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REFUNDABLE CREDIT AND H.O.H. DOCUMENTATION LETTER

Dear Client;

There have been some changes (additions) to the refundable credit documentation requirements that were first implemented by the PATH ACT in 2015.

- E.I.C – Earned Income Credit which is a credit for having qualifying child(ren) in your household and earned income below certain thresholds for your specific filing status.
- C.T.C/A.C.T.C – Child Tax Credit/Additional Child Tax Credit which is a credit to reduce income tax liability to zero and to actually refund any excess. This \$2000 per child credit pertains to any qualifying child age 16 and under residing in your household.
- A.O.T.C – American Opportunity Tax Credit which is the large college credit (up to \$2500) per student which could reduce income tax liability to zero with the remainder being refundable. This credit extends to four (4) years per child/student.
- H.O.H. – Head of Household, if you have a relative living with you for six (6) months or more, we need proof that you maintain at least 50% of the support of maintaining the household.

This law requires that the **PREPARER** collect and retain certain documents from the client. Please refer to the reverse side of this letter for details. Please see the expanded Form 8867 link under the forms tab on our website. To keep from being assessed large penalties Dedra and I will need to ask you, and then complete all these questions on this form. We also are required to retain the documents provided by you.

Folks, we unfortunately live in a time when record number of identities are being stolen and hacked, especially those of children. Also a large percentage of children now reside in two or possibly three different households. The US Congress has delegated to the IRS and the IRS has threatened prepares with due diligence penalties. Dedra and I will need to retain documents **BEFORE** we are able to properly prepare and E-file your return. In short; **THOU SHALT ANCHOR YOUR CHILDREN TO YOUR RESIDENCE OR YOUR REFUND WILL BE IN JEOPARDY.**

There are TWO TIERS of documents that the preparer must receive and retain in order to properly prepare and e-file your return. WE WILL NEED AT LEAST ONE ITEM FROM EACH TIER.

TIER ONE
PROOF OF CHILD(REN) RELATIONSHIP

- Social Security Card
- Birth Certificate
- Adoption Papers

TIER TWO
PROOF THAT CHILD(REN) LIVES WITH CLIENT
Documents that have child(ren) names and address

- *School records, school letter, report card
- Landlord or property records (H.O.H.)
- Real Estate tax receipt (H.O.H.)
- Utility bill (H.O.H.)
- Health care provider statement
- Medical records
- Childcare provider statement
- Placement agency statement
- Social service records
- Place of Worship statement
- Employer statement

We need to collect tier two documents each and every year on each child, two or three documents is suggested in Tier Two. Lindenbusch Accounting and Tax Service, Inc. need these statements/documents. We are required to retain this information to ensure that we practiced due diligence for the claiming of:

1. Earned Income Credit
2. Child Tax Credit and Other Dependent Credits
3. Education Credits
4. Head of Household (H.O.H. started in 2018)

If we do not acquire this documentation the above tax benefits will be disallowed by the IRS.

* In addition to school records that anchor a college age child to your residence, we will also need Form 1098-T AND your dependent students tuition payment transcript for last year as well as the cost of books. We will need this information to file for any tuition credits or education deductions.