

Tax Preparer Protection Guide

A practical self review for tax return preparers and tax business owners

Use this guide before filing season and during routine file reviews. Check an item only when the step is complete and your records support it. Assign an owner and deadline to every unchecked item.

01 Know your client and the return

- ☐ **Confirm identity and engagement.** Verify taxpayer identity, confirm who is requesting services, and document the scope of the engagement.
- ☐ **Refresh the facts each year.** Ask about household members, marital status, dependents, income sources, business activity, and education expenses. Do not automatically carry forward prior answers.
- ☐ **Resolve warning signs.** Follow up on conflicting addresses, duplicate dependent claims, unexplained income, questionable documents, or figures that appear manufactured.
- ☐ **Pause unsupported claims.** Obtain enough reliable information to prepare an accurate return. Do not invent income, expenses, dependents, or credits to reach a desired refund.

02 Perform and document due diligence [1]

- ☐ **Apply all four requirements.** Complete and submit Form 8867 as required, compute applicable credits, meet the knowledge requirement, and retain required records for EITC, CTC/ACTC/ODC, AOTC, and HOH.
- ☐ **Ask specific questions.** Establish the facts relevant to each benefit, including relationship, residency, support, household costs, earned income, or education eligibility as applicable.
- ☐ **Record follow up when it happens.** When information appears incorrect, inconsistent, or incomplete, make reasonable inquiries and contemporaneously document the questions and answers.
- ☐ **Check the software answers.** Verify that Form 8867 and document selections reflect the actual interview, inquiries, and records. A software guide does not replace your judgment.

03 Keep a file that supports your work [1, 2]

- ☐ **Save the required records.** Retain Form 8867, credit computations, inquiry notes, and records showing how, when, and from whom relevant information was obtained.
- ☐ **Keep documents relied on.** Retain copies of taxpayer provided documents relied on for covered credits or HOH. Merely reviewing them is insufficient. No single document list fits every taxpayer.
- ☐ **Adopt a six year retention policy.** We recommend keeping preparation and due diligence files for at least six years, beyond the three year minimum under Treasury Regulation 1.6695-2(b)(4). Preserve records longer for investigations, litigation, or other legal obligations.
- ☐ **Finish the filing record.** Obtain signed Form 8879 before transmission when required; retain it for three years from the return due date or IRS received date, whichever is later. Save acknowledgments.

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Protect your filing access and prepare your business to respond

04 Protect your PTIN and EFIN [3]

- ☐ **Verify filing credentials.** Confirm each paid preparer has a valid PTIN for the filing year and that the firm has appropriate e-file approval before transmitting returns.
- ☐ **Update your e-file application.** Report applicable changes within 30 days, including addresses, principals, responsible officials, and contact information. Review requirements before adding locations.
- ☐ **Control submissions under your EFIN.** Do not sell, rent, or transfer your EFIN. Restrict transmission access to specifically authorized personnel, document approval procedures, and promptly revoke access when relationships end.
- ☐ **Monitor activity and suitability.** Compare EFIN filing counts with your records weekly during filing season. Address unexpected activity promptly and review personal and business tax filing and payment compliance.

05 Strengthen office safeguards [4]

- ☐ **Maintain a written security plan.** Implement and review your Written Information Security Plan, assign responsibility, and train employees to recognize phishing and data theft.
- ☐ **Secure taxpayer information.** Use multifactor authentication, individual accounts, encrypted storage and transmission, restricted permissions, and tested backups.
- ☐ **Train and review.** Give staff written preparation and due diligence procedures. Sample completed files, document deficiencies, and confirm corrective steps are followed.
- ☐ **Control outside access.** Review software providers and contractors, confidentiality obligations, security practices, and applicable consent requirements before sharing taxpayer data.

06 Respond carefully to IRS concerns

- ☐ **Route notices immediately.** Save the notice and envelope, calendar every response and appeal deadline, and identify whether it concerns a taxpayer, preparer penalty, or e-file suitability.
- ☐ **Preserve the original evidence.** Secure returns, notes, emails, texts, source files, and audit logs. Do not delete, backdate, or rewrite records. Identify any later explanation by its actual date.
- ☐ **Seek legal advice early.** If contacted by IRS Criminal Investigation or served with a subpoena or warrant, promptly contact defense counsel and seek advice before a voluntary interview.
- ☐ **Respond truthfully and meet obligations.** Do not guess or coordinate accounts with others. Have counsel assess response duties, deadlines, privilege, and potential conflicts; do not obstruct lawful process.

Need help protecting your tax practice? The Walton Firm defends tax professionals facing due diligence penalties, EFIN/ERO matters, PTIN injunctions, IRS summons and subpoena responses, criminal tax investigations, and criminal tax defense. [Schedule a confidential consultation](#) or call (770) 829-0529.

References [1] [IRS due diligence requirements](#) and [Treas. Reg. 1.6695-2](#). [2] [Form 8879 instructions](#). [3] [IRS EFIN guidance](#). [4] [IRS Publication 4557](#). References reviewed October 22, 2026.

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