

Income Due Diligence

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

2023

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

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11. Are the expenses consistent with the type of business? Yes No
12. Are the amounts of expense reasonable? Yes No
13. Are any expenses that are typical for this type of business missing? Yes No

14. If no (or low) expenses, why are they so low?

15. If high expenses or a loss, why are they so high?

16. If high expenses or a loss, how are you able to pay these expenses and keep this business open?

17. 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		

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Age - Qualifying Child (complete only if qualifying child is over age 18)

For children over age 18 who are students or permanently and totally disabled, the following additional information and documentation should be available:

	Child 1	Child 2	Child 3
1. Children who are students	<input type="checkbox"/> Not a student	<input type="checkbox"/> Not a student	<input type="checkbox"/> Not a student
a. What school does the child attend?	Child 1 _____ Child 2 _____ Child 3 _____		
b. Can you provide documentation showing that the child was a full-time student for at least 5 months? The school records need to show the dates of attendance. The months don't have to be consecutive	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Children with a permanent and total disability	<input type="checkbox"/> Not disabled	<input type="checkbox"/> Not disabled	<input type="checkbox"/> Not disabled
a. What type of disability does the child have?	Child 1 _____ Child 2 _____ Child 3 _____		
b. Does the child receive SSI or other disability payments?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
c. Do you have a letter from the child's doctor, other healthcare provider, or any social service program or agency verifying that the child is permanently and totally disabled?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Relationship - Qualifying Child

1. If the biological parent is NOT living with the child, where is the parent? Did he or she provide support?	Child 1	Child 2	Child 3
Mother _____			<input type="checkbox"/> Yes <input type="checkbox"/> No
Father _____			<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Adopted children:	Child 1	Child 2	Child 3
a. Is the adoption final or pending?			<input type="checkbox"/> Yes <input type="checkbox"/> No
b. If the adoption is pending, do you have a letter from an authorized adoption agency?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Foster children:			
a. Do you have a letter from the authorized placement agency or applicable court document?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Brother, sister, niece, nephew, grandchild, great-grandchild:			
a. Can you provide a birth certificate that verifies your relationship to the child?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Stepchildren or descendent of them, step-grandchildren, step-great-grandchildren:			
a. Can you provide a birth certificate & marriage certificate verifying the relationship to the child?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Residency - Qualifying Child

Can you provide any of the following documentation to prove that your child lived with you for more than half of the year? More than one type of documentation may be required by the IRS.

Child 1	Child 2	Child 3
<input type="checkbox"/> School records	<input type="checkbox"/> School records	<input type="checkbox"/> School records
<input type="checkbox"/> Medical records	<input type="checkbox"/> Medical records	<input type="checkbox"/> Medical records
<input type="checkbox"/> Letter*	<input type="checkbox"/> Letter*	<input type="checkbox"/> Letter*
<input type="checkbox"/> Social service records	<input type="checkbox"/> Social service records	<input type="checkbox"/> Social service records
<input type="checkbox"/> Daycare records	<input type="checkbox"/> Daycare records	<input type="checkbox"/> Daycare records
Daycare provider	Daycare provider	Daycare provider

*The letter must be on official letterhead from one of the following: school, medical provider, social service agency, place of worship, or other acceptable entity. The letter must include the name of the child, name of the child's parent or guardian, child's address, and dates during the year child lived with taxpayer.

Adjusted Gross Income - Qualifying Child

For tax years beginning after December 31, 2022 a taxpayer other than the parents of a qualifying child can claim the child, but only if the adjusted gross income (AGI) of the taxpayer is higher than the AGI of any parent of the child. If you are not a parent of the qualifying child, is your AGI higher than any parent of the child?

	Child 1	Child 2	Child 3
a. Can you provide a birth certificate & marriage certificate verifying the relationship to the child?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

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