

Paid Preparer's Earned Income Credit Checklist

▶ **Do not send to the IRS. Keep for your records.**

For the definitions of the following terms, see **Pub. 596** for the year for which you are completing this form.

- **Investment Income** ● **Qualifying Child** ● **Earned Income**

A Taxpayer's name ▶

B If joint return, spouse's name ▶

Part I All Taxpayers

<p>1 Year after 2005 for which you are completing this form ▶</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>2 Is the taxpayer's filing status married filing separately?</p> <p style="padding-left: 20px;">▶ If you checked "Yes" on line 2, stop; the taxpayer cannot take the EIC. Otherwise, continue.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>3 Does the taxpayer (and the taxpayer's spouse if filing jointly) have a social security number (SSN) that allows him or her to work or is valid for EIC purposes? See the instructions before answering</p> <p style="padding-left: 20px;">▶ If you checked "No" on line 3, stop; the taxpayer cannot take the EIC. Otherwise, continue.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>4 Is the taxpayer filing Form 2555 or Form 2555-EZ (relating to the exclusion of foreign earned income)?</p> <p style="padding-left: 20px;">▶ If you checked "Yes" on line 4, stop; the taxpayer cannot take the EIC. Otherwise, continue.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>5a Was the taxpayer a nonresident alien for any part of the year on line 1?</p> <p style="padding-left: 20px;">▶ If you checked "Yes" on line 5a, go to line 5b. Otherwise, skip line 5b and go to line 6.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>b Is the taxpayer's filing status married filing jointly?</p> <p style="padding-left: 20px;">▶ If you checked "Yes" on line 5a and "No" on line 5b, stop; the taxpayer cannot take the EIC. Otherwise, continue.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>6 Is the taxpayer's investment income more than the limit that applies to the year on line 1? See Pub. 596 for the limit</p> <p style="padding-left: 20px;">▶ If you checked "Yes" on line 6, stop; the taxpayer cannot take the EIC. Otherwise, continue.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>7 Could the taxpayer, or the taxpayer's spouse if filing jointly, be a qualifying child of another person for the year on line 1?</p> <p style="padding-left: 20px;">▶ If you checked "Yes" on line 7, stop; the taxpayer cannot take the EIC. Otherwise, go to Part II or Part III, whichever applies.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>

Part III Taxpayers Without a Qualifying Child

<p>16 Was the taxpayer's main home, and the main home of the taxpayer's spouse if filing jointly, in the United States for more than half the year? (Military personnel on extended active duty outside the United States are considered to be living in the United States during that duty period. See Pub. 596.)</p> <p>▶ If you checked "No" on line 16, stop; the taxpayer cannot take the EIC. Otherwise, continue.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>17 Was the taxpayer, or the taxpayer's spouse if filing jointly, at least age 25 but under age 65 at the end of the year on line 1?</p> <p>▶ If you checked "No" on line 17, stop; the taxpayer cannot take the EIC. Otherwise, continue.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>18 Is the taxpayer, or the taxpayer's spouse if filing jointly, eligible to be claimed as a dependent on anyone else's federal income tax return for the year on line 1?</p> <p>▶ If you checked "Yes" on line 18, stop; the taxpayer cannot take the EIC. Otherwise, continue.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>19 Are the taxpayer's earned income and adjusted gross income each less than the limit that applies to the taxpayer for the year on line 1? See Pub. 596 for the limit</p> <p>▶ If you checked "No" on line 19, the taxpayer cannot take the EIC. If you checked "Yes" on line 19, the taxpayer can take the EIC. If the taxpayer's EIC was reduced or disallowed for a year after 1996, see Pub. 596 to find out if Form 8862 must be filed. Go to line 20.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Part IV Due Diligence Requirements

<p>20 Did you complete Form 8867 based on information provided by the taxpayer or reasonably obtained by you?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>21 Did you complete the EIC worksheet found in the Form 1040, 1040A, or 1040EZ instructions (or your own worksheet that provides the same information as the 1040, 1040A, or 1040EZ worksheet)?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>22 Did you comply with the knowledge requirements? (To comply with the knowledge requirements, you must not know or have reason to know that any information used to determine the taxpayer's eligibility for, and the amount of, the EIC is incorrect. You may not ignore the implications of information furnished to or known by you, and you must make reasonable inquiries if the information furnished appears to be incorrect, inconsistent, or incomplete.)</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>23 Did you keep the following records?</p> <ul style="list-style-type: none"> • Form 8867 (or your own form or files), • The EIC worksheet(s) or your own worksheet(s), and • A record of how, when, and from whom the information used to prepare the form and worksheet(s) was obtained <p>▶ If you checked "Yes" on lines 20, 21, 22, and 23, and keep the records described on line 23 for 3 years (see instructions), you have complied with all the due diligence requirements.</p> <p>▶ If you checked "No" on line 20, 21, 22, or 23, you have not complied with all the due diligence requirements and may have to pay a \$100 penalty for each failure to comply.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

General Instructions



Do not use this form for a year before 2006. Instead, use the November 2002 version of the form for years after 2001 but before 2006.

Purpose of Form

Paid preparers of federal income tax returns or claims for refund involving the earned income credit (EIC) must meet the due diligence requirements in determining if the taxpayer is eligible for, and the amount of, the EIC. Failure to do so could result in a \$100 penalty for each failure. See Internal Revenue Code section 6695(g) and Part IV of this form.

Specific Instructions

Line 2

If the taxpayer was married at the end of the year, he or she must usually file a joint return to take the EIC. However, if the taxpayer and his or her spouse did not live together for the last 6 months of the year, the taxpayer may be eligible to use the head of household filing status. See Pub. 501 for details.

Line 3

For purposes of taking the EIC, an SSN issued by the Social Security Administration (SSA) is not valid if "Not Valid for Employment" is printed on the social security card **and** the number was issued solely to apply for or receive a federally funded benefit. Any other SSN issued by the SSA is valid for EIC purposes. You may find it useful to look at the social security card.

Line 8

Enter only the child's first name unless both children have the same first name. In that case, enter other identifying information to distinguish between the two children.

Line 9

An **adopted child** is treated as the taxpayer's child by blood. An adopted child is a legally adopted child of the taxpayer, or an individual who is lawfully placed with the taxpayer for legal adoption by the taxpayer.

A **descendant** usually refers to a grandchild or great-grandchild of the taxpayer, or to a child, grandchild, or great-grandchild of the taxpayer's brother, sister, stepbrother, or stepsister.

A **foster child** is a child placed with the taxpayer by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Line 10

If the child is married and the child's other parent claimed him or her as a dependent under the special rules for children of divorced or separated parents, check "Yes."

Line 11

Even if the child did not live with the taxpayer for the required time, check "Yes" if the exception for a child who was born or died during the year applies. Also, temporary absences may count as time lived at home. Military personnel on extended active duty outside the United States are considered to be living in the United States during that duty period. For details, see Pub. 596.

Line 13c

If you checked "Yes" on line 13a, the child meets the conditions to be a qualifying child of both the taxpayer and at least one other person. However, only one person can take the EIC and other benefits listed below based on that child. The other person(s) cannot take the EIC for people who do not have a qualifying child, but may be able to take the EIC and the other benefits based on a different qualifying child.

The taxpayer and the other person(s) can decide which of them (if otherwise eligible) will take the following tax benefits based on the qualifying child.

- The dependency exemption.
- The child tax credit.
- Head of household filing status.
- The credit for child and dependent care expenses.
- The exclusion for dependent care benefits.
- The EIC.

The other person(s) cannot take any of the six tax benefits listed above unless he or she has a different qualifying child. But there is an exception to this rule if the special rule for divorced or separated parents applies, because the noncustodial parent can claim an exemption and the child tax credit for the child. See *Rule 9* in Pub. 596.

Tiebreaker rules. If the taxpayer and the other person(s) cannot agree and more than one person claims the EIC or the other tax benefits listed on this page using the same child, the IRS will apply the following rules.

- If only one of the persons is the child's parent, the child will be treated as the qualifying child of the parent.
- If both persons are the child's parents, the child will be treated as the qualifying child of the parent with whom the child lived for the longer period of time during the year entered on line 1. If the child lived with each parent for the same amount of time, the child will be treated as the qualifying child of the parent who had the higher adjusted gross income (AGI) for the year entered on line 1.
- If none of the persons are the child's parent, the child will be treated as the qualifying child of the taxpayer who had the highest AGI for the year entered on line 1.

Line 14

See the line 3 instructions for the definition of a valid SSN. If the child does not have a valid SSN because he or she was born and died during the year entered on line 1, check "Yes."

Line 23

You must keep the records described on line 23 for 3 years. The 3-year period begins the June 30th following the date you give the return or claim to the taxpayer to sign. These records may be kept on paper or electronically in the manner described in Revenue Procedure 97-22 (or later update). Revenue Procedure 97-22 is on page 9 of Internal Revenue Bulletin 1997-13, which is available at www.irs.gov/pub/irs-irbs/irb97-13.pdf.

Paperwork Reduction Act Notice. We ask for you to obtain the information on this form to carry out the Internal Revenue laws of the United States. You are required to obtain this information.

You are not required to obtain the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping, 10 min.; **Learning about the law or the form**, 14 min.; and **Preparing the form**, 48 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. **Do not** send the form to this address. Instead, keep it for your records.

