

PREPARE DUE DILLIGENCE - INCOME DOCUMENTATION ASSISTANCE			
WHO IS SELF EMPLOYED		TAX PAYER	SPOUSE
SELF EMPLOYED WHO CARRIED OUT TRADE OR BUSINESS WITH A PROFIT MOTIVE AS A SOLE PROPRIETER OR AS AN INDEPENDENT CONTRACTOR RECEIVED 1099 MIS/ CASH/CHECKS			
ALL SELF EMPLOYED ARE REQUIRED TO REPORT ORDINARY AND NECESSARY BUSINESS INCOME AND EXPENSES FROM SELLING GOODS OR PERFORMING SERVICES FOR OTHERS FOR MONEY. INCOME RECEIVED FROM ALL SOURCES IN A SELF-EMPLOYED TAXPAYER'S BUSINESS MUST BE REPORTED UNLESS IT IS EXCLUDED BY LAW.			
IN ORDER TO COMPLY WITH IRS DUE DILLIGENCE RULES AND REGULTIIONS, TAX PREPARER MUST CARRIED OUT EXERCISE TO OBTAIN FOLLOWING INFORMATION FROM CLIENT ABOUT HIS/HER BUSINESS			

	YES	NO
EVALUATE THE INFORMATION PROVIDED BY CLIENT: RECEIVED 1099 MISC/ WORK ON CASH/CHECKS		
APPLY A CONSISTENCY AND REASONABLENESS STANDARD TO THE COLLECT INFORMATION		
MAKE ADDITIONAL REASONABLE INQUIRIES WHEN THE INFORMATION APPEAR TO BE INCORRECT INCONSISTENT OR INCOMPLETE		
DOCUMENT ADDITIONAL INQUIRIES AND THE CLIENT'S RESPONSE, CASH/ ACH/ PAY PAL		
DEPTH INTERVIEW ABOUT BUSINESS ACIVITY BUSINESS RUNNING FROM HOME BY SPOUSE		
ASK CLIENT TO DESCRIBE DAILY AND WEEKLY ACTIVITIES		
EDUCATE CLIENTS ON THE NEED FOR RECORDKEEPING AND THE CONSEQUENCES OF FAILURE TO KEEP RECORDS		
REVIEWED & COLLECTED COPY OF RELEVANT SOURCE DOCUMENTS- CLIENTS RESONSIBLE TO KEEP ALL BACK UP FOR FIVE YEARS		

INCOME	YES	NO
DOES THE INCOME APPEAR TO BE SUFFICIENT TO SUPPORT THE TAXPAYER & QUALIFING CHILDREN?		
IF "NO" SOME ADDITIONAL REASONABLE INQUIRIES MIGH BE NEEDED, IF IT'S INCORRECT, INCONSISTENT, AND INCOMPLETE		

QUESTIONS TO ASK CLIENT	YES	NO
1 - HOW LONG HAVE YOU OWNED YOUR BUSINESS? YEARS		
2 - CAN YOU PROVIDE DOCUMENTATIONS TO SUBSTANTIATE YOUR BUSINESS? BUSINESS LICENSE/ BUSINESS CARD/ BUSINESS STATIONERY/PROOF OF ADVERTISEMENT/ OTHER TAX RETURNS/RECEIPTS WITH COMPANY HEADER/OTHER (LIST ANY OTHER DOCUMENTATONS YOU CAN PROVIDE TO SUBSTANTIATE YOUR BUSINESS) BY REFERRAL/ WORD OF MOUTH		
3- WHO MAINTAIN THE BUSINESS RECORD TAXPAYER SPOUSE		

	YES	NO
4 - DO YOU MAINTAIN SEPARATE BANKING ACCOUNTS FOR PERSONAL & BUUSINESS TRANSCATIONS		
A) IF "YES" IN WHAT FORM WERE THE RECORDS PROVIDED?		
B) IF "NO" HOW DO YOU DIFFERENTIATE BUSINESS/W PERSONAL & BUSINESS TRANSCCTIONS & ASSETS		

	YES	NO
5 - WERE SATISFACTORY RECORDS OF INCOME AND EXPENSES PROVIDED		
A) IF "YES" WHAT FORM WERE THESE RECORDS PROVIDED		
ACCOUNTING RECORDS / LEDGER / PAID INVOCIES / LOG BOOK / BUSINESS BANK ACCOUNT / ANY OTHER FORMS OF DOCUMENTATION YOU CAN PROVIDED TO SUPPORT BUSINESS		
B) IF "NO" HOW DID YOU DETERMINE:		
THE AMOUNT OF INCOME? THE AMOUNT OF EXPENSE? FROM BANK STATEMENT/ JOINT ACCOUNT/INFORMATION PROVIDED BY CLIENT ON EXCEL SHEET		

	YES	NO
6 - FORM 1099-MISC		
A) DO YOU HAVE ANY FORMS (1099MISC) TO SUPPORT THE INCOME?		
B) IF NOT, IS IT REASONABLE THAT THE BUSINESS TYPE WOULD NOT RECEIVE FORM 109-MISC?		
7 - ARE THE EXPENSES CONSISTENCE WITH THE TYPE OF BUSINESS?		
8 - ARE THE AMOUNTS OF EXPENSES REASONABLE?		
9 - ARE ANY EXPENSES THAT ARE TYPICAL FOR THIS TYPE OF BUSINESS MISSING?		
10 - LIST ANY OTHER INFORMATION YOU CAN PROVIDE RELATED TO YOUR BUSINESS:		

TAX PAYER SIGNATURE
DATE