

Income Due Diligence

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

2023

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?
 Business cards Business/occupational license (if required)
 Business stationary Other tax returns (sales/excise, employment, etc.)
 Receipts or receipt book (with company header) 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?

- Accounting records Log books
- Paid invoices/receipts Ledgers
- Computer records Business bank accounts
- 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

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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

14. If no (or low) expenses, why are they so low?

15. If high expenses or a loss, why are they so high?

16. If high expenses or a loss, how are you able to pay these expenses and keep this business open?

17. List any other information you can provide related to your business:

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|---------------------------|------|--|------|
| Your signature | Date | Spouse's signature. If joint return, BOTH must sign. | Date |
| Paid preparer's signature | Date | | |