

EITC Tax Preparer Toolkit

Example 5—Returning Clients Adds a Child

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Example 5

You completed a client's tax return last year:

- Last year, she filed single and claimed her child for the EITC.
- This year, she asks to claim 2 children for the EITC.



What Are You Thinking?

What are the facts around this new child?



What Questions Should You Ask?

You ask--

Last year you claimed one child, what changed?

She says--

My friend has 4 children and only needs 3 for the EITC, so she said I could use her child.

- This could happen.
- Sometimes clients do not know this is not allowable, or their friends will tell them it is OK.
- But you still ask more questions – you never know.

What Questions Should You Ask?

You ask--

Is the child related to you?

She says--

No.

Does not meet the relationship test.

What Questions Should You Ask?

You ask--

Did the child live with you?

She says--

No.

Does not meet the residency test.

You Say--

Your second child does not qualify because the child does not meet the:

- Relationship test or
- Residency test.

Now, I have to ask additional questions to verify your first child still qualifies you for EITC.

Tips--

A preparer should recognize differences in the client's circumstances from one year to the next.

A preparer should not assume just because a client could deduct a child in the prior year, they still meet the requirements in the new year. Each year should be considered on its own.