



VITA/TCE and Due Diligence

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IRS Top 5 - Things to Remember

1. Due Diligence means doing your part to ensure a tax return is correct.
2. IRS-certified volunteers should question any unusual, inconsistent, or incomplete items.
3. If you are unsure about a deduction or credit, make an effort to research the answer or ask another certified volunteer for assistance.
4. Before asking taxpayers to sign a tax return, volunteers must advise taxpayers about the declaration that they make under penalties of perjury when signing the return.
5. Review due diligence reminders with all certified volunteers.



1. Due Diligence means doing your part to ensure a tax return is correct.



Due Diligence

All IRS-certified volunteers must exercise due diligence.

This means, as a volunteer, you must **do your part** when preparing or reviewing a tax return to ensure the information on the return is correct and complete. Generally, you can rely in good faith on information provided by a taxpayer without requiring documentation as verification.

Doing your part includes:

- confirming a taxpayer's identity (and spouse's identity, if applicable)
- providing top-quality service by helping taxpayers understand and meet their tax responsibilities



Certification

ALL IRS volunteer preparers must be certified.

VITA/TCE volunteers can *only* prepare returns for which they have been “certified” based on the following certification levels approved by IRS:

- Basic
- Intermediate
- Advanced
- Military
- International
- Cancellation of Debt (COD)
- Health Savings Accounts (HSA)

As part of due diligence, if you are not familiar with a specific tax law topic, you should ask for assistance or research the answer using your available IRS reference materials.

2. IRS-certified volunteers should question any unusual, inconsistent or incomplete items.

IRS Return Preparation & Review

Generally, as an IRS-certified volunteer, you can rely in good faith on information from a taxpayer without requiring documentation as verification.

However, part of due diligence requires asking a taxpayer to clarify information that may appear to be inconsistent or incomplete. When reviewing information for its accuracy, you need to ask yourself:

***Is the information
Unusual or Questionable?***



3. If you are unsure about a deduction or credit, make an effort to research the answer or ask another certified volunteer for assistance.



Unsure? Make an effort to find the answer

When in doubt :

- Seek assistance from the site coordinator.
- Seek assistance from a volunteer preparer with more experience.
- Suggest the taxpayer come back when a more experienced preparer is available. Schedule an appointment, if possible.
- Reference/research publications (i.e. Publication 17, Publication 4012, Publication 596, etc.).
- Research www.irs.gov for your answer.
- Research the [Interactive Tax Assistance \(ITA\)](#) to address tax law qualifications.
- Contact the VITA Hotline at 1-800-829-8482.
- Advise taxpayers to seek assistance from a professional return preparer.



4. Before asking taxpayers to sign a tax return, volunteers must advise taxpayers about the declaration that they make under penalties of perjury when signing the return.



IRS Tax Form Signature Statement

Taxpayers must be reminded about the disclosure statement listed on tax returns.

“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.”

5. Review the due diligence reminders with all certified volunteers.



Due Diligence Reminders

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

- If the taxpayer does not agree with adding all taxable income to his/her tax return, the volunteer should not prepare the tax return.
- If the volunteer determines an 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.



Tax Return Integrity

- Validate that all social security numbers presented by the taxpayer match the social security numbers listed on the tax return.
- Never prepare out of scope returns.
- Do not prepare returns for which you have not been certified.
- Explain to the taxpayer why the deduction or credit can or cannot be included on his/her return. Use IRS reference materials to support your statements.
- After the return is completed, a second certified volunteer must review the return with the taxpayer.
- Do not make changes or corrections to the tax return after the taxpayer leaves the site without notifying the taxpayer.



Conclusion

- As an IRS-certified volunteer preparer, you have the responsibility to perform adequate due diligence on **EVERY** return you prepare or review.
- The goal is not to prepare as many tax returns as possible, but to accurately report taxpayers' income and deductible expenses on the tax returns you do prepare to ensure they pay the proper amount of tax.
- Documentation can be requested for anything listed on the tax return.
- Only by performing and meeting the due diligence requirements can you ensure you have prepared an accurate return.