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T.L.S. have you transmitted all H text files for this cycle update? <input type="checkbox"/> Date _____	I.R.B. SPECIFICATIONS TO BE REMOVED BEFORE PRINTING INSTRUCTIONS TO PRINTERS Form 8867, PAGE 1 of 4 MARGINS: TOP 13 mm (1/2"), CENTER SIDES. PAPER: WHITE, WRITING, SUB. 20 FLAT SIZE: 203 mm (8") x 279 mm (11") REPRODUCE: INK DO NOT PRINT -- DO NOT PRINT -- DO NOT PRINT -- DO NOT PRINT	PRINTS: HEAD to HEAD INK: BLACK	Action O.K. to print Revised proofs requested	Date	Signature

Cumulative changes

Form **8867**
 (Rev. December 2005)
 Department of the Treasury
 Internal Revenue Service

Paid Preparer's Earned Income Credit Checklist

OMB No. 1545-1628

▶ Do not send to the IRS. Keep for your records.

For the definitions of the following terms, see Pub. 596 for the year for which you are completing this form.
 • Investment Income • Qualifying Child • Earned Income

(D) **A** Taxpayer's name is _____ 1
B If joint return, spouse's name is _____ 2

Part II All Taxpayers

(D) 1 **^** Year after 2005 for which you are completing this form ▶ _____

2 Is the taxpayer's filing status married filing separately? Yes No 3
 ▶ If you checked "Yes" on line 2, stop; the taxpayer cannot take the EIC. Otherwise, continue.

3 Does the taxpayer (and the taxpayer's spouse if filing jointly) have a social security number (SSN) that allows him or her to work or is valid for EIC purposes? See the instructions before answering Yes No 4
 (D) ▶ If you checked "No" on line 3, stop; the taxpayer cannot take the EIC. Otherwise, continue.

4 Is the taxpayer filing Form 2556 or Form 2556-EZ (relating to the exclusion of foreign earned income)? Yes No 5
 ▶ If you checked "Yes" on line 4, stop; the taxpayer cannot take the EIC. Otherwise, continue.

5a Was the taxpayer a nonresident alien for any part of the year on line 1? Yes No 6
 ▶ If you checked "Yes" on line 5a, go to line 5b. Otherwise, skip line 5b and go to line 6.

5b Is the taxpayer's filing status married filing jointly? Yes No 7
 ▶ If you checked "Yes" on line 5a and "No" on line 5b, stop; the taxpayer cannot take the EIC. Otherwise, continue.

6 Is the taxpayer's investment income more than the limit that applies to the year on line 1? See Pub. 596 for the limit Yes No 8
 ▶ If you checked "Yes" on line 6, stop; the taxpayer cannot take the EIC. Otherwise, continue.

7 Could the taxpayer, or the taxpayer's spouse if filing jointly, be a qualifying child of another person for the year on line 1? Yes No 9
 (D) ▶ If you checked "Yes" on line 7, stop; the taxpayer cannot take the EIC. Otherwise, go to Part II or Part III, whichever applies.

OK to print as is
 OK to print as corrected
 _____ 11/21/06
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Is either of the following true?
 • The child is unmarried, or
 • The child is married and can be claimed as the taxpayer's dependent?

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Part III Taxpayers With a Child

Caution: If there are two children, complete lines 8 through 14 for one child before going to the next column.

- 8 Child's name
- 9 Is the child the taxpayer's son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them?
- 10 If the child is married, is the taxpayer claiming the child as a dependent? (If the child is not married, check "Yes.")
- 11 Did the child live with the taxpayer in the United States for over half of the year? See the instructions before answering.
- 12 Was the child (at the end of the year on line 1)—
 - a Under age 18, A
 - b Under age 24 and a full-time student (see definition in Pub. 596) or
 - c Any age and permanently and totally disabled?

▶ If you checked "Yes" on lines 9, 10, 11, and 12, the child is the taxpayer's qualifying child; go to line 13a. If you checked "No" on line 9, 10, 11, or 12, the child is not the taxpayer's qualifying child. If there is more than one child, complete lines 8 through 14 for the other child(ren) (but for no more than two qualifying children). If the taxpayer does not have a qualifying child, go to Part III to see if the taxpayer can take the EIC for taxpayers who do not have a qualifying child.

13a Could any other person check "Yes" on lines 9-14 for the child?
 b Enter the child's relationship to the other person(s)

c If the tiebreaker rules apply, would the child be treated as the taxpayer's qualifying child? See the instructions before answering.
 ▶ If you checked "Yes" on line 13a, go to line 14. Otherwise, explain to the taxpayer that if both the taxpayer and the other person(s) claim all of the six tax benefits listed on page 4, the IRS will apply the tiebreaker rules, and the taxpayer's benefits may be disallowed. If the taxpayer wants to take the EIC based on this child, complete lines 14 and 15. If not, and there are no other qualifying children, the taxpayer cannot take the EIC. If there is more than one child, complete lines 8 through 14 for the other child(ren) (but for no more than two qualifying children).

14 Does the qualifying child have an SSN that allows him or her to work or is valid for EIC purposes? See the instructions before answering.
 ▶ If you checked "No" on line 14, the taxpayer cannot take the EIC based on this child and cannot take the EIC for taxpayers who do not have a qualifying child. If there is more than one child, complete lines 8 through 14 for the other child(ren) (but for no more than two qualifying children). If you checked "Yes" on line 14, continue.

15 Are the taxpayer's earned income and adjusted gross income each less than the limit that applies to the taxpayer for the year on line 1? See Pub. 596 for the limit.
 ▶ If you checked "No" on line 15, stop; the taxpayer cannot take the EIC. If you checked "Yes" on line 15, the taxpayer can take the EIC. Complete Schedule EIC and attach it to the taxpayer's return. If there are two qualifying children with valid SSNs, list them on Schedule EIC in the same order as they are listed here. If the taxpayer's EIC was reduced or disallowed for a year after 1995, see Pub. 596 to see if Form 8862 must be filed.

	Child 1	Child 2
9	<input type="checkbox"/> Yes ¹⁰ <input type="checkbox"/> No	<input type="checkbox"/> Yes ¹¹ <input type="checkbox"/> No
10	<input type="checkbox"/> Yes ¹² <input type="checkbox"/> No	<input type="checkbox"/> Yes ¹³ <input type="checkbox"/> No
11	<input type="checkbox"/> Yes ¹⁴ <input type="checkbox"/> No	<input type="checkbox"/> Yes ¹⁵ <input type="checkbox"/> No
12	<input type="checkbox"/> Yes ¹⁶ <input type="checkbox"/> No	<input type="checkbox"/> Yes ¹⁷ <input type="checkbox"/> No
13a	<input type="checkbox"/> Yes ¹⁸ <input type="checkbox"/> No	<input type="checkbox"/> Yes ¹⁹ <input type="checkbox"/> No
13b	<input type="checkbox"/> Yes ²⁰ <input type="checkbox"/> No	<input type="checkbox"/> Yes ²¹ <input type="checkbox"/> No
13c	<input type="checkbox"/> Yes ²² <input type="checkbox"/> No	<input type="checkbox"/> Yes ²³ <input type="checkbox"/> No
	<input type="checkbox"/> Don't know	<input type="checkbox"/> Don't know
14	<input type="checkbox"/> Yes ²⁴ <input type="checkbox"/> No	<input type="checkbox"/> Yes ²⁵ <input type="checkbox"/> No
15	<input type="checkbox"/> Yes ²⁶ <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

including the EIC for taxpayers without a qualifying child; do not complete part III of

Then, if?

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Part III Taxpayers Without a Qualifying Child

16. Was the taxpayer's main home, and the main home of the taxpayer's spouse if filing jointly, in the United States for more than half the year? (Military personnel on extended active duty outside the United States are considered to be living in the United States during that duty period. See Pub. 596.)

Yes No

27

17. Was the taxpayer, or the taxpayer's spouse if filing jointly, at least age 25 but under age 65 at the end of the year on line 17?

Yes No

26

18. Is the taxpayer, or the taxpayer's spouse if filing jointly, eligible to be claimed as a dependent on anyone else's federal income tax return for the year on line 18?

Yes No

29

19. Are the taxpayer's earned income and adjusted gross income each less than the limit that applies to the taxpayer for the year on line 19? See Pub. 596 for the limit.

Yes No

30

Due Diligence Requirements

20. Did you complete Form 8867 based on information provided by the taxpayer or reasonably obtained by you?

Yes No

31

21. Did you complete the EIC worksheet found in the Form 1040, 1040A, or 1040EZ instructions (or your own worksheet that provides the same information as the 1040, 1040A, or 1040EZ worksheets)?

Yes No

32

22. Did you comply with the knowledge requirements? (To comply with the knowledge requirements, you must not know or have reason to know that any information used to determine the taxpayer's eligibility for, and the amount of, the EIC is incorrect. You may ignore the instructions of information furnished to or known by you, and you must make reasonable inquiries if the information furnished appears to be incorrect, inconsistent, or incomplete.)

Yes No

33

23. Did you keep the following records?

- Form 8867 for your own form or forms.
- This EIC worksheet(s) or your own worksheet(s).
- A record of how, when, and from whom the information used to prepare the form and worksheets was obtained.

Yes No

34

If you checked "Yes" on lines 20, 21, 22, and 23, and keep the records described on line 23 for 3 years (see instructions), you have complied with all the due diligence requirements.

If you checked "No" on line 20, 21, 22, or 23, you have not complied with all the due diligence requirements and may have to pay a \$100 penalty for each failure to comply.

General Instructions



Do not use this form for a year before 2006. Instead, use the November 2005 version of the form for years after 2001 but before 2006.

Purpose of Form

Paid preparers of federal income tax returns or claims for refund involving the earned income credit (EIC) must meet the due diligence requirements in determining if the taxpayer is eligible for, and the amount of, the EIC. Failure to do so could result in a \$100 penalty for each failure. See Internal Revenue Code section 6995(g) and Part IV of this form.

Specific Instructions

Line 2

If the taxpayer was married at the end of the year, he or she must usually file a joint return to take the EIC. However, if the taxpayer and his or her spouse were not living together at the end of the year, the taxpayer may be eligible to be treated as unmarried. See Pub. 596 for details.

Line 3

For purposes of taking the EIC, an SSN issued by the Social Security Administration (SSA) is not valid if "Not Valid for Employment" is printed on the social security card and the number was issued solely to apply for or receive a federally funded benefit. Any other SSN issued by the SSA is valid for EIC purposes. You may find it useful to look at the social security card.

For the last 3 months of the year.

did not live

Use the head of household filing status.

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Line 8f

Enter only the child's first name unless both children have the same first name. In that case, enter any other identifying information ~~to distinguish the two children~~ to distinguish between ~~the two children~~

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Line 9f

An adopted child is treated as the taxpayer's child by blood. An adopted child is a legally adopted child of the taxpayer, or an individual who is ~~legally placed~~ placed with the taxpayer for legal adoption by the taxpayer.

A descendant usually refers to a grandchild or great-grandchild of the taxpayer, or to a child, grandchild, or great-grandchild of the taxpayer's brother, sister, stepbrother, or stepsister.

A foster child is a child placed with the taxpayer by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

Line 10j

If the child is married and the child's other parent claimed him or her as a dependent under the special rules for children of divorced or separated parents, check "Yes."

Line 11j

Even if the child did not live with the taxpayer for the requisite time, check "Yes" if the exception for a child who was born or died during the year applies. Also, temporary absences may count as time lived at home. Military personnel on extended active duty outside the United States are considered to be living in the United States during that duty period. For details, see Pub. 595.

Line 13c

If you checked "Yes" on line 13a (b-4)(i), the child meets the conditions to be a qualifying child of both the taxpayer and at least one other person. However, only one person can take the EIC and other benefits listed below based on that child. The other person(s) cannot take the EIC for people who do not have a qualifying child, but may be able to take the EIC and the other benefits based on a different qualifying child.

The taxpayer and the other person(s) can decide which of them, if otherwise eligible, will take the following tax benefits based on the qualifying child.

- The dependency exemption.
- The child tax credit.
- Head of household filing status.
- The credit for child and dependent care expenses.
- The exclusion for dependent care benefits.
- The EIC.

to this rule

The other person(s) cannot take any of the six tax benefits listed above unless he or she has a different qualifying child. But there is an exception if the special rule for divorced or separated parents applies.

Tiebreaker rules. If the taxpayer and the other person(s) cannot agree and more than one person claims the EIC or the other tax benefits listed on this page using the same child, the following rules apply:

It's will apply the following rules

because the noncustodial parent can claim an exemption and the credit for the child. See Rule 9 in Pub. 596.

exemption

• If only one of the persons is the child's parent, the child will be treated as the qualifying child of the parent.

• If both persons are the child's parents, the child will be treated as the qualifying child of the parent with whom the child lived for the longer period of time during the year entered on line 1. If the child lived with each parent for the same amount of time, the child will be treated as the qualifying child of the parent who had the higher adjusted gross income (AGI) for the year entered on line 1.

• If none of the persons are the child's parent, the child will be treated as the qualifying child of the taxpayer who had the highest AGI for the year entered on line 1.

~~When an individual is the parent of a child who is divorced or separated, the noncustodial parent is entitled to claim an exemption and the child tax credit for the child. See Rule 9 in Pub. 596.~~

Line 14

See the line 3 instructions for the definition of a valid SSN. If the child does not have a valid SSN because he or she was born and died during the year entered on line 1, check "Yes."

Line 23f

You must keep the records described on line 23 for 3 years. The 3-year period begins on the date you filed the return on which you claimed the credit. These records must be kept on paper or electronically in the manner described in Revenue Procedure 97-22 (or later updates). Revenue Procedure 97-22 is on page 9 of Internal Revenue Bulletin 1997-13, which is available at www.irs.gov/pub/irs-irb/97-13.pdf.

Paperwork Reduction Act Notice. We ask for you to obtain the information on this form to carry out the Internal Revenue laws of the United States. You are required to obtain this information.

You are not required to obtain the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 13 min.; Learning about the law or the form, 8 min.; and Preparing the form, 24 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE-W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-8406, Washington, DC 20224. Do not send the form to this address. Instead, keep it for your records.