

OPEN ON PREPARER IN HIS OFFICE PRACTISING HIS GOLF GAME. HE FOCUSES INTENTLY ON HIS STANCE AND WAGGLE.

PREPARER VO: Tax season. And I won't see the golf course for months. Maybe if I hire some help, I can be king of the clubhouse again. No wait, I was never the king, I was the caddy.

WE SEE DREAM WAVES AS PREPARER GROWS REFLECTIVE ABOUT HOW GREAT A GOLFER HE COULD BE.

TITLE UP. Tax Tales: **The case of the unexpected handicap.**

PREPARER COMES OUT OF HIS REFLECTIVE MOMENT TO DISCOVER STUART SITTING IN HIS OFFICE. HE IS A YOUNG, EAGER NEW PREPARER WHO IS PRECOCIOUS AND OVERLY CONFIDENT IN HIS ABILITIES.

PREPARER: Stuart. Welcome aboard. Glad I found you at the last minute.

STUART: Thank YOU, Sir. I'm ready to shine.  
[STUART MUGGING TO CAMERA]

PREPARER (caught off guard): Well, we have a full day, but before we begin, did you go over those EITC training materials I sent?

STUART (dismissively):  
Oh yeah, those were a breeze, for me.  
[STUART MUGGING TO CAMERA]

PREPARER  
(skeptical): So you feel up to speed on conducting a thorough interview to establish Head of Household status, and EITC eligibility? And you know the four qualifying child tests—relationship, age, joint return and residency?

STUART (slightly offended by PREPARER'S lack of confidence in his manifest abilities): I am all over this.  
[STUART MUGGING TO CAMERA]

PREPARER: What about proper documentation?

STUART (deciding to indulge his skepticism):

Did I mention I have a college degree?

[STUART MUGGING TO CAMERA]

PREPARER: What are you looking at?

STUART: You can't, you don't, you can't see the... (gestures off camera) people?

CAMERA FOLLOWS STUART'S GESTURE TO REVEAL CREW, LIGHTS, SET, ETC. AND PANS BACK TO PREPARER

PREPARER (confused): ...No... (shrugs it off) ...Look let's get going. Your first client will be here any minute.

TIME PASSES AND WE SEE STUART ENTER THE PREPARER'S OFFICE. THE PREPARER IS LOOKING AT STUART'S WORK ON HIS COMPUTER.

STUART: It's looking pretty good, huh?

PREPARER (serious):

Stuart, I've been spot checking your files.

STUART (nodding and anticipating praise):

As you can see, I got this down.

PREPARER:

That's not what I'm seeing. I'm wondering if you've done your due diligence. You know, the IRS now has a \$500 penalty, so if you don't practice due diligence, Stuart, you could be fined. As your employer I can be fined for your negligence. And our clients could face penalties too. So let's go over a few things to keep our finances and reputations intact.

WE REVISIT CLIPS OF CLIENTS FROM PREVIOUS VIDEOS.

PREPARER VO: Mrs. Romero.

SHOW QUICK SEQUENCE OF MRS ROMERO APPLYING LIPSTICK. THEN WE SEE STUART IN THE PREPARER'S CHAIR, DOING EXACTLY THE SAME EYEBROW RAISE.

STUART

(appreciatively): Ah, lovely. You know I really think she liked me.

PREPARER

(sharply): Where is the proof that her daughter lived with her more than 6 months last year? No records, no residency requirement, no EITC.

STUART

(overly casual): Well, I got distracted, you understand.

SHOW ALICE JACKSON IN PREPARER'S OFFICE, AND STUART IN PREPARER'S CHAIR DOING ONE OF HIS REACTION SHOTS FROM ORIGINAL VIDEO.

PREPARER:

(exasperated): And Alice Jackson. Where's the documentation that proves her Adjusted Gross Income is greater than her son's. She's the grandparent. What's the dad's income?

STUART

(rolling his eyes): She qualified last year, so obviously she's good to go this year.

PREPARER:

You know, Stuart, I shouldn't have taken it for granted that you truly understood those training materials. EITC eligibility is complicated. Let's go over Form 8867, the paid preparer's Checklist. It's been updated, so it's worth a careful look.

CUT TO HEADER OF FORM SHOWING IRS FORM 8867 PAID PREPARER'S EITC CHECKLIST.

PREPARER:

We must complete and submit the 8867 with each tax return. If you work the form and document as you go, that's due diligence.

PAN DOWN 8867 SHOWING IT IS PRETTY EXTENSIVE.

STUART

(incredulous): C'mon, you'd have to spend like an hour with every client!

PREPARER:

Whatever it takes to get it right. Now the law requires that we make a copy of the 8867, and all the documentation we relied on to determine EITC eligibility. We're also responsible for keeping this record a minimum of...

STUART (cuts him off confidently):

I know, one whole year.

PREPARER:

THREE years, Stuart. From the date the return was e-filed; or from the date you gave it to the client for signature; or from the due date of the return, whatever is later. And the IRS prefers not

paper files, but secure electronic storage to reduce the chance of identity theft.

STUART (deadpan):

Wow, this IS sort of hard!

PREPARER:

Yes, Stuart. Due Diligence is hard, but worth it for our protection and our clients.

PREPARER SHAKES STUART'S HAND OVERLY HARD AS IF TO SAY "DON'T MESS WITH MY REPUTATION OR MY BUSINESS, KID." WHEN HE LETS GO, STUART SHAKES OU HIS HAND AND WE FREEZE FRAME AS THE PREPARER CROSSES HIS ARMS CONFIDENTLY AND STUART WINCINGLY LOOKS AT THE PREPARER.

DUE DILIGENCE MUST DO'S:

- Train yourself and every employee on all requirements
- Test their knowledge of due diligence and your firm's procedures
- Quality review their work
- Work the Checklist, and document as you go.
- Keep a copy of the 8867 and all documentation