

Income Due Diligence

(This page is not filed with the return. It is for your records only.)

2021

Name(s) as shown on return

Tax ID Number

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 these services? _____

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 these items 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?

- | | |
|---|--|
| <input type="checkbox"/> Business cards | <input type="checkbox"/> Business/occupational license (if required) |
| <input type="checkbox"/> Business stationary | <input type="checkbox"/> Other tax returns (sales/excise, employment, etc.) |
| <input type="checkbox"/> Receipts or receipt book (with company header) | <input type="checkbox"/> Advertisements (newspaper, flyer, 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," what form of records were 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?

- | | |
|---|---|
| <input type="checkbox"/> Accounting records | <input type="checkbox"/> Log books |
| <input type="checkbox"/> Paid invoices/receipts | <input type="checkbox"/> Ledgers |
| <input type="checkbox"/> Computer records | <input type="checkbox"/> Business bank accounts |
| <input type="checkbox"/> Car/truck expenses | |

Other (list any other forms of documentation you can provide to support your business):

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