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## Course Information

**Course Title:** *EITC Due Diligence Course #291924*

**Number of continuing education credit hours recommended for this course:**

In accordance with the standards of the National Registry of CPE Sponsors and the IRS, CPE credits have been granted based on a 50-minute hour.

**EA, RTRP**            **3** (All States) IRS: Qualified Sponsor number: *FWKKO*.

**CPA:**                **3** (Accepted in all states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration:

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: CPE .51PSR

Pennsylvania Board of Accountancy: PX 178025

Texas State Board of Accountancy: 009349

### Course Description

The Earned Income Credit (EIC) is a refundable tax credit that has a significant impact on United States revenue. It is also the source of a disproportionately large number of errors in tax returns in which a claim for it is made. In a recent year, 150.3 million individual federal tax returns were filed, and more than 27.4 million—18.2% claimed the Earned Income Credit<sup>1</sup>. Based on that percentage, it would not be unexpected that, in the years ahead, approximately one taxpayer in every five will claim the EIC. Approximately 70% of federal income returns claiming the earned income credit are prepared by professional tax return preparers.

This course briefly summarizes the earned income credit rules, examines the common errors committed when claiming the credit, discusses the EIC due diligence requirements imposed on professional tax return preparers, and identifies the sanctions to which preparers and their employers may be subject for a failure to meet expected due diligence requirements.

### Course Content

Publication/Revision Date: 1/29/2024.

Author: Paul J. Winn CLU ChFC

Final exam (online): Twenty-eight questions (multiple-choice).

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<sup>1</sup> SOI Tax Stats-Individual Income Tax Returns may be accessed at:  
<http://www.irs.gov/uac/SOI-Tax-Stats-Historical-Table-1>.

**Program Delivery Method:** Self-Study (NASBA QAS Self-Study/Interactive)

**Subject Codes/Field of Study**

IRS (EA/OTRP): Federal Tax Law

NASBA (CPA): Taxes

**Course Level, Prerequisites, and Advance Preparation Requirements**

Level: Overview. This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

**Instructions for Taking This Course**

- Log in to your secure account at [www.bhfe.com](http://www.bhfe.com). Go to "My Account."
- You must complete this course within one year of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- **To retain the course-PDF after completion (for future reference) and to enable enhanced navigation:** From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- Complete the course by following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

**Instructions for Taking the Online Exam**

- Log in to your secure account at [www.bhfe.com](http://www.bhfe.com). Go to "My Account."
- A passing grade of at least 70% is required on the exam for this course.
- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

Have a question? Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

## Learning Objectives

Upon completion of this course, you should be able to:

- Recognize the earned income credit eligibility rules;
- List the common errors committed in connection with claiming the earned income credit;
- Describe the consequences for the taxpayer of the IRS' disallowance of the earned income credit;
- Identify the tax return preparer's earned income credit due diligence requirements; and
- List the sanctions that may be applied on a tax return preparer and his or her employer for a failure to meet due diligence requirements.

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