

## Due Diligence Checklist

- TaxSlayer requires answers to certain due diligence questions.
- Volunteers are not paid preparers and are not required to complete Form 8867.
- Volunteers solicit information as part of the normal intake and interview process.
- The paid preparer's due diligence standards do not apply.

### Due Diligence Checklist

#### Qualifying Information

Was the taxpayer (or spouse) a nonresident alien for any part of the year? \*

Yes

No

Is the taxpayer (or spouse) a qualifying child of another person? \*

Yes

No

Did you complete the return based on information for tax year 2016 provided by the taxpayer or reasonably obtained by you? \*

Yes

No

Did you interview the taxpayer, ask adequate questions, and document the taxpayer's responses to determine that the taxpayer is eligible to claim the credit(s)? \*

Yes

No

Did you review adequate information to determine that the taxpayer is eligible to claim the credit(s) and in what amount? \*

Yes

No

Did any information provided by the taxpayer, a third party, or reasonably known to you in connection with preparing the return appear to be incorrect, incomplete, or inconsistent? \*

Yes

No

Answer according to the taxpayer's situation.

Answer "yes" if you conducted a thorough interview.

Answer "no". If the information seems inconsistent, do not prepare the return.

# Due Diligence Checklist (Continued)

Did you satisfy the record retention requirement? \*

**i** To meet the record retention requirement, did you keep a copy of any document(s) provided by the taxpayer that you relied on to determine eligibility or to compute the amount for the credit(s)?

- Yes
- No

In addition to your notes from the interview, list those documents, if any, that you relied on

None

Answer "yes", we kept all the records we relied on, and that was "None."

Did you ask the taxpayer whether he/she could provide documentation to substantiate eligibility for and the amount of the credit(s) claimed on the return? \*

- Yes
- No

Explain to the taxpayer that, if audited, they must be able to provide documentation to substantiate any credits claimed.

Did you ask the taxpayer if any credits were disallowed or reduced in a prior year? \*

- Yes
- No

Were any of these credits disallowed or reduced in a previous year? \*

- Yes
- No

Answer "yes". You should ask as part of the interview.

Did you ask adequate questions to prepare a complete and correct Form 1040, Schedule C? \*

- Yes
- No

Answer according to the situation. If yes for EIC, Form 8862 must be completed.

Qualifying Child #1 - [REDACTED]

Is this child currently, or intended to be, a qualifying child on any other individual's tax return?

- Yes
- No

The questions you see will be specific to the return you prepare. Answer according to the taxpayer's situation.

Qualifying Child #2 - [REDACTED]

Is this child currently, or intended to be, a qualifying child on any other individual's tax return?

- Yes
- No

Answer "no" even if the taxpayer would win the tiebreaker. If the answer would be "yes", mark "wish NOT to claim EIC" in the Dependents Section.

## EIC Questions

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Did you explain to the taxpayer the rules about claiming the EIC when a child is the qualifying child of more than one person (see **TIEBREAKER RULES** below), and have you determined that this taxpayer is, in fact, eligible to claim the EIC for the number of children for whom the EIC is claimed? \*

- Yes
- No

Did you explain to the taxpayer that he/she may not claim the EIC if the taxpayer has not lived with the child for over half the year, even if the taxpayer has supported the child? \*

- Yes
- No

Answer "yes" after you explain the rules to the taxpayer.



**TIEBREAKER RULES:** To determine which person can treat the child as a qualifying child, the following tiebreaker rules apply:

1. If only one of the persons is the child's parent, the child is treated as the qualifying child of the parent.
2. If the parents do not file a joint return together but both parents claim the child as a qualifying child, the IRS will treat the child as the qualifying child of the parent with whom the child lived with for the longer period of time during the year. If the child lived with each parent for the same amount of time, the IRS will treat the child as the qualifying child of the parent who had the higher adjusted gross income (AGI) for the year.
3. If no parent can claim the child as a qualifying child, the child is treated as the qualifying child of the person who had the highest AGI for the year.
4. If a parent can claim the child as a qualifying child but no parent does claim the child, the child is treated as the qualifying child of the person who had the highest AGI for the year, but only if that person's AGI is higher than the highest AGI of any of the child's parents who can claim the child.

## Child Tax Credit Questions

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Does the child reside with the taxpayer who is claiming the CTC/ACTC? \*

- Yes  
 No

Have you determined that the taxpayer has not released the claim to another person? \*

- Yes  
 No

The questions you see will be specific to the return you prepare. Answer according to the taxpayer's situation.



## American Opportunity Tax Credit Questions

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Did the taxpayer provide substantiation such as a Form 1098-T and receipts for the qualified tuition and related expenses for the claimed AOTC? \*

- Yes  
 No

Do you certify that all answers on this Form 8867 are, to the best of your knowledge, true correct and complete? \*

- Yes  
 No

Answer "yes".




## Qualifying children who are NOT the taxpayer's son or daughter

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Did you ask why the parents were not claiming the child and document the answer?

- Yes  
 No

The questions you see will be specific to the return you prepare. Answer according to the taxpayer's situation.



**NOTE:** Quality Site Requirement 2 – Intake/Interview & Quality Review Process, states:

All IRS tax law-certified volunteers are required to exercise due diligence. This means, as a volunteer, you are required to do your part when preparing or quality reviewing a tax return to ensure the information on the tax return is correct and complete. Doing your part includes: confirming a taxpayer's (and spouse, if applicable) identity and providing top-quality service by helping them understand and meet their tax responsibilities.

Generally, as an IRS tax law-certified volunteer, you can rely in good faith on information from a taxpayer without requiring documentation as verification. However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself if the information is unusual or questionable.