VIDEO

OPEN ON A PHONE RINGING.

CUs OF PHONE

TITLE CARD UP: THE CASE OF THE ANXIOUS PREPARER

MAX WALKS INTO PREPARER’S OFFICE. HE IS VISIBLY WORRIED.

MAX IS TOO AGITATED TO SIT, SO HE PACES.

AUDIO

SFX: PHONE RINGS


SERIES MUSIC UP AND UNDER.

PREPARER: Max, good to see_____

MAX INTERRUPTS: No time for pleasantries. I’m in trouble. Just got this notice from the IRS. They want to audit my files for EITC Due Diligence.

PREPARER CALMLY: Oh, that.

MAX: This is serious! You know what they could do me?

PREPARER: Max, I went through this last year. I assure you, freaking out is not going to help.

MAX: But, what if they find errors or omissions?

PREPARER: I can see the only way to help you is to tell you the facts about how they audit and what they’re looking for.
Due Diligence

Audit Script 2 of 5

VIDEO

MAX SITS DOWN.

FLASHBACK TO CASE INVOLVING QUALIFYING CHILD AND SKETCHY STORY.

WE CUT BACK TO A SEQUENCE OF MR KIMBLE. THE FOOTAGE HAS BEEN ALTERED TO SEEM DREAMLIKE AND HISTORICAL.

AUDIO

MAX: You know me, I always do things by the book.

PREPARER: Which is exactly why you probably have nothing to worry about. The Revenue Agents aren’t out to get you, Max. But they do have to review a certain number of returns done by preparers each year.

MAX: And my number came up?

PREPARER: You know what they’re looking for, right? The big four.

MAX: An EITC worksheet for each return and a Checklist completed. Records kept for at least three years and evidence of due diligence in regards to the knowledge requirement.

PREPARER: And that’s where 90 percent of penalties come from. Last year, the only questions the Agent had for me were about that knowledge requirement. I had a case where I could have done better.

PREPARER IN PAST: When you called, you said something about children at home.

MR KIMBLE: My sister’s kids.

PREPARER IN PAST: Did the kids live with any other family member for more than half the year last year?

MR KIMBLE: My sister and my mom, we all live in the same house together with the kids.

PREPARER IN PAST: How much did your sister make last year?
IRS EITC

Due Diligence

Audit Script page 3 of 5

VIDEO

QUICK CUT TO THE PREPARER PLEADING AND LOCKED UP IN THE STACKS.

THE PREPARER IS THE PORTRAIT OF SERENITY.

QUICK CUT TO MAX IMAGINING HIMSELF BEING RELEASED FROM THE STOCKS. FREEDOM! HE BEGINS TO LIGHTEN UP AS HE INTERACTS WITH THE PREPARER.

SUPER THE LAW WORDING.

AUDIO

MR KIMBLE: Hey- I thought you were working for me- what’s with all these nosy questions?!

PREPARER IN PAST: Calm down Mr. Kimble

PREPARER BACK IN REAL TIME: Truth was, Max. I didn’t do my job that time. The guy was so belligerent, and it had been a long day. So, I just went with it. Sure enough, the Agent found it.

MAX: What did they do to you?

PREPARER: Nothing. The Agent brings a list of cases and they review 25. And if you have only one or two that aren’t perfect, no penalties. But, more than that, the Agent looks at another 25. And if necessary, another 25. IRS wants to know that not doing due diligence is a fluke, not a pattern.

MAX: Maybe I will be OK.

PREPARER: Like the law says: The preparer must not know, or have reason to know, that any information used in determining the taxpayer’s eligibility for, or the amount of the EITC, is incorrect.

MAX: I know I always ask a lot of questions, even if my clients seem uncomfortable.

PREPARER: Right, the Agent is looking for incorrect, incomplete, or inconsistent items on the return...so we have to ask enough questions to clarify information.

MAX: Especially since we’re the ones paying the penalties.
VIDEO

SUPER: LISTING QUALIFYING CHILD, RELATIONSHIP AND RESIDENCY, FILING STATUS AND SCHEDULE C IF THEY'RE SELF-EMPLOYED

FLASHBACK TO OLD CASE WHERE THINGS WENT AWRY. THE FOOTAGE HAS BEEN ALTERED TO SEEM DREAMLIKE AND HISTORICAL.

WOMAN ENTERS OFFICE IN TEARS.

WOMAN, CHOKED UP, EXPLAINING.

MAX NODS KNOWINGLY.

BEST PRACTICES BUILD INTERCUT WITH OC DISCUSSION.

AUDIO

PREPARER: It always seems to come down to the same gray areas, year after year—qualifying child, relationship and residency, filing status and schedule C if they’re self-employed.

PREPARER: I remember this woman... Well, it’s all here in my case files.

PREPARER IN PAST: I’d been preparing her returns for years. But this time, she shows up and tells me she has two kids who are dependents. I asked where the children’s parents were. Why they weren’t claiming the kids. Then it all came out.

WOMAN: My sister’s in rehab. The county wanted to take the kids away, so I took them in.

PREPARER TO MAX IN REAL TIME: She even had the court order.

MAX: You meet all kinds in this job.

PREPARER: And since we never know, I recommend a few best practices for me and my staff, and we regularly review them. I even have them posted on each workstation. The Agent will want to know about this, too, Max. One is keeping up on Due Diligence training, either with seminars or webinars.
Due Diligence

Audit Script page 5 of 5

VIDEO

LIST CONTINUES TO BUILD.

MAX IS RELIEVED AS HE SHAKES THE PREPARER’S HAND AND MOVES TOWARDS THE DOOR.

END TITLES AND PREPARER BEST PRACTICES TIPS.

AUDIO:

PREPARER: Two, writing down all client responses to every question we ask, and keeping that in the record. Three, I urge my staff to bring me any return that seems questionable. Better safe than...

MAX: Penalized.

PREPARER: Right. Four, We send people away if the answers they give us just don’t make sense. And lastly, I do a quality review of returns prepared by my staff just to be sure they “get it.”

MAX: Thanks, man. I’m feeling like everything is going to be okay. My records may not be perfect, but they’re pretty solid. And I see a few places where I could be more diligent.

PREPARER: And one last thought – if you are penalized and don’t feel like the Agent is fair, you have the right to ask for a conference with the Agent’s manager; and of course they will advise you of the right to appeal if you are penalized. Stay cool, Max. And call me to let me know how it goes.