

Schedule C Due Diligence

(Keep for your records)

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/occupational license (if required)

☐ Business stationary

☐ Other tax returns (sales/excise, employment, etc.)

☐ Receipts or receipt book (with company header)

☐ 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

☐ Car/truck expenses

☐ Paid invoices/receipts

☐ Ledgers

☐ Log books

☐ Business bank accounts

☐ Computer records

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-NEC:

a. Do you have any Forms 1099-NEC to support the income?

☐ Yes

☐ No

b. If not, is it reasonable that the business type would not receive Form 1099-NEC?

☐ 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