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IRS Volunteers often make Mistakes

The IRS runs a Volunteer Program that regularly solicits help from volunteers to file taxes for the low income, English language challenged or elderly taxpayers, among others. Last year, the agency used more than 87,000 volunteers to file about 3.1 million tax returns. But the Treasury Inspector General for Tax Administration (TIGTA) reviewed the work done by the volunteers and found a rather high rate of inaccuracy in the returns. This discovery was recorded in an official report by the TIGTA.

Out of 3 dozen returns prepared by the volunteers examined by TIGTA, it was found that only 14 were submitted in without mistakes. Granted, 3 dozen does not represent a large cross section of the millions of tax returns and it should not be seen as a general picture. Nevertheless, Russell George, the Treasury Inspector General for Tax Administration, said he was still very troubled by the report. The report included details of three of the cases examined where volunteers actually changed factual details on purpose.

Inspector General George said, “The Volunteer Program plays an important role in helping many taxpayers, notably those who have low incomes and the elderly, disabled, and limited-English proficient, participate in the tax system. Like all taxpayers, they deserve to have their tax returns prepared accurately.”

The mistakes by the volunteers were picked up through an exercise where the inspector general had auditors pose as taxpayers under three different situations. The result – 15 out of 22 wrongly filed returns would have kept ‘taxpayers’ from receiving a \$3,874 refund. In the other cases, four of these ‘taxpayers’ would have been charged roughly

\$9,800 and another three would have owed an additional \$768.

The volunteers are not subjected to any background checks even though in the course of their work, they would have access to personal taxpayer information. They also know that their work will be reviewed by an IRS staff member. So part of the inspector general's report contains recommendations for the IRS to include anonymous auditor trips as part of its quality controls for the volunteer program, among other things.

In response to the TIGTA report, the IRS said that it was "deeply troubled by the handful of cases of unscrupulous behavior by volunteers" and added that it has taken stern action against the volunteers in question. It also agreed with the TIGTA recommendations.

Nevertheless, the IRS feels that the TIGTA report was based on findings from a small portion of taxpayer situations that are not typical of the majority and therefore was "not statistically valid", according to Michelle Eldridge. She went on to say, "The IRS uses a statistically valid process to test volunteer tax preparation and is confident that the vast majority of income tax returns prepared by volunteers are completed accurately".