



**NEXT-N-LINE
TAX SERVICES**

Due Diligence Documentation Requirements

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This packet concerns documentation requirements for EITC (Earned Income Tax Credit), CTC (Child Tax Credit), AOTC (American Opportunity Tax Credit), ODC (Other Dependent Credit), and the HOH (Head of Household) filing status. The IRS is cracking down on the documentation for these credits and filing status. In this packet you will find information regarding some of the documentation that is required before we can prepare your return.

For every dependent on your return we will need a birth certificate and social security card. We will also need proof that they lived with you. For this, we have provided sample letter templates for a school, childcare provider, and medical provider.

If you are claiming the AOTC you will need to provide a Form 1098-T and a billing and payment summary from the school. Without both documents you will not be able to get this credit.

In this pack you will also find some forms that were provided directly from the IRS. These forms show exactly what the IRS is expecting for documentation in each of these situations.

Please provide these items in a timely manner, so we can complete your return as quickly as possible. If you have any questions, please call (442) 249-1978

Thank you,

Next-N-Line Tax Services

NOTE: There may be additional documentation requirements depending on individual situations.



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Instructions

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You are being supplied with this questionnaire because you have claimed one of these credits in the past or you have indicated that you will be claiming one of them this year. The questionnaire is designed to assist us in qualifying you for some valuable refundable tax credits. While the questions may seem to be a little intrusive at times, they are questions that we are required to ask under the Due Diligence Requirements of the new Tax Laws.

Please complete them in as much detail as possible. Not all questions will apply to all taxpayers. If they do not apply to you, please answer them as NA (not applicable) so that we will know that you read the question and didn't just miss it.

Abbreviations used on the Questionnaire: CTC = Child Tax Credit
ACTC = Additional Child Tax Credit
EITC = Earned Income Tax Credit (Low Income Households)
AOTC = American Opportunity Tax Credit (College Credit)

FOR NEW CLIENTS with Dependents: Please remember to submit copies of social security cards, birth certificates and proof of residency (possibly school records or medical records showing the dependents name and YOUR address).

FOR TAXPAYERS CLAIMING COLLEGE TAX CREDITS: Please remember to submit copies of the Form 1098T that you received from the college AND a copy of the Bursar's statement from the college showing the Spring and/or Fall semester charges and payments. The Credit applies to all payments made in cash or via student loans to tuition, fees and related expenses. IT does NOT apply to Room and Board or travel expenses.

FOR TAXPAYERS CLAIMING HEAD OF HOUSEHOLD FILING STATUS: It is important to complete both the dependent questions and the Household Expense worksheet on page 3. If you are divorced or legally separated please remember to include a copy of the divorce decree and/or separation agreement. [NOTE: If the divorce is NOT final or you and your spouse lived together AT ANY TIME in the last 6 months of the tax year, you CANNOT claim Head of Household filing status]

IF you have any questions about the questionnaire please do not hesitate to contact our office. We will be glad to assist you.



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Documentation requirements have been increased for EITC, CTC, ODC, AOTC and HOH filing status. **Before** we can prepare your return, you must provide the proper documentation in order to claim these credits.

EITC	CTC/ODC	AOTC	Head of Household
<ul style="list-style-type: none"> • Social Security Cards (Required) • Birth Certificates (Required) • Marriage Certificate • Divorce Decree • School Statement • Doctor's Statement • Lease showing the residents of the household • Court Records • Placement Agency Paperwork 	<ul style="list-style-type: none"> • Social Security Cards (Required) • Birth Certificates (Required) • Marriage Certificate • Divorce Decree • School Statement • Doctor's Statement • Lease showing the residents of the household • Court Records • Placement Agency Paperwork • Form 8332* 	<ul style="list-style-type: none"> • Form 1098-T (required) • Billing and payment summary for the university (required) • Receipts from school to substantiate 1098-T • Loan disbursement schedules • Receipts for books • Receipts for course materials 	<ul style="list-style-type: none"> • Birth Certificates • Marriage Certificate • Divorce Decree • Placement Agency Paperwork • Court Documents • School Statements • Doctor's Statement • Rent Receipts • Utility bills • Mortgage interest statement

*Unique to child tax credit. Form 8332 does not impact who can claim the child for EITC, but it does for the child tax credit.



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Sample Template for use by Child Care Provider

***** Ask your primary childcare provider to copy the template below to its letterhead and input the needed information to replace the guidelines in the brackets <> and the brackets. *****

<Insert Today's Date>

<Insert Parent/Guardian's Name and Address>

Re: <Insert Child's Name>

To Whom It May Concert:

Our records show we provided service(s) to <Child's Name> at <Name of Care Provider> on the following date(s) <Insert the Date(s) you provided service(s) for the Tax Year>.

Our records reflect that the child lived at <Street Address, City, State, and Zip Code (if the child moved during the year show all addresses lived at during the year)> during this time. Our records also reflect that the student's parent or guardian during this time was <Insert Parent's or Guardian's Name>. The student's parent's or guardian's address of record during this time was listed as <Insert Parent's or Guardian's Address(es)>.

<Insert Signature of Day Care Official>

<Insert Title of Day Care Official>

<Insert Phone Number of Day Care Official>



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Sample Template for use by Healthcare Provider

***** Ask the healthcare provider's office to copy the template below to its letterhead and input the needed information to replace the guidelines in the brackets <> and the brackets. *****

<Insert Today's Date>

<Insert Parent/Guardian's Name and Address>

Re: <Insert Child's Name>

To Whom It May Concert:

According to our records <Child's Name> was a patient of <Name of Your Practice> during <Insert the Tax Year>.

Our records reflect that the child lived at <Street Address, City, State, and Zip Code (if the child moved during the year show all addresses lived at during the year)> during this time.

Our records also reflect that the student's parent or guardian during this time was <Insert Parent's or Guardian's Name>. The student's parent's or guardian's address of record during this time was listed as <Insert Parent's or Guardian's Address(es)>.

<Insert Signature of Employee>

<Insert Name>

<Insert Title>

<Insert Phone Number of Day Care Official>



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Sample Template for Use by Schools

***** Ask the School to copy the template below to its letterhead and input the needed information to replace the guidelines in the brackets <> and the brackets. *****

<Insert Today's Date>

<Insert Parent/Guardian's Name and Address>

Re: <Insert Child's Name>

To Whom It May Concert:

According to our records <Child's Name> attended <Name of School> during <Insert the Months the Student Attended during the Tax Year>. Our records reflect that the student lived at <Street Address, City, State, and Zip Code (if the child moved during the year show all addresses lived at during the year)> during this time.

Our records also reflect that the student's parent or guardian during this time was <Insert Parent's or Guardian's Name>. The student's parent's or guardian's address of record during this time was listed as <Insert Parent's or Guardian's Address(es)>.

<Insert Signature of School Official>

<Insert Name>

<Insert Title>

<Insert Phone Number of School Official>