

IRS EITC

Due Diligence

Hairdresser Script page 1 of 5

VIDEO

INTERCUTS OF PREPARER WITH COMPUTER AND DOLLY PARTON TYPE OF OVER THE TOP WOMAN APPROACHING HIS OFFICE. WE SEE HER WILD HIGH HEELS; LONG PAINTED NAILS, ETC.

AS SHE APPROACHES THE DOOR, WE HEAR THE SNAP OF BUBBLE GUM. ACTION FREEZES AND THE TITLE CARD COMES UP: **THE CASE OF THE TEASED UP RECORDS.**

ACTION RESUMES. DETECTIVE STANDS AS SHE ENTERS AND GESTURES FOR HER TO SIT IN THE CHAIR OPPOSITE HIS DESK. THEY BOTH HAVE A HARD TIME TAKING THEIR EYES OFF OF HER INCREDIBLY TEASED UP, ODDLY COLORED, ELABORATE HAIRDO. HE IS LOOKING AT IT WITH A LOOK OF HORRIFIED FASCINATION.

HE TURNS TO THE COMPUTER AND PULLS HER FILE UP ON SCREEN AS SHE FILES HER NAILS AND SNAPS HER BUBBLEGUM.

AS HE CONDUCTS THE INTERVIEW, HE ENTERS INFO INTO A COMPUTER AND WE MOVE QUICKLY THROUGH CLOSE-UPS OF FINGERS ON KEYS, NUMBERS BEING ENTERED INTO TEXT BOXES, ETC.

AUDIO

SERIES MUSIC UP AND UNDER

PREPARER VO: I was cleaning up my digital files one morning, getting everything in order for another tax season, when she walked in.

PREPARER: Why Mrs. Davis, what an unexpected, er... pleasure.

MRS D: Sorry not to call first, but you know the hair salon game. I had a cancellation and I thought to myself, Holly, today is the day to get those taxes done. So, here I am. Did I ask you how I looked?

PREPARER: Just as... Vibrant as ever? Are you still working over at Hair Dreams?

MRS D: Oh no. See, I finally got custody of my 10-year old--Kristina, so I opened up a little shop of my own in the house so I'd home when she gets home from school

PREPARER: Excuse me, Mrs. Davis. Let me just pull up your records from last year. And open a new file for this year.

MRS D: Take your time.

PREPARER: So, what is the name of your new business?

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VIDEO

SHE POINTS TO HER AMAZING HAIRDO.

AS THE PREPARER QUESTIONS HER, HER ANSWERS ARE INTERCUT WITH THE SOUNDS OF BUBBLE GUM BEING CHEWED.

CLOSE-UP OF PREPARER AS HE EXPLAINS THE RECORDS REQUIREMENT.

MRS D GESTURES BROADLY.

SHE GESTURES TOWARDS HER HAIR.

AS SHE MOVES TO BEGIN SPRAYING HER HAIR WHILE HOLDING A LARGE MIRROR, THE PREPARER GIVES HER A LOOK OF APREHENSION.

AUDIO

MRS D: Hair Heaven. How perfect is that?

PREPARER: With your own business now, you must file a Schedule C. How much did you make last year?

MRS D: Twelve thousand dollars.

PREPARER: And did you bring your records with you?

MRS D: Records? Um... I don't know what you mean.

PREPARER: Well, for taxes, and to claim the EITC, you must show how much you took in in income, like salon fees and tips.

MRS D: I have to count my tips? Look, that's not income, that's a gra-tuity for good service and my winning personality.

PREPARER: It counts... as income. I'll also need all of your allowable expenses for equipment, supplies, etc. If you didn't keep careful records, you must reconstruct them to the best of your ability. Otherwise, as an ethical preparer, I cannot do your taxes.

MRS D: Well, I'm good at construction. Tell me what to do. May I?

PREPARER: Um... Sure.

PREPARER: Do you have an appointment book that shows what clients you had each day?

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VIDEO

AS THE PREPARER QUESTIONS HER, THE ROOM GRADUALLY FILLS WITH HAIRSPRAY.

AS THE ROOM CONTINUES TO FILL, THE PREPARER BECOMES INCREASINGLY LESS COMFORTABLE AND BEGINS COUGHING.

AUDIO

MRS D: Oh, yes.

PREPARER: Do you give receipts to your customers and keep copies?

MRS D: Oh yeah.

PREPARER: Good. Do you give receipts to your customers and keep copies?

MRS D: Well, no. But, I put down in my appointment book what they paid in my appointment book. Tips, too.

PREPARER: Good. Do you provide hair color, spray, shampoo, conditioner, etc.

MRS D: Oh yes, it's a full service salon.

PREPARER: Well, these are all allowable expenses. Do you have receipts for purchasing them?

MRS D: Well, I didn't save them, no. But, Judy down at the beauty supply store, I'm sure she'll remember what I bought and when. She stores everything on her computer, just like you.

PREPARER: Great. Well, you'll need to get a complete list. Don't forget equipment, too. Hairdryers, combs, curling irons, etc.

MRS D: I used my credit card for everything. Does that count as a record?

PREPARER: Yes, please pull all of your statements for last year. Now tell me, do you have an area in your home set aside just for the salon?

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VIDEO

THE HAIRSPRAY IN THE ROOM IS BECOMING TOO MUCH FOR THE PREPARER.

WHEN SHE IS FINISHED, SHE STOPS SPAYING AND REVEALS A COMPLETELY DIFFERENT HAIRSTYLE OUT FROM BEHIND HER MIRROR.

HE PRINTS OUT A CHECKLIST OF EVERYTHING SHE NEEDS TO BRING BACK, AND MOVES TO HAND IT TO HER.

HE STANDS AS SHE HEADS FOR THE DOOR.

SUPER: ? DAYS LATER

THE PREPARER IS WORKING ALONE IN HIS OFFICE VIEWED AS TIME-LAPSE.

MRS DAVIS RETURNS WITH A COMPLETELY NEW HAIRDO THAT'S SIMPLER, AND A GREAT DEAL MORE FLATTERING. SHE IS CARRYING A STACK OF ORDERLY PAPERWORK AND FILES. AND HANDS THEM TO THE PREPARER WITH PRIDE.

AUDIO

MRS D: No, I just use the kitchen sink for shampoos and color. Then I style 'em up while they have a cup of coffee.

PREPARER: And do you ever go to clients' homes?

MRS D: Oh no. They come to me. They like the ambience.

PREPARER: Mrs. Davis, I cannot continue this discussion if you don't stop...

MRS D: All done!

PREPARER: So, when you come back, Mrs. Davis, you'll need to bring complete records as we've discussed today. Be sure to total all of your income, including tips. All of your expenses. Bring all of your credit card statements, or a complete record of purchases from the beauty supply store.

MRS D: This is gonna take some time.

PREPARER: Yes, so it's good you're starting early. Once we get this year squared away, I'll show you how to keep proper records from now on.

PREPARER: Mrs. Davis? You look so...

MRS D: Organized. It's my new thing. I went through every page of my appointment book and totaled up all my fees and tips. I also calculated how much hair color and other

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VIDEO

HE SITS AND GOES THROUGH HER RECORDS, THEN BEGINS ENTERING INFO INTO HIS COMPUTER.

THE PREPARER IS REASSESSING HIS EARLIER IMPRESSION OF MRS D. CLEARLY HE IS CHARMED BY HER TRANSFORMATION.

HE HANDS HER THE COMPLETED RETURN AND SHE LOOKS IT OVER. SHE FROWNS A LITTLE ABOUT THE LOWER EITC. BUT THEN, SHE BRIGHTENS.

CUT AWAY TO A QUICK SERIES OF STILL IMAGES OF A MODEST BEAUTY SALON—HER DREAM FOR HER NEXT BUSINESS VENTURE.

END TITLES AND PREPARER BEST PRACTICES TIPS.

AUDIO

supplies I used based on the number of appointments and types of service I did.

PREPARER: Excellent.

MRS D: Then I cross referenced my credit card receipts for supplies with the printout the supply store gave me, just to make sure my estimates from the book were accurate.

PREPARER, APPRECIATIVELY: This looks very thorough. And nice summary sheets.

MRS D: Why, thank you. So, will I get the EITC? How much will it be?

PREPARER: Well, according to these figures....you made \$10,500 from services and tips last year....with expenses...of...\$1,900. That's a net income of \$8,600. And yes, you do qualify for the EITC. Although not as much as last year's.

MRS D: I was hoping for more money.

PREPARER: But, this is what you rightfully should get based on actual records. Records that you can back up in case the IRS ever audits your return.

MRS D: You know, this organizing thing is giving me ideas. I'll see you next year.