions

### All Taxpayers:

1. Are you married? \_\_\_\_\_
2. Are you are a single parent, where's the other parent(s) of your child/children? \_\_\_\_\_
3. What is the name of the other parent(s)? \_\_\_\_\_
4. Why is the other parent of the child not claiming the child? \_\_\_\_\_
5. Explain why the dependent(s) have different last names than the taxpayer \_\_\_\_\_
6. If you are separated/divorced, when did you last live in the same home? \_\_\_\_\_
7. Do you have joint custody of your child? \_\_\_\_\_
  - a. How long did the child live in your home during this tax year? \_\_\_\_\_
  - b. How long did your child/children live in the other parent's home during this tax year? \_\_\_\_\_
  - c. How much income did the other parent have during this tax year? \_\_\_\_\_
8. Do you pay more than 50% of the cost of keeping up a home? \_\_\_\_\_
9. Did anyone else live in the home that provides financial support for your child/dependent(s)? \_\_\_\_\_
  - a. *If yes, who lives there and how much do they pay* \_\_\_\_\_
10. Does the taxpayer have full custody of their child/children? \_\_\_\_\_
11. Is this your biological child/children? \_\_\_\_\_
12. How old were you when your oldest child was born that is listed on this tax? \_\_\_\_\_
  - a. If the taxpayer was under the age of 18, explain circumstances and who/how the child was cared for until the taxpayer was old enough to support and care for her own child \_\_\_\_\_
13. How many months did the child live in your home during the tax year? \_\_\_\_\_
14. Can anyone else claim your child/dependent(s) as a dependent on their tax return? \_\_\_\_\_
15. Is your child married? \_\_\_\_\_
16. If you live alone, who babysits while you work (for children 12 & younger)?  
Name: \_\_\_\_\_
17. Do you receive any other type of supplemental, non taxable income such as child support, welfare benefits, social security, etc.? \_\_\_\_\_  
\_\_\_\_\_  
*If so, how much and what kind?* \_\_\_\_\_

## **Earned Income Credit Diligence Questions**

### **Not Biological Child:**

18. If this is not your biological child, what is your relationship to the child? \_\_\_\_\_
19. Did this child live in your home for more than 6 months? \_\_\_\_\_
20. Do you have custody? \_\_\_\_\_ If so, through what court/agency? \_\_\_\_\_
21. Who are the biological parents? \_\_\_\_\_
22. Where do the biological parents live? \_\_\_\_\_
23. What were the circumstances leading to the child being placed in your home? \_\_\_\_\_  
\_\_\_\_\_
24. Do you receive any financial aid for this child such as WIC, Medicaid, food stamps, listed on your health insurance policy, etc? \_\_\_\_\_ If yes, which ones? \_\_\_\_\_
25. Are you listed as the guardian for this dependent(s) on school records, medical records, daycare records, or place of worship records? \_\_\_\_\_

### **Dependent is over 18 and in school:**

26. If your child is over 18 and a student, which college or high school did they attend? \_\_\_\_\_
27. How long did they attend this school? \_\_\_\_\_
28. Did this dependent receive a tuition statement from the school? \_\_\_\_\_
29. Did this dependent work while attending school? \_\_\_\_\_ If so, how much did they earn? \_\_\_\_\_

### **Disabled at any age:**

30. If your dependent is over the age of 18 and Disabled, what is wrong with them? \_\_\_\_\_
31. Has this dependent been declared disabled by a physician? \_\_\_\_\_ If so, can you provide documentation? \_\_\_\_\_
32. Does dependent receive social security/disability benefits? \_\_\_\_\_ If so, how much do they receive? \_\_\_\_\_
33. Are you listed as the Social Security Representative Payee for this dependent? \_\_\_\_\_
34. Is this the dependent(s) expected to recover in the next year? \_\_\_\_\_
35. If this is not your biological child, why is this child living with you and not another family member? \_\_\_\_\_
35. Where are the biological parents of your disabled dependent(s)? \_\_\_\_\_

# Earned Income Credit Diligence Questions

Additional Preparer Notes:

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## Filing Status

*Single*

Who else lived in your home that is not reported on this tax return? \_\_\_\_\_

Is this person biologically related to your dependent(s)? \_\_\_\_\_ If yes, to what relationship? \_\_\_\_\_

Preparer Notes as to why the above named relative is not claiming the child on the above named relative's tax return: \_\_\_\_\_

*Head of Household*

Are you a single parent paying more than 50% of the cost of keeping up your home? \_\_\_\_\_

## Cost of Keeping up a home

	Amount you paid	Total Cost
Property Taxes		
Rent		
Mortgage interest expense		
Utility Charges		
Upkeep and Repairs		
Property Insurance		
Food Consumed on the premises		
Other Household expenses		
<b>Totals</b>		

## Earned Income Credit Diligence Questions

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Do not count money received under public assistance/welfare/foodstamps in the amount you paid. But include costs paid with public assistance in the total cost

*Taxpayer has provided all answers to the above questions to be true and correct to the best of the taxpayer's knowledge. Taxpayer has been informed that claiming a dependent for EITC can result in an audit, fines and penalties if information provided to preparer is incorrect.*

Taxpayer signature \_\_\_\_\_ Spouse Signature \_\_\_\_\_

Preparer signature \_\_\_\_\_

Date inquiries were made \_\_\_\_\_

Answers were provided by taxpayer on the above date unless otherwise noted here: \_\_\_\_\_