

IRS News Release

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IRS Issues Proposed Regulations Which Would Require Tax Preparers to File Due Diligence Checklist with All Earned Income Tax Credit Claims Submitted in 2012

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WASHINGTON —The Internal Revenue Service announced today that it is issuing proposed regulations that would require paid tax return preparers, beginning in 2012, to file a due diligence checklist, Form 8867, with any federal return claiming the Earned Income Tax Credit (EITC). It is the same form that is currently required to be completed and retained in a preparer's records.

The due diligence requirement, enacted by Congress over a decade ago, was designed to reduce errors on returns claiming the EITC, most of which are prepared by tax professionals.

The IRS created [Form 8867](#), Paid Preparer's Earned Income Credit Checklist, to help preparers meet the requirement by obtaining eligibility information from their clients. Preparers have been required to keep copies of the form, or comparable documentation, which is subject to review by the IRS. To help ensure compliance with the law and that eligible taxpayers receive the right credit amount, the proposed regulations would require preparers, effective Jan. 1, 2012, to file the Form 8867 with each return claiming the EITC.

Further details can be found in REG-140280-09. Comments on the proposed regulations are due by Nov. 10, 2011, and a public hearing on the proposed regulations is scheduled for Nov. 7, 2011.

The EITC benefits low-and moderate-income workers and working families and the tax benefit varies by income, family size and filing status. Unlike most deductions and credits, the EITC is refundable — taxpayers can get it even if they owe no tax. For 2011 tax returns, the maximum credit will be \$5,751.

Although as many as one in five eligible taxpayers fail to claim the EITC, some of those who do claim it either compute it incorrectly or are ineligible. The IRS is proposing this step as part of its efforts to ensure that the credit is afforded to taxpayers who qualify. For 2009, over 26 million people received nearly \$59 billion through the EITC. Tax professionals prepare close to 66 percent of these claims.

More information about [EITC](#) and the [due diligence](#) requirement for tax return preparers is available on IRS.gov.