

 Preparer Due Diligence - Income Documentation Assistance

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?..... Brief description of business.....
Where do you conduct business?.....
- 2 What services do you perform?..... How much do you charge for them?....
- 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 they 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 stationery ☐ Other tax returns (sales/excise, employment, etc.)
☐ Receipts or receipt book (with company header) ☐ Advertisements (newspaper, flier, 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," in what form were the records 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 ☐ Computer records ☐ Log books ☐ Business ba
☐ Paid invoices/receipts ☐ Car/truck expenses ☐ Ledgers
List any other forms of income/ expense documentation provided.....
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
- 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