



FACT SHEET FOR SPEC PARTNERS AND EMPLOYEES

Volunteer Due Diligence

Wage & Investment Division

Key Messages

- All IRS-certified volunteers must exercise due diligence
- When reviewing information for its accuracy, the volunteer needs to consider if the information is *unusual or questionable*
- Certified volunteers should ask for clarification for any unusual, inconsistent or incomplete items
- As part of due diligence, a volunteer must research and/or ask for assistance when they encounter an issue they are not familiar
- If the volunteer is uncomfortable with the information provided by the taxpayer, they should not prepare the tax return
- Volunteers can only prepare returns within the scope of the VITA/TCE Programs
- Before taxpayers sign a return, volunteers must advise taxpayers about the declaration that they make under penalties of perjury when signing the return

The purpose of this fact sheet is to provide information on the volunteer Due Diligence requirements.

Background

In 2012, the Treasury Inspector General for Tax Administration (TIGTA) conducted its annual audit of the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs. As part of its audit, TIGTA recommended that the IRS “Establish guidelines for recommended due diligence for volunteers when preparing tax returns.”

Overview

All IRS-certified volunteers must exercise due diligence. This means, a volunteer must do their part when preparing or quality reviewing a tax return to ensure the information on the return is correct and complete.

Doing their part includes; confirming a taxpayer’s identity (and spouse, if applicable) and providing top-quality service by helping the taxpayer understand and meet their tax responsibilities.

Return Preparation & Review

Generally, an IRS-certified volunteer can rely in good faith on information from a taxpayer without requiring documentation as verification. However, part of due diligence requires the volunteer to ask a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, the volunteer needs to consider if the information is unusual or questionable. Follow-up questions are required when these type of items are identified.

Volunteers must take reasonable steps to ensure the tax return is correct:

- If the taxpayer does not agree with adding all taxable income to their tax return, the volunteer should not prepare the tax return.
- If the volunteer determines the item is questionable and/or unallowable, the volunteer should not claim the deduction or credit on the tax return.
- If a certified volunteer is uncomfortable with the information and/or documentation provided by a taxpayer, the volunteer should not prepare the tax return.
- If the taxpayer does not agree with the volunteer’s advice, the volunteer should not prepare the return.

To ensure tax return integrity, volunteers must:

- Validate all social security number(s) presented by the taxpayer and match the social security number(s) listed on the tax return;
- Prepare only returns within the scope of the VITA/TCE Programs;
- Not prepare returns for which they are not been certified;

- Explain to the taxpayer why the deduction or credit can or cannot be included on his/her return;
- Ensure a second certified volunteer reviews the return with the taxpayer;
- Not make changes to the return after the taxpayer leaves the site without notifying the taxpayer.

Make an Effort to Find the Answer

If a volunteer is unsure about a deduction or credit, they must make an effort to research the answer or ask a more experienced certified volunteer for assistance.

When in doubt the volunteer should:

- Reference/Research publications (i.e. Publication 17, Publication 4012, Publication 596, etc.) for answers and clarification.
- Use the Interactive Tax Assistant (ITA) to find the answer (available through TaxWise Solution Center). ITA is a tool used as a tax law resource that will take the volunteer through a series of questions and provides a response to tax law questions.
- Research www.irs.gov for an answer.
- Seek assistance from the site coordinator or from a certified volunteer preparer with more experience.
- Reschedule/suggest the taxpayer come back when a more experienced volunteer preparer is available.
- Contact the Volunteer Hotline 1-800-829-VITA (8482).
- Advise taxpayers to seek assistance from a professional return preparer.

Tax Form Declaration

Before asking taxpayers to sign Form 1040 or Form 8879, *IRS e-file Signature Authorization*, volunteers must advise taxpayers about the declaration that they make under penalties of perjury when signing the form:

“Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete.

Summary

IRS -certified volunteer preparers have the responsibility to perform adequate due diligence on every return prepared or reviewed. Only by performing and meeting due diligence requirements can a volunteer ensure they have prepared an accurate tax return.