

Due Diligence Guide

Before you file a return claiming covered credits or head of household

Use this guide for each applicable return. It supplements, and does not replace, Form 8867. Confirm eligibility under the rules for the tax year being prepared. Check only steps actually completed; record unresolved issues before filing.

Identify the benefits and responsible preparer

- ☐ Record the tax year and identify each applicable benefit: EITC; CTC, ACTC or ODC; AOTC; and head of household filing status.
- ☐ Identify who determined eligibility and credit amounts. Coordinate responsibilities when more than one paid preparer works on the return.

Complete the four required steps

- ☐ **Form 8867.** Complete accurate answers and follow the submission rules for your role and filing method. A nonsigning preparer provides the form to the signing preparer.
- ☐ **Computations.** Complete and retain the applicable credit worksheets or equivalent records showing the calculation and information used.
- ☐ **Knowledge.** Address information that appears incorrect, inconsistent or incomplete. Make reasonable follow-up inquiries and document the questions and answers contemporaneously.
- ☐ **Retention.** Save Form 8867, computations, inquiry records, information-source details, and copies of taxpayer documents relied on for the covered benefits.

Interview for the actual facts

- ☐ Ask about family relationships, living arrangements, ages, support and other possible claimants as relevant. Do not assume last year's household facts remain unchanged.
- ☐ For self-employment, discuss the business activity, how income and expenses were tracked, and any unusual figures. Investigate a business with income but no apparent expenses.

Stop point: If the information is insufficient to determine eligibility or prepare an accurate return, pause the affected claim and obtain clarification. A client signature does not replace your due diligence.

Need help protecting your tax practice? [Schedule a confidential consultation](#) | (770) 829-0529

Sources [Treasury Regulation 1.6695-2](#); [IRS Form 8867 instructions](#); [IRS due diligence requirements](#). Reviewed October 22, 2026.

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