

2011 EIC Due Diligence - Income

Income													
Does the income appear to be sufficient to support the taxpayer and qualifying children?													
If "No," some additional inquiries might be needed										1	Yes	2	No
Taxpayers with self-employment income:													
3	Not applicable												
1 How long have you owned your business?				4									
2 Can you provide any documentation to substantiate your business?													
5	Business cards						8	Business/occupational license (if required)					
6	Business stationery						9	Other tax returns (sales/excise, employment, etc)					
7	Receipts or receipt book (with company header)						10	Advertisements (newspaper, flyer, yellow pages, etc)					
Other (list any other documentation you can provide to substantiate your business):													
11													
3 Who maintains the business records?				12									
4 Do you maintain separate banking accounts for personal and business transactions?										13	Yes	14	No
a If "Yes," what form of records was provided?													
15													
b If "No," how do you differentiate between personal and business transactions and monetary assets?													
16													
5 Were satisfactory records of income and expense provided?										17	Yes	18	No
a If "Yes," in what form were these records provided?													
19	Accounting records				23	Car/truck expenses							
20	Paid invoices/receipts				24	Ledgers							
21	Log books				25	Business bank accounts							
22	Computer records												
Other (list any other forms of documentation you can provide to support your business):													
26													
b If "No," how did you determine:													
The amount of income?				27									
The amount of expense?				28									
6 Form 1099-MISC:													
a Do you have any Forms 1099-MISC to support the income?										29	Yes	30	No
b If not, is it reasonable that the business type would not receive Form 1099-MISC?										31	Yes	32	No
7 Are the expenses consistent with the type of business?										33	Yes	34	No
8 Are the amounts of expense reasonable?										35	Yes	36	No
9 Are any expenses that are typical for this type of business missing?										37	Yes	38	No
10 List any other documentation you can provide related to your business:													
39													

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