

# Family Tax/Earned Income Credit Due Diligence

(Keep for your records)

**2018**

Name(s) as shown on return

Tax ID Number

## Filing Status - Head of Household

The IRS could require additional information/documentation if you are divorced, legally separated, or married and did not reside with your spouse the last 6 months of the year to determine if you qualify for the head of household filing status.

**1. Marital status:**

- Never married
- Spouse deceased
- Divorced, separated or spouse deceased
- Married but lived apart from spouse during the last 6 months of the year
- Separation agreement

**2. If you are divorced or legally separated, can you provide the IRS with any of the following documents?**

- Divorce decree
- Separate maintenance agreement or separation agreement

**3. If you are married but did not reside with your spouse for the last 6 months of the tax year, can you provide the IRS with any of the supporting documents verifying that your spouse did not live with you?**

- Not applicable
- Lease agreement
- Utility bills
- Letter for a clergy member
- Letter from social services
- Other supporting documentation

If so, what type of documentation? \_\_\_\_\_

**4. Can you provide the IRS with receipts and bills substantiating the cost of maintaining more than half of the cost of the home? Documentation that the IRS requires to substantiate the cost of maintaining the home includes:**

- Utility bills
- Property tax bills
- Grocery receipts
- Rent receipts or mortgage interest statement
- Maintenance and repair bills
- Other household bills

**5. Did you receive any non-taxable support/income?**

- Family support
- Food stamps
- Housing assistance
- Childcare assistance
- Other \_\_\_\_\_

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

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## 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?

- Business cards
- Business stationary
- Receipts or receipt book (with company header)
- Business/occupational license (if required)
- Other tax returns (sales/excise, employment, etc.)
- 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?

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

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		