

## Fact Sheet for SPEC Partners & Employees

### Quality Statistical Sample (QSS) Review Results

#### Introduction

Stakeholder Partnerships, Education and Communication (SPEC) provides oversight of the Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) program. The VITA/TCE program offers free tax return preparation assistance to low- to moderate-income taxpayers, senior citizens, persons with disabilities, those with limited English proficiency and Native Americans. SPEC's partners have been assisting low- to moderate-income taxpayers in underserved communities for over 50 years under the VITA/TCE program.

During the 2020 filing season, SPEC continued to have a positive effect on the millions of taxpayers who had their tax returns prepared at over 11,000 VITA/TCE sites by nearly 73,000 volunteers. As of July 31, 2020, over 2.4 million tax returns were prepared and filed in 2020 by VITA/TCE sites. However, this only represents a portion of the additional millions of individuals that benefited from returns completed correctly and credits claimed that might have otherwise gone unpaid.

SPEC partners had to overcome several challenges during the 2020 filing season. After closing sites, many partners subsequently reopened under various modified virtual methods of free tax preparation. These methods offered taxpayers assistance in a safer way. SPEC partners also graciously assisted the IRS by reaching over 150 million households with information regarding eligibility for the Economic Impact Payments (EIP).

This was an unprecedented filing season and these barriers continue to remind us how versatile and resilient our SPEC partners are as they remain dedicated to the cause. During the 2020 filing season, SPEC partners achieved an incredible 94.33% accuracy rate of returns prepared by volunteers. This is a remarkable accomplishment during such a unique tax season where the entire country faced significant operational challenges. Since many VITA/TCE sites closed in March and IRS employees faced travel restrictions, this fact sheet includes QSS review result data based on a seven-week consolidated filing season through the week of March 13, 2020.

#### Quality Statistical Sample (QSS) Review - Return Preparation Accuracy

The measure of the accuracy of volunteer return preparation at VITA/TCE sites is calculated using Quality Statistical Sample (QSS) and return reviews. Return preparation quality is determined through on-site reviews of completed returns. The review determines the application of tax law by comparing a customer prepared questionnaire to the filing status, dependents, and EITC application on the return. For additional information, see Internal Revenue Manual (IRM) 22.30.1.3.8.

Although SPEC conducts other types of oversight reviews, the QSS reviews determine the accuracy of tax returns prepared at all "eligible" VITA/TCE sites and is the accuracy rate that is communicated externally. Sites that prepared fewer than 50 returns in the prior filing season (2019) and new sites that

opened for the first time in filing season 2020 are not considered eligible for the review. Therefore, these estimates only represent sites that prepared at least 50 returns in 2019.

## 2020 Filing Season QSS Review Sample Plan

The 2020 filing season QSS Review sample plan was designed to produce a statistically valid estimate of the accuracy of tax returns prepared at eligible VITA/TCE sites during the filing season. The plan is developed using guidance from IRS Statistics of Income (SOI) division. The 2020 filing season sample plan fell within the following parameters:

- Industry Standard Validity: within 90% confidence and 5% precision
- Enterprise Level: all sites combined
- Stratified By: type (VITA/TCE), SPEC areas (3)

Note: VITA/TCE-level estimates will also be statistically reliable but may not be within 5% precision.

A target sample size of 45 VITA and 45 TCE sites was determined based on SPEC resource considerations, historic accuracy, and desired levels of confidence and precision. To account for an expected number of newly closed and inaccessible sites falling in the sample, a total of 50 VITA and 50 TCE sites were actually selected. Both the VITA and TCE selections were proportionately allocated by area using site production volumes from the prior year filing season (2019).

## 2020 Filing Season QSS Review Results

The 2020 filing season plan provided for 100 site visits and three tax return reviews at each site, for a total of 300 return reviews. Due to the consolidated filing season, the Quality Program Office performed 50 of 100 planned site visits and completed 142 of 300 planned return reviews in 2020.

### Weighted Estimates (Overall Accuracy)

SPEC 2020 Filing Season	Weighted Estimate	Precision Margin
VITA	91.07%	6.02%
TCE	97.74%	2.00%
All Partners	94.33%	3.49%

\*Weighted estimates represent the quality in sites that prepared at least 50 returns during the prior year filing season (2019).

\*Precision margins are based on a 90% level of confidence.

\*Data is based on a consolidated filing season of seven weeks, due to mass site closures and IRS employee travel restrictions. QSS reviews concluded as of March 13, 2020.

136 of the 142 reviews were correct, which resulted in a weighted accuracy rate calculated by SOI of 94.33% and an unweighted (raw) accuracy rate of 95.77%.

Although the QSS return reviews resulted in a 95.77% unweighted (raw) accuracy rate, the unweighted results may not represent the actual accuracy of returns prepared by the population of all eligible sites. In order for the estimate to be statistically valid, it should take into consideration the methodology used to sample the returns included in the estimate. Weighting is used to ensure that every sampled case has the appropriate amount of influence on the final estimate (See IRM 21.10.1.3.2.3, Weighted Sampling, for more information). The accuracy rate of 94.33% is weighted appropriately and reflects the method used to sample the specific sites and returns included in the 2020 filing season review.