

## Tax Preparers' Due Diligence Requirements for EITC

Paid preparers who file EITC returns or claims for refunds for clients must meet four due diligence requirements. Those who fail to do so can be assessed a \$500 penalty for each failure.

- 1) Complete and file with taxpayer's return Form 8867, Paid Preparer's Earned Income Credit Checklist.
- 2) Fill out the appropriate EIC worksheet found in the Form 1040, 1040A, or 1040EZ instructions or in Publication 596, or your own equivalent form.
- 3) You must have no knowledge that any of the information used to determine the taxpayer's eligibility for the credit and the credit amount is incorrect.
- 4) Retain Form 8867 and the EIC worksheets (or your own equivalents of each), and a record of how, when, and from whom the information used to prepare the form and worksheet(s) was obtained. You must keep these documents for three years from June 30 following the date the return or claim for refund was presented to the taxpayer for signature. (In Drake Software, Form 8867 includes a place for the taxpayer, spouse, and preparer to optionally sign and date, which helps meet this requirement.)

## 2012 Medical Savings Accounts (MSA)

### 2012 Premium for High Deductible

Self Coverage	\$2,100 - \$3,150
Family Coverage	\$4,200 - \$6,300

### Maximum Out of Pocket

Self Coverage	\$4,200
Family Coverage	\$7,650

## Health Savings Account (HSA)

### 2012 Maximum Annual Contribution Limits

Self-Only Coverage	\$3,100
Family Coverage	\$6,250

### 2012 Minimum Deductible

Self Coverage	\$1,200
Family Coverage	\$2,400

### 2012 Maximum Out of Pocket

Self Coverage	\$6,050
Family Coverage	\$12,100

### Additional Over Age 55

2012 and after	\$1,000
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## Standard Deductions

IF Your Filing Status Is...	Base Amount	Additional Amount for Blindness or Over Age 65
Single	\$ 5,950	\$1,450
Married Filing jointly	\$11,900	\$ 1,150
Married Filing Separate	\$ 5,950	\$ 1,150
Head of Household	\$ 8,700	\$1,450
Qualifying Widow(er) with Dependent Child	\$11,900	\$ 1,150
Dependent of Another	\$950 or Earned Income + \$300	\$1,150 or \$1,450 if single or HOH

## MACRS Recovery Periods

Type of Property	MACRS RECOVERY PERIOD	
	General Depreciation System	Alternative Depreciation System
Computers and their peripheral equipment	5 years	5 years
Office machinery, such as: Typewriters Calculators Copiers	5 years	6 years
Automobiles	5 years	5 years
Light trucks	5 years	5 years
Appliances, such as: Stoves Refrigerators	5 years	9 years
Carpets	5 years	9 years
Furniture used in rental property	5 years	9 years
Office furniture and equipment, such as: Desks Files	7 years	10 years
Any property that does not have a class life and that has not been designated by law as being in any other class	7 years	12 years
Roads	15 years	20 years
Shrubbery	15 years	20 years
Fences	15 years	20 years
Residential rental property (buildings or structures) and structural components such as furnaces, water pipes, venting, etc.	27.5 years	40 years
Nonresidential real property	39 years	40 years
Additions and improvements, such as a new roof	The same recovery period as that of the property to which the addition or improvement is made, determined as if the property were placed in service at the same time as the addition or improvement.	