

# Due Diligence

(Keep for your records)

2019

Name(s) as shown on return

Tax ID Number

## Income

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? . . . . . \_\_\_\_\_

2 Can you provide any documentation to substantiate your business?

- Business cards
- Business stationary
- Receipts or receipt book (with company header)
- Business/occupational license (if required)
- Other tax returns (sales/excise, employment, etc.)
- Advertisements (newspaper, flyer, yellow pages, etc.)

Other (list any other documentation you can provide to substantiate your business):  
\_\_\_\_\_

3 Who maintains the business records? . . . . . \_\_\_\_\_

4 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?  
\_\_\_\_\_

5. Were satisfactory records of income and expense provided? . . . . .  Yes  No

a. If "Yes," in what form were these records provided?

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

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? \_\_\_\_\_

6. Form 1099-MISC:

a. Do you have any Forms 1099-MISC to support the income? . . . . .  Yes  No

b. If not, is it reasonable that the business type would not receive Form 1099-MISC? . . . . .  Yes  No

7. Are the expenses consistent with the type of business? . . . . .  Yes  No

8. Are the amounts of expense reasonable? . . . . .  Yes  No

9. Are any expenses that are typical for this type of business missing? . . . . .  Yes  No

10. List any other information you can provide related to your business:  
\_\_\_\_\_

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