

Learning Objectives

- Recognize the earned income credit eligibility rules.
- List the common errors committed in connection with claiming the earned income credit.
- Describe the consequences for the taxpayer of the IRS' disallowance of the earned income credit.
- Identify the tax return preparer's earned income credit due diligence requirements.
- List the sanctions that may be applied on a tax return preparer and his or her employer for a failure to meet due diligence requirements.

Chapter 1 – Earned Income Credit Rules

- Nature of the Earned Income Credit
- Earned Income Credit Eligibility
- Common Earned Income Credit Errors
- Earned Income Credit Errors Involving Qualifying Children
- Earned Income Credit Errors Involving a Client's Filing Status
- Earned Income Credit Errors Involving Income Reporting
- Earned Income Credit Errors Involving Social Security Numbers

Chapter 2 – Due Diligence Requirements

- The Statutory Requirement for Due Diligence – IRC §6695
- Specific Requirements Applicable to EIC Due Diligence
- Paid Preparer's Due Diligence Checklist – IRS Form 8867
- Figuring the Amount of the Earned Income Credit
- Calculating Earned Income for EIC Purposes
- Know the Law and the Client
- Record Maintenance
- Failure to Meet Due Diligence Requirements
- Consequences for the Tax Return Preparer
- Claiming EIC after Disallowance