

Well, good morning and thank you, Tanya, for that introduction. Before I begin, I do have a quick question for the room. By show of hands, how many of you are here and attended my session on last year? Okay. So, a few of you. I thought I recognized a few faces as you entered. I think you enjoyed my session so much last year that you decided to come back again this year. We're becoming like extended family, getting together once a year for our family reunion.

Now for those of you who are new, welcome and I thank you for joining me today. Now at this reunion we are missing the real food, but I do have some food for thought for you. I'm going to share why, how, and when the IRS communicates -

with paid tax preparer such as yourselves regarding the various credits and the filing status for your due diligence requirements. You will learn about educational and compliance treatments done by the IRS, training resources and tools that will help you in meeting your due diligence requirements. So, let's begin. I am going to share the methods we use to communicate when a paid tax preparer is not meeting their due diligence requirements. These methods include letters, phone calls, educational knock and talk visits or as we call them KTVs which are done in person. And last but not least, we will talk about compliance, due diligence examinations which can be done in person or via correspondence mail.

Now there are consequences for failing to meet your due diligence requirements. Those requirements – those consequences include client audits, penalties, injunctions, referrals to our criminal investigation office or the office of professional responsibility. And finally, before we end our family reunion, I will share resources that we have to assist you in meeting your due diligence and I will have those resources will include the consequences as well.

Before we proceed, I will share the same thing that I shared on last year. The IRS loves acronyms. So instead of repeating words over and over again, I will use acronyms, for example, once I say Earned Income Tax Credit, afterwards you will –

hear me simply say EITC. Now in 2017 the Tax Cut and Jobs Act passed by Congress increased the number of preparers who are now required to complete and file the Form 8867, Paid Preparers Due Diligence Checklist. Beginning with tax year 2018 returns, the Internal Revenue Code or as we call it I.R.C. 6695(g) imposes a penalty for the failure to be diligent in determining eligibility for certain tax benefits. This applies to paid preparers who complete tax returns or claims for a refund containing the Earned Income Tax Credit, the Child Tax Credit, the Additional Child Tax Credit, the Credit for Other Dependents –

the American Opportunity Tax Credit and/or the Head of Household filing status. Now we are going to briefly review the four due diligence requirements. But don't worry, this

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seminar is not an in-depth discussion on the requirements, but I promise this will help you better understand the IRS's preparer's compliance efforts and it's always good to have a refresher.

It's vital that you don't forget to complete and include the Form 8867, Paid Preparer's Due Diligence Checklist for every return you prepare with any of the credits and the head of household filing status. Now, while this can serve as a reminder to ask all relevant questions to help ensure the information –

your clients provide is correct and complete, it is not a substitute for your due diligence. If you prepare paper returns, including any of the credits and/or the head of household filing status, be sure to complete the Form 8867 and attach it to the return or claim for refund that will be sent to the IRS. Now if you give this to your clients for them to mail in the return, let them know how important it is to include the Form 8867 with the tax return when it is mailed. And here is a little head's up, yes, the form will be revised again for tax year 2019. In addition to the form that you must complete and submit, you should also compute –

the credits based on the facts. When computing the credits, make sure you complete the appropriate worksheets for each credit based on the information provided by your client or the information you reasonably obtained or know. You can choose to complete your own worksheets that include the same information as the official ones, or you can decide to use the worksheets included in most professional tax preparation software.

Also, remember to ask questions to meet the knowledge requirement. As a part of performing your due diligence, you can use your education, your experience and interview expertise to detect anything that may need additional clarification.

When you incorporate these skills, you'll be able to better get a picture of your client's eligibility. And as you know, you cannot ignore the implications that the information your client gives or tells you may be incorrect, inconsistent or incomplete. You must continue to explore by asking additional questions or even requesting documentation until you can be comfortable with the information that they provide. In other words, apply what we call a common-sense standard to make sufficient inquiries to clarify any questionable information and record those questions as well as your client's responses immediately. Now last but not least, you must keep records. So be sure to keep records –

of the Form 8867, the various credit worksheets and record how, when, and from whom you obtained the information you used to prepare the Form 8867 and the worksheets. You must also keep copies of any client-provided documents that you relied on to determine eligibility for the credits, the head of household filing status and/or to compute the amounts of the credits. And last, one more thing, you must keep your records for

three years, from the due date of the return or the date that the return was e-filed or the date that you gave the return to your client for their signature. Okay. Now let's get into what you really want to know.

You may not believe it, but the IRS shares the same goals as you. Yes, we all want to make sure that every tax preparer receives the credits, the correct credits and the filing status that they are entitled to and we also want to make sure that you as paid tax preparers, be successful in preparing the correct returns, claiming the credits and the filing statuses that your clients are entitled to. Now as I shared in the beginning, we use various ways to contact you. We may send letters and we send these letters based on potential errors that we have seen or are seeing. We also conduct phone calls and we do make phone calls to paid tax preparers.

We also do educational visits and we refer to these as knock and talk visits. Now these visits include a review of your clients' returns. We have a discussion regarding due diligence and how you can comply in the future. Now, once we contact you using any of these methods, we continue to monitor your returns. So, let's say we've sent letters, we've made phone calls, we've even done a KTV with you and there still seems to be some due diligence errors that we may be seeing. At that point we may conduct a due diligence exam which could be via correspondence mail or we may visit you in your office. At that time, we will review your returns –

and possibly propose penalties which of course is not the most ideal situation. Now in order to remove some of the mysteries surrounding the process, we are going to review the letters that we send, talk about the process and the various options that you have if you are penalized. Now the first letter. We have a letter 5025 that we send to paid preparers who file tax returns claiming one or more of the credits and/or the head of household filing status. Now this letter does not identify specific tax returns because this letter is educational. Now while this letter includes information about your due diligence requirements, it also outlines –

what could happen if you do not meet your due diligence requirements. So, I guess you could say this letter is a cautionary educational letter that reminds you to comply with your due diligence requirements. Now this letter is sent during what we refer to as the pre-filing season for the upcoming year. That is typically in the fall and it addresses the previous filing season returns that you may have submitted. The next letter we have is a letter 4858. Now this letter is sent in the early part of the filing season and similar to the 5025 letters, it is sent to preparers who file questionable returns claiming any of the credits and/or the head of household filing status and also it does not identify specific tax returns –

because it is for educational purposes as well. Now do you see a pattern here? Educational letters do not include specific tax return information. Now the difference is this letter is based on current returns that are filed. This letter reminds paid preparers of their due diligence requirements and that those requirements may not have been met on returns that have been filed so far. Now we do include new tax law changes. For example, for our fiscal year 2019 letter, it included the Tax Cut and Jobs Act expansion details. We also may include information regarding what can happen when there is failure to exercise due diligence that may include penalties of up to \$2080.00 –

per return, an audit, suspension, or termination of your e-file privileges and/or a referral to the IRS's criminal investigation division. We also have a letter 5364. This letter is sent to paid preparers to remind them of their requirement to submit the Form 8867. Again, that's the Paid Preparer's Due Diligence Checklist. They have to submit that form with each return. It is sent when we see multiple paper returns missing the Form 8867. Now how many millennials do we have in the room? Not a lot. So, I'm sure most of you probably remember –

submitting tax returns by hand and having to mail them in. Now isn't it great that all you have to do is print everything? That is of course if you are using the right software designed for preparers. Now for the most part, I am sure missing the form may be an oversight or a printing issue or maybe in the past you did not need to file the Form 8867 because your clients did not qualify for the credits but now the inclusion of the head of household filing status or the new ODC credit, you may be required to submit it. So, if you receive one of these letters in the mail, what should you do? Panic?

Ignore it? Throw it in the trash unopened and pretend that it didn't happen? Don't do any of that. Open the envelop and read it. We send these letters to help you. We want to assist you in complying with your due diligence requirements. We do not propose penalties when we send any of these letters. But remember, we will continue to review your returns and if your returns do not improve, we may follow up with a phone call, an additional letter and an educational visit or even a due diligence exam which we can propose penalties at that time. So, let's assume you are in the office. You got a 5025 letter.

You opened it and you actually read the letter. What corrective action can you take to improve your due diligence compliance? Well, even if you feel you have a great process in place, it is always a good idea to revisit your procedures and make sure all four of your due diligence requirements are truly being met. Review the rules that apply to all the credits and the filing status and implement any additional steps to ensure accuracy. Now let's talk about the phone calls, which is another way that we attempt to reach paid preparers. Now it appears that there has been some confusion around the IRS calls to paid tax preparers as to whether or not –

these calls are legitimate. We are all aware of the phone call scams where people call demanding money, right? They call to tell you how you owe outstanding taxes. They may even threaten bodily harm and when you question who they are, they may even start to curse. How dare them. That is not the IRS. The IRS does not call asking for payment unless you called first, and you would have received a bill in the mail. But educational compliance calls to paid tax preparers are different. These calls are exempt from the recent directives about the IRS not calling tax preparers. During the pre-filing season and the filing season –

we make educational phone calls to paid tax preparers who may or may not have received a prior contact letter and they may not have continued to improve. We call to help avoid errors in preparing future client returns as well as potential due diligence penalties. We do not request personal information about your clients or any money. When we make the call, we try several times using the numbers that we have available. That number could be your cellphone or your office line, et cetera. Once you are on the phone with an IRS employee, they will confirm their identity with their IRS credentials, and they will confirm your identity. They may mention –

the prior letter you received, or they could mention a phone call if they are calling you back. Now when you're on the call they will explain that the returns you have submitted continue to be questionable, that the IRS is monitoring and reviewing the returns. They may discuss the tax law changes if there are any. They will talk about due diligence rules and possible consequences if questionable returns continue to be received. And then finally they will share where you can find information on due diligence, educational products that we have available and this information will be referenced on IRS.gov. Now I have one more type of educational activity that I would like to discuss. This activity, as you've heard –

is known as a knock and talk visit or as we've referred to it as a KTV. We have a regular KTV and we also have a KTV lite. The difference between the KTV and the KTV lite is for the KTV the examiners are accompanied by a criminal investigation agent. Now with the KTV lite, the CI agent does not accompany the agent. But other than that, they are essentially the same. These visits are done in person and to our preparers who complete egregious returns. These face-to-face visits are conducted in the fall. After the visit, what do you think we do? Any guesses? I'm gonna tell you. We monitor the filing behavior and if it does not appear to improve –

a due diligence exam may be conducted. Alright, so up until this point I have shared our various educational activities. Now we're going to talk about what happens if we have sent letters, conducted phone calls but there has been no improvement. We have what is called a due diligence exam. So, I know you want to know what happens during the due diligence exam and what that process looks like. I'm not sure who made up this quote,

but I hear a picture is worth a thousand words. So, let's take a look at a due diligence exam.

*[Video Begins]*

*Agent Jenson:* *[Phone Ringing]* Good morning. Internal Revenue Service, Agent Jenson speaking. My ID Number is 247854, may I help you?

*Jack Walker:* Yes, my name Jack Walker. I received this letter from the –

*[00:23:00:08]*

IRS that has your name and number on it as a contact person. Am I really going to the exam for due diligence?

*Agent Jenson:* Yes, Mr. Walker, as the letter states, you have been selected for a due diligence examination. The first step is to set up an appointment, preferably at your office or wherever you keep your tax preparation records.

*Jack Walker:* When would you like to meet?

*Agent Jenson:* Okay. Can we meet next Wednesday at 9:00?

*Jack Walker:* I'd like to get this over with sooner rather than later. Let's meet at my office. I'm at 555 Main Street.

*Agent Jenson:* Perfect. That day and time works for me as well.

*Jack Walker:* Now what do I need for the appointment?

*Agent Jenson:* I'll send you a letter that confirms this appointment and outlines what you need to have available for my visit. And feel free to call me if you have any questions.

*Jack Walker:* Wow, I guess this is really happening. Okay, see you Wednesday at 9:00. I'll make a big pot of coffee –

for the both of us.

*Agent Jenson:* Okay, that sounds great, sir. Have a good day.

*Jack Walker:* Okay, you too.

*[Video Ends]*

Now as we just saw, Mr. Walker received an appointment letter notifying him that he has been selected for an examination as part of the paid preparer's due diligence program. The letter included a phone number for Mr. Walker to call and set up an appointment. Mr. Walker and Agent Jenson discussed the time and agenda for the first appointment and what Mr. Walker needs to provide and his concerns. For the returns requested by Agent Jenson, Mr. Walker will need to have Form 1040s for the tax years under exam, Form 8867, credit computation worksheets and documents used to support eligibility –

and computation of the credits. In addition, Mr. Walker's software set up may be reviewed. Now suppose Mr. Walker had not made that phone call and tossed the letter in the trash? If Agent Jenson did not hear from Mr. Walker to schedule the appointment, Agent Jenson would have tried to call him, then if he could not get in contact with him, he would have sent a letter proposing the penalties under I.R.C. 6695(g). Just one more thing to keep in mind, if you are selected for a due diligence exam, you can have someone else represent you. You would complete a Form 2848, that's Form 2848, Power of Attorney and Declaration of Representative. Send it in the mail –

or fax it to the agent before the time of your appointment. They will need to have received that form before they can discuss any of your tax matters without you being present. Alright. Let's get back to Mr. Walker and Agent Jenson and see what happens.

*[Video Begins]*

*Jack Walker:* Okay, I made a little space for you to work right over there, is that OK?

*Agent Jenson:* Yeah, that's fine.

*Jack Walker:* So, let me tell you, I'm a little nervous about this so can we get started?

*Agent Jenson:* Sure. No need to be nervous. Why don't we begin with you telling me about yourself and your business?

*Jack Walker:* Okay. My business here is a one-man show. I started it four years ago after working for a preparer in another firm. That's where I got my hands-on training. Now I rely heavily –

on software and several newsletters that I subscribe to pertains to law updates to training.

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*Agent Jenson:* I got you. Can you tell me more about your software and walk me through what happens when a client comes in to have their return prepared?

*Jack Walker:* Well, I use Big Money software, it's an awesome product. When a client comes to my office, I give them my intake sheet to fill out in the office or take home and bring it back later. Here it is. Check it out.

*Agent Jenson:* Okay. Do you use this for both new and returning clients? What documents do you routinely ask them to provide to help you determine what credits and filing status they're eligible for?

*Jack Walker:* Everyone that comes to my office must fill out my intake sheet. Based on that, I ask them questions about their situations and prepare the return. But it gets very busy here so sometimes I don't ask if the client has all the documentation to verify what they're telling me. I just rely on my intake sheet and questions in the software.

I ask for Social Security Cards, W-2s, 1099s and 1098-T but sometimes don't get them.

*Agent Jenson:* Alright. What specific due diligence training have you received?

*Jack Walker:* Honestly, Mr. Jenson, I really don't have time or money to take a lot of training courses to stay current on due diligence or tax law changes. So, what the software covers, that's what I use as my guide.

*Agent Jenson:* I see. What steps do you take when you think there are questionable issues involving a client return claiming credits or head of household as a filing status? Especially if any information they give you appears to be incorrect or incomplete or inconsistent?

*Jack Walker:* I have additional questions I ask in those situations.

*Agent Jenson:* I see. May I keep this? Thank you. Where do you document any additional inquiries you make and the clients' answers?

*Jack Walker:* Based on those questions on my list, I jot the answers on my legal pad and keep it with my copy of the final return.

*Agent Jensen:* Okay, thank you. Let's start looking at the cases. We can walk through a couple together, then I'll continue on my own. I see here your client Mary Smith claims her grandchildren for EITC. Did you document any questions you asked her and if so, how did you record and keep her responses?

*Jack Walker:* Mr. Jensen, I've known Mary for 15 years, so I didn't ask her questions. She would not claim anything she's not entitled to.

*Agent Jensen:* I see. Thank you. Let's look at Bill Green's file. He's 35-years-old and claimed the American Opportunity Tax Credit. Did you ask him if this is the first time, he attended college and if he had a 1098-T? I don't see that information here. [00:30:00:10]

*Jack Walker:* Well, I did ask for the 1098-T. He brought it in, and I looked at it briefly, but I didn't make a copy. I did ask if he attended college before.

*Agent Jensen:* Okay, thanks. I'll review the rest of the cases on my own and I'll schedule another meeting with you to share my findings.

*[Video Ends]*

Wow. Mr. Walker really thought he was ready, but he made some mistakes. Generally, in addition to specific questions about the client returns, during the exam the agent asks questions about the paid preparer's training and education, due diligence procedures that are in place, the Form 8867 process, intake sheets, credit worksheets and the retention of records. Now our video reflects just a few of the questions that the examiner may ask which is similar to your client's.

Each exam is unique. Sometimes more details are needed in order for the agent to understand and sometimes it may be less. After the completion of the initial interview, the examiner will review the selected number of client returns, the additional schedules and documentation. Generally, the appointment can last up to eight hours. A follow-up visit may be necessary if the agent is unable to finish the returns that he needs to review during the initial visit. Now when the exam is completed, the agent may propose penalties or there may be no changes at all. If that is determined that the preparer has complied with all of their requirements listed for I.R.C. Section 6695(g). Now let's drop in on the exam closing conference and see –

How the exam ended.

*[Video Begins]*

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*Agent Jenson:* Good morning, Mr. Walker, it's good to see you again. I wanted to meet today to discuss the findings of our examination.

*Jack Walker:* Well, I hope it's good news. I take due diligence very seriously, but I bet I may have forgotten a few things here and there.

*Agent Jenson:* You might not know this, but we do have additional resources including a free continuing education course available on the tax preparer toolkit at IRS.gov.

*Jack Walker:* Hmm, okay. I didn't know that IRS had all that on their website. I'll check it out. So now I'm afraid to ask, what's the damage?

*Agent Jenson:* I wish I could tell you that everything looked great. I can see the clients where you met all four of the due diligence requirements, Form 8867 worksheets, record retention and knowledge. But with some of your clients you didn't meet the knowledge requirement. You didn't ask additional –

[00:33:00:09]

follow-up questions when your clients' answers appeared to be incorrect, incomplete or inconsistent. You failed the record retention requirement for some clients as well.

*Jack Walker:* What are you talking about? I didn't think I was required to audit the client. When I ask questions, some clients refuse to answer. What am I supposed to do?

*Agent Jenson:* I understand. But the requirements of Internal Revenue Code Section 6695(g) for paid preparers are clear and those are the guidelines you need to follow. You need to let your clients know that this is mandated by law. If they don't answer your questions, you should let them know you may not be the preparer for them.

*Jack Walker:* Okay, I understand. Look, I don't want to be in trouble with the IRS so just give me the bad news.

*Agent Jenson:* I'm proposing penalties and here are examples why. Remember Mary Smith who took her two grandchildren? You said you knew Mary for 15 years?

You shared you did not ask questions like where are the parents, how long did the children live with her, did she have any documentation to prove her claims. These are things you need to

ask Mary every year because situations can change. The penalty is \$1,040.00, that's \$520.00 for EITC and \$520 for the Child Tax Credit because you did not meet the knowledge requirement. Here's another one. Bill, the 35-year-old man who took AOTC, you said you reviewed his 1098-T, but you didn't make a copy, nor did you ask him if he attended college before. So here you didn't meet the record retention requirement. When a client presents a document that you relied on to calculate the credit then you're required to keep a copy. Also, here you didn't meet the knowledge requirement. Now it might be Bill's first-time attending college but since he's 35 –

there's still a good chance Bill's going back to school. I penalized you \$520.00.

*Jack Walker:* Mr. Jenson, come on. I always try to prepare accurate returns. I can't believe I'm getting cited for these errors. Don't tell me there's more.

*Agent Jenson:* You should always try to prepare accurate returns and practice due diligence on every return you prepare. Here's my full report detailing the penalties proposed for each client. Most are like the situations I've already described.

*Jack Walker:* What? \$10,400.00? You can't be serious. I wasn't expecting this. So, what are my options? If I agree with the penalty but don't have money, what can I do? What if I don't agree?

*Agent Jenson:* You do have rights. Let me explain your options.

*[Video Ends]*

I think we can all agree that the exam report and the proposed penalty seemed to be a big surprise for Mr. Walker. However, before he got to the point of an examination, Mr. Walker would have had previous contact from the IRS and opportunities to improve but that did not happen. Now he does have some options regarding how he can handle the penalty amount proposed by Agent Jenson. Let me share what his options are.

If Mr. Walker agrees to the penalties, he will sign the Form 5816, Report of Tax Return Preparer Penalty Case, pay the whole amount or make partial payment and request the bill for the rest of the payment. Now he may also wait for a bill and request an installment agreement.

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If Mr. Walker does not agree, he has appeal rights. The letter 1125 advises him that he has 30 days to file an appeal which will then be forwarded to the IRS appeals office. Now since the total amount of Mr. Walker's penalties are \$25,000.00 or less, he can send us a letter requesting to go to appeals. In the letter he has to include what he does not agree with, the reason why and state that he wants to go to appeals. Or he can simply complete a Form 12203, Request for Appeal Review which is easier because it includes the questions that he needs to answer so he won't forget to include any of that information in his requests. Now if the totals were more than –

\$25,000.00 in penalties, Mr. Walker would have had to do a formal request. The requirement for a formal protest are explained in Publication 5, Your Appeal Rights and How to Prepare a Protest if You Don't Agree. Now if Mr. Walker does nothing and hopes that it will all go away, unfortunately that will not happen. Within a 30-day period the case will be closed, and the penalty amount shown on the Form 5816 will be assessed. Now in fiscal year 2020 the penalty will increase to \$530.00 per failure for each return and amended returns. Now let's move away from Mr. Walker for now. The IRS also can refer –

preparers who willfully filed fraudulent returns to our CI office, the Office of Professional Responsibility or we can work with our Justice Department Tax Division under the Civil Injunction Program to seek a court order called an injunction. The injunction bars a person or a business from preparing tax returns for others. Now I am going to share one last method that the IRS may use to examine a paid preparer's due diligence requirement. A correspondence due diligence exam. We conduct due diligence correspondence exams in areas where there are not enough revenue agents or in areas where there are no revenue agents in that geographical area.

Now last season we completed approximately 1,000 due diligence examinations of which 230 were done via correspondence. Now that's roughly around 23 percent. We may expand the number of correspondence exams conducted in the future so if there is a paid preparer nowhere near an IRS office, it does not mean the IRS cannot conduct a due diligence examination. It simply means we will do it via mail. So, before we end our reunion today, let me share a resource that may help you avoid the due diligent letters that we've talked about today, the phone calls, penalties and other consequences that I've shared -

during our session. The resource that we have is on IRS.gov and it is designed with you in mind. We want to make sure the goal is simple; the goal is to assist you in accurately preparing your clients' returns. When you go on IRS.gov, put in the search box preparer toolkit. This toolkit provides information on your due diligence requirements, articles, publications, examples of the various treatments and letters that we've talked about

today. It also provides up to the minute compliance messaging. Now we call these messages hot topics. And this may be of a great interest to you, this site also offers –

our preparers the opportunity to take an on-line due diligence training module and you can also earn a continuing education credit for free. Best of all, you can take this course at any time from the comfort of your own home or in your office.

I would like to thank you for attending this session and hopefully we'll meet again next year. Have a great day and enjoy the rest of the forum. *[Applause]*

*[End of Audio]*

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## Learn the Facts About Due Diligence

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**Additional Child Tax Credit (ACTC)**- The Additional Child Tax Credit (ACTC) is a refundable credit that you may receive if your Child Tax Credit is greater than the total amount of income taxes you owe, as long as you had an earned income of less than \$2,500.

**American Opportunity Tax Credit (AOTC)**- The American opportunity tax credit (AOTC) is a credit for qualified education expenses paid for an eligible student for the first four years of higher education.

**Due Diligence Form 8867**- Only paid tax return preparers should complete this form. If you were paid to prepare a return for any taxpayer claiming the EIC, the CTC/ACTC, and/or the AOTC, you must complete Form 8867. As a paid tax return preparer, you are required to exercise due diligence when preparing any client's return or claim for refund. As part of exercising due diligence, you must interview the client, ask adequate questions, and obtain appropriate and sufficient information to determine the correct reporting of income, claiming of tax benefits (such as deductions and credits), and compliance with the tax laws. As a paid tax return preparer, you also must meet specific due diligence requirements set forth in Treasury Regulations when you prepare returns and claims for refund involving the EIC, the CTC/ACTC, and/or the AOTC. To meet these due diligence requirements, you may need to ask additional questions and obtain additional information to determine eligibility for, and the amount of, the EIC, the CTC/ACTC, and/or the AOTC. Failure to meet the EIC, the CTC/ACTC, and/or the AOTC due diligence requirements could result in a \$510 penalty for each failure. See section 6695(g) and Temporary Regulation section 1.6695-2T.

**Earned Income Tax Credit (EITC)**- The United States federal earned income tax credit or earned income credit (EITC or EIC) is a refundable tax credit for low- to moderate-income working individuals and couples, particularly those with children. ... U.S. tax forms 1040EZ, 1040A, or 1040 can be used to claim EITC without qualifying children.

**Head of Household**- is a filing status for single or unmarried taxpayers who keep up a home for a Qualifying Person. The Head of Household filing status has some important tax advantages over the Single filing status.

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