

**Reg. 1.6694-1(e)(3),
Example 2**

**Verification of Info:
Reasonable Inquiries Were Made**

Copyright © 2020 Andrew Mitchel LLC
International Tax Services
www.andrewmitchel.com

You had a 1099 for interest income when we filed your 2007 tax return. I noticed that you did not give me a 1099 for interest income for 2008. Did you have any other income during 2008?



**Tax Return
Preparer**

Oh, yeah! Here is the 1099 for the interest income.

(But I am not going to tell you about the interest income from another bank account that I have never reported to the IRS.)



Taxpayer

While preparing the 2008 tax return for an individual taxpayer, Preparer F realizes that the taxpayer did not provide a Form 1099-INT, "Interest Income", for a bank account that produced significant taxable income in 2007. When F inquired about any other income, the taxpayer furnished the Form 1099-INT to F for use in preparation of the 2008 tax return. F did not know that the taxpayer owned an additional bank account that generated taxable income for 2008, and the taxpayer did not reveal this information to the tax return preparer notwithstanding F's general inquiry about any other income. F signed the taxpayer's return as the tax return preparer. F is not subject to a penalty under section 6694.