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Earned Income Credit (EIC) Due Diligence Taxpayer's Interview Guide

(To review documents need refer to [886-H-EIC](#))

Taxpayer Name: _____ Tax Year: _____

Part 1: Taxpayer Eligibility Questions

(1) Taxpayer's AGI: \$ _____

(2) Does the taxpayer have a valid SSN? ☐ Yes ☐ No

a. If yes: did taxpayer provide the following:

☐ SSN card for taxpayer

☐ SSN card for spouse (if filing jointly)

☐ SSN card for qualifying child _____

☐ SSN card for qualifying child _____

☐ SSN card for qualifying child _____

(3) Is Taxpayer: ☐ Single ☐ Married ☐ Separated

i. If married, has the taxpayer been separated from spouse for at least 6 months?

☐ Yes ☐ No

(4) Is the taxpayer a U.S. Citizen or Resident Alien for all of the year?

☐ Yes ☐ No

(5) Did the taxpayer file Form 2555 (foreign income)? ☐ Yes ☐ No

a. If Yes, EITC not allowed

(6) Did the taxpayer have investment income? ☐ Yes ☐ No

a. If yes, is income more than \$11,600? ☐ Yes ☐ No

i. If Yes, EITC not allowed

(7) Did the taxpayer earn income (wages or self-employment)? ☐ Yes ☐ No

i. If No, EITC not allowed

Check all that applies

☐ Wages

☐ W-2 Form (from employer)

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☐ Self-employment & Gig Workers

☐ 1099-NEC (for independent contractors)

☐ 1099-K (for payments through PayPal, Stripe, etc.)

☐ Profit & Loss Statement (business income records)

☐ Invoices, receipts, or redacted bank statements (business only)

If none are checked, complete Schedule C income due diligence questions.

(8) Did taxpayer provide you with Identification: ☐ Yes ☐ No

If yes, which one? ☐ driver licenses (DL) ☐ identification card (ID)

If No, please request driver licenses or Identification.

Is DL or ID expired? ☐ Yes ☐ No

If Yes, then need to require unexpired DL or ID.

Is address the same on tax return and DL or ID? ☐ Yes ☐ No

If no, complete the different address due diligence questions.

Part 2: Qualifying Child Tests

Relationship Test:

Check child(ren) claim by taxpayer:

(1) ☐ son or daughter

☐ Child _____ birth certificate

☐ Child _____ birth certificate

☐ Child _____ birth certificate

If father is taxpayer, is father's name on birth certificate? ☐ Yes ☐ No

If no, do not use birth certificate

If birth certificate cannot be used, did father provide?

☐ other records or documents proving him as the parent (paternity test, adoption papers, etc.)

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**If no, complete relationship test
for father due diligence questions.**

- (2) ☐ brother, sister, half-brother or half-sister

Did taxpayer provide?

- ☐ Taxpayer birth certificate
- ☐ Child _____ birth certificate
- ☐ Child _____ birth certificate
- ☐ Child _____ birth certificate
- ☐ Taxpayer brother or sister birth certificate to show they have the same mother and/or father (common parent)

If no, complete chain of relationship test for brother and sister.

- (3) ☐ stepbrother, stepsister, stepson, stepdaughter, step-grandchild, step-great grandchild

Did taxpayer provide?

- ☐ Taxpayer birth certificate
- ☐ Child _____ birth certificate
- ☐ Child _____ birth certificate
- ☐ Child _____ birth certificate
- ☐ Taxpayer stepbrother or stepsister birth certificate to prove the name to prove relationship and common parents.
- ☐ Marriage certificate of their taxpayer to spouse, mother/father, child

If no, complete chain of relationship test for stepbrother, stepsister, stepson, stepdaughter, step-grandchild, step-great grandchild

- (4) ☐ grandchild

Did taxpayer provide?

- ☐ Taxpayer birth certificate
- ☐ Child _____ birth certificate
- ☐ Child _____ birth certificate
- ☐ Child _____ birth certificate
- ☐ Taxpayer son or daughter birth certificate to prove that he or she is son or daughter parent.

If no, complete chain of relationship test for grandchild

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(5) ☐ niece or nephew

Did taxpayer provide?

☐ Taxpayer birth certificate

☐ Child _____ birth certificate

☐ Child _____ birth certificate

☐ Child _____ birth certificate

☐ Taxpayer brother or sister birth certificate

☐ Taxpayer, brother or sister-mother or father birth certificate

If no, complete chain of relationship test for nephew or niece

Age Test:

Is child under 19 years old and under the age of taxpayer at the end of the year?

☐ Yes ☐ No

If no, is child under 24 years old, a full-time student, and under the age of taxpayer at the end of the year? ☐ Yes ☐ No

Is yes, did Taxpayer provide?

☐ Student verification for child _____ proving full-time student.

☐ Student verification for child _____ proving full-time student.

☐ Student verification for child _____ proving full-time student.

If no, is child any age and permanently disabled during the year?

☐ Yes ☐ No

Did Taxpayer provide?

☐ Permanently disabled verification for child _____

☐ Permanently disabled verification for child _____

☐ Permanently disabled verification for child _____

If none apply, does not qualify EITC with child (ren), go to EITC with no dependents.

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Residency Test:

Did child leave with you at least half of the year? ☐ Yes ☐ No

If yes, check documents provided by taxpayer:

☐ School records (report card, enrollment letter with address)

Do school records have taxpayer's name and correct address? ☐ Yes ☐ No

☐ Medical records (insurance statement, immunization record)

Do medical records have taxpayer's name and correct address? ☐ Yes ☐ No

☐ Lease or utility bill

Does lease have child(ren)'s name as an occupant? ☐ Yes ☐ No

If no, lease cannot be used

☐ Statement from a landlord, social worker, or shelter

Does statement from landlord, social worker or shelter have child(ren)'s name as an occupant? ☐ Yes ☐ No

If no, statement cannot be used

☐ Childcare records

Does childcare record have taxpayer's address? ☐ Yes ☐ No

If no, childcare records cannot be used.

If no records for residency provided, complete due diligence questions for residency.

Joint Return Test:

Did the qualifying child file a joint return? ☐ Yes ☐ No

Can the qualified child be claimed by anyone else claiming EIC? ☐ Yes ☐ No

Can you be claimed by anyone else? ☐ Yes ☐ No

If no qualified child

- Is taxpayer over the age of 19? ☐ Yes ☐ No
 - If no, taxpayer does not qualify for EITC.
 - If yes,
 - Are you a dependent of someone else? ☐ Yes ☐ No
 - Can you be a qualifying child of anyone else? ☐ Yes ☐ No
 - Lived in the United States for half of the year? ☐ Yes ☐ No

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Part 3: Due Diligence Summary (Form 8867 Alignment)

- ☐ Eligibility Certification – Interview completed, eligibility confirmed.
- ☐ Computation Verification – Credit correctly calculated and worksheet retained.
- ☐ Knowledge Requirement – Asked probing questions and documented responses on due diligence notes.
- ☐ Recordkeeping – Retained all supporting documents for 3 years.

Part 4: Preparer Attestation

I certify that I have completed all required Earned Income Credit due diligence procedures and maintained supporting documentation as required under IRC §6695(g) and Treasury Regulation §1.6695-2.

Preparer Name: _____

Preparer Signature: _____ Date: _____

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IRS e-File Provider Compliance Checklist

1. General Information Verification

- ☐ EFIN(s) and related information are accurate
- ☐ Firm DBA Name & Legal Name are correct
- ☐ Principal & Responsible Official Name(s) are up to date
- ☐ Firm TIN (Taxpayer Identification Number) is accurate

2. Continuous Suitability of Firm/Principal/Responsible Official ([*IRS Pub. 3112, Page 8 and 15*](#))

- ☐ No criminal indictment, conviction, or active IRS criminal investigation
- ☐ All federal, state, and local tax returns are filed accurately and on time
- ☐ All income from e-file activity has been reported on federal, state, and local tax returns
- ☐ No outstanding tax liabilities (federal, state, local)
- ☐ No fraud penalties assessed
- ☐ No suspension or disbarment from tax practice
- ☐ No identity theft or misrepresentation on IRS e-file applications
- ☐ No unethical practices in tax preparation
- ☐ No participation in IRS e-file stockpiling
- ☐ No affiliation with individuals or firms denied IRS e-file participation

3. IRS e-File Application Compliance ([*IRS Pub. 3112, Page 10 and 12*](#))

- ☐ IRS e-file application is kept up to date (updated within 30 days of changes)
- ☐ Business structure and EIN remain unchanged (if changed, a new application is submitted)

4. Business Operations Compliance ([*IRS Pub. 3112, Page 10*](#))

- ☐ New business locations are registered with separate EFINS
- ☐ Only Electronic Return Originators (EROs) submit returns
- ☐ All EFIN holders own the businesses operating under their EFIN

5. Taxpayer Identification Compliance ([*IRS Pub. 1345, Page 10*](#))

- ☐ Verification of taxpayer identity (SSN, ITINs for taxpayers, spouses, dependents)
- ☐ Taxpayer identity documents are in file (two forms of ID for taxpayers)



6. Tax Preparation Process Compliance ([*IRS Pub. 1345, Page 22*](#))

- ☐ Returns are filed using official tax forms (W-2s, 1099s) and not last paycheck stubs
- ☐ No stockpiling of tax returns (returns are filed within 3 days of receipt of all necessary documents)
- ☐ ERO ensures compliance with IRS submission requirements

7. E-File Process Compliance ([*IRS Pub. 1345, Pages 18-20 and 48*](#))

- ☐ IRS e-file Signature Authorization (Form 8879) is used correctly
- ☐ Electronic signatures follow IRS guidelines (remote transaction security is verified)
- ☐ Handling of rejected returns follows IRS procedures
- ☐ Taxpayers receive a complete copy of their tax return post-transmission
- ☐ Tax return signatures comply with IRS rules (Self-Select PIN or Practitioner PIN)

8. Documentation, Record Retention, and Acknowledgment ([*IRS Pub. 1345, Page 24*](#))

- ☐ Form 8453 and supporting documents are retained until year-end
- ☐ Copies of W-2s, W-2Gs, and 1099-Rs are on file
- ☐ Signed IRS e-file consent and disclosure forms are stored securely
- ☐ IRS e-file acknowledgment files are maintained

9. Taxpayer Information Security ([*IRS Pub. 3112, Page 14*](#))

- ☐ Taxpayer information is safeguarded (password-protected systems, encrypted storage)
- ☐ Written Information Security Plan (WISP) is in place
- ☐ Websites collecting taxpayer information are registered with the IRS

10. Advertising Compliance ([*IRS Pub. 3112, Page 17*](#))

- ☐ No false, fraudulent, misleading, or deceptive advertising statements
- ☐ Loan product advertisements are clearly displayed and compliant with IRS rules
- ☐ Social media and print advertisements comply with IRS standards

11. Compliance with Tax Refund Product Rules ([*IRS Pub. 1345, Page 38*](#))

- ☐ Refund Anticipation Loan (RAL) and Refund Anticipation Check (RAC) applications comply with IRS rules
- ☐ Proper disclosures for refund products (e.g., refund from IRS vs. RAL provider)
- ☐ Loan-related fees and terms are clearly disclosed to taxpayer



12. IRS Monitoring and Potential Sanctions

- ☐ IRS e-file submissions are reviewed for defects and rejects
- ☐ Signature requirements on returns are adhered to
- ☐ Advertising materials comply with IRS regulations
- ☐ Tax compliance of firm, principals, and responsible officials is verified
- ☐ Sanction levels (if violations are found):

IRS e-file Monitoring Visitations ([*IRS Pub. 3112, Page 19*](#))

The IRS monitors Providers through review of IRS records and during visits to the Providers' office and other locations where Providers perform IRS e-file activities. During monitoring visits, the IRS may investigate complaints and ensure compliance with the IRS e-file rules. Monitoring may include, but not limited to the following: (*Current Tax Year*)

- Reviewing the quality of IRS e-file submissions for rejects and other defects
- Checking adherence to signature requirements on returns
- Scrutinizing advertising material
- Review records
- Observing office and security procedures
- Checking Tax Compliance on the Firm, Principals, and Responsible officials and pursuing non-compliance

Documents the IRS may request during an E-file Monitoring Visitation

- All Forms 1040 and your accompanying client files you transmitted during the current filing season. (From January 1, 2025, through the date of the appointment above¹)
- Form 8879, IRS e-file signature authorization, for all Forms 1040 transmitted to the IRS for the current filing season.
- E-File acknowledgement reports from your tax preparation software.
- Fee Schedule for your tax preparation/e-filing services.
- Fee Schedule for any refund loan or refund advance products you offer.
- Advertising materials for your tax preparation/e-file business (print ads, flyers, website address, etc.)
- Name and PTINs of all individuals transmitting returns they prepares under your EFIN.

¹ Current Tax Year



What to expect during the visit

- Interview with the EFIN/ERO provider
- Tour of your office
- Review of a selected number of transmitted income tax returns, including accompanying schedules and other documentation
- Check the tax compliance of the firm and all principals and responsible office (both personal and business returns)
- Up to 8 hours for on-site interview and review of files and possibly may return to complete if not complete with the visit.

What to expect after the visit

- After the visit, the IRS will issue a Summary of Findings
- If violations are identified, the IRS may advise the board of either a proposed, recommended, or immediate sanction.

Levels of Infractions ([*IRS Pub. 3112, Page 20*](#))

- **Level One Infractions-** Level One Infractions are violations of IRS *e-file* rules and requirements that, in the opinion of the IRS, have little or no adverse impact on the quality of electronically filed returns or on IRS *e-file*. The IRS may issue a written reprimand or other sanctions for a Level One Infraction.
 - **Example:** EFIN holder has not updated contact information and entity information in E-services
- **Level Two Infractions-** Level Two Infractions are violations of IRS *e-file* rules and requirements that, in the opinion of the IRS, have an adverse impact upon the quality of electronically filed returns or on IRS *e-file*. Level Two Infractions include continued Level One Infractions after the IRS has brought the Level One Infraction to the attention of the Authorized IRS *e-file* Provider (Provider). A Level Two Infraction may result in suspension from participation in the IRS *e-file* for one or two years, depending on the severity of the infraction.
 - **Example:** EFIN does not report income from the EFIN related activity.
 - **Example:** EFIN does not maintain security for all records.
- **Level Three Infractions-** Level Three Infractions are violations of IRS *e-file* rules and requirements that, in the opinion of the IRS, have a significant adverse impact on the quality of electronically filed returns or on IRS *e-file*. Level Three Infractions include continued Level Two Infractions after the IRS has brought the Level Two Infraction to the attention of the Provider. A Level Three Infraction may result in suspension from participation in IRS *e-file* for two years, or depending on the severity of the infraction, such as identity theft, fraud or criminal conduct. It may result in an immediate suspension or expulsion without the opportunity for future participation. The IRS reserves the right to suspend or expel a Provider prior to administrative review for Level Three Infractions.
 - **Example:** EFIN holder/ERO has secured EFINS for use by non-related third-party preparers. The IRS calls this a straw provider.



What to do if a Sanction is proposed? ([IRS Pub. 3112, Page 21](#))

- You must request that the administrative review board consider additional information, if any, in writing within 30 calendar days of the proposed, recommended, or immediate sanction.
- If the administrative review board agrees with the IRS and upholds the proposed, recommended, or immediate sanction, you must appeal within 30 calendar days.
- If the IRS recommends an immediate sanction to the board, the immediate sanction will stay in place until the board reverses the decision, or the appeal department of the IRS reverses the decision.