

Low Income Taxpayer Clinics

REPRESENTATION • EDUCATION • ADVOCACY

2022 Grant Application Package and Guidelines

TAXPAYER ADVOCATE SERVICE

YOUR VOICE AT THE IRS

DEAR PROSPECTIVE LOW INCOME TAXPAYER CLINIC GRANT APPLICANT:

I am pleased to announce the opening of the 2022 Low Income Taxpayer Clinic (LITC) grant application period, beginning May 3, 2021 through June 18, 2021. We are excited about increasing the number of LITCs and the scope of LITC coverage this year and appreciate your consideration and interest.

Under Internal Revenue Code § 7526, the IRS provides matching grants up to $100,000 per year to qualifying organizations representing low-income taxpayers in Internal Revenue Service (IRS) disputes and educating individuals who speak English as a second language (ESL) about their rights and responsibilities as U.S. taxpayers. LITC services must be provided for free or for no more than a nominal fee. To know more about the activities and accomplishments of organizations awarded LITC funding in prior years, see IRS Publication 5066, *LITC Program Report*.

Publication 3319 outlines eligibility requirements for an LITC matching grant and provides application instructions. Topics include:

- Statutory eligibility requirements;
- Other eligibility and compliance requirements;
- Application and selection process;
- Standards for operating an LITC;
- Reporting responsibilities;
- LITC Program Office responsibilities;
- Application forms and instructions; and
- Reporting forms and instructions.

This publication, including the appendices, is a good reference for LITC grant recipients and includes program and grant administration guidance for the grant year.

Congress, the IRS, and the Taxpayer Advocate Service remain committed to achieving maximum access to representation for low-income taxpayers. Thus, in awarding 2022 LITC grants, we will continue to work toward the following program goals:

- Expanding coverage in areas identified as underserved; and
- Ensuring that grant recipients demonstrate that they are serving geographic areas with sizable populations eligible for and requiring LITC services.

The IRS may award grants to qualifying organizations for up to a three-year period. However, funding is provided for one-year periods (January 1 – December 31), subject to the availability of annually appropriated funds. Generally, first-time applicants will only be awarded a single-year grant unless the Notice of Funding Opportunity indicates otherwise to recruit applicants in areas with limited or no LITC coverage. See IR-2021-55, March 15, 2021.

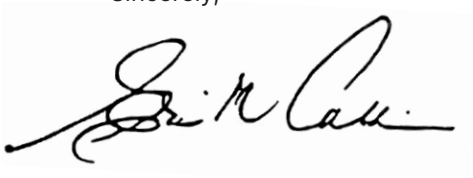
All Full Grant Applications and Non-Competing Continuation (NCC) Requests must be submitted electronically by 11:59 pm (ET) on June 18, 2021, via www.grants.gov or https://home.grantsolutions.gov/home/, respectively. The cost of preparing and submitting applications and NCC Requests is the responsibility of each applicant. In mid-May, the LITC Program Office is hosting a webinar for applicants considering submitting a full application or interested in learning more about the application process. For more information, including a link to register for the webinar, visit www.irs.gov/litc. Clinics submitting an NCC Request should check the LITC Toolkit for the date and time of a session on that specific topic.

Qualified applicants will be notified in November 2021 of their selection for an award for the 2022 year. Award recipients must attend the Annual LITC Grantee Conference held in December 2021 or January 2022. The Annual Conference provides an opportunity for new award recipients and returning clinics to meet and share best practices and obtain substantive training on tax law topics relevant to low-income and ESL taxpayers. Award recipients will be notified of the conference date and location (or virtual format) as soon as it is determined.

If you have questions about the LITC Program or grant application process, please contact the LITC Program Office at 202-317-4700 or by email at LITCProgramOffice@irs.gov.

We appreciate your interest in the LITC Program, and we look forward to another successful grant year in 2022 assisting Low Income Taxpayer Clinics in their work to ensure the fairness and integrity of the tax system for low-income and ESL taxpayers.

Sincerely,



Erin M. Collins
National Taxpayer Advocate

WHAT IS NEW THIS YEAR

Below is a list of some of the more significant changes made to this year's Publication 3319; however, all are encouraged to read the entire publication. By accepting the Notice of Award, all grant recipients are agreeing to follow the guidelines provided in this publication.

- The Office of Management and Budget (OMB) made extensive changes to 2 CFR Part 200 in August 2020. Revisions have been made throughout this publication to reflect those changes.
- Educational activities: While the primary focus for educational activities should be to educate taxpayers directly, educating organizations or groups that assist low-income taxpayers and taxpayers who speak English as a second language (ESL) is another valuable strategy. Although educational activities delivered to organizations are not included in the numerical goals on Form 13424-M, Low Income Taxpayer Clinic (LITC) Application Narrative, these activities are reported on Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report, and considered by the Program Office. Clinics may also use virtual platforms (*e.g.*, Facebook Live) to deliver educational programs and may count them as educational activities for the purposes of LITC reporting when there is a way for participants to be counted and for the speaker and participants to interact. Due to COVID-19, the Program Office understands that there may be challenges in delivering educational activities. Clinics are encouraged to report on Form 13424-N, Low Income Taxpayer Clinic (LITC) Program Narrative Report, Item 2,ix, any related hurdles encountered and alternatives pursued that may not clearly fit within these parameters but are still intended to educate taxpayers.
- The grant closeout section was revised to align with changes to 2 CFR § 200.344, including mandatory reporting by the LITC Program Office to the OMB-designated integrity and performance system (currently Federal Awardee Performance and Integrity Information System (FAPIIS)), if the grant recipient does not submit all required reports and forms within one year of the period of performance end date.
- Multiyear grants will only be awarded to applicants that have successfully completed at least one year under the terms and conditions of the LITC grant unless the Notice of Funding Opportunity indicates otherwise.
- Subawards may be considered in circumstances where the award of a subgrant is likely to assist a grant recipient with expanding coverage to an underserved or uncovered area. Use of a subaward must be proposed in the application and approved in writing by the LITC Program Office. If a sponsoring organization is located in a different geographic area from the service area and has capacity to provide some services remotely such as representation and advocacy services, but needs a local presence to facilitate some client contact and to provide in person education and outreach, the subaward of funds to a local organization to deliver some of these services may be appropriate where the proposed area to be covered is either underserved or uncovered.
- Starting in 2021, SAM.gov will begin the process of replacing the Data Universal Numbering System (DUNS) number for all entities with a Unique Entity Identifier (UEI), or the Entity ID. Organizations should use their current DUNS number until SAM generates the UEI for the organization.
- In accordance with 2 CFR § 25.300(a), a grant recipient may not make a subaward unless the subrecipient has obtained and provided a UEI to the grant recipient.

- Due to the current status of government operations as a result of COVID-19, there may be some delays in the SAM registration process. If you are notified that your registration may not be processed, please contact the LITC Program Office as soon as possible to determine what steps to take.
- Unless exempted from this requirement under 2 CFR § 25.110, a clinic must maintain current information in SAM. This includes information on the clinic's immediate and highest level owner and subsidiaries, as well as on all of the clinic's predecessors that have been awarded a federal contract or federal financial assistance within the last three years, if applicable, until the clinic submits the final financial report required under this federal award or receives the final payment, whichever is later. This requires that the clinic review and update the information at least annually after the initial registration and more frequently if required by changes in the clinic's information or another federal award term. See Appendix A to 2 CFR Part 25.
- Grant funds and matching funds must be used for expenses in accordance with the cost principles guidance in 2 CFR Parts 200 and 1000. Generally, for an expense to be allowable, the expense must meet numerous criteria. The following criteria has been added to the list:
  - The expense must be incurred during the approved budget period. See 2 CFR § 200.403(h). Note: In general, grant funds cannot be carried forward from one year to the next unless the LITC Program Office approves such carryover. In appropriate circumstances, however, the LITC Program Office may use discretion to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to 2 CFR § 200.308(e)(3).
- Chart of Allowable Expenses:
  - Added case management system software. See 2 CFR § 200.453.
  - Added malpractice insurance. See 2 CFR § 200.447. Malpractice insurance was previously listed in error as unallowable.
- Indirect Cost Rate Agreements:
  - If an applicant has no other sources of federal funding and has questions about obtaining an Indirect Cost Rate Agreement (ICRA), please contact the LITC Program Office to discuss possible options.
  - Grant recipients must make negotiated ICRAs available to the public on an OMB-designated federal website, per 2 CFR § 200.414(h); however, this site has not yet been designated. When the website becomes available, the LITC Program Office will provide details on the LITC Toolkit.
- Previously, under 2 CFR § 200.414(f), a *de minimis* rate of ten percent of Modified Total Direct Costs (MTDC) was only available for organizations that never had a negotiated ICRA. The current revision of 2 CFR § 200.414(f), however, expands the use of the *de minimis* rate to organizations that never had an ICRA or those that had a negotiated rate that has expired. No documentation is required to justify the ten percent *de minimis* indirect cost rate.
- Changes were made to the section about obtaining grant payment history for an OMB or single audit. An updated weblink is provided for those seeking information pertaining to payment or transaction

history from the Payment Management System (PMS) - https://pms.psc.gov/grant-recipients/audit-confirmation-procedures.html. Grant recipients are encouraged to notify the auditor how to obtain this information to avoid delays in receiving the needed information and the audit process.

- Applications receiving a ranking panel score of 49 or lower will receive a review by the LITC Program Office to ensure that the ranking score is adequately supported. If the score is found to be supported by the content of the application, the application will not move forward in the review process and will not receive an award.
- LITC Program Office Evaluation of Full Application: The Program Office may utilize additional resources to verify information provided in a full application such as an organization's website and accreditation or professional licensure websites.
- Changes were made to the section about evaluation of Non-Competing Continuation (NCC) Requests to include a description of the risk assessment to be conducted and what the Program Office will consider when reviewing a grant recipient's performance history.
- Clinics are strongly encouraged to use the LITC logo in all newly printed or published materials and on their websites. On the LITC Toolkit, the LITC Program Office provides clinics with high-quality electronic files of the logo for their use. The logos should not be altered.
- A failure on the part of the taxpayer to fully report his or her income at commencement of representation may be grounds for disqualification from representation or may require inclusion in the count of cases over 250 percent of the Federal Poverty Level, depending upon the underlying circumstances. The LITC should examine the facts and document its decision and the factors leading to their decision how to handle the situation.
- The section, Representing a Taxpayer With More Than $50,000 in Controversy, was clarified. A case only needs to be reported in the year it is opened. If a clinic intends to accept cases where the amount in controversy exceeds $50,000, the clinic must have a documented policy.
- The section about U.S. Tax Court Pre-Trial Settlement Days was supplemented to address TAS employee involvement. TAS employees also participate in Settlement Days to assist taxpayers with tax issues attributable to non-docketed years. Local Taxpayer Advocates and their staff can work with and inform taxpayers about how TAS may be able to assist with other unresolved tax matters or to provide further assistance after the Tax Court matter is concluded. If a taxpayer experiences difficulties concerning a collection matter, TAS can also assist with collection alternatives.
- The Delegation Order which authorizes the LITC Program Office Director to issue Special Appearance Authorizations for Students and Law Graduates has been revised to expand the definition of *qualified law graduate* so that more individuals can assist low-income taxpayers. The revised Delegation Order will expire in two years unless reissued.
- National Policy Requirements and Administrative Requirements: Items were added.
    - Executive Order 13988, Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation, requires agencies to examine their programs and policies to ensure they are consistent with the Administration's policy to prevent and combat discrimination on the basis of gender identity or sexual orientation.

- Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, requires that all federal agencies select programs of the agency for a review to assess whether there are barriers to participation for members of underserved communities in government services and contracts and to take actions to remove identified barriers. The order also rescinded previous Executive Order 13950 of September 22, 2020 (Combating Race and Sex Stereotyping).

- In the Federal Funding Accountability and Transparency Act section, text was added explaining that unless exempted from this requirement under paragraph d of Appendix A to 2 CFR Part 170, any grant recipient with total funding anticipated to equal or exceed $30,000 in federal funding must report to http://www.fsrs.gov the total compensation for each of the grant recipient's five most highly compensated executives for the preceding completed fiscal year. See Appendix A to 2 CFR Part 170.
- New text was added to clarify how to complete the application amendment package.
- For Standard Form 424, Application for Federal Assistance, a new descriptive title is provided to respond to question 15. See Appendix A.

AVOIDING APPLICATION COMMON ERRORS

To assist with the application process, see the list below of commonly made errors. Please double check your Full Grant Application or NCC Request to avoid these errors and ensure your application is timely processed and reviewed.

Standard Form 424

- Requesting a multiyear grant utilizing the wrong proposed project end date on line 17b.
- Requesting more than $100,000 in grant funds.
- Missing the matching funds to be provided.
- Missing list of counties that will be covered (attachment option only).
- Missing list of congressional districts that will be covered.
- The Employer Identification Number (EIN) provided does not match the EIN in SAM.gov.
- The DUNS number provided does not match the DUNS number in SAM.gov.

Form 13424-M

- Applicants indicate a single audit was "Qualified" when it was actually "Unqualified" and the correct selection on the form is "Unmodified."
- No responses or incomplete responses are provided to the civil rights review; in particular, the response to question D should address both the needs of individuals with limited English proficiency (LEP) and those who may need a reasonable accommodation in order to access services.

Form 13424-J

- No full-time equivalent (FTE) is provided for staff on Form 13424-J, Detailed Budget Worksheet and Narrative Explanations, or applicants fail to state how many hours per week is considered full-time.

The Personnel section of the Detailed Budget Narrative Explanations should start with a statement defining how many hours constitute a work week; for example, "ABC clinic computes 1.0 FTE on a 40-hour work week (2,080 hours per year)."

- There is no breakdown of travel and training expenses into categories such as lodging, transportation, and meals and incidentals.

The Project Abstract

- The form is missing the four primary numerical goals:
  - New representation cases to be opened in the calendar year;
  - Consultations with low-income and ESL taxpayers;
  - Educational activities to low-income and ESL taxpayers; and
  - Low-income and ESL taxpayers to be reached in educational activities.
- Program Plan changes are not addressed. If there are no changes, include a statement indicating no changes or not applicable.
- No responses or incomplete responses are provided to the civil rights review; in particular, the response to question D should address both the needs of individuals with LEP *and* those who may need a reasonable accommodation in order to access services.

Employer Identification Number and Data Universal Numbering System Number

- First-time registration for an EIN and DUNS number is a multi-step process that can take more than eight weeks and must be completed before the application submission deadline. Applicants fail to apply early enough to receive the necessary EIN and DUNS for use in SAM.

Attachments

- The Indirect Cost Rate Agreement (ICRA) submitted by applicants is incomplete or expired. To determine whether the ICRA is properly applied, the LITC Program Office must know what costs were included in the Modified Direct Costs. If the ICRA is expired, the applicant should provide an explanation including whether an extension was requested and, if so, the date it was requested.
- The nonprofit determination letter is not provided.
- The letter of accreditation, for academic institutions, is not provided.
- An incomplete copy of the single audit is submitted, or the copy is missing (and it is unavailable on the Federal Audit Clearinghouse (FAC) website).
- The Tax Compliance Officer substantiation documentation is not attached or insufficient.

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I. LITC PROGRAM DESCRIPTION

A. LITC GRANT PROGRAM PRIORITIES

LITCs Provide Representation, Education, and Advocacy

LITCs ensure the fairness and integrity of the tax system for taxpayers who are low-income or speak ESL by:

- Providing *pro bono* representation on their behalf in tax disputes with the IRS;
- Educating them about their rights and responsibilities as taxpayers; and
- Identifying and advocating for issues that impact these taxpayers.

LITCs must:

- Incorporate all three mission prongs into their service delivery strategy;
- Provide dollar-for-dollar matching funds; and
- Offer LITC services for free or for no more than a nominal fee. See Section I.D, *Key Terms and Definitions*.

In December 2015, Congress enacted the Taxpayer Bill of Rights (TBOR)[1] in Internal Revenue Code (IRC) § 7803(a)(3), which requires the IRS Commissioner to ensure that employees of the IRS are familiar, and act in accordance, with taxpayer rights. TBOR also educates taxpayers that they have rights; that knowledge, in turn, empowers taxpayers to assert those rights during their interactions with the IRS. One of the ten fundamental rights taxpayers have when dealing with the IRS is the *right to retain representation*,[2] meaning taxpayers have the right to retain an authorized representative of their choice to represent them in their interactions with the IRS. A taxpayer who cannot afford to hire a representative has the *right to be informed* about the taxpayer's potential eligibility for assistance from an LITC. The LITC Program protects taxpayers' rights by providing free or low-cost access to representation for low-income taxpayers, so that achieving a correct outcome in an IRS dispute does not depend on the taxpayer's ability to pay for representation. Helping a taxpayer avoid a tax controversy through education and outreach is another essential function of LITCs. LITCs are required to educate taxpayers on their rights and responsibilities to help them understand the U.S. tax system, exercise their rights as taxpayers, and comply with their tax-related responsibilities. LITCs enhance learning by providing an opportunity for taxpayers to ask questions and interact with clinic staff. While the primary focus for educational activities should be to educate taxpayers directly, educating organizations or groups that assist low-income and ESL taxpayers is another valuable strategy.

At least 90 percent of the taxpayers an LITC represents must be low-income, meaning the countable income for the taxpayer's household does not exceed 250 percent of the Federal Poverty Guidelines. In addition, when an LITC represents a taxpayer, the dollar amount in controversy for any tax year generally must not exceed the amount specified in IRC § 7463, which is also the limit on eligibility for special small case procedures in the U.S. Tax Court (currently $50,000). See Section VI.C.xii, *Representing Low Income Taxpayers, Low-Income Taxpayers and the 90/250 Rule*.

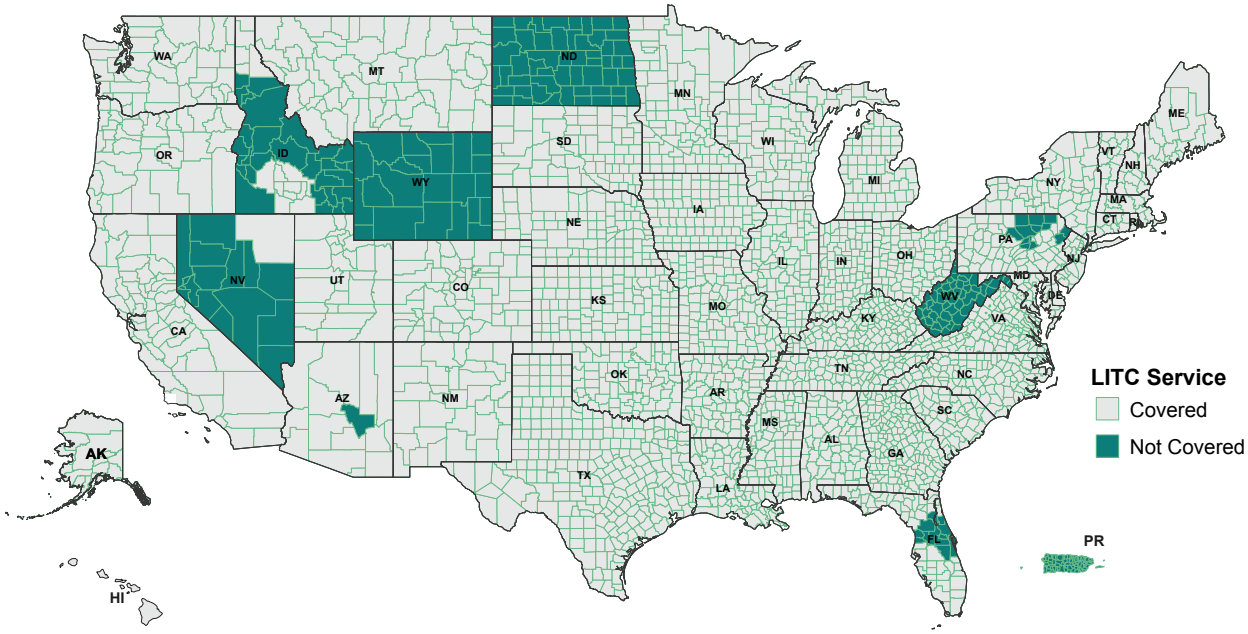
1 See Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, Division Q, § 401, 129 Stat. 2242, 3117 (Dec. 18, 2015).
2 See IRC § 7803(a)(3)(I).

LITC Program Coverage

The IRS is committed to achieving maximum access to representation for low-income taxpayers under the terms of this grant program. For the 2021 grant year, however, there are several geographic areas of the country without an LITC or with very limited coverage. Thus, in awarding 2022 LITC grants, we will strive to provide services to low-income and ESL taxpayers in every state, the District of Columbia, and Puerto Rico. We will prioritize the funding of qualified applicants to open new clinics or expand existing LITC coverage in geographic areas with no clinic or very limited coverage (see list below) before adding a new clinic in a geographic area that already has a clinic or coverage.

Areas of Special Consideration[3]
ARIZONA (Gila County), **FLORIDA** (Brevard, Citrus, Flagler, Hernando, Lake, Orange, Putnam, Seminole, and Sumter counties), **IDAHO** (Ada, Adams, Bannock, Bear Lake, Bingham, Boise, Bonneville, Butte, Canyon, Caribou, Clark, Clearwater, Custer, Franklin, Freemont, Gem, Idaho, Jefferson, Latah, Lemhi, Lewis, Madison, Nez Perce, Oneida, Owyhee, Payette, Power, Teton, Washington, and Valley counties), **MONTANA**, **NEVADA**, **NORTH DAKOTA**, **PENNSYLVANIA** (Bradford, Clinton, Lycoming, Monroe, Northumberland, Pike, Snyder, Sullivan, Susquehanna, Tioga, and Wyoming counties), **PUERTO RICO**, **WEST VIRGINIA**, and **WYOMING.**

Figure 1, 2021 LITC Coverage by County



3 A 2021 supplemental application period was open at the time of this publication's production, and related funding decisions may impact this list. *See* IR-2021-55 (March 15, 2021). Also, please note that the state of Montana is listed as needing additional coverage. However, because it has a clinic, it is not shaded on the map.

Important Dates for 2022 LITC Grant Program	
Application Period	May 3 – June 18, 2021
New Applicant Webinar	Mid-May 2021
Application review and evaluation	June – November 2021
Notification of selection/non-selection	November 2021
Grant year	January 1 – December 31, 2022
Interim report due	August 1, 2022
Year-End report due	March 31, 2023

B. HISTORY OF THE LITC PROGRAM

As part of the IRS Restructuring and Reform Act of 1998,[4] Congress enacted IRC § 7526 to authorize funding for the LITC Program. The IRS created the LITC Program Office in 1999 to award and administer the grants and provide guidance, assistance, and oversight to LITCs and prospective applicants. The LITC Program Office is part of the Office of the Taxpayer Advocate (commonly referred to as the Taxpayer Advocate Service (TAS)), and TAS is led by the National Taxpayer Advocate, who reports to the IRS Commissioner.

In 1999, the IRS awarded grants totaling nearly $1.5 million to 34 entities located in 18 states and the District of Columbia. The LITC Program Office's history of recruiting efforts coupled with sound judgment in selecting federal grant recipients has fostered the growth of a nationwide network of independent organizations working toward a common purpose in their local communities. The maximum statutory award amount of $100,000 per clinic has remained constant since the creation of the program. Despite the current funding limitation, LITCs have consistently delivered tremendous results, new clinics join each year, and the program continues to expand coverage into underserved areas of the country. The National Taxpayer Advocate included a legislative recommendation in the most recent Annual Report to Congress to amend IRC § 7526(c)(2) to increase the annual clinic funding limitation to $150,000 and index the limitation to rise with inflation in future years pursuant to the rules prescribed in IRC § 1(f).[5] The LITC Program is hopeful the recommendation will be sponsored and adopted by Congress for future grant years.

4 *See* IRS Restructuring and Reform Act of 1998, Pub. L. No. 105-206, § 3601, 112 Stat. 685, 774 (1998).

5 National Taxpayer Advocate 2021 Purple Book, Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration 141 (Increase the Individual Low Income Taxpayer Clinic Grant Cap and Index It for Inflation).

C. STATUTORY AUTHORITY TO FUND LITCS

The authority to create LITCs is derived from IRC § 7526. The text of IRC § 7526 is reprinted in full below:

Section 7526. Low-income taxpayer clinics.

(a) In general. The Secretary may, subject to the availability of appropriated funds, make grants to provide matching funds for the development, expansion, or continuation of qualified low-income taxpayer clinics.

(b) Definitions. For purposes of this section —

(1) Qualified low-income taxpayer clinic.

(A) In general. The term "qualified low-income taxpayer clinic" means a clinic that —

(i) does not charge more than a nominal fee for its services (except for reimbursement of actual costs incurred); and

(ii) (I) represents low-income taxpayers in controversies with the Internal Revenue Service; or

(II) operates programs to inform individuals for whom English is a second language about their rights and responsibilities under this title.

(B) Representation of low-income taxpayers. A clinic meets the requirements of subparagraph (A)(ii)(I) if —

(i) at least 90 percent of the taxpayers represented by the clinic have incomes which do not exceed 250 percent of the poverty level, as determined in accordance with criteria established by the Director of the Office of Management and Budget; and

(ii) the amount in controversy for any taxable year generally does not exceed the amount specified in section 7463.

(2) Clinic. The term "clinic" includes —

(A) a clinical program at an accredited law, business, or accounting school in which students represent low-income taxpayers in controversies arising under this title; and

(B) an organization described in section 501(c) and exempt from tax under section 501(a) which satisfies the requirements of paragraph (1) through representation of taxpayers or referral of taxpayers to qualified representatives.

(3) Qualified representative. The term "qualified representative" means any individual (whether or not an attorney) who is authorized to practice before the Internal Revenue Service or the applicable court.

(c) Special rules and limitations.

(1) Aggregate limitation. Unless otherwise provided by specific appropriation, the Secretary shall not allocate more than $6,000,000 per year (exclusive of costs of administering the program) to grants under this section.

(2) Limitation on annual grants to a clinic. The aggregate amount of grants which may be made under this section to a clinic for a year shall not exceed $100,000.

(3) Multi-year grants. Upon application of a qualified low-income taxpayer clinic, the Secretary is authorized to award a multi-year grant not to exceed 3 years.

(4) Criteria for awards. In determining whether to make a grant under this section, the Secretary shall consider —

(A) the numbers of taxpayers who will be served by the clinic, including the number of taxpayers in the geographical area for whom English is a second language;

(B) the existence of other low-income taxpayer clinics serving the same population;

(C) the quality of the program offered by the low-income taxpayer clinic, including the qualifications of its administrators and qualified representatives, and its record, if any, in providing service to low-income taxpayers; and

(D) alternative funding sources available to the clinic, including amounts received from other grants and contributions, and the endowment and resources of the institution sponsoring the clinic.

(5) Requirement of matching funds. A low-income taxpayer clinic must provide matching funds on a dollar-for-dollar basis for all grants provided under this section. Matching funds may include —

(A) the salary (including fringe benefits) of individuals performing services for the clinic; and

(B) the cost of equipment used in the clinic.

Indirect expenses, including general overhead of the institution sponsoring the clinic, shall not be counted as matching funds.

(6) Provision of information regarding qualified low-income taxpayer clinics. Notwithstanding any other provision of law, officers and employees of the Department of the Treasury may —

(A) advise taxpayers of the availability of, and eligibility requirements for receiving, advice and assistance from one or more specific qualified low-income taxpayer clinics receiving funding under this section, and

(B) provide information regarding the location of, and contact information for, such clinics.

D. KEY TERMS AND DEFINITIONS

90/250 requirement was established by IRC § 7526 and provides that at least 90 percent of the taxpayers represented by a clinic have incomes that do not exceed 250 percent of the Federal Poverty Level. See Section VI.C.xii, *Representing Low-Income Taxpayers*.

Advocacy as it relates to LITCs is zealously protecting the rights of low-income and ESL taxpayers. Advocacy can occur on an individual or systemic basis. A substantial portion of LITC work is spent assisting clients with an IRS controversy. Clinics advocate for the taxpayers they represent by ensuring they are paying the correct amount of taxes, exploring all possible options for relief, and assisting them in making a fully informed decision on how best to proceed given the facts of the case and the taxpayer's situation. Notwithstanding the unique nature of each taxpayer's circumstances, similarly situated taxpayers often experience similar problems with tax administration. Advocacy includes but is not limited to identifying systemic-level issues and sharing them with TAS. TAS investigates the submissions, proposes solutions, and works with the IRS to resolve the issues, or elevates them to

the National Taxpayer Advocate who can communicate the issues and proposed solutions to lawmakers and the IRS administration in TAS's Reports to Congress. Advocacy may also consist of responding to public requests for comments to IRS regulations or procedures.

Amount in controversy is the federal tax amount in dispute for each tax year for which the LITC is representing a taxpayer. Often the amount in controversy is the amount owed or the refund requested. In some disputes with the IRS, however, the amount in controversy is the amount associated with an action taken by the IRS. The amount in controversy includes the tax liability in dispute for a tax year, plus any related penalties imposed. Whether interest is included in the amount in controversy will depend on the nature of the controversy. The amount in controversy is limited to the amount in dispute, which may be less than the amount specified in an IRS statutory notice of deficiency, a notice of determination, or a notice and demand. If the taxpayer is disputing the amount due in more than one tax year or period, the amount in controversy is determined separately for each year. See Section VI.C.xii, *Representing Low-Income Taxpayers, Amount in Controversy Limit*.

Cases are those matters that LITCs count and report in inventory when a taxpayer or married taxpayers retain the clinic to represent them in a controversy before the IRS or a federal court. To be counted as a case, the clinic must take steps to address the controversy, including developing a plan for advocacy. If the clinic is representing a married couple, it is counted as one case.

Clinic refers to an LITC. See the definition of LITC below. Throughout this publication, the terms clinic, LITC, and grant recipient are used interchangeably.

Consultation encompasses a discussion with or correspondence to a taxpayer designed to address the taxpayer's unique circumstances and involves an analysis that is tailored to the taxpayer's factual situation. A consultation does not result in advocating for the taxpayer before the IRS or relevant court in a representative capacity but might include fact gathering and contact with the IRS that does not rise to the level of advocacy.

Controversy with the IRS is a proceeding brought by the taxpayer under the IRC or any dispute between an individual and the IRS concerning the determination, collection, or refund of any tax, penalties, or interest. The definition is very broad and encompasses all types of disputes arising under the IRC, except criminal tax matters. For example, a controversy includes a dispute related to the tax provisions of the Affordable Care Act, a revocation or denial of a passport under IRC § 7345, and certain civil actions arising under IRC §§ 7431 to 7435. The dispute may be pending in a federal court or in any tax administration function of the IRS (*e.g.*, Examination, Collection, Appeals, Accounts Management). The dispute does not have to arise under the IRC so long as the dispute is with the IRS; for example, a controversy includes civil penalties arising under Title 31 if the IRS is the other party involved in the controversy. While representing a taxpayer in a controversy with the IRS, an LITC may also need to represent the taxpayer in a controversy with a state or local tax agency concerning the same or related tax matter. Though a controversy does not include a federal criminal tax matter, it may include a state criminal tax matter. A controversy may be considered a civil matter in the federal context, but a criminal matter under state or local law. If the LITC is already representing the taxpayer in the federal civil matter, it may be appropriate for the LITC to expand the scope of the representation to include the state or local tax matter as well.

Educational activities (also referred to as a Program to Inform) are designed to inform ESL or low-income individuals about their rights and responsibilities as taxpayers, as well as tax issues of significance to the intended audience. The two education-related numerical goals referenced on Form 13424-M, Application Narrative, VII.

Program Numerical Goals C and D, reference those delivered directly to taxpayers. Educational activities may also include a workshop or free training for other organizations that assist low-income or ESL taxpayers. While activities delivered to organizations are not included in the numerical goals on Form 13424-M, these activities are reported on Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report, and considered by the Program Office. To be considered an educational activity, information about a specific tax topic or topics must be conveyed to the audience. LITCs should address a wide range of substantive tax issues in their educational programs and materials (*e.g.*, filing requirements, tax recordkeeping, family status issues, refundable credits, the Affordable Care Act, worker classification, identity theft, information about the audit and appeals process, and collection alternatives). Selecting education topics relevant to community needs and offering the presentations and/or presentation materials in languages commonly spoken in the community allow LITCs to reach taxpayers who otherwise might experience great difficulty communicating with the IRS. In general, these programs are delivered in-person to a live audience, with participants registering, signing in, or being counted and allow for audience interaction with the presenter. Clinics may also use virtual platforms (*e.g.*, Facebook Live) to deliver these programs and count them as educational activities for the purposes of LITC reporting when there is a way for participants to be counted and for the speaker and participants to interact. Due to COVID-19, the Program Office understands that there may be challenges in delivering educational activities. Clinics are encouraged to report on Form 13424-N, 2. ix, any related hurdles encountered and alternatives pursued that may not clearly fit within these parameters but are still calculated to educate taxpayers.

ESL taxpayers are persons for whom English is not their first language, which also includes those who communicate using sign language. These individuals may have an additional burden understanding taxpayer rights and responsibilities and are a priority for LITC education and outreach efforts.

Grants.gov is the government website where federal agencies post discretionary funding opportunities and applicants find and apply for them.

GrantSolutions is a web-based, comprehensive grant management system. Clinics use GrantSolutions for submitting an NCC Request, accepting a Notice of Award (NOA), submitting reports, and reporting program plan, staffing, or budget changes.

Key personnel are individuals necessary for the successful functioning of the LITC. Key personnel are responsible for ensuring that the LITC's day-to-day operations run smoothly, the LITC Program is delivered in accordance with the terms and conditions of the grant, finances are properly administered, and legal arguments are sound. Key personnel include the Clinic Director, Qualified Tax Expert (QTE), and Qualified Business Administrator (QBA). See Section VI.C.i, *Standards for Operating an LITC*.

Low-income taxpayers are individuals whose income does not exceed 250 percent of the Federal Poverty Guidelines. The Federal Poverty Guidelines are updated annually (usually in late January) by the Department of Health and Human Services (HHS). The LITC Income Guidelines current as of publication can be found in Section VI.C.xii, *Representing Low-Income Taxpayers*. A sole proprietor is considered an individual and may be assisted by an LITC if otherwise eligible. A business or other entity is not a low-income taxpayer eligible for LITC representation. An individual trying to resolve a tax liability arising from personal involvement with a business can be a low-income taxpayer. For example, an individual who is personally liable for taxes owed from a business (*e.g.*, a responsible person within the meaning of IRC § 6672) may be a low-income taxpayer, provided the individual otherwise meets the definition.

LITC is an organization receiving a grant pursuant to IRC § 7526 that represents low-income taxpayers in controversies with the IRS and that operates a program to inform ESL individuals about their rights and responsibilities under the IRC. LITCs are also referred to as clinics in this publication. Examples of a clinic include:

- A clinical program at an accredited law, business, or accounting school in which students represent low-income taxpayers in controversies arising under the IRC; and
- An organization described in IRC § 501(c) and exempt from tax under IRC § 501(a) in which employees and volunteers represent low-income taxpayers in controversies with the IRS.

Nominal fee is a fee that is insignificantly small or minimal. A nominal fee is a trivial payment, bearing no relation to the value of the representation provided, considering all the facts and circumstances. A nominal fee must be a flat fee; the fee cannot fluctuate based on an hourly rate or the type of services the LITC is providing. A nominal fee does not include reimbursement for actual costs incurred (*e.g.*, photocopies, court costs, and expert witness fees).

Outreach is an activity conducted by an LITC that involves effectively publicizing and promoting the clinic's services regarding representation, education, and advocacy on behalf of low-income and ESL taxpayers. LITCs are encouraged to identify linguistic populations, geographic service areas, or other segments of the low-income taxpayer community in which to focus outreach efforts. Outreach activities may involve direct communication (in-person contact or in writing) with taxpayers or may be accomplished through contacts with other organizations or groups that assist low-income and ESL taxpayers. Additional guidance on effective outreach can be found in Section VI.C.iv, *Developing a Community Outreach Plan*. Outreach plans should be developed in advance of the start of the grant period during which representation and other assistance will be offered.

***Pro bono* panel** is a group of qualified representatives (attorneys, certified public accountants, or enrolled agents) who have agreed to accept taxpayer referrals from an LITC and provide representation or consultation services free of charge to low-income or ESL taxpayers. Clinics may also use volunteers to assist with other tasks such as education, outreach, or mentoring students.

Program plan is a description of the clinic's planned operations, including a description of the services to be offered; how, when, and where the services will be delivered; who will provide the services; the intended recipients of the services; and numerical goals. The terms and conditions of an LITC grant include the applicant's program plan and any subsequent changes to the plan that are agreed upon between the Program Office and the clinic.

Qualified representative is a person who is:

- An attorney;
- A Certified Public Accountant (CPA);
- An Enrolled Agent (EA) who is authorized to practice before the IRS;
- An individual authorized to appear before the applicable court where the controversy with the IRS will be adjudicated; or
- An individual authorized to practice before the IRS pursuant to 31 Code of Federal Regulations (CFR) § 10.7(d) (*e.g.*, a student, law graduate, tribal court advocate, or other individual for whom the IRS

has issued a special appearance authorization). See Section VI.C.xii, *Representing Low-Income Taxpayers, Representation by Students and Law Graduates*.

For individuals other than students or law graduates, the IRS Commissioner (or delegate) has the authority to issue Special Appearance Authorizations to allow them to practice before the IRS.

If the Director of the LITC Program Office has authorized a student or law graduate to practice before the IRS, the student or law graduate must be supervised by a qualified representative. See Delegation Order 25-18 (Rev. 4), April 8, 2021.

NOTE: An unenrolled return preparer who can practice before the IRS based upon return preparation is not a qualified representative for purposes of the LITC Program because the authority of the unenrolled return preparer to act as a representative is limited to only certain taxpayers and select functions of the IRS. For details regarding limited practice before the IRS by individuals who are not attorneys, CPAs, or EAs, see Rev. Proc. 2014-42, 2014-29 I.R.B. 192.

Referral means the referral of low-income taxpayers to a *pro bono* panel for representation or consultation. An applicant cannot receive a grant solely for referring taxpayers to other qualified representatives.

Uniform Guidance refers to 2 CFR Part 200 (and also the Treasury Department's implementation thereof, found at 2 CFR Part 1000), which contains uniform administrative requirements that relate to the pre-award, post-award, closeout, and audit phases of the federal grant life cycle. See Section VI.D, *National Policy Requirements and Administrative Requirements*, for a more detailed discussion.

Additional terms and definitions are available in the Glossary.

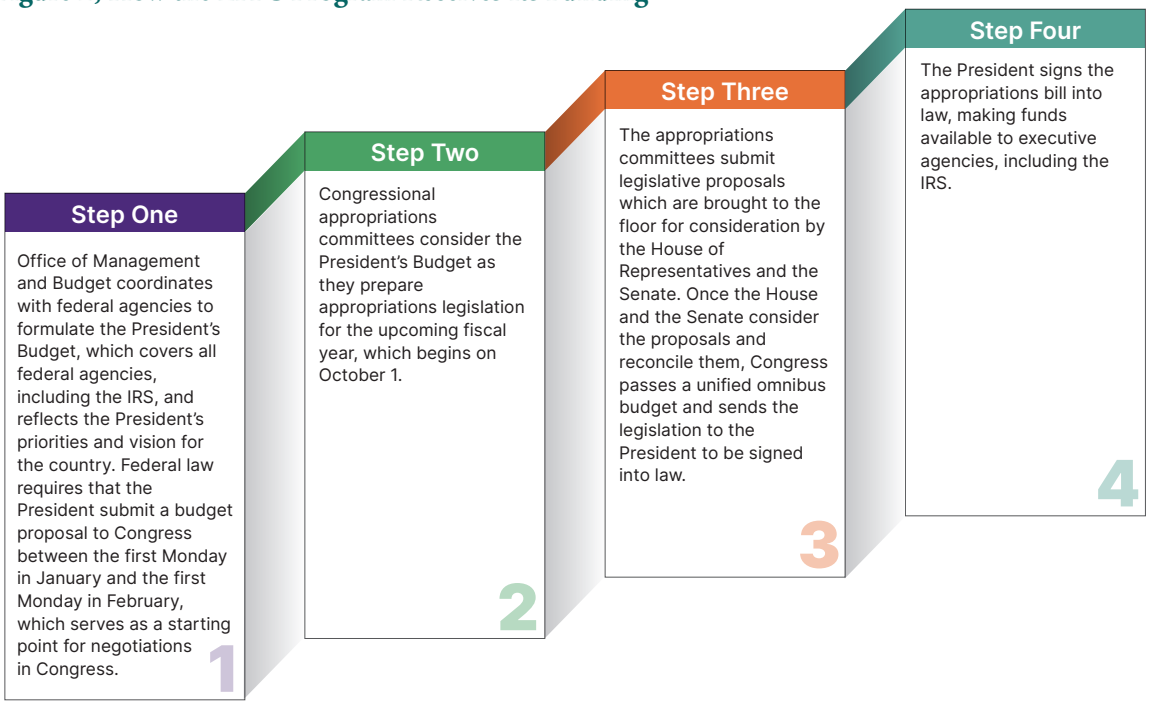
II. FEDERAL AWARD INFORMATION

A. AWARDS ARE SUBJECT TO CONGRESSIONAL APPROPRIATIONS

All awards are subject to the availability of appropriated funds. The IRS may award LITC grants of up to $100,000 per year to qualifying organizations for the development, expansion, or continuation of an LITC. Qualified organizations include, among others, academic institutions and nonprofit organizations throughout the United States, which must meet the goals of the program to provide representation, education, and advocacy on behalf of low-income and ESL taxpayers.

Congress appropriated "not less than $13 million" for LITC grant awards for 2021,[6] and the IRS awarded over $11.9 million in grants to 129 entities located in 46 states and the District of Columbia. The average award in 2021 was $92,435. Figure 2 explains how the LITC Program receives its funding. A supplemental funding application period was open between March 15 and April 16, 2021, to award funds to successful applicants in certain underserved geographic areas. See 86 Fed. Reg. 14684 (March 17, 2021).

Figure 2, How the LITC Program Receives Its Funding



B. AWARD PERFORMANCE PERIOD

The LITC Program may award grants for up to a three-year period. However, funding is provided for one-year periods (January 1 – December 31), subject to the availability of annually appropriated funds. Generally, first-time applicants will only be awarded a single-year grant. Multiyear grants will only be awarded to applicants that have

6 Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182 (2020).

successfully completed at least one year under the terms and conditions of the LITC grant unless the Notice of Funding Opportunity indicates otherwise. Determination of the grant period is at the discretion of the LITC Program Office. Thus, the Program Office may elect to award a single-year grant to applicants that requested a multiyear grant.

Multiyear grant recipients will be reviewed annually for satisfactory performance and progress in meeting goals and objectives as well as compliance with grant terms and conditions. The funding level for subsequent years will be reviewed annually and may be increased or decreased at the discretion of the LITC Program Office, based on performance, compliance with grant terms and conditions, and the availability of annually appropriated funds. Funds awarded must be used for the program specifically authorized in the NOA.

C. SUBAWARDS ARE GENERALLY PROHIBITED

Generally, a clinic may not make a subaward of LITC grant funds to another organization or individual. A subaward is a payment to another organization or contractor to deliver a key component of the program such as controversy representation or ESL education. Subawards may be considered in circumstances where the award of a subgrant is likely to assist a grant recipient with expanding coverage to an underserved or uncovered area. Use of a subaward must be proposed in the application and approved in writing by the LITC Program Office. A subaward is different from payments made to a vendor or provider for providing goods and services to the clinic, which is permissible. For example, unless expressly authorized, an LITC may not pay another organization to prepare and conduct its ESL educational activities; however, the clinic could pay a firm to translate its educational materials into another language or hire an interpreter to assist with delivery of education. If a sponsoring organization is located in a different geographic area from the service area and has capacity to provide some services remotely such as representation and advocacy services but needs a local presence to facilitate some client contact and to provide in person education and outreach, the subaward of funds to a local organization to deliver some of these services may be appropriate where the proposed area to be covered is either underserved or uncovered.

NOTE: In accordance with 2 CFR § 25.300(a), a clinic may not make a subaward unless the subrecipient has obtained and provided to the clinic a unique entity identifier (the identifier assigned by the System for Award Management (SAM) to uniquely identify business entities). Grant recipients who make subawards must monitor and manage the subaward recipient per the requirements set forth in 2 CFR § 200.332 and may have other administrative and reporting responsibilities. Organizations that provide subawards assume the responsibilities of the federal grantor with respect to the subaward recipient.

D. LITC GRANTS ARE NOT COOPERATIVE AGREEMENTS

Funds awarded under IRC § 7526 create grant agreements rather than cooperative agreements between the recipient and the IRS. A cooperative agreement provides for substantial involvement between the federal awarding agency and the grant recipient in carrying out the activity contemplated by the federal award. While the LITC Program Office has numerous responsibilities in administering the grant and providing oversight and assistance to clinics, that involvement does not result in the formation of a cooperative agreement. See the definitions of "cooperative agreement" and "grant agreement" in 2 CFR § 200.1, Definitions, for additional details.

III. AWARD ELIGIBILITY REQUIREMENTS

Applicants that fail to satisfy the eligibility screening criteria described below will be notified and, in some circumstances, may be provided an opportunity to correct the problem. Those provided an opportunity must correct the problem in a timely manner or be eliminated from consideration. Applications that pass the eligibility screening will then undergo a technical evaluation. See Section V, *Application Review*.

A. ELIGIBLE APPLICANTS

To receive a grant pursuant to IRC § 7526, an applicant must represent low-income taxpayers in controversies with the IRS and operate a program to inform ESL taxpayers about their rights and responsibilities under the IRC. Examples of an eligible applicant include:

- A clinical program at an accredited law, business, or accounting school in which students represent low-income taxpayers in controversies with the IRS; and
- An organization described in IRC § 501(c) and exempt from tax under IRC § 501(a) in which employees and volunteers represent low-income taxpayers in controversies with the IRS and operate a program to inform ESL taxpayers about their rights and responsibilities under the IRC.

B. REQUIREMENT TO PROVIDE MATCHING FUNDS EQUAL TO AWARD

IRC § 7526(c)(5) requires clinics to provide matching funds on a dollar-for-dollar basis for all federal funds awarded by the IRS. The matching funds requirement ensures that each LITC grant represents a financial partnership between the clinic and the federal government for the benefit of low-income and ESL taxpayers. The commitment of matching funds by the clinic leverages the federal funding investment so that an LITC can assist more taxpayers in need. Many programs provide matching funds in the form of cash or third-party in-kind contributions (*e.g.*, time worked by volunteers) that far exceed the minimum. Only funds that are used in direct support of the LITC Program qualify as matching funds. See Section IV.E.iii, *Meeting the Matching Funds Requirement*.

C. OTHER ELIGIBILITY REQUIREMENTS

i. *Using Grant Funds to Support Other Activities Is Prohibited*

An organization awarded an LITC grant may provide qualifying LITC services within a broader spectrum of activity. For example, a clinic may provide representation in nontax matters (*e.g.*, landlord/tenant disputes) as well as representation in tax matters, provided LITC grant funds are used only to support the representation of eligible taxpayers in a controversy with the IRS and/or a state or local tax agency concerning the same or related tax matter. LITC grant funds may also be used for properly allocated portions of indirect costs of the organization that support LITC grant activities.

ii. *Charging More Than a Nominal Fee for Services Is Prohibited*

An LITC may not charge more than a nominal fee for its services. If a clinic charges a nominal fee, it must charge that same fee to all taxpayers, regardless of the services being sought. The goal of the LITC Program is to enhance access to representation, education, and advocacy services for low-income taxpayers. If a clinic charges an amount that is not nominal and results in fewer taxpayers assisted, the goal of the program is not being achieved. A clinic may not charge a separate or additional fee (even if it is nominal) to prepare a tax return or a claim for refund.

NOTE: Reimbursement of actual costs incurred (*e.g.*, photocopying, court costs, and expert witness fees) is not considered a fee and is, therefore, permitted.

iii. *Compliance With Federal Tax and Nontax Requirements*

Federal Tax Debts

The IRS will not award an LITC grant to an applicant that is noncompliant with a federal tax return filing or payment obligation. Consequently, an applicant must be in full compliance with its federal tax responsibilities when applying for an LITC grant and throughout the grant year. Standard Form 424, Application for Federal Assistance, located in Appendix A, requires the applicant to state whether it is delinquent on any federal debt and if so, to provide an explanation. The LITC Program Office also conducts reviews to confirm applicants' compliance with federal tax responsibilities and other terms and conditions of the grant. See Section III.C.i, *Using Grant Funds to Support Other Activities Is Prohibited*, *supra*.

An outstanding federal tax debt is any unpaid federal tax liability (including penalties and interest) that has been assessed, is not disputed, and for which all judicial and administrative remedies have been exhausted or have lapsed. An applicant or grant recipient will not be treated as noncompliant for purposes of IRC § 7526 (and therefore still eligible for funding) if the applicant or grant recipient is in a dispute with the IRS regarding a federal tax liability or has entered into and remains current with an installment agreement or other payment arrangement with the federal government to satisfy any federal tax liabilities.

IRC § 6103 prohibits the LITC Program Office from disclosing a federal tax compliance issue to anyone who is not authorized to receive the taxpayer's tax information. Therefore, to facilitate the resolution of any potential federal tax compliance issues, Form 13424, Low Income Taxpayer Clinic (LITC) Application Information, requires applicants to provide contact information for the Tax Compliance Officer (TCO), the individual responsible for handling the organization's federal tax matters. Some applicants are part of a larger organization (*e.g.*, an academic institution that operates a clinic), in which case the LITC Program Office must be able to verify that the sponsoring organization does not have a federal tax compliance issue before awarding grant funds. In this situation, the TCO must be the person who is the individual responsible for handling the sponsoring organization's federal tax matters. Applicants must also provide documentation (*e.g.*, articles of organization or a Form 2848, Power of Attorney and Declaration of Representative) that shows how the individual on Form 13424 is properly authorized to receive tax information to prevent the IRS from making an unauthorized disclosure.

Complying with federal tax obligations is a requirement to receive an LITC grant, so it is imperative that the designated individual be knowledgeable and prepared to promptly address any federal tax issues of the applicant or the sponsoring organization. Failure to provide an appropriate contact could delay application processing in

the event the LITC Program Office identifies a federal tax compliance issue of the applicant or its sponsoring organization and needs to discuss the issue further. In addition, if the LITC Program Office is unable to speak with the appropriate contact to ascertain the status of the organization's efforts to address the federal tax compliance issue, no grant funds will be awarded to the applicant. Similarly, even after grant funds have been awarded, the LITC Program Office performs tax compliance checks throughout the grant year. Without an appropriate contact with whom the LITC Program Office can discuss a tax compliance issue, in the event a tax compliance issue arises during the grant year, the LITC Program Office may need to restrict the clinic's access to grant funds.

Federal Nontax Requirements

In general, the IRS will not award an LITC grant to an applicant that is noncompliant with a federal nontax filing or payment obligation. An outstanding federal nontax debt is an unpaid federal liability (other than a federal tax obligation) that has been assessed, is not disputed, and for which all administrative and judicial remedies have been exhausted or have lapsed. An applicant or grant recipient will not be treated as noncompliant for purposes of IRC § 7526 (and therefore still eligible for funding) if the applicant or grant recipient is in a dispute with the federal government regarding a federal nontax liability or has entered into and remains current with an installment agreement or other payment arrangement with the federal government to satisfy any outstanding federal nontax obligations. The LITC Program Office utilizes SAM to help determine whether an applicant or clinic is eligible to receive payments. See Section III.C.i, *Using Grant Funds to Support Other Activities is Prohibited*, *supra*.

iv. *Debarment and Suspension*

When applying for a grant, applicants are required to make certain certifications and provide certain assurances. One of those certifications is the Certification Regarding Debarment, Suspension, and Other Responsibility Matters — Primary Covered Transactions. Applying the "common rule" on non-procurement, debarment, and suspension[7] adopted by the Department of the Treasury at 31 CFR Part 19, Subpart C, an applicant must certify that its organization and the clinic's proposed key personnel are not presently debarred or suspended from covered transactions by any federal agency. In addition, an applicant must indicate that within the three-year period before applying for a grant, its organization and the clinic's proposed key personnel have not been convicted of or had a civil judgment rendered against them for fraud, theft, or certain other offenses, and have not had one or more public transactions terminated for cause or default. An applicant must also indicate that its organization and the clinic's proposed key personnel are not presently criminally or civilly charged with certain offenses.

Applicants may check the status of the organization and the clinic's proposed key personnel before applying for a grant by searching on www.SAM.gov. If an applicant identifies incorrect information about the organization or the clinic's proposed key personnel, the applicant should contact the agency that reported the information. The LITC Program Office utilizes SAM to determine ineligible grant recipients and prevent improper payments.

7 The "common rule" means the procedures used by federal agencies to suspend, debar, or exclude individuals or entities from participation in nonprocurement transactions under Executive Order 12549. *See also*, Executive Order 12689.

IV. APPLICATION AND SUBMISSION PROCESS

A. ACCESSING THE LITC GRANT APPLICATION PACKAGE AND GUIDELINES

A copy of this publication can be downloaded from www.irs.gov/pub/irs-pdf/p3319.pdf, or you can request a copy be mailed to you. For information about ordering IRS publications, including this one, visit www.irs.gov/forms-pubs/forms-and-publications-by-us-mail. Note, however, that the IRS Distribution Center may be closed due to COVID-19. If so, IRS publications will be available online only.

Preparing and submitting a grant application is a major undertaking. Take time to understand and review the process well in advance of the application submission deadline. Prepare and start the process as early as possible. Completing the required registrations for the first time is a multistep process that can take more than eight weeks and MUST be completed before the application submission deadline. See Section IV.C.i, *System for Award Management*, *infra*, for steps that should be taken as early in the application process as possible. Due to the current status of government operations as a result of COVID-19, there may be some delays in the registration process. If you are notified that your registration may not be processed, please contact the LITC Program Office as soon as possible to determine what steps to take.

B. REQUIRED CONTENT FOR LITC FULL GRANT APPLICATIONS AND NON-COMPETING CONTINUATION REQUESTS

i. *Determining Type of Application*

There are two types of LITC grant applications: LITC Full Grant Applications and Non-Competing Continuation (NCC) Requests.

- A new applicant seeking an LITC grant award for the first time, or a returning clinic whose LITC award period has ended or will end on December 31, 2021, must submit a Full Grant Application to apply for 2022 funding. See Section IV.B.ii, *Submitting a Full Grant Application on Grants.gov*, *infra*.
- A returning clinic funded with a multiyear LITC grant that ends after December 31, 2021, must submit an NCC Request to be considered for 2022 funding. See Section IV.B.iv, *Submitting an NCC Request on GrantSolutions*, *infra*.

ii. *Submitting a Full Grant Application on Grants.gov*

LITC Full Grant Applications must be submitted electronically via www.Grants.gov. The submission system on Grants.gov provides free access to the necessary forms required to complete an application and notifies applicants if any fields were left blank where a response is required. The Grants.gov website includes a narrated tutorial and Frequently Asked Questions to help you use the system. Applicants will receive an email confirmation from Grants.gov that serves as acknowledgement of application submission.

The Funding Opportunity Number for the 2022 LITC Grant Application is **TREAS-GRANTS-052022-001**.

iii. *Instructions for Completing Full Grant Application*

Appendix A of this publication is a useful guide for completing each of the required application forms. The Office of Management and Budget (OMB) requires certain standard forms for use in all federal grant programs. The IRS also requires forms be completed specifically for an LITC grant. To assist applicants in completing the required forms, the appendix includes system screen shots and instructions for completing the forms, as well as examples.

A complete Full Grant Application consists of the following items, submitted through Grants.gov and prepared in accordance with the relevant instructions:

a. Standard Form 424, Application for Federal Assistance;

b. IRS Form 13424, Low Income Taxpayer Clinic (LITC) Application Information;

c. IRS Form 13424-J, Detailed Budget Worksheet and Narrative Explanations;

d. IRS Form 13424-M, Low Income Taxpayer Clinic (LITC) Application Narrative;

e. Attachments Form, which is part of the downloadable PDF from Grants.gov and must be used to submit the following items:

- Tax exemption determination letter, if applicable;
- Proof of academic accreditation, if applicable;
- Most recent audited financial statement (if the applicant expends $750,000 or more in federal funds during the applicant's fiscal year, this must be a single audit or program-specific audit as required by 2 CFR § 200.501.) If the applicant's most recent audited financial statement is available from the Federal Audit Clearinghouse (FAC) found at https://harvester.census.gov/facweb/, in lieu of attaching the audit, check the "yes" box located on Form 13424-M in response to question II.4.ii. See Section IV.E.iv, *OMB Audit Requirement*, *infra*.
  - For an applicant that does not have audited financial statements, an unaudited statement for its most recent fiscal year and a statement as to why an audited financial statement is not available;
- Documentation (*e.g.*, articles of organization or an IRS Form 2848, Power of Attorney and Declaration of Representative) indicating that the designated TCO on Form 13424 is properly authorized to receive tax information; and
- Indirect cost rate agreement, if applicable.

iv. *Submitting an NCC Request on GrantSolutions*

A returning clinic funded with a multiyear LITC grant that ends after December 31, 2021, must submit an NCC Request. All NCC Requests must be submitted via GrantSolutions at www.grantsolutions.gov, the LITC Program's web-based grants management system. The submission system on GrantSolutions provides free access to the necessary forms required to complete an NCC Request and notifies applicants if any fields were left blank where a response is required. NCC Requests will receive an email confirmation from GrantSolutions that serves as acknowledgement of the NCC Request submission. Do not submit NCC Requests via Grants.gov. The LITC

Program Office will provide annual training on how to use GrantSolutions to submit NCC Requests as well as progress reports. Additional questions regarding the use of GrantSolutions may be directed to the Program Office at Beard.William@irs.gov.

v. *Instructions for Completing NCC Request Forms*

Appendix A of this publication is a useful guide for completing each of the required forms for an NCC Request. OMB requires certain standard forms for use in all federal grant programs. The IRS also requires forms be completed specifically for an LITC grant. To assist applicants in completing the required forms, the appendix includes system screen shots and instructions for completing the forms, as well as examples.

A complete NCC Request consists of the following items, submitted through GrantSolutions and prepared in accordance with the relevant instructions:

a. Standard Form 424, Application for Federal Assistance;

b. IRS Form 13424, Low Income Taxpayer Clinic (LITC) Application Information;

c. IRS Form 13424-J, Detailed Budget Worksheet and Narrative Explanations;

d. Project Abstract, which includes the following information:

   i. Numerical goals for (1) new representation cases to be opened in the calendar year, (2) consultations with low-income and ESL taxpayers, (3) educational activities to low-income and ESL taxpayers, and (4) low-income and ESL taxpayers reached in educational activities;

   ii. Changes to the program plan;

   iii. Civil Rights Review responses; and

   iv. Statement about availability of the audit on the FAC, if necessary.

e. Attachments Form, which is part of the downloadable PDF from Grants.gov and must be used to submit the following items:

   - Most recent audited financial statement (if the applicant expends $750,000 or more in federal funds during the applicant's fiscal year, this must be a single audit or program-specific audit as required by 2 CFR § 200.501.) If the applicant's most recent audited financial statement is available from the FAC found at https://harvester.census.gov/facweb/, in lieu of attaching it, include a statement about its availability from the FAC on the Project Abstract. See Section IV.E.iv, *OMB Audit Requirement*, *infra*.
     - For an applicant that does not have audited financial statements, an unaudited statement for its most recent fiscal year and a statement as to why an audited financial statement is not available;
   - Documentation (*e.g.*, articles of organization or an IRS Form 2848, Power of Attorney and Declaration of Representative) indicating that the designated TCO on Form 13424 is properly authorized to receive tax information; and
   - Indirect cost rate agreement, if applicable.

vi. *Withdrawing Applications After Submission*

LITC grant applications may be withdrawn at any time during the application process or prior to when grant money is awarded by notifying the LITC Program Office by fax or email. See Section VII.F, *Contacting the LITC Program Office*, *infra*. Application withdrawals cannot be completed through Grants.gov or GrantSolutions.

C. SYSTEM FOR AWARD MANAGEMENT REGISTRATION REQUIREMENT AND UNIQUE ENTITY IDENTIFIERS

An organization must be registered with SAM to submit a grant application. SAM registration requires the organization to provide an EIN from the IRS and a DUNS number from Dun & Bradstreet, Inc. Because first-time registration with these entities requires multistep processes that can take more than eight weeks, applicants are advised to register for these numbers well in advance of the application submission deadline. See *Avoiding Application Common Errors*, *supra*.

i. *System for Award Management*

SAM is a web-enabled government-wide application that collects, validates, stores, and disseminates business information about the federal government's trading partners in support of the contract award, grant, and electronic payment processes. SAM registration is necessary to submit a grant application and must be maintained with current information while an application for funding is pending and during the performance period of any federal award. To maintain an active registration in the SAM database, an organization must review and update its information in the SAM database at least once every 365 days. More information about the registration and renewal process is available on the SAM website at www.SAM.gov.

Unless exempted from this requirement under 2 CFR § 25.110, a clinic must maintain current information in SAM. This includes information on the clinic's immediate and highest level owner and subsidiaries, as well as on all of the clinic's predecessors that have been awarded a federal contract or federal financial assistance within the last three years, if applicable, until the clinic submits the final financial report required under this federal award or receives the final payment, whichever is later. This requires that the clinic review and update the information at least annually after the initial registration and more frequently if required by changes in the clinic's information or another federal award term. See Appendix A to 2 CFR Part 25.

Individuals registering a new entity as well as those renewing a registration must provide an original, signed notarized letter stating that the individual is the authorized Entity Administrator before the registration will be activated or renewed.

ii. *Employer Identification Number*

An Employer Identification Number (EIN) is a unique nine-digit number assigned by the IRS to business entities operating in the United States or U.S. territories for the purpose of identification. Applicants that do not have an EIN should submit a Form SS-4, Application for Employer Identification Number, to the IRS. It can take several weeks for the IRS to assign a number. The fastest way to get an EIN is online at www.irs.gov/ein. There are also options to apply by fax or by mail. Due to the status of IRS operations caused by COVID-19, however, applicants

are strongly encouraged to use online submission. For more information, use How to Apply for an EIN as the search terms on www.irs.gov.

iii. *DUNS Number*

Organizations must provide a DUNS number with the grant application. A DUNS number is a nine-digit unique entity identifier provided by Dun & Bradstreet, Inc. The federal government requires that all applicants for federal grants and cooperative agreements, except for individuals other than sole proprietors, have a DUNS number. The federal government will use the DUNS number to identify related organizations that are receiving funding under grants and cooperative agreements, and to provide consistent name and address data for electronic grant application systems. A DUNS number may be obtained by calling 866-705-5711 or applying online at https://fedgov.dnb.com/webform. See 2 CFR Part 25 for more information on the requirement to include a DUNS number with the application.

Starting in 2021, SAM.gov will begin the process of replacing the DUNS number for all entities with a Unique Entity Identifier (UEI), or the Entity ID. Prior to the transition, new entities will need to request the DUNS number as previously explained. By April of 2022, all entities doing business with the federal government will use a UEI. The UEI will be requested, assigned, and managed through SAM. Grants.gov has begun to change the naming convention to UEI, but the number that shows may still be the DUNS number. Organizations should use their current DUNS number until SAM generates the UEI for the organization. For more information, the U.S. General Services Administration (GSA) recently published an information webpage that outlines the upcoming changes. See the webpage at https://www.gsa.gov/about-us/organization/federal-acquisition-service/office-of-systems-management/integrated-award-environment-iae/iae-information-kit/unique-entity-identifier-update.

Organization Name Change Requests

SAM registration is linked to a DUNS number assigned to a specific legal business name at a specific physical location. Registrants with an existing SAM entity record can update their name as recorded with Dun & Bradstreet, Inc. by going to fedgov.dnb.com/webform. A justification for the name change must be provided. Updates can take up to two business days to process. The changes will be visible in SAM two business days after they have been processed. The registrant will then need to review and accept the information at SAM.gov. More information is available at the Federal Service Desk website, www.fsd.gov/fsd-gov/home.do.

D. SUBMISSION DUE DATES AND TIMES

i. *Due Date for LITC Full Grant Applications and NCC Requests*

To be considered for 2022 LITC Program grant funding, all grant applications must be submitted by 11:59 pm (ET) on June 18, 2021. The time and date of the email confirmation from Grants.gov acknowledging application submission serves as evidence that the Full Grant Application was timely submitted and should be retained by the applicant. Similarly, the time and date of the email confirmation from GrantSolutions acknowledging the

submission of the NCC Request serves as evidence that the NCC Request was timely submitted and should be retained by the applicant.

ii. *Incomplete or Late LITC Full Grant Applications and NCC Requests*

An application is considered incomplete if it fails to include any of the required forms listed in Section IV.B.iii, *Instructions for Completing Full Grant Application*, or Section IV.B.v, *Instructions for Completing NCC Request Forms*, or if the applicant fails to complete the forms in accordance with the relevant instructions. Incomplete applications submitted before the due date will be reviewed and may be considered, depending on the circumstances. Applications submitted after the due date will not be reviewed or considered absent extraordinary circumstances.

E. BUDGET CONSIDERATIONS AND FUNDING RESTRICTIONS

i. *Spending LITC Grant Funds and Matching Funds*

2 CFR Part 200 – Subpart E – Cost Principles

Grant funds and matching funds must be used for expenses in accordance with the cost principles guidance in 2 CFR Parts 200 and 1000. Generally, for an expense to be allowable, the expense must:

- Be necessary and reasonable for the performance of the federal award and be allocable thereto under the applicable cost principles. See 2 CFR § 200.403(a);
- Conform to any limitations or exclusions set forth in the cost principles or in the federal award as to types or amount of cost items. See 2 CFR § 200.403(b);
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the grant recipient. See 2 CFR § 200.403(c);
- Be accorded consistent treatment by the grant recipient. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost. See 2 CFR § 200.403(d);
- Be determined in accordance with generally accepted accounting principles (GAAP), except for state and local governments and Indian tribes only, as otherwise provided for in the cost principles. See 2 CFR § 200.403(e);
- Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally-financed program in either the current or a prior period. See 2 CFR § 200.403(f);
- Be adequately documented. See 2 CFR § 200.403(g); and
- Be incurred during the approved budget period. See 2 CFR § 200.403(h).

NOTE: In general, grant funds cannot be carried forward from one year to the next unless the LITC Program Office approves such carryover. In appropriate circumstances, however, the LITC Program Office may use discretion to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to 2 CFR § 200.308(e)(3).

Clinics should refer to the Uniform Guidance for detailed rules regarding allowable and unallowable expenses. Generally, the same rules that apply to expenditures made using federal grant funds apply to expenditures made using matching funds. However, IRC § 7526(c)(5) specifically prohibits indirect expenses, including general overhead of the institution sponsoring the clinic, from being counted as matching funds.

Start-Up Expenses May Be Paid Using LITC Grant Funds

LITC grant funds may be used on start-up activities, and an applicant may be selected to receive an LITC grant award for the full grant year even if it anticipates that it will not be able to begin operations at the start of the performance period. All grant recipients must satisfy the statutory matching funds requirement during the period covered by the grant and must meet all reporting requirements, regardless of when operations begin. Reports should provide information on the status of the start-up activities. In addition, LITC grants to these applicants will be conditioned on the performance of required grant activities as detailed in Section I.A, *LITC Grant Program Priorities*, *supra*, during the immediately succeeding grant year; however, grant funds for the immediately succeeding grant year are not guaranteed to be awarded.

Examples of Allowable Expenses

Figure 3 lists examples of common expenditures for an LITC. The left-hand column lists items that are an allowable use of federal grant funds or matching funds, and the right-hand column lists items that are not an allowable use of federal grant funds or matching funds. This is not an all-inclusive list. If clinics have any questions about whether an expense is allowable, they should contact their assigned LITC Advocacy Analyst for guidance before incurring the expense.

REMEMBER: Per 2 CFR § 200.403, the criteria that must be met for an expense to be allowable include the following: (1) it must be necessary and reasonable for the performance of the grant, and (2) it must be consistent with the policies in 2 CFR Part 200.

Figure 3, Allowable and Unallowable Expenses

Allowable Expenses	Unallowable Expenses
Reasonable salaries, wages, and fringe benefits for services rendered by LITC employees. See 2 CFR §§ 200.430(a) and 200.431.	Purchase, construction, repair, or rehabilitation of any building or any portion thereof without prior approval. 2 CFR §§ 200.439(b)(1) and 200.439(b)(3).
Reasonable office supplies and equipment costs necessary to provide LITC services. See the general rules on allowability at 2 CFR § 200.403.	Expenses incurred that do not support or benefit the LITC Program or which are unnecessary in carrying out LITC activities. See 2 CFR § 200.403.
Rent, utilities, and custodial services for LITC office space. See 2 CFR §§ 200.465 and 200.452.	Certain advertising and public relations costs. See 2 CFR § 200.421.
Non-alcoholic refreshments for educational activities or community outreach events, and for volunteers, provided the costs are reasonable. See 2 CFR § 200.432.	Alcoholic beverages. See 2 CFR § 200.423.
Continuing education courses for employees, if such courses will increase their vocational effectiveness. See 2 CFR § 200.473.	Refreshments for employees, unless their workload requires those employees to work outside the normal hours of clinic operation. See 2 CFR § 200.445.
Pens, mugs, and other small items of memorabilia for *pro bono* representatives working with the clinic, provided the cost is reasonable and consistent with market prices. See 2 CFR § 200.456.	Professional licensing fees for employees or volunteers (*e.g.*, bar association fees for the QTE). See 2 CFR § 200.445.
Printing and publication costs incurred for LITC activities. See 2 CFR § 200.461.	Pens, T-shirts, mugs, or other memorabilia to promote LITC services to taxpayers or for the personal use of employees. See 2 CFR §§ 200.421(e)(3) and 200.445.
A reasonably proportionate share of the cost of audit services. See 2 CFR § 200.425.	Lobbyist registration fees. See 2 CFR § 200.75.
Publicity and training costs directly associated with the LITC Program. See 2 CFR § 200.421.	Costs of goods or services for personal use (as opposed to business use) of LITC staff. See 2 CFR § 200.445.
Installation of telephone lines, including a toll-free line, necessary to provide LITC services to taxpayers. See 2 CFR § 200.471.	Costs incurred outside the performance period of the award, unless specifically excepted by the LITC Program Office. See 2 CFR § 200.420.
Travel performed by LITC staff and volunteers to conduct LITC business. See 2 CFR § 200.475.	Application and other related fees associated with entry into the profession for an attorney, CPA, or enrolled agent. See 2 CFR § 200.445.
Costs incurred for up to two individuals (or a third person if granted an exception by the Director of the LITC Program) to attend the Annual LITC Grantee Conference. See 2 CFR § 200.475.	Costs determined using an unreasonable method of allocation. See 2 CFR § 200.405(a)(2).
Interpreter services for hearing-impaired or non-English speaking taxpayers. See 2 CFR § 200.459.	Fundraising costs. See 2 CFR § 200.421.

Allowable Expenses	Unallowable Expenses
Legal research and reference materials, including the IRC and Treasury Regulations. See 2 CFR § 200.454(b).	Entertainment costs. See 2 CFR § 200.438.
Indirect costs paid with federal funds. See 2 CFR § 200.414.	Fines and penalties. See 2 CFR § 200.441.
Attending American Bar Association (ABA) Tax Section meetings. See 2 CFR § 200.473.	Any expense that the grant recipient includes in the indirect cost pool. See 2 CFR § 200.412.
Court costs on behalf of taxpayers if reasonable and necessary. See 2 CFR § 200.403(a).	An individual's membership in a professional organization (*e.g.*, the ABA). See 2 CFR §§ 200.454 and 200.403(b).
Malpractice insurance. See 2 CFR § 200.447.	
Case management system software. See 2 CFR § 200.453.	

ii. *Direct vs. Indirect Expenses*

Direct expenses are the necessary and reasonable expenses that support LITC activities, as well as the functions of the organization. The expenses should be allocated and charged as a direct cost of award funds if it is practical to separate the portion of the expense allocable to LITC activities. The determination of whether it is practical or reasonable to allocate expenses directly in proportion to use depends on several factors, including the size of the organization operating the LITC, size and number of other functions the organization operates, and amount of the expense.

Indirect expenses are often commonly referred to as Facilities and Administration (F&A) costs. The Uniform Guidance defines indirect costs as:

> [T]hose costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. 2 CFR § 200.1, Definitions.

For example, an organization has a $5,000 expense that supports LITC activities and two other programs the organization operates. Suppose the organization can spend an additional $100 in administrative costs to accurately allocate the $5,000 among the three programs in proportion to the benefit each receives. In that case, the allocation is reasonable, and the organization should perform the allocation and charge the portion of the $5,000 that is allocable to LITC activities as a direct cost.

Now suppose the organization has a $5,000 expense that supports LITC activities and two other programs the organization operates, but to properly allocate the $5,000 among the three programs in proportion to the benefit each receives, it would cost the organization an additional $2,000 in administrative costs. In that case, direct allocation of the cost is not cost-effective, and the organization can choose to account for the $5,000 expense as an indirect cost. The organization then apportions the total indirect costs (*i.e.*, the indirect cost pool) to each of the benefiting programs using a method that is consistent, reasonable, auditable, and in accordance with generally accepted business practices.

The Uniform Guidance in 2 CFR § 200.414(b) recognizes that because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of costs which may be classified as indirect expenses in all situations. The purpose of the federal award is the determining factor in distinguishing direct from indirect costs, rather than the nature of the goods and services expensed.

Typical indirect expenses may include:

- Salaries and wages of administrative and support staff;
- Related employee benefits;
- Facility occupancy costs (*e.g.*, utilities, security, maintenance);
- Office supplies; and
- Legal and auditing charges.

Once the organization has classified expenses as either direct or indirect, the organization must determine how to allocate the indirect costs among the programs that they benefit, so that LITC funds do not subsidize the indirect costs of other programs or functions of the organization. To calculate the amount of federal funds allocable to indirect costs, the organization may use a negotiated indirect cost rate agreement (ICRA) approved by the organization's cognizant agency. If the organization does not have a current negotiated (including provisional) rate, it may elect to charge a *de minimis* rate of ten percent.

Indirect costs may not be used to satisfy matching funds obligations. See IRC § 7526(c)(5).

Negotiated Indirect Cost Rate Agreements and Cognizant Agencies

Obtaining an ICRA is a complex process that requires preparing and submitting an indirect cost rate proposal (including supporting schedules and documentation) and may take several months or even years to establish a final rate. A cognizant agency for indirect costs means the federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under 2 CFR Part 200 on behalf of all federal agencies. See 2 CFR § 200.1. For Institutions of Higher Education (IHEs), cost negotiation cognizance is assigned to HHS or the Department of Defense (DoD) Office of Naval Research, normally depending on which of the two agencies provides more funds to the educational institution for the most recent three years.

For nonprofit organizations, the federal agency that awards the largest dollar value to the organization will be designated as the cognizant agency for indirect costs. This federal agency will negotiate and approve of the indirect cost rates (unless different arrangements are agreed to by the federal agencies concerned), and, where necessary, negotiate and approve other rates such as fringe benefit and computer charge-out rates. See Appendix III of the Uniform Guidance, Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs), paragraph C.11. If an applicant has no other sources of federal funding and has questions about obtaining an ICRA, please contact the LITC Program Office to discuss possible options.

Organizations that apply an ICRA to determine the portion of indirect costs allocable to a federal award must carefully separate direct costs from costs classified as indirect in the ICRA, and the ICRA must set forth cost items included in the rate. Indirect costs are then calculated by applying the negotiated rate against the direct cost base. Costs accounted for as indirect costs in the ICRA may not be expensed as direct costs (*i.e.*, double-dipping). For example, if a clinic is part of a larger organization that has an ICRA, and the rental cost of the facility in which the clinic operates is included in the negotiated rate, the clinic may not include the facilities cost as a direct expense. The contractual expense category can be found on Form 13424-L, Statement of Grant Expenditures.

Grant recipients must make negotiated ICRAs available to the public on an OMB-designated federal website, per 2 CFR § 200.414(h); however, this site has not yet been designated. When the website becomes available, the LITC Program Office will provide details on the LITC Toolkit.

Provisional Cost Rate Agreement

If a grant recipient is operating under a provisional ICRA at the commencement of the budget period (also referred to as funding period), which ordinarily commences January 1 and concludes December 31 of the same calendar year, the provisional rate will be used for billing and reporting purposes for that period. The rate when finalized will be applied to future budget periods during which the grant recipient receives funding, if any.

De Minimis Indirect Cost Rate

Previously, under 2 CFR § 200.414(f) of the Uniform Guidance, a *de minimis* rate of ten percent of Modified Total Direct Costs (MTDC) was only available for organizations that never had a negotiated ICRA. The current revision of 2 CFR § 200.414(f), however, expands the use of the *de minimis* rate to organizations that never had an ICRA or those that had a negotiated rate that has expired. No documentation is required to justify the ten percent *de minimis* indirect cost rate.

If the clinic elects to use the *de minimis* rate to charge indirect costs, it must charge costs consistently across federal grants and may not double charge or inconsistently charge as both.

Modified Total Direct Cost

MTDC includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, and travel. MTDC excludes equipment, capital expenditures, rental costs, tuition remission, scholarships and fellowships, and participant support costs. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs. See 2 CFR § 200.1.

If a grant recipient charges indirect costs based on an approved ICRA, a copy of the agreement must be submitted along with application Form 13424-J, Detailed Budget Worksheet and Narrative Explanations. See Section IV.B.ii, Submitting a Full Grant Application on Grants.gov.

iii. *Meeting the Matching Funds Requirement*

Grant recipients must provide matching funds on a dollar-for-dollar basis for all federal LITC grant funds received. See IRC § 7526(c)(5). In general, the Uniform Guidance provides that all contributions, including cash and third-party in-kind, can be accepted as matching funds when such contributions are:

- Verifiable from the grant recipient's records. See 2 CFR § 200.306(b)(1);
- Not used as a match or contribution for any other federal award. See 2 CFR § 200.306(b)(2);
- Necessary and reasonable for accomplishment of LITC Program objectives. See 2 CFR § 200.306(b)(3);
- Allowable under the applicable cost principles. See 2 CFR § 200.306(b)(4);
- Not paid by the federal government under another award, except when authorized by federal statute. See 2 CFR § 200.306(b)(5);
- Provided for in the grant recipient's approved budget. See 2 CFR § 200.306(b)(6); and
- In conformity with other applicable provisions of the Uniform Guidance. See 2 CFR § 200.306(b)(7).

Qualified matching funds can be derived from multiple sources and in various forms, such as cash, services provided by volunteers, property, and income from program activities. Grants may be awarded based on good faith estimates of matching funds, including verifiable pledge commitments or other likely sources of funding. However, grant recipients are advised to monitor the sources and uses of matching funds throughout the grant year to ensure that sufficient matching funds are available to meet the dollar-for-dollar match requirement in IRC § 7526(c)(5). Failure to document the sources and amounts of all matching funds may result in the LITC Program Office requiring the grant recipient to repay federal funds (plus any applicable interest) received in excess of the documented match. Failure to repay the funds within 90 days after demand results in a debt to the federal government that can be collected by the IRS in accordance with 2 CFR § 200.346.

Figure 4, Qualified and Ineligible Matching Funds

Qualified matching funds include (but are not limited to):	Ineligible matching funds include (but are not limited to):
Legal Services Corporation funds.	Expenses incurred for the purchase, construction, repair, or rehabilitation of any building or any portion thereof.
Salaries, including fringe benefits, of clinic staff.	Services provided by students that are not furnished on a volunteer basis, such as in exchange for academic credit.
Equipment and supplies used in the clinic.	Federal work-study funds.
Other costs necessary to the operation of the program.	Funds from other federal grants unless specifically authorized by statute. See 2 CFR § 200.306(b)(5).
The value of volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor.	Indirect costs, including general overhead of the institution sponsoring the LITC.
The fair market value of donated equipment and supplies.	
The fair rental value of donated space.	
Program Income (*e.g.*, nominal fees charged or awards of attorney's fees). See 2 CFR §§ 200.1 and 200.307 for a definition and discussion of program income, respectively.	

If an individual on the LITC staff receives an award or fellowship from a non-federal source (*e.g.*, the ABA Section of Taxation Public Service Fellowship), the amount of the award may be included as matching funds to the extent the award proceeds are used to support LITC activities.

Valuing Contributions of Goods and Services to Meet the Matching Funds Requirement

Contributions of goods and services provided to a grant recipient must be valued in accordance with applicable cost principles. These principles generally limit values to:

- The amount a prudent person would pay for the goods or services in an arm's length transaction under the circumstances prevailing at the time the cost was incurred. See 2 CFR § 200.404(b); or
- Fair market value. See 2 CFR § 200.404(c).

Non-cash contributions (*e.g.*, goods, space, or volunteer services donated to the LITC) from parties other than the grant recipient or the federal government (*i.e.*, third-party in-kind contributions) must be valued in accordance with the principles stated in 2 CFR § 200.306 (except for contributions of certain volunteer services by a qualified representative which are governed by 2 CFR § 1000.306).

Determining the Value of Volunteer Services

In general, the rates used to value volunteer services must be consistent with those paid for similar work in the organization and may include a reasonable amount for fringe benefits.

If no one else on staff performs similar work that could provide a basis for comparative valuation, the organization must use a rate that is consistent with the labor market rate for similar work. One source of wage rates by geographic area can be found on the Bureau of Labor Statistics (BLS) website at https://www.bls.gov/bls/blswage.htm. However, BLS data represents a wage rate only, and when used for the purpose of determining a volunteer services valuation rate, can be adjusted upward by adding a reasonable fringe benefits amount.

If a third-party employer (*e.g.*, a local law firm's *pro bono* campaign) provides one of its employees to work for the applicant at no cost, those services are valued at the employee's regular rate of pay, plus reasonable fringe benefits, provided the services are in the same skillset for which the employee is normally paid. In other words, if a local law firm offered ten hours of volunteer service from an associate attorney in its tax division to an LITC, the LITC would be able to value those ten hours at the attorney's regular rate of pay at the law firm, plus reasonable fringe benefits, provided the attorney performs ten hours of substantive legal work.

Valuation is Dependent on the Type of Services

Grant recipients should also be mindful that a volunteer may meet the definition of a qualified representative yet may be providing services to the clinic in a non-representative capacity. In the previous example, if the attorney spent ten hours repainting the lobby of the LITC over a weekend instead of performing legal work, the LITC

could still count the volunteer's time as matching funds; however, it would need to value the attorney's time at the rate for hiring a painter in the local labor market, plus reasonable fringe benefits.

Services Donated by Employees May Not Be Used as Matching Contributions

An employee of the grant recipient may not be treated as a volunteer for purposes of valuing in-kind services. For example, suppose an LITC pays an employee an hourly wage to work at the LITC three days a week, and the employee chooses to spend an additional two days each week volunteering at the LITC. In the example, the LITC may charge the employee's wages as an expenditure of federal or matching funds, but it cannot apply the value of the two days spent volunteering as a contribution to help meet the matching funds requirement.

Special Rule for Valuing Volunteer Services of a Qualified Representative

When the Treasury Department implemented the cost principles of 2 CFR § 200.306, it provided that notwithstanding the general rule prescribed in § 200.306(e), LITCs may use the rate found in IRC § 7430 to value volunteer in-kind services, if the following conditions are met:[8]

- Grant recipient is funded to provide controversy representation;
- Services are provided by a qualified representative, which includes any individual, whether or not an attorney, who is authorized to represent taxpayers before the IRS or an applicable court;
- Qualified representative is not a student; and
- Qualified representative is acting in a representative capacity and is advocating for a taxpayer.

Unless all the above criteria are met, grant recipients should apply the standard cost principles from 2 CFR § 200.306 as described above.

IRC § 7430 provides taxpayers a right to an award of costs and fees for services provided by qualified representatives in suits against the United States when the statutory requirements of IRC § 7430 are satisfied. The rate at which to value those services is adjusted periodically for inflation. For the 2021 calendar year, the maximum rate is $210 per hour, as prescribed in Revenue Procedure 2020-45, 2020-46 I.R.B. 1016, unless the representative can establish that a special factor, as described in IRC § 7430(c)(1)(B)(iii), applies.

The LITC Program Office encourages applicants with questions about how to value volunteer services to contact the Program Office for assistance; current grant recipients should contact their assigned Advocacy Analyst.

BEST PRACTICE

Utilize various sources of matching funds (*e.g.*, state, local, private, in-kind) when possible to ensure financial stability in the event any one source is unexpectedly reduced or lost and avoid having to repay federal funds.

8 *See* 2 CFR § 1000.306

iv. *OMB Audit Requirement*

A grant recipient that spends $750,000 or more in total federal awards during a fiscal year is subject to the audit requirements established by OMB. See 2 CFR § 200.501. Total federal awards received by the organization include all sources of federal funding, not just the funds received from the IRS in support of the LITC. The IRS has the right to audit expenditures of LITC funds regardless of the dollar amount of federal funding received by the grant recipient.

A grant recipient that expends $750,000 or more in federal awards during a fiscal year must provide the IRS with a copy of the results of an audit performed in compliance with the Uniform Guidance. If the most recent audit showed an unfavorable finding, it will not automatically disqualify the grant recipient; however, more information may be requested to ensure any deficiencies noted in the audit have been corrected. Grant recipients subject to the audit requirement must arrange for an audit by an independent auditor in accordance with the Government Auditing Standards developed by the Comptroller General of the United States.

If an audit is required pursuant to 2 CFR Part 200, it must be organization-wide. The auditor must determine whether the organization:

- Offers financial statements that present fairly its financial position and the results of its operations in accordance with generally accepted accounting principles;
- Maintains internal controls sufficient to provide reasonable assurance that the grant recipient is complying with applicable laws and regulations, particularly the laws and regulations that could materially impact the financial statements; and
- Complies with laws and regulations that may have a direct and material effect on its financial statement amounts and on each major federal program.

A reasonably proportionate share of the costs of an audit performed in compliance with the Uniform Guidance is an allowable LITC grant expense.

Obtaining Grant Payment History for an OMB or Single Audit

OMB audits often require historical grant payment information. This information is not available from the LITC Program Office. Those seeking information pertaining to payment or transaction history from the Payment Management System (PMS) should visit the PMS website at https://pms.psc.gov/grant-recipients/audit-confirmation-procedures.html. Grant recipients are encouraged to notify the auditor of how to obtain this information to avoid delay in obtaining the needed information for the audit process.

V. APPLICATION REVIEW

A. TECHNICAL EVALUATION OF FULL GRANT APPLICATIONS AND SCORING CRITERIA

Technical Evaluation

Full Grant Applications that pass the eligibility screening process will then undergo a technical evaluation by a ranking panel. Applications receiving a score of 49 or lower will receive a review by the LITC Program Office to ensure that the ranking score is adequately supported. If the score is found to be supported by the content of the application, the application will not move forward in the review process and will not receive an award. Applicants not receiving awards may request their scores through a Freedom of Information Act (FOIA) request.

During the technical evaluation, ranking panels will review each Full Grant Application using the criteria listed below and award points based on the information provided in the application. Ranking panel members will evaluate each program plan based on how it will assist in accomplishment of LITC Program goals. Applicants can receive a maximum of 100 points. Points will be assigned as follows:

Experience (Maximum 13 points)

Experience in operating a low-income taxpayer clinic or delivering representation and education services to low-income and ESL taxpayers.

Financial Responsibility (Maximum 11 points)

Quality of grant administration and internal accounting procedures.

Program Performance Plan (Maximum 71 points)

Quality of the program plan offered to assist low-income and ESL taxpayers. Evaluation criteria include:

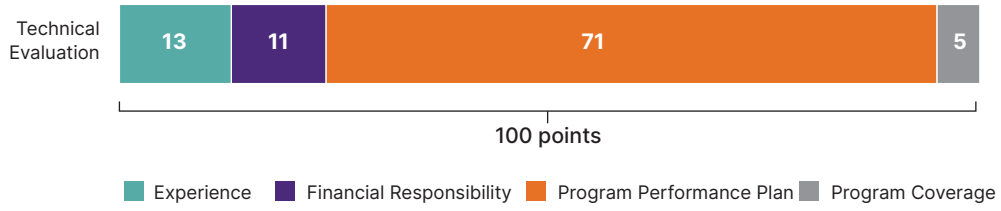
- Qualifications, training, and supervision of the clinic staff, students, and volunteers;
- Amount of time devoted to the program by clinic staff;
- Comprehensiveness of services to be provided;
- Procedures for ensuring the confidentiality of taxpayer information;
- Procedures for monitoring and evaluating program results;
- Publicity and outreach plans;
- Organizations identified within the community for collaboration to achieve outreach to the identified audience; and
- Dates and hours of clinic operation.

Program Coverage (Maximum 5 points)

Number of low-income and ESL taxpayers in the geographic area(s) to be covered, proposed efforts to reach these taxpayers, and the number of taxpayers to be assisted.

Only information contained in the application will be considered during the technical evaluation process. Therefore, it is extremely important that a submission contains all required information to achieve the maximum score. Generally, applications receiving a score of 49 or less points do not move forward in the process and funding is denied.

Figure 5, Grants Evaluation and Scoring Process



B. LITC PROGRAM OFFICE EVALUATION AND SELECTION OF FULL GRANT APPLICATIONS AND NCC REQUESTS

i. *LITC Program Office Evaluation*

Full Grant Applications that earned a score of 50 points or more during the technical evaluation will undergo a secondary evaluation by the LITC Program Office. The secondary evaluation will be based on the information contained in the application, as well as the applicant's performance history in the LITC Program, as applicable. The Program Office may utilize additional resources to verify information provided in a full application such as an organization's website and accreditation or professional licensure websites. The Program Office will also review and evaluate NCC Requests. LITC management officials are subject to recusal if participation in an evaluation would result in a conflict of interest or the appearance of a conflict of interest.

Evaluation of Full Grant Applications

Information contained within the application may be subject to verification. The LITC Program Office will consider:

- Quality of the proposed program;
- History of performance under LITC grants in prior years, if applicable;
- Soundness of the proposed budget; and
- Any significant concerns identified during the technical evaluation.

Evaluation of NCC Requests

The LITC Program Office will review all NCC Requests. A risk assessment will be conducted for each applicant to determine whether the applicant has responsibly managed federal funds and is likely to continue to do so.

The proposed budget, any audit findings, as well as performance history in the LITC Program will be considered in assessing the risk of a grant recipient. The performance history includes:

- Timeliness, accuracy, and completeness of Interim and Year-End reports;
- Any significant concerns identified by the LITC Program Office and how the grant recipient addressed those concerns;
- Whether the grant recipient's past activities match its program plan;
- Whether the grant recipient has a history of not spending all the funds awarded; and
- History of any failure(s) to de-obligate unspent funds in a timely fashion.

If risks are identified, the NCC Request will receive a full review. As a part of that review, the NTA (unless recused) may determine whether conditions or additional monitoring are needed to mitigate the risk or whether the NCC Request should be denied. If no serious concerns are identified after a risk assessment is conducted and any changes to the proposed program are minor in nature, the NCC Request will be approved. The amount of funding awarded will be subject to approval and amount of appropriations for Grant Year 2022.

Additional Considerations

The decision of whether to award grant funds will be based on the technical evaluation (for Full Grant Applications), the LITC Program Office evaluation, and the following additional considerations:

- Existence of other clinics in the applicant's geographic coverage area assisting the same population of taxpayers;
- Scope of services that the clinic will provide;
- The number of low-income and ESL taxpayers who will be assisted;
- Languages in which assistance will be provided to taxpayers;
- Reasonableness of funds sought for the quantity and quality of services to be offered;
- Other sources of funding available to the clinic;
- The sources of matching funds that the clinic plans to use;
- Anticipated funding available to the LITC Program; and
- Any non-compliance with all federal tax and nontax obligations, and national policy requirements. See Section III.C.iii, *Compliance with Federal Tax and Nontax Requirements*, *supra*.

Academic clinics that carry the additional responsibility of teaching and mentoring students may provide representation to fewer taxpayers than non-academic clinics; however, academic clinics can accomplish LITC Program goals in a variety of additional ways, such as:

- Providing technical assistance;
- Training and mentoring other LITCs;

- Publishing articles about the LITC Program or on tax topics that impact low-income and ESL taxpayers;
- Commenting on proposed Treasury regulations that affect low-income or ESL taxpayers; and
- Mentoring graduates and encouraging them to perform *pro bono* work on behalf of low-income taxpayers.

Final Funding Decision

Final funding decisions are made by the National Taxpayer Advocate, unless recused due to a potential or actual conflict of interest with an applicant. In recusal situations, the final funding decisions are made by the Deputy National Taxpayer Advocate.

ii. *Civil Rights Compliance Reviews*

All Full Grant Applications receiving a ranking panel score of 50 points or higher and NCC Requests undergo a civil rights compliance review by the Office of Equity, Diversity and Inclusion (EDI), Civil Rights Unit (CRU) of the IRS to ensure compliance with civil rights laws. Department of Justice regulations state that all federal agency staff determinations of civil rights compliance shall be made by, or be subject to review by, the agency's civil rights office. In addition, a Department of the Treasury grant recipient is required to maintain records, provide information, and afford Treasury access to records to the extent Treasury finds it necessary to determine whether the recipient is compliant with civil rights laws and regulations. For details about the various civil rights laws applicable to federal grant recipients, see Section VI.D.i, *General Compliance*, *infra*.

The CRU will review grant applications meeting the above-referenced criteria. To the extent necessary to make a civil rights compliance determination, the CRU or LITC Program Office may request that an applicant provide additional information but only to the extent that it is readily available or can be compiled in a reasonable manner. Examples of such data and information include, but are not limited to:

- The manner in which services are or will be provided by the program, and related data necessary for determining whether any persons are or will be denied such services on the basis of prohibited discrimination;
- The population eligible to be assisted by race, color, national origin, age, sex, or disability;
- Data regarding covered employment, including use or planned use of bilingual public contact employees serving beneficiaries of the program, where necessary to permit effective participation by beneficiaries with limited English proficiency;
- The location of existing or proposed facilities connected with the program, and related information adequate for determining whether the location has or will have the effect of unnecessarily denying access to any persons on the basis of prohibited discrimination;
- The present or proposed membership, by race, color, national origin, sex, age, or disability, in any planning or advisory body that is an integral part of the program; and
- Data such as demographic maps of the racial composition of affected neighborhoods or census data.

Upon completion of the application reviews, the CRU will forward to the LITC Program Office a preliminary civil rights determination based on the information in the Full Grant Application, NCC Request, and any other information the CRU received from the grant recipient. If an applicant has provided incomplete information,

the Program Office may request additional information from the applicant and provide it to the CRU. No LITC grant funding may be awarded until the CRU has made its final determination.

The CRU annually conducts selected post-award reviews to ensure civil rights requirements are in place and to provide technical assistance. The CRU will contact grant recipients directly to schedule the reviews. The following are examples of civil rights compliance items addressed during post-award reviews:

- External building accessibility (*e.g.*, accessible entrances, curb cuts, and sufficient parking spaces for persons with disabilities);
- Interior accessibility (*e.g.*, signage for emergency routes, routes to and within the service area, sufficient seating in the service area, restrooms, water fountains, and elevators);
- Non-discrimination policies (*e.g.*, Publication 4053, Your Civil Rights Are Protected, displayed in service areas, and the organization's non-discrimination policy posted and disseminated in marketing materials);
- Accommodations for persons with disabilities (*e.g.*, sign language interpreters and Braille/large print documents); and
- Accommodations for persons with limited English proficiency (*e.g.*, bilingual volunteers, language interpreters/language line, and community resources).

The results from the selected post-award reviews are compiled into a report and provided to the LITC Program Office.

Contacting the Civil Rights Unit

For additional information on civil rights requirements, see Publication 4454, Your Civil Rights Are Protected, or contact the CRU at edi.civil.rights.division@irs.gov.

VI. AWARD ADMINISTRATION

A. NOTIFICATION OF SELECTION

The LITC Program Office will notify all applicants no later than November 2021 whether they have been selected to receive a 2022 grant award. Selected applicants will be notified by phone and email. If Congress has passed final appropriations legislation for the 2022 fiscal year by November 2021, notification of selection will usually include the amount of the award. If Congress has not passed final appropriations legislation for the 2022 fiscal year by November 2021, notification of selection may not include the total amount of the award or may only include a partial amount. In that case, the Program Office will provide the total award amount in a subsequent communication.

After notification of selection, the Program Office will invite the Clinic Director and Qualified Business Administrator of first-time LITC grant recipients to a mandatory welcome call. All grant recipients will also be required to attend the Annual LITC Grantee Conference, unless excused. See Section VI.C.iii, *Annual LITC Grantee Conference*, *infra*.

Applicants not selected to receive an award will be notified through GrantSolutions.

B. NOTICE OF AWARD

The LITC Program Office will issue an NOA to each applicant selected to receive funding for the grant year, containing the information required by 2 CFR § 200.211. In the event Congress has not passed final appropriations legislation and the federal government is operating under a Continuing Resolution at the start of the grant year, the Program Office may issue subsequent NOAs, each providing a partial award amount, until a final appropriation is enacted.

The NOA states the amount of funding awarded to the grant recipient, whether the full or a partial grant year amount, the grant period, and the terms and conditions of the award. In addition, the NOA incorporates by reference the requirements specified in this publication and lists any additional specific conditions of the award, if applicable.

All funding will be based on the availability of annually appropriated funds. If more funds become available during the grant year, the Program Office may award additional funds to well-performing clinics that are not receiving maximum funding accompanied by a new NOA with the revised award amount. The total award amount may not exceed $100,000. Requests for additional funds must be made in writing and timely submitted in order to be considered. All grant funds will be obligated no later than September 30 of each grant year.

C. ADMINISTRATIVE REQUIREMENTS

i. *Standards for Operating an LITC*

This publication provides baseline standards of operation for organizations funded with an LITC grant. The standards ensure that all LITCs provide consistent and quality service to low-income and ESL taxpayers.

LITCs are required to fill the following key staff positions:

Qualified Tax Expert (QTE) is a staff member with sufficient tax law expertise to oversee technical, substantive, and procedural tax matters. The QTE must be an attorney, CPA, or EA who is currently authorized to practice before the IRS and provide representation on behalf of low-income taxpayers in disputes with the IRS. The QTE is also responsible for reviewing all educational materials for accuracy before distribution.

Qualified Business Administrator (QBA) is a staff member with sufficient business administration expertise to oversee the clinic's business operations. If a department fulfills this requirement, as opposed to a single individual, please provide details in the application about the staff member who oversees the department. The QBA must demonstrate education or experience with business or program administration, such as internal controls, grant funds management, budgeting, procurement, or the equivalent.

Clinic Director is a staff member who has overall management responsibility for the clinic. The Clinic Director may also be the QTE or QBA, if qualified. The Clinic Director manages day-to-day clinic operations, prepares or reviews the required clinic reports, and may sign reports as the clinic's authorized representative. The Clinic Director serves as the primary contact person for both the LITC Program Office and the Local Taxpayer Advocate Office. The Clinic Director must be able to promptly respond to LITC Program Office inquiries and as such, should have a thorough knowledge and understanding of the LITC's operations.

As a general rule, all key personnel must be employees of the sponsoring organization. The use of independent contractors or volunteers to fill key positions must receive advanced approval in writing from the LITC Program Office. Utilizing volunteers or independent contractors to fill key positions should be rare and only permitted as a temporary measure; the Program Office will work closely with the organization to develop a timeline for filling the position with a paid employee of the organization.

Staff Member Must Be Able to Represent Taxpayers

LITCs must have at least one staff member (usually the QTE) who represents taxpayers before the IRS and is authorized to do so. In addition, all LITCs must have a staff member or a *pro bono* panel member who is admitted to practice before the U.S. Tax Court and other federal courts to represent taxpayers in litigation matters.

Maintaining a Physical Location

LITCs must maintain a bona fide physical place of business and a permanent address. A bona fide physical place of business means a permanent office space where clients can be received, files are kept, the telephone is answered, and the LITC staff can be reached during normal business hours. Applicants with only a virtual office will not be awarded LITC grant funds.

Providing a Toll-Free Number

To increase access to low-cost representation, grant recipients should provide a toll-free telephone number. Grant funds may be used to pay for a toll-free number. See 2 CFR § 200.471.

Training Staff and Volunteers

LITCs must provide training to clinic staff, volunteers, and other program participants (such as fellows and interns) to increase the knowledge and skills necessary to effectively deliver tax representation, education, and advocacy services. Clinic Directors are required to ensure that the LITC staff, volunteers, and other program participants receive appropriate training based on their knowledge, skills, and experience, and the needs of the taxpayers that they will assist. Clinic Directors are encouraged to develop a training plan for all program participants who provide services to taxpayers. In addition to substantive technical and legal training, clinics should provide staff training regarding grant requirements such as determining the amount in controversy and the 90/250 requirement.

As part of a comprehensive training plan, the Program Office encourages clinic staff and volunteers to attend continuing professional education programs sponsored by the IRS and professional organizations. Grant recipients may use grant funds to attend such programs if the subject matter is necessary for the performance of the grant and the cost is reasonable. See 2 CFR §§ 200.403(a) and 200.473. The clinic should track all activities, including topics presented and the number of Continuing Legal Education (CLE) or Continuing Professional Education (CPE) credits available (where the clinic is the sponsor).

Maintaining Access to Tax Research Materials

LITCs must have convenient access to an adequate tax library and research materials, including the current version of the IRC and related Treasury Regulations in hard copy or electronic format. Access to research materials may be through online resources. Grant recipients may use grant funds to acquire tax research materials. See 2 CFR § 200.454(b).

ii. *LITC Program Office Webinars*

Unless otherwise noted below, the Program Office will announce webinars on the LITC Toolkit. The Toolkit is the main way that the LITC Program Office communicates with clinics. The password-protected site is accessible to all those involved with the clinic, including staff, students, and volunteers. The password is provided to all funded clinics and can be obtained any time during the grant year from a clinic's assigned Advocacy Analyst. The password is changed annually, and all clinics will be notified about the new password when it is updated. Some webinars may be geared to specific individuals in the organization who are responsible for performing the certain activity highlighted in the webinar. The Program Office encourages participation in the webinars and information sharing about the webinars with the appropriate individual(s) associated with the clinic.

New Applicant Webinars

The LITC Program Office generally conducts a yearly webinar to provide potential applicants with information about the application requirements and process. The intended audience for the webinar includes applicants proposing to start an LITC or expand the work of existing clinical programs. The webinar for applicants

applying for a grant for 2022 will be held in mid-May. Details and registration information will be available at www.irs.gov/litc. Another webinar is presented to returning grant recipients and focuses on any changes to the application process and how to submit an NCC Request. This webinar will be announced on the TAS LITC webpage.

Administrative and Technical Topic Webinars

The LITC Program Office also conducts or coordinates webinars to provide information on general grant topics, such as requirements for completing grant applications and reports, legal issues impacting low-income taxpayers, and substantive topics that will help clinicians advocate for taxpayers. The Program Office will also announce webinars on tax-related topics that are sponsored by other organizations such as the IRS and the ABA Section of Taxation. All webinar announcements will be made through the LITC Toolkit. Although the LITC Program Office will provide information about webinars sponsored by other programs or organizations, the Program Office does not endorse the webinar sponsors or any materials distributed during such webinars. An LITC's decision whether or not to participate in such webinars will not result in the Program Office giving any preferential or negative treatment to the LITC. The Program Office is merely informing LITCs of training opportunities that may be of interest to clinicians.

iii. *Annual LITC Grantee Conference*

Applicants notified they have been selected to receive a 2022 grant award must attend the Annual LITC Grantee Conference, which will be held in December 2021 or January 2022. Although the conference has been held in Washington, D.C., for many years, the location and format is subject to change due to costs, conference space availability, and other extenuating circumstances. As a general rule, the Clinic Director and the QTE are required to attend the conference in its entirety unless the Director of the LITC Program has excused them in writing from attending all or part of the conference. The Program Office will provide the dates and location of the conference when notifying applicants that they have been selected for an award. Information about the conference will also be provided on the LITC Toolkit.

Cost of Attendance

The cost of attending the conference (*e.g.*, transportation, hotel, and meals) can be paid with grant funds (or can qualify as matching funds if travel expenses are paid using non-federal funds) and should be included in an applicant's budget. For more information, see Section IV.E.i, *Spending LITC Grant Funds and Matching Funds*, *supra*. Please note that, in general, LITC grant funds or matching funds may not be used to pay the cost of more than two conference attendees. However, an LITC may request an exception to this policy in special circumstances. For example, a clinic is planning to send the QTE and Clinic Director to the conference, but a new staff attorney was recently hired, and she will devote a significant amount of time providing representation to low-income taxpayers. Since the third person will be doing controversy work and the conference provides an economical and beneficial means of providing substantive tax controversy education, the Director of the LITC Program may approve the use of LITC grant funds to cover all or a portion of the cost for attendance of the third person.

More than Two Conference Attendees

If a grant recipient wishes to send more than two staff members to the conference, a written request must be submitted to the Director of the LITC Program no later than two weeks in advance of the conference. The LITC Program Office will grant approval to timely submitted requests for additional registrants, if space is available. If the grant recipient wishes to seek a special exception to use LITC direct or matching funds to send a third individual to the conference, the clinic should explain the special circumstances that support an exception and the costs associated with sending a third person. The Director of the LITC Program has the discretion to allow the clinic to use grant funds for all or a portion of the costs to send a third individual. Without an exception or if an exception is denied, any conference expenses (*e.g.*, transportation, hotel, and meals) of additional attendees are the responsibility of the grant recipient and must not be paid using federal or matching grant funds.

Requesting to Be Excused from Attendance

If the Clinic Director or QTE is unable to attend all or a part of the conference, a request for an exception must be submitted in writing no later than two weeks prior to the start of conference. The request should identify the critical reason for the exception request, and the name, title, and duties of any other person who will attend the conference on behalf of the grant recipient.

All requests for exceptions related to the conference as detailed above should be addressed to the Director of the LITC Program and sent to the clinic's assigned Advocacy Analyst. The best way to send exceptions is via email or e-fax; see Section VII.F, *Contacting the LITC Program Office*, *infra*. Regular mail may go through additional screening and therefore, if used, additional time should be allowed to ensure it is received and processed before the start of the conference. Instructions for submitting exception requests can also be found on the LITC Toolkit under LITC Grantee Conference Information.

iv. *Developing a Community Outreach Plan*

LITCs should develop an outreach plan to publicize the clinic and its services to low-income and ESL taxpayers. LITCs should also advertise and promote themselves as providing representation and education on behalf of low-income and ESL taxpayers. Outreach activities may involve direct communication with taxpayers or be accomplished through contacts with other organizations or groups that assist low-income and ESL taxpayers. LITCs are encouraged to identify linguistic populations, geographic service areas, or other segments of the low-income taxpayer community in which to focus outreach efforts.

Publicizing LITC Services

LITCs may use a variety of means to publicize their services, including brochures, flyers, placards and posters, newspaper listings, public service announcements on radio and television, websites, and social media. LITCs should also publicize their program through their organization's website and community partners. In promoting a clinic on a larger organization's website, consider the taxpayer's experience and how the taxpayer can most easily locate information about the clinic and its services. To reach ESL taxpayers, LITCs should produce publicity materials not only in English but also in other languages commonly spoken by taxpayers in their geographic area.

Publicity materials and announcements to advertise LITC services must focus on core services:

- Representation in controversy cases;

- Consultations about tax matters;
- Education about taxpayer rights and responsibilities; and
- Advocacy efforts to resolve systemic tax issues that affect low-income and ESL taxpayers.

Grant recipients are encouraged to publicize their program through their organization's website, social networking sites, and community partners.

Publicity materials may not advertise tax return preparation services or Individual Taxpayer Identification Number (ITIN) application preparation assistance. LITCs are permitted to prepare tax returns and ITIN applications only in two limited contexts. See Section VI.C.xv, *Preparing Tax Returns and ITIN Applications*, *infra*.

LITCs must include a message on their website and in all publicity materials and announcements stating that the clinic does not generally provide tax return preparation.

Brochures, flyers, or other clinic information that may be distributed in IRS offices or at joint outreach events with IRS functions should contain language to indicate that a taxpayer's decision to obtain representation from an LITC will not result in the IRS giving preferential treatment in handling the dispute or problem and will not affect the taxpayer's rights before the IRS.

Such disclaimers need not be worded exactly as above but must convey this principle. In addition, clinics may not use the IRS or TAS logos in any advertising materials. Clinics are strongly encouraged to use the LITC logo in all newly printed or published materials and also on their websites. On the LITC Toolkit, the LITC Program Office provides clinics with high-quality electronic files of the logo for their use. The logos should not be altered.

With the 2019 passage of the Taxpayer First Act, Section 1402,[9] IRS employees can refer a taxpayer to a specific LITC in the taxpayer's geographic area for assistance without violating the applicable standards of conduct. Before the change in law, IRS employees were prohibited from referring a taxpayer to a particular tax professional or a specific LITC for assistance with an IRS issue. All IRS Taxpayer Assistance Center locations are annually provided with copies of Publication 4134, Low Income Taxpayer Clinic List, to facilitate these referrals. In addition, Section 1401 of the Taxpayer First Act promotes collaboration between LITCs and Volunteer Income Tax Assistance (VITA) grant recipients by encouraging VITA grant recipients to advise taxpayers about the availability of LITCs, the eligibility requirements for assistance, and the locations and contact information for the clinics.

9 Pub. L. No. 116-25, § 1402, 133 Stat. 981, 997 (2019).

Identifying Effective Outreach Strategies

To enhance efficiency and identify effective strategies, LITCs are encouraged to implement a process that tracks how taxpayers seeking services learned about the clinic and the services offered. For example, this information could be obtained on the intake or screening form completed by low-income taxpayers seeking representation or advice. For educational activities, the clinic could request that attendees indicate on a sign-in sheet how they learned about the event. The Program Office may ask for information as to how taxpayers hear about the clinics to share information with the IRS about which forms, publications, and notices are most effective at driving taxpayers to seek LITC assistance.

v. *Building Community Partnerships*

LITCs should develop and maintain relationships with other community-based organizations that assist low-income and ESL individuals. Community-based organizations might include local social service agencies such as human services, workforce development, or refugee resettlement; community action programs providing heating assistance or head start programming; schools, community colleges, religious organizations, domestic violence shelters, and senior meal sites.

Effective community partnerships help LITCs to enhance visibility in the community, access taxpayers in insular hard-to-reach communities, better understand nontax issues that affect low-income individuals and families and establish a framework for mutual referrals of taxpayers in need of services.

Clinics should also network with individuals and groups within the clinic's sponsoring organization to share information about the LITC Program to promote cross referrals of cases and to collaborate on educational activities and outreach opportunities.

BEST PRACTICE

Establish a regular schedule for providing clinic updates to the staff within the clinic's sponsoring organization. For example, provide presentations about clinic activities at monthly staff meetings or distribute a quarterly newsletter to colleagues highlighting clinic success stories and impactful outreach and educational events. These regular communications will help staff to remember to identify tax issues in their cases and make referrals to the clinic when needed.

vi. *Networking With Other LITCs*

LITCs are encouraged to maintain an active network with other clinics. Networks provide an opportunity for clinics to collaborate on tax issues that affect low-income and ESL taxpayers, discuss case strategies, share ideas on education and outreach, and share training on tax practice and procedures. Clinics are encouraged to submit best practices developed through networking to the LITC Program Office, so they can be shared with other clinics to improve the overall quality of the LITC Program.

vii. *Mentoring*

The LITC Program Office encourages experienced grant recipients to become mentors to provide guidance and technical assistance to other LITCs. The LITC Program Office may ask experienced LITC clinicians to consider mentoring less experienced clinicians. That assistance may include recommendations for developing processes, procedures, or policies; providing samples of substantive education materials for clinic staff or taxpayers; helping develop outreach or education plans; and providing suggestions or other feedback on casework.

viii. *Technical Assistance Consultation*

A technical assistance consultation is a discussion with a tax practitioner or other service provider designed to provide brief advice about a federal tax issue. This assistance could be provided to an LITC clinician from another program, a member of the private bar, a colleague, or a local VITA site member. However, if advice is given to a member of the clinician's sponsoring or co-located organization to provide to a client about a specific tax issue, it is more properly counted as a taxpayer consultation, not a technical consultation. Grant recipients must report the number of technical assistance consultations provided on Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report.

ix. *Maintaining Client Confidentiality*

Avoiding Unauthorized Disclosure

Tax professionals have ethical requirements to maintain client confidentiality. See, for example, ABA Model Rule of Professional Responsibility 1.6 and IRC § 7525.

LITC employees and volunteers generally must not disclose information relating to the representation of a client to third parties unless the client gives informed consent. The confidential nature of each taxpayer's information must always be respected, and each employee and volunteer must safeguard taxpayer information against inadvertent or unauthorized disclosure. Thus, it is critical for an LITC to maintain information security and limit access to taxpayer information to those who have a need to know.

Treasury Regulations under IRC § 7216 generally prohibit a grant recipient, its employees, and its volunteers from disclosing or using a taxpayer's return information except when the tax return preparer has obtained prior written consent from the taxpayer in a manner that complies with the procedures set forth in the regulations and other guidance issued by the IRS. See 26 CFR § 301.7216-2.

The regulations authorize disclosure or use without consent only in very limited situations, such as pursuant to an order of a court or a federal or state agency, or for purposes of preparation or audit of state or local tax returns. For unauthorized disclosure or use, IRC § 7216 imposes a sanction of up to one year in prison or a $1,000 fine, or both, plus the costs of prosecution. In addition, the penalty under IRC § 7216 increases to $100,000 in the case of disclosures or uses in connection with taxpayer identity theft. IRC § 6713 imposes a civil penalty of $250 for each disclosure or use, up to $10,000 per calendar year (penalty of $1,000 per disclosure or use if related to identity theft up to $50,000 per calendar year).

Client Information Must Be Redacted From Training Materials

Client information must be redacted from materials before being used for training. This includes deletion of names, addresses, taxpayer identification numbers, and any other information that could reasonably lead to identification of the client. It is also suggested that if using a taxpayer's situation as an example or case study in the training, the material facts be sufficiently changed to prevent identification of the taxpayer. The LITC Program Office takes protection of taxpayer information very seriously, and thus any materials submitted for use during the LITC Grantee Conference must comply with IRS rules for training presentations that explore taxpayer factual scenarios — namely that all taxpayer identifying information and tax data used in course materials must be entirely fictional. IRM 11.3, *Disclosure of Official Information*, contains instructions, guidelines, and procedures to protect the confidentiality of returns and return information.

Sharing Information With the Media

Generally, confidentiality requirements and disclosure restrictions prohibit clinic personnel from providing details about any taxpayer represented by the clinic in response to requests from the media. News reporters and other members of the media do not have a need to know taxpayer information. The LITC must obtain a written waiver from the taxpayer before disclosing any of the taxpayer's information and be sure the taxpayer fully understands the potential ramifications that could result from disclosing the information, even if the taxpayer is the person requesting that the LITC speak to a member of the media. If the client chooses to share information with the media, suggest to the client that he or she make it a condition of the interview that the story be produced without photos and names.

Media coverage can create a conflict of interest between the LITC and a client. An article that describes the client's situation and mentions the clinic's services may benefit the clinic by providing outreach; however, the clinic must consider any potential negative repercussions that publicity may have on the taxpayer. For example, the taxpayer could be dealing with other nontax issues (*e.g.*, custody or child support conflicts, other creditors, immigration) that could be negatively impacted by the media coverage. LITCs should clearly communicate that clients are under no obligation to share any personal information with the media.

x. *Recruiting and Supervising Volunteers*

Creating Written Position Descriptions for Volunteers

LITCs are encouraged to create written position descriptions for volunteers and outline the qualifications for each position, such as whether the volunteer can act as an authorized representative, training and experience, educational background, language skills, and other qualifications relevant to providing representation, education, and advocacy on behalf of low-income and ESL taxpayers.

Establishing and Maintaining a *Pro Bono* Panel

LITCs are encouraged to offer additional taxpayer assistance by recruiting qualified representatives who agree to serve on a *pro bono* panel, accept cases from the LITC, and represent LITC clients at no cost. *Pro bono* volunteers may also be recruited for other clinic tasks, depending on their experience and background, such as presenting at educational activities, conducting outreach, or supervising students. Clinics may utilize volunteers made available through national, state, or local bar associations; societies of accountants; and enrolled agent networks.

Monitoring Referrals to LITC Volunteers

LITCs must have a system to monitor referrals and ensure that the *pro bono* representative is handling the case properly, including taking timely case actions and providing the services for free. (This is not, however, necessary when referring a case to another LITC.) *Pro bono* representatives may not charge any fees for services (other than asking for reimbursement of expenses such as photocopying and court filing fees).

Referrals May Only Be Made to Qualified Representatives

LITCs may only refer cases to *pro bono* volunteers for representation if the volunteer is authorized to practice before the IRS or the applicable court where the IRS controversy will be adjudicated.

Referrals After Declining a Case

Generally, no person associated with the LITC should provide representation in a case the clinic declined to accept. Additionally, employees and volunteers of the LITC may not provide representation for a fee to a client of the LITC in a subsequent, separate tax matter. Further, an LITC cannot refer a taxpayer to someone who charges a fee.

For example, suppose an LITC refers a taxpayer in a controversy with the IRS to a member of the LITC's *pro bono* panel. On behalf of the LITC, the *pro bono* representative resolves the dispute. The same taxpayer owns a partnership interest in a family business that is under audit by the IRS and offers to pay the representative to represent the partnership, as the taxpayer understands the LITC can't handle tax matters for entities. The *pro bono* attorney must decline the case and cannot refer the taxpayer to someone else who charges a fee to represent the partnership. Instead, the LITC or representative may refer the taxpayer to a state bar-maintained lawyer referral and information service that will provide the taxpayer with an unbiased referral to an attorney who has experience in the area of law appropriate to the taxpayer's needs or an organization that provides *pro bono* assistance. At that point, the LITC representative may close the case and stop monitoring activities.

xi. *Recordkeeping and File Management*

Maintaining Records of Grant Expenditures

LITCs must maintain adequate internal controls and retain financial accounting records to safeguard all funds, property, and other assets related to the grant. LITCs must have written procedures for approving expenditures from grant funds in accordance with the applicable procurement, payment, and cost principles in the Uniform Guidance. At a minimum, the procedures should address:

- Which individuals have approval authority;
- When written approval is required; and
- What documentation must be submitted for an expense to be approved by the authorized official.

The approval process may differ based on the size and type of expense. Also, LITCs must have written procedures to track their fixed assets and tangible personal property.

To avoid subsequent disallowance or dispute based on unreasonableness or non-allocability of an expense, the grant recipient may seek the prior written approval from the LITC Program Office in advance of incurring special

or unusual costs. Prior written approval should include the timeframe or scope of the proposed cost. The absence of prior written approval of any element of cost will not in itself affect the reasonableness or allocability of that element, unless prior approval is specifically referenced under 2 CFR § 200.407, such as purchases of $5,000 or more described in 2 CFR § 200.439(b)(2). Copies of any pre-approvals should be retained for three years from the date of purchase. Purchases in the amount of $5,000 or more should be noted in the clinic's financial narrative in the year purchased.

Maintaining Sufficient Detail in Client Records

LITCs must maintain client case records to be able to demonstrate client eligibility for program services and to document the services provided to taxpayers.

In certain situations, attorneys' fees (including fees for *pro bono* services) may be awarded in a judgment or settlement of an administrative or judicial proceeding concerning the determination, collection, or refund of tax, interest, or penalty. See IRC § 7430(a). Thus, a clinic should keep detailed contemporaneous case records of its controversy work so that if casework presents an opportunity to make a claim for attorneys' fees, the clinic has adequate records to support an award. Awards of attorneys' fees are program income and are eligible as matching funds, if spent supporting LITC activities.

For each increment of time for which fees are claimed, the records must:

- Identify the date on which the services were performed;
- Describe the nature of those services in detail;
- Identify the individual's name and position of any representative for whom fees are claimed (*e.g.*, supervisory attorney, student, or paralegal); and
- Include the associated incremental periods of time spent by that individual.

The services provided by the LITC should be described in sufficient detail to enable the IRS to assess the reasonableness of the amount of time expended in relation to the service performed and to identify duplicated efforts, if any, by multiple clinic personnel. Case records should include classifications to describe the nature of the services provided. Suggested classifications include:

- Initial client interview;
- Research (identifying the issue);
- Preparation of pleadings or other court documents;
- Preparation of letters (identifying the recipient and subject matter);
- Investigation of underlying facts (briefly describing the subject matter and information);
- Analysis of taxpayer or third-party records (identifying the records);
- Consultation with tax return preparer (identifying the preparer);
- Consultation or interview of third-party (identifying the person); or
- Telephone conversations (identifying with whom the conversation was held and the subject matter).

When a claim for attorneys' fees is submitted, the IRS makes an initial determination as to whether client records are sufficiently detailed, based on the facts and circumstances of each case. For additional guidance on the recovery of attorneys' fees, see Rev. Proc. 2016-17, 2016-11 I.R.B. 436.

Using a Professional Case Management System

Grant recipients are expected to use a case management system to assist with client eligibility screening and case assignment; help monitor the status of ongoing cases; input case notes; maintain accurate timekeeping records; track controversy outcomes; track case issues worked and where worked; and record educational, outreach, and advocacy activities for Interim and Year-End Reports. Information provided by LITCs is annually reported to Congress in Publication 5066, LITC Program Report, and may be included in the National Taxpayer Advocate's Annual Report to Congress. The data can help identify trends or systemic issues. It is critical the information is complete and accurate. As case management software supports program activities, purchase of this type of software is an allowable cost under the LITC grant.

BEST PRACTICE

Consider using a cloud-based or remote-enabled case management system that will allow for remote access if needed. Explore enhancing the clinic's case management system to the extent possible to capture information needed for progress reporting purposes (case issues worked, number of tax years involved, etc.) and timekeeping.

Backing Up Electronic Files Offsite

LITCs should have an offsite backup file system in place for information stored electronically to enable resumption of business in the event of a disaster or other work stoppage. Using grant funds to develop a backup file system supports program activities and is an allowable cost under the LITC grant. For additional suggestions on risk management, see www.irs.gov/businesses/small-businesses-self-employed/preparing-for-a-disaster-taxpayers-and-businesses and www.ready.gov/business.

Keeping Client Records in a Secure Location

Client records must be kept in a secure location (*e.g.*, a locking file cabinet or password-protected electronic files). Before clinic employees, volunteers, or students leave the office each day, they must make sure that taxpayer information is stored in a locked area. If it is necessary to take taxpayer information out of the office, it must be safeguarded always. In addition, LITCs must have procedures in place to respond to a breach of client information and must notify the LITC Program Office by contacting their assigned Advocacy Analyst in the event of a breach. The notification should be both in writing and by telephone and take place as soon as is practicable, but not later than two business days from the time of discovery. See Section VI.D.i., *Prevention and Response to Breach of Personally Identifiable Information*.

Retain Records That Document Compliance

Federal award recipients must maintain financial records and supporting documents to substantiate compliance with grant requirements. Generally, such records must be maintained for a period of three years from the date of submission of the Year-End Report. See 2 CFR § 200.334 for exceptions.

Retaining Client Records

Client records must be retained for a minimum of three years but may need to be retained longer to comply with all applicable IRS, federal, and state record retention requirements. State bars and other professional licensing organizations may impose additional recordkeeping requirements for case files. All clinicians should be aware of the record retention standards applicable to them and the clinic and take all steps necessary to ensure those standards are met.

Asking for Client Suggestions

LITCs should seek comments from clients about the services received and ask for suggestions about how services might be improved. Many clinics routinely send surveys to clients at the conclusion of a case. It is important that when seeking suggestions, the information and data received is regularly compiled, reviewed, and considered as program policies, procedures, and services are assessed and changes are instituted. Comments that do not share any personally identifiable information may be helpful to include in grant applications and reports.

xii. *Representing Low-Income Taxpayers*

Qualified representatives, as defined in Section I.D, *Key Terms and Definitions*, *supra*, must represent low-income taxpayers in controversies with the IRS. LITC grant funds must be used to support that representation. LITC grant funds may also be used to support representation in controversies with state or local tax authorities, if the LITC is representing the taxpayer in a related IRS controversy.

Intake

The intake process enables an LITC to determine whether it can provide representation to a low-income taxpayer. During the intake process, LITC personnel collect information from the taxpayer to determine whether the taxpayer meets income and the amount in controversy eligibility and gather information about the nature of the tax problem. The intake process should involve a robust interview with the taxpayer, which can be conducted in person or by phone. If by phone, a toll-free line should be available for taxpayers as well as translation services as necessary.

LITCs should use an intake form, which can be paper or electronic, to capture the taxpayer's information. Some clinics may ask taxpayers to complete the intake form independently prior to the interview, while others may meet with taxpayers to complete the form together. LITCs must record the taxpayer's income information and that of the members of the taxpayer's family unit, if applicable, on the intake form and solicit information in a manner that promotes the development of trust between a qualified representative and applicant. If there is substantial reason to doubt the accuracy of the financial eligibility information provided by a potential client, the LITC must make appropriate inquiries to verify the information in a manner consistent with maintaining confidentiality of

communications shared by the applicant. Any information disclosed during the intake process should be kept private and confidential.

If a taxpayer does not meet the LITC's eligibility requirements, the LITC may not refer the taxpayer to a representative who charges a fee; instead, the LITC should provide information to the taxpayer about a state or local bar association, society of accountants or enrolled agents, or other tax professional organization that provides *pro bono* assistance. If the professional organization thereafter refers the taxpayer to a representative who charges a fee, the LITC has still made an appropriate referral.

BEST PRACTICE

Include an intake question about how the taxpayer learned about the clinic. This information can help determine the effectiveness of the clinic's outreach efforts.

Assisting Taxpayers Through Consultations

Many of the interactions a clinic will have with a taxpayer seeking assistance will be in the form of a consultation. A consultation is a discussion with a taxpayer designed to provide advice or counsel about a specific tax matter that does not result in representation of the taxpayer. An intake interview that does not result in the LITC representing the taxpayer may count as a consultation only if substantive advice or counsel is provided to the taxpayer about a specific tax matter. Merely referring the taxpayer to the IRS toll-free line or to a VITA site or tax return preparation services does not count as a consultation. For purposes of the Interim and Year-End Reports, consultations are counted and reported separately from controversy cases. For additional information on reporting consultations, see Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report, and for additional guidance on distinguishing consultations from cases for reporting purposes, see Form 13424-K, Low-Income Taxpayer Clinic (LITC) Case Information Report.

Use an Engagement Letter When Opening a New Case

When an LITC representative makes the determination to open a case after speaking with a new client and reviewing the information on the intake form, the representative is strongly encouraged to document it using an engagement letter or retainer agreement, signed by the representative and the taxpayer. An engagement letter or retainer agreement defines the specific matters for which the LITC will provide representation and protects both the representative and the taxpayer by informing both parties as to the agreement of assigned responsibilities over the course of the professional relationship. Clearly defining the scope of the representation protects both the representative and the taxpayer from potential misunderstandings about what assistance the representative will and will not provide, particularly if the taxpayer has additional legal issues unrelated to the tax controversy. Written copies of the engagement letter or retainer agreement signed by both the representative and the taxpayer should be retained by the LITC and the taxpayer.

LITCs must respect the attorney-client (or tax practitioner-client) relationship that is formed when an applicant comes in for a consultation. A representative must provide competent representation to a client, act with diligence and promptness regarding a client's legal concerns, and keep a client informed of the proceedings in his or her case. A representative who fails to fulfill these duties may be subject to punitive actions from the organization responsible for issuing the representative's license to practice.

Low-Income Taxpayers and the 90/250 Requirement

IRC § 7526(b)(1)(B)(i) requires that at least 90 percent of taxpayers represented by an LITC must have incomes that do not exceed 250 percent of the poverty level according to criteria established by the Director of OMB (as defined below). However, the Director of OMB has not established a poverty level or criteria. HHS publishes annual Federal Poverty Guidelines based on family unit size and geographic location, which are applicable to the LITC Program. See, *e.g.*, 86 Fed. Reg. 7732-7734 (Feb. 1, 2021). The determination of whether a taxpayer is low-income is made at the time the LITC is determining whether to represent the taxpayer.

The 90/250 requirement applies only to taxpayers represented in controversy cases and does not apply to consultations or other LITC activities.

A determination that a taxpayer is low-income does not entitle a taxpayer to representation by the LITC. Rather, financial eligibility is a threshold question each LITC must analyze when determining whether to accept a case for representation. Whether to represent an otherwise eligible taxpayer with a controversy is a matter for an LITC to determine with reference to the needs of the taxpayer, the facts at issue, and the resources available to the LITC.

LITC Income Guidelines

The LITC Program Office annually updates the income guidelines for the LITC Program in accordance with HHS's annual publication of Federal Poverty Guidelines.

Grant recipients must adopt new income guidelines within 30 days of the date of publication of the Federal Poverty Guidelines in the Federal Register (generally in late January).

Based on the Federal Poverty Guidelines, the current LITC income guidelines for controversy representation are shown in Figure 6.

Figure 6, LITC Income Guidelines

LITC Income Guidelines (250 percent of Federal Poverty Guidelines)			
Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	$32,200	$40,225	$37,050
2	$43,550	$54,425	$50,100
3	$54,900	$68,625	$63,150
4	$66,250	$82,825	$76,200
5	$77,600	$97,025	$89,250
6	$88,950	$111,225	$102,300
7	$100,300	$125,425	$115,350
8	$111,650	$139,625	$128,400
For each additional person, add	$11,350	$14,200	$13,050

Income for Purposes of the 90/250 Rule

"Income" is defined in accordance with the definition used by the U.S. Bureau of the Census. See https://www.census.gov/topics/income-poverty/about.html for a more detailed discussion of items classified as income. Income includes total annual cash receipts before taxes, subject to certain exceptions. For example, income includes:

- Gross salaries before payroll deductions;
- Net earnings from self-employment (gross receipts less business expenses);
- Alimony;
- Child support;
- Federally-funded and other public assistance;
- Social Security;
- Pensions and retirement income;
- Unemployment benefits;
- Workers' compensation;
- Rents;
- Royalties;
- Scholarships;
- Dividends;
- Interest;
- Net gambling winnings; and
- Survivor benefits or annuity payments.

Income does not include:

- Proceeds received from the sale of property (*e.g.*, stocks, bonds, a house, a car);
- Withdrawals from a bank account;
- Tax refunds;
- Gifts;
- Loans;
- Lump sum inheritances;
- Insurance payments; and
- Noncash benefits (*e.g.*, employer-paid or union-paid portion(s) of employee fringe benefits).

Determining Annual Income

LITCs should generally determine program eligibility based on the taxpayer's annual income at the time the taxpayer is seeking services. In the case of seasonal workers or taxpayers whose financial situation has recently changed, the clinic may use a reasonable method to estimate the taxpayer's income and then annualize that amount.

> ***Example 1: Determining a Taxpayer's Annual Income***
> A taxpayer seeking representation was unemployed for a year but began working again three months ago at a full-time job. The clinic should calculate the taxpayer's income for the immediately preceding three-month period and multiply by four to determine if the taxpayer meets the LITC income guidelines.

> ***Example 2: Determining a Taxpayer's Annual Income***
> A taxpayer seeking assistance works seasonally for eight months each year and cares for family members during the remainder of the year. The taxpayer earns no other income. The clinic should use the amount earned over the eight-month period as the taxpayer's annual income to determine if the taxpayer meets the LITC income guidelines.

Definition of Family Unit

For purposes of the 90/250 requirement, a family unit is generally defined as an unrelated individual or a family. An unrelated individual is a person 15 years old or over not living with persons related by birth, marriage, or adoption. A family is a group of two or more persons related by birth, marriage, civil union, or adoption who live together. However, if related individuals live together, but the person seeking assistance from the LITC is financially independent, then that person may be treated as a family unit, distinct from relatives in the household. If two unrelated individuals live together, they constitute two family units.

Subject to the general rules outlined above, LITCs have discretion on a case-by-case basis to include an unrelated individual as part of a given family unit if that individual could be claimed as a dependent for federal tax purposes in the current year by the taxpayer or another member of the family unit. Clinics should exercise such discretion in a manner that is reasonable and consistent. Income of any person included in a family unit must be included in the computation of the taxpayer's income for purposes of applying the 90/250 requirement.

Example: Determining the Size of a Family Unit

A husband and wife come to the LITC seeking representation in a controversy with the IRS. The couple cares for two foster children who can be claimed as their dependents. The clinic may determine whether to treat the foster children as part of the family unit or as a separate family unit. However, if the foster children are treated as part of a single-family unit with the husband and wife, any state support payments received on behalf of the foster children must be included in the taxpayers' income for purposes of applying the 90/250 requirement. If the foster children are treated as a separate family unit, the support payments would be excluded from the taxpayers' income computation.

Applying the 90/250 Requirement to the Number of New Cases Opened

The 90/250 requirement applies only to taxpayers who the LITC has agreed to represent in controversy cases and does not apply to consultations or other LITC activities. LITCs apply the 90/250 requirement to the cases opened during the reporting period. Cases carried over from a prior grant year are not included in the calculation to determine compliance with the 90/250 requirement.

If the LITC agrees to represent the taxpayer and takes steps to begin resolving the controversy, including developing a plan for advocacy, the case is included in the total number of cases for purposes of meeting the 90/250 requirement. The case is counted in the total number of cases even if the taxpayer discontinues the relationship before advocacy occurs.

Spouses represented with respect to a joint liability (*i.e.*, arising from a Married Filing Jointly return) are treated as a single case for purposes of applying the 90/250 requirement.

LITCs apply the 90/250 requirement by comparing the number of cases opened during the reporting period for a taxpayer whose income does not exceed 250 percent of the Federal Poverty Guidelines to the total number of cases opened during the reporting period. An LITC satisfies the 90/250 requirement if at least 90 percent of the cases opened during a reporting period are for the purpose of providing representation to taxpayers whose incomes do not exceed 250 percent of the Federal Poverty Guidelines.

Example: Satisfying the 90/250 Requirement

During the reporting period, the LITC opened 120 new representation cases and provided 92 consultations to taxpayers that did not develop into a case (*i.e.*, no representation agreement). The 90/250 requirement applies only to the 120 representation cases and does not apply to the 92 interactions with taxpayers that were consultations. Thus, at least 108 of the 120 cases (90 percent) where representation was provided must have been for taxpayers whose incomes did do not exceed 250 percent of the applicable Federal Poverty Guidelines, based on the taxpayer's geographic location and family size.

Developing Acceptance Criteria for Cases Where a Taxpayer's Income Is Above 250 Percent of Poverty

LITCs have discretion to choose when to represent a taxpayer whose income exceeds 250 percent of the applicable Federal Poverty Guidelines, based on the taxpayer's family unit size and location, provided that the number of such cases is no more than ten percent of the new cases opened during the reporting period. The grant recipient must disclose the number of such cases on its Interim and Year-End Reports on Form 13424-K, Low Income Taxpayer

Clinic (LITC) Case Information Report. The criteria used to select cases where the taxpayer's income is in excess of 250 percent of the applicable Federal Poverty Guidelines should be reasonable and consistent and support the overall goals of the LITC Program — to provide representation, education, and advocacy to low-income and ESL taxpayers.

Changes in a Taxpayer's Financial Status

The determination of a taxpayer's income for purpose of applying the 90/250 requirement is made at the time the clinic is determining whether to represent the taxpayer. A change in a taxpayer's financial status during representation does not disqualify the taxpayer from continuing to receive clinic representation. A failure on the part of the taxpayer to fully report his or her income at commencement of representation may be grounds for disqualification from representation or may require inclusion in the count of cases over 250 percent depending upon the underlying circumstances. The LITC should examine the facts and document its decision and those factors leading to the decision on how to handle the situation.

Amount in Controversy Limit

The amount in controversy for any tax year generally should not exceed the amount specified in IRC § 7463 (currently $50,000). Thus, while most cases accepted by an LITC should involve amounts in controversy that do not exceed $50,000 in any given tax year, LITCs may occasionally accept a case where the amount in controversy for a tax year exceeds the amount specified in IRC § 7463.

The amount in controversy is the amount at issue in the dispute, whether the taxpayer is disputing that he or she owes the amount (*e.g.*, challenging the validity of the underlying liability or seeking a refund), or whether the taxpayer acknowledges owing the amount and is merely trying to find a way to pay the amount in full or in part (*e.g.*, seeking a collection alternative). In other words, the amount in controversy is the amount of the tax liability for which the taxpayer is seeking assistance.

If the taxpayer is challenging the IRS's actions (*e.g.*, alleging that the IRS's collection action was unauthorized (see IRC § 7433)) but is not disputing the amount owed, the amount in controversy is the amount which gave rise to the IRS's actions which the taxpayer is challenging.

Example 1: Calculation of the Amount in Controversy – Lien Withdrawal

The IRS filed a Notice of Federal Tax Lien under IRC § 6323 when Taxpayer A failed to pay a liability for Tax Year 1. Taxpayer A engages an LITC to represent him in obtaining a lien withdrawal under IRC § 6323(j). The withdrawal will remove the notice of federal tax lien filing from the public record.

At the time the LITC agrees to provide the representation, Taxpayer A owes $35,000 for Tax Year 1. Even though Taxpayer A is not challenging the amount due, the $35,000 balance is the amount in controversy because it is the amount associated with the IRS action for Tax Year 1 (lien filing) which Taxpayer A is challenging.

The amount reflected in a statutory notice of deficiency (see IRC § 6212) or a notice of determination (see IRC §§ 6320 and 6330) does not always reflect the amount in controversy for purposes of LITC eligibility. For example, the taxpayer may receive a notice of deficiency for $60,000, consisting of tax

liability attributable to three different tax issues. If the taxpayer does not dispute one of the issues, the amount in dispute may be less than the $60,000 reflected in the notice of deficiency.

Example 2: Calculation of the Amount in Controversy – Notice of Deficiency

Taxpayer B receives a notice of deficiency for Tax Year 1 showing additional tax due of $49,000 and associated penalties of $3,000. Taxpayer B disputes the entire penalty amount and $42,000 of the $49,000 tax due reflected in the notice of deficiency. The amount in controversy is $45,000 ($42,000 + $3,000).

Interest on the Amount in Controversy

Interest may be included in the calculation of the amount in controversy, depending on the nature of the controversy. For example, if the taxpayer disputes the validity of a tax liability and related penalties, the interest calculation is a percentage of the amount of the liability and will be established once the controversy is resolved administratively or in litigation. In that case, the LITC should exclude potential interest from the calculation of the amount in controversy. Where the taxpayer is seeking collection alternatives and not challenging the amount due, the amount in controversy will properly include tax, penalties, and interest.

Example 3: Calculation of the Amount in Controversy – Interest

Taxpayer C files a request for interest abatement under IRC § 6404 for $12,000 in interest that had accrued with respect to tax due in Tax Year 1. The tax liability has already been resolved. Only the interest is in dispute and is, therefore, included in the amount in controversy. The amount in controversy is $12,000.

Example 4: Calculation of the Amount in Controversy – Notice of Determination Under IRC § 6330

Taxpayer D receives a notice of determination under IRC § 6330 concerning a proposed levy action. The notice of determination reflects a $40,000 liability for Tax Year 1, a $30,000 liability for Tax Year 2, and a $20,000 liability for Tax Year 3. Each of the liability amounts represents tax, penalties, and interest. Although Taxpayer D is disputing the entire $90,000 liability ($40,000 + $30,000 + $20,000), each tax year is reviewed separately to determine the relevant amount in controversy. For Tax Year 1, the amount in controversy is $40,000; for Tax Year 2, the amount in controversy is $30,000; and for Tax Year 3, the amount in controversy is $20,000.

Example 5: Calculation of the Amount in Controversy – Balance Due

Taxpayer E receives a bill (a notice and demand under IRC § 6303) from the IRS for $55,000 due for Tax Year 1. The amount due is comprised of $40,000 tax, $6,000 penalties, and $9,000 interest. Taxpayer D engages an LITC to represent him in submitting an offer in compromise (OIC) under IRC § 7122 in the amount of $4,000. The amount of the offer is not considered in determining the amount in controversy. Taxpayer D is trying to resolve the balance due, which includes interest. Therefore, the amount in controversy is $55,000.

In the refund context, the taxpayer is seeking to collect an overpayment. The amount of interest to which the taxpayer may be entitled under IRC § 6611 will be established once the controversy is resolved administratively or in litigation, so interest is not included in the amount in controversy. The amount of interest is not being

independently disputed, and the LITC should exclude potential interest from the calculation of the amount in controversy. In contrast, if the controversy involves a claim for refund of interest already paid, or the taxpayer disputes the amount of interest independently from the associated tax liability (*e.g.*, a claim for interest abatement or interest suspension under IRC § 6404), then the LITC should include potential interest in the calculation of the amount in controversy.

> ***Example 6: Calculation of the Amount in Controversy – Refund Suit***
> Taxpayer F filed a timely refund claim for Tax Year 1 for $12,000, plus any overpayment interest allowable under IRC § 6611. The IRS disallowed the refund claim. Taxpayer F engages an LITC to represent him in a refund suit in a U.S. district court. The interest is not independently disputed, as the amount of interest will be determined solely by the disposition of the taxpayer's refund claim. Therefore, interest is not included in the amount in controversy of $12,000.

In a case involving collection or transferee liability where the payment of the balance due, including accrued interest is in dispute, the LITC should include interest paid in the calculation of the amount in controversy. If the dispute includes multiple quarters for a single tax year, the quarters for that single year should be totaled to calculate the amount in controversy for that year.

> ***Example 7: Calculation of the Amount in Controversy – Multiple Tax Periods***
> The IRS determined that Taxpayer G is a responsible person within the meaning of IRC § 6672 and imposed a penalty for an unpaid employment tax liability arising from Taxpayer G's business for each of the four quarters in Tax Year 1. The liabilities for the penalty are as follows: $15,000 (quarter one), $18,000 (quarter two), $10,000 (quarter three), and $12,000 (quarter four). The amount in controversy is $55,000 ($15,000 + 18,000 + 10,000 + 12,000) because the four quarters relate to a single tax year.

Representing a Taxpayer With More Than $50,000 in Controversy

A clinic may represent a taxpayer in a case in which the amount in controversy for a given tax year exceeds $50,000. However, the grant recipient must disclose the number of such cases on its Interim and Year-End Reports on Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report, and provide an explanation of why each case was accepted for representation on Form 13424-N, Low Income Taxpayer Clinic (LITC) Program Narrative Report. A case only needs to be reported in the year it is opened. If a clinic intends to accept cases where the amount in controversy exceeds $50,000, the clinic must have a documented policy. Factors an LITC may consider in its decision-making process may include: whether the taxpayer has access to other representation if the LITC declines to take the case; whether the LITC has particular language or cultural competencies that make it especially well-suited to represent the taxpayer; whether the issue in the case is of significance to the low-income or ESL taxpayer populations; whether the issue in the case is novel; whether there is a high likelihood that the amount in controversy is highly overstated; and whether the case would provide educational value for student representatives. LITCs are encouraged to formulate a written policy consistent with its organizational mission and to take a facts and circumstances approach to decision-making.

If a clinic intends to accept cases above the amount in controversy of $50,000 limit, it must formulate a policy and include the list of factors that will be considered in making the determination. The policy should also include who will make the determination, how it will be documented, and how exceptions will be tracked to ensure the information is available for reporting purposes.

Participation in the U.S. Tax Court Clinical Program

LITCs are strongly encouraged to participate in the U.S. Tax Court Clinical Program. Applying to participate in the program may be a condition of receiving an LITC grant award. Procedures for participation in the Clinical Program can be found at www.ustaxcourt.gov/clinics.htm. Clinics will receive notification of acceptance into the program from the Clerk of the Court. There are two different components to the program:

- The mailing "stuffer program"; and
- The calendar call program.

A clinic may participate in one or both components. Each component has its own rules for participation.

U.S. Tax Court Mailing Stuffer Program

Clinics approved to participate in the Clinical Program may draft a brief "stuffer notice" containing the clinic's contact information and advising petitioners of the availability of LITC services and submit the notice to the Tax Court. The Tax Court will include the stuffer notice in mailings to local petitioners who indicated they do not have representation. Sample notices with suggested language and format are available from the Tax Court. If there is more than one LITC that participates in the stuffer program for the selected Tax Court calendar, the clinics must submit a joint stuffer to the Tax Court. Participating in the "stuffer program" is outreach and can help increase the number of Tax Court petitioners reached by the clinic. Reaching petitioners earlier in the litigation process may help facilitate a much earlier resolution.

U.S. Tax Court Calendar Calls

Clinics participating in the Clinical Program may also attend U.S. Tax Court calendar call sessions. Generally, Tax Court calendar calls are held one to two times per year in each city where the Tax Court hears cases, although they can occur more frequently, depending on local need.

When the Tax Court grants a taxpayer's petition for a hearing, the Tax Court sends a notice of trial to each petitioner scheduled for that day as well as to the IRS Commissioner (respondent), approximately five months in advance of the calendar call. To efficiently handle cases, the Tax Court typically schedules many hearings on the first day of a calendar call session. On the first day of the scheduled week, each party is "called" before the judge to set hearings and trials and schedule the court's "calendar" for the week. Thus, it is known as a "calendar call." Some Tax Court hearings are resolved in a matter of minutes while others take longer.

If a clinic identifies a taxpayer who is eligible for LITC representation, the clinic can choose whether to limit assistance to an informal consultation about the tax issues, offer brief service including negotiating informally with

IRS counsel, or enter an appearance (limited or full scope) and represent the taxpayer in the case before the Tax Court. See Section I.D., *Key Terms and Definitions, Qualified Representative*, *supra*.

U.S. Tax Court Pre-Trial Settlement Days

The LITC Program Office, the IRS Office of Chief Counsel, the American Bar Association Section of Taxation, LITCs, and the U.S. Tax Court have been working to create opportunities to bring together IRS Counsel, LITC attorneys and *pro bono* attorneys, and taxpayers in advance of calendar calls to negotiate settlement of pending cases. TAS employees also participate in Settlement Days to assist taxpayers with tax issues attributable to non-docketed years. Local Taxpayer Advocates and their staff can work with and inform taxpayers about how TAS may be able to assist with other unresolved tax matters, or to provide further assistance after the Tax Court matter is concluded. If a taxpayer experiences difficulties concerning a collection matter, TAS can also assist with collection alternatives. Clinics can learn about such opportunities and work to help set-up Pre-Trial Settlement Days by getting in touch with their local Chief Counsel office or an LITC Liaison committee member. A list of current LITC representatives on this committee is available on the LITC Toolkit.

Representation by Students and Law Graduates

Practice by students and law graduates before courts and local tax agencies is governed by the procedural rules of the applicable court or agency with jurisdiction over the matter. Clinics should be familiar with and follow the rules of those jurisdictions.

Eligibility for Special Appearance Authorization for Students and Law Graduates

Practice before the IRS under a special appearance authorization issued by the Director of the LITC Program is limited to students and law graduates at an LITC or student tax clinic program working under the direct supervision of an individual authorized to practice before the IRS. See Delegation Order 25-18 (Rev. 4), April 8, 2021. A student is an individual enrolled in an accredited law, business, or accounting program. A *qualified law graduate* is an individual who graduated from law school in 2019 or later and has not yet been admitted to the bar of any state, territory, or possession of the United States, including a Commonwealth or the District of Columbia. An individual who has applied to sit for the bar but has not been allowed to sit due to character, fitness, or moral qualifications does not meet the definition of a qualified law graduate. Similarly, an individual who has been denied admission to a bar due to character, fitness, or moral qualifications does not meet this definition of a qualified law graduate.

NOTE: When the IRM is updated, the language of the revised delegation will appear at IRM 1.2.2.14.18. This revised delegation order will be reviewed in two years to assess its efficacy and will expire unless explicitly reissued.

LITCs may apply for a special appearance authorization letter by faxing an Application for Special Appearance Authorization and Information Chart to the LITC Program Office at 877-477-3520. For more detailed instructions and copies of forms, please refer to the LITC Toolkit website.

Submitting Form 2848 With Student/Law Graduate Representatives

For a student or law graduate to represent a taxpayer before the IRS, the taxpayer must sign a Form 2848, Power of Attorney and Declaration of Representative, listing the student or law graduate and the supervisory

representative. Any Form 2848 submitted to the IRS that lists a student or law graduate as a representative must include a special appearance authorization letter issued by the Director of the LITC Program or the IRS will not process the Form 2848. Clinics submitting authorizations that include a student or law graduate representative should check the LITC Toolkit for special submission instructions. LITCs may also submit these authorizations online indicating the form is for an LITC.

Special Appearance Authorizations Automatically Expire

The authority of the supervisory representative listed on the Form 2848 submitted to the IRS will remain effective until the form is withdrawn or revoked. However, the authority of any students or law graduates listed on Form 2848 to represent the taxpayer automatically expires 130 days from the day the taxpayer signs the form. But see *Substituting a Representative*, *infra*.

Clinics should avoid contacting the IRS to withdraw any student or law graduate as a taxpayer's representative unless doing so is necessary to protect the interests of the taxpayer. A notice submitted to the IRS withdrawing a student or law graduate as a representative may result in the IRS inadvertently removing all representatives listed on the relevant Form 2848, including the supervisory representative.

Substituting a Representative

The supervisory representative has the authority to assign and reassign student or law graduate representatives to the taxpayer's case without requiring the taxpayer to sign a new Form 2848 for each substitution, provided the taxpayer checks the box on line 5 of Form 2848 delegating authority to the representative to substitute or add representatives. Each time a student or law graduate representative is substituted for an existing representative, the clinic should submit to the IRS a copy of the original Form 2848 signed by the taxpayer (with box 5 checked), along with a new Form 2848 listing the substituted representative. The new Form 2848 listing the substituted representative does not require the taxpayer's signature but should be signed and dated by the supervisory representative. If another student or law graduate is being added, remember that the student or law graduate on the Form 2848 initially will be limited to representing the taxpayer for only 130 days from when the taxpayer originally signed the Form 2848. If a student or law graduate is being substituted, the authority of the student or law graduate initially listed on the Form 2848 terminates. The authority of a student or law graduate added or substituted will expire 130 days from when he or she was added/substituted by the supervisory representative, not 130 days from the date the Form 2848 was originally signed by the taxpayer.

If an LITC encounters difficulty with the processing or recognition of Forms 2848 accompanied by a special appearance authorization, please contact Susan Kideckel in the LITC Program Office at 212-298-2052 or the clinic's assigned Advocacy Analyst.

Conflicts of Interest and Student Representatives

ABA Model Rule 1.7 provides that a lawyer should not represent a client if the representation involves a concurrent conflict of interest. Students and law graduates authorized to practice before the IRS are treated as lawyers for purposes of analyzing ethics issues. Thus, students and law graduates who plan to seek employment with the IRS while participating in an LITC should be wary of a potential conflict of interest. A student or law graduate has an obligation to inform clients that he or she is seeking employment with the IRS. Clients may give

informed consent, confirmed in writing, to have the student or law graduate continue the representation. If a client does not consent to the student or law graduate continuing the representation, the student or law graduate must withdraw the employment application, or the Clinic Director must assign the case to an individual who does not have a conflict of interest.

xiii. *Education*

In addition to representing low-income taxpayers in disputes with the IRS, LITCs are required to educate low-income and ESL taxpayers about their taxpayer rights and responsibilities. Educational activities may be offered directly to low-income and ESL taxpayers or indirectly by educating staff of other organizations that assist the low-income or ESL taxpayer populations that the clinic is targeting for education purposes.

Providing taxpayer education to low-income and ESL taxpayers serves multiple purposes, including:

- Informing taxpayers about the TBOR, including the right to retain representation;
- Helping taxpayers to understand their taxpayer rights and obligations and empowering them to exercise their rights;
- Informing taxpayers about their eligibility for tax credits such as the Earned Income Tax Credit (EITC);
- Publicizing the clinic and its services; and
- Generating controversy representation cases.

Education topics should address tax issues of general significance to low-income and ESL taxpayers or of relevance in the local community, such as:

- Tax recordkeeping;
- Filing requirements and due dates;
- Eligibility for various deductions and credits;
- Worker classification;
- Identity theft;
- Innocent spouse relief;
- IRS audit and appeals process; and
- Collection alternatives.

Educational activities may be offered in a variety of formats; however, LITCs are encouraged to offer face-to-face educational activities whenever possible. The use of virtual formats for delivering educational activities is encouraged, especially where face-to-face is not possible. These virtual activities may be counted as educational activities for the purposes of Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report, if there is a reliable way to count the number of participants and the presenter and participants can interact so that the questions can be asked and answered. Examples of educational activities include but are not limited to:

- Making a presentation about federal taxpayer rights and responsibilities to an ESL class at a local community college;

- Presenting a workshop on collection alternatives, identity theft, or worker classification at a public library in a community where a significant portion of the residents are low-income or ESL;
- Holding a class for low-income workers about how to properly complete a Form W-4 for income tax withholding;
- Leading a weekly discussion series at a community center where a significant portion of the residents are low-income or ESL to educate taxpayers on topics such as choosing a competent tax return preparer, determining filing status, and claiming credits such as the Child Tax Credit and the EITC; and
- Presenting a webinar and live two way webchat about identify theft and recent tax scams for taxpayers located in remote locations.

Clinics may also offer education to staff and volunteers of community groups or organizations to help them make referrals and spot issues that may be faced by their constituents. For example, a clinic may hold a training for the staff of an immigrant rights organization about how taxpayers apply for and properly use an ITIN. Trainings may also be offered to professional organizations as a tool to recruit local qualified representatives to join the clinic's *pro bono* panel. Trainings for tax professionals are "professional education activities." Clinics may be able to award CPE or CLE credits for educational activities about substantive tax issues impacting low-income taxpayers. Report educational activities on Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report.

Educational Materials

LITCs are responsible for creating, printing, and distributing the materials used to educate taxpayers. Materials should be accessible to ESL taxpayers and prepared in languages spoken in the community for which the LITC provides services. Some educational resources are shared on the LITC Toolkit. The TAS website (www.taxpayeradvocate.irs.gov) also has lots of helpful materials on a variety of tax-related topics. The QTE is responsible for reviewing all educational materials for accuracy before distribution, whether they are prepared by the clinic or adapted from another organization or clinic's materials.

BEST PRACTICE

When asked, many clinics are willing to share their educational materials and will allow other clinics to adapt the materials for their use. Collaboration among LITCs may help all clinics to use their resources more effectively by enabling them to concentrate on creating new materials on select topics or new areas.

xiv. *Advocacy*

The third prong of the LITC mission is to identify and advocate for issues that impact low-income and ESL taxpayers. LITCs may achieve this goal through a variety of methods, including but not limited to:

- Participating in advocacy projects with professional organizations;
- Responding to public requests for comments to IRS regulations, procedures, or guidance;

- Preparing and filing an amicus brief to alert a court about the concerns of low-income or ESL taxpayers;
- Authoring articles in scholarly journals or general interest publications on topics impacting low-income and ESL taxpayers;
- Appearing on television or radio to raise awareness about tax issues that affect low-income or ESL taxpayers;
- Producing public service announcements; and
- Submitting issues to the Systemic Advocacy Management System (SAMS), available through the IRS website at www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS.

To report these types of activities, use Form 13424-C, Low Income Taxpayer Clinic (LITC) Advocacy Information Report, or Form 13424-N, Low Income Taxpayer Clinic (LITC) Program Narrative Report. Grant recipients must ensure that advocacy efforts do not rise to the level of certain lobbying actions that are prohibited as a use of federal grant funds. See Section VI.D.iii, *Lobbying Restrictions*, *infra*.

xv. *Preparing Tax Returns and ITIN Applications*

Generally, if low-income taxpayers require assistance with tax return preparation or an application for an ITIN, they should be referred to the VITA program, a Tax Counseling for the Elderly (TCE) site, or another free tax return preparation service. Some IRS TACs will accept ITIN applications and verify taxpayer documents, but they will not prepare tax returns. For a list of TACs that provide in-person document review, see www.irs.gov/help/itin-authenticating-tacs-link. Note that TAC offices are open on an appointment-only basis; appointments can be scheduled by calling 844-545-5640. LITC grant funds cannot be used to fund return preparation and related activities, such as those performed by VITA or TCE programs.

An LITC can help with a federal tax return, a claim for refund, or an ITIN application if such assistance is necessary to resolve a dispute with the IRS or is ancillary to the LITC's ESL education activity. The clinic may not charge a fee (even if it is a nominal fee) for the preparation of a tax return or a claim for refund. An LITC or an individual associated with an LITC that does not charge a fee is specifically excluded from the definition of a "Tax Return Preparer" as set forth in Treas. Reg. § 301.7701-15(f), for purposes of preparer penalties, and is not required to obtain a preparer tax identification number.

Clinics are prohibited from including tax return, claim for refund, or ITIN application preparation among a list of services provided in any advertising materials. See Section VI.C.iv, *Developing a Community Outreach Plan*, for more information.

Example 1: Permissible Tax Return Preparation – Controversy Resolution

LITC Q is representing Taxpayer E with respect to an OIC under IRC § 7122. Taxpayer E must file all tax returns she is legally required to file before the IRS will process an OIC request. Taxpayer E has not filed returns for the last three tax years. Because filing the delinquent tax returns is necessary to have the offer considered and resolve the controversy, LITC Q may assist Taxpayer E in completing her tax returns for the last three tax years.

Example 2: Impermissible Tax Return Preparation – No Tax Controversy

Assume the same facts as in Example 1, except the OIC is accepted by the IRS. As a condition of the IRS's acceptance of the offer, Taxpayer E must timely file returns for the five-year period beginning with the

date of acceptance of the offer. LITC Q cannot assist Taxpayer E in completing and filing her returns due after the offer is accepted because the timely filing of future tax returns is not a tax controversy.

Example 3: Permissible Tax Return Preparation – Controversy Resolution
Assume the same facts as Example 2, except Taxpayer E fails to file a return required to be filed during the five-year period beginning with the date of acceptance of the OIC and the IRS defaults the offer. Taxpayer E engages LITC Q to represent her in trying to get the offer reinstated. LITC Q is permitted to assist Taxpayer E in completing the delinquent return because reinstatement into the OIC program is a controversy matter and filing the return is necessary to resolution of the controversy.

Example 4: Permissible Tax Return Preparation – Ancillary to ESL Education
LITC R is conducting a program to inform taxpayers about required recordkeeping for tax return filing purposes. LITC R did not advertise return preparation as a service available to taxpayers who attend the educational event. Nonetheless, at the end of the event, one of the attendees, Taxpayer F, asks an employee of LITC R to "look" at her self-prepared tax return before she files it to determine if it is correct. The employee of LITC R looks at the return and identifies several errors. The employee of LITC R may assist Taxpayer F in correcting the return because the assistance offered to Taxpayer F is ancillary to ESL education and outreach.

Example 5: Impermissible Tax Return Preparation – Not Ancillary to ESL Education
LITC S holds a monthly workshop about EITC. At the end of each workshop, LITC S's personnel offer to prepare a tax return for attendees eligible to claim the EITC. LITC S may not prepare tax returns under these circumstances because attendees have not indicated that there is a controversy for which the returns are required to resolve, and the routine offering of such service does not qualify as ancillary. It is improper to make this offer at the end of each workshop.

NOTE: Due to circumstances caused by the COVID-19 pandemic, LITCs were granted a limited safe harbor exception (in April 2020 and extended in October 2020) to prepare tax returns and assist taxpayers with the IRS non-filer tool to help ensure eligible taxpayers receive economic stimulus payments or recovery rebate credits to which they may be entitled. As of the revision of this publication, the safe harbor exception was only extended to authorize preparation of 2020 tax returns until October 15, 2021. Any updated information related to the safe harbor exception will be provided on the LITC Toolkit.

D. NATIONAL POLICY REQUIREMENTS AND ADMINISTRATIVE REQUIREMENTS

i. *General Compliance*

By accepting funds under this grant, the grant recipient agrees to comply with all terms and conditions for the grant, which are governed by:

- 26 U.S.C. § 7526;
- The terms and conditions contained in this publication;

- Standard representations (assurances) and certifications;
- Any requirements, prohibitions, or restrictions imposed by the legislation appropriating federal funds for this award;
- Other guidance issued by OMB after the application or NCC Request has been received by the LITC Program Office; and
- Any additional specific conditions listed in the NOA.

Grant recipients are responsible for monitoring clinic operations to ensure that all activities conducted under the award comply with applicable federal requirements and that performance expectations are being achieved. Grant recipients are also responsible for performing in accordance with the standards of operation, meeting all compliance requirements, making proper expenditures, accounting for and properly documenting the use of federal and matching funds as well as the source of contributions, and completing timely and accurate reporting of grant activities and finances.

Uniform Guidance Sets Forth Key Responsibilities for Federal Grant Recipients and Federal Grantors

Administrative requirements governing federal awards are set forth in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly referred to as the Uniform Guidance. The Uniform Guidance helps ensure the highest integrity in the financial management and operation of federal grant programs and strengthens accountability for federal funds by improving policies that protect against waste, fraud, and abuse. In addition, the guidance aims to minimize the time applicants and grant recipients must spend complying with administrative requirements. See 78 Fed. Reg. 78590-78608 (Dec. 26, 2013).

The Code of Federal Regulations (CFR) contains all the general and permanent rules published in the *Federal Register* by the executive departments and agencies of the Federal Government. The Uniform Guidance is found at 2 CFR Part 200, and the Treasury Department's implementation of the Uniform Guidance is found at 2 CFR Part 1000. The electronic CFR is updated daily and is located at www.ecfr.gov. All applicable provisions from 2 CFR Parts 200 and 1000 are incorporated into the program requirements outlined in this publication and into all LITC grant awards.

Standard Representations (Assurances) and Certifications

Applicants that create a new registration and existing clinics completing their annual registration renewals are required to review financial assistance representations and certifications before their registration on SAM can be activated. This section lists of some of the standard representations and certifications as well as some of the specific provisions as implemented by the Department of the Treasury or the IRS.

Non-Procurement, Debarment and Suspension

See Section III.C.iv, *Debarment and Suspension*, *supra*, for further information.

Drug-Free Workplace

LITCs must satisfy requirements for a drug-free workplace pursuant to 41 U.S.C. §§ 8101-06, 2 CFR Part 182, and 31 CFR Part 20, Subpart B and C.

Trafficking Victims Protection Act of 2000

The Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. § 7104), requires any agency that awards grants to include a condition authorizing the agency to terminate the grant if the grant recipient engages in certain activities related to trafficking in persons. As part of the implementation of the Act, the Office of Federal Financial Management has established terms that must be included in every grant agreement. See 2 CFR § 175.15.

The IRS may terminate the award, without penalty, if the grant recipient engages in, or uses labor recruiters, brokers, or other agents in violation of the TVPA of 2000. The applicable terms are:

You as the recipient, and your employees, may not:

a. Engage in severe forms of trafficking in persons during the period that the award is in effect;

b. Procure a commercial sex act during the period that the award is in effect;

c. Use forced labor in the performance of the award; or

d. Engage in acts that directly support or advance trafficking in persons, including the following acts:

   i. Destroying, concealing, removing, confiscating, or otherwise denying an employee access to that employee's identity or immigration documents.

   ii. Failing to provide return transportation or pay for return transportation costs to an employee from a country outside the United States to the country from which the employee was recruited upon the end of employment if requested by the employee, unless:

   - Exempted from the requirement to provide or pay for such return transportation by the federal department or agency providing or entering into the grant, contract, or cooperative agreement; or
   - The employee is a victim of human trafficking seeking victim services or legal redress in the country of employment or a witness in a human trafficking enforcement action.

   iii. Soliciting a person for employment, or offering employment, by means of materially false or fraudulent pretenses, representations, or promises regarding that employment.

   iv. Charging recruited employees' placement or recruitment fees.

The IRS may unilaterally terminate the award, without penalty, if it determines that the grant recipient has violated one of the provisions in a, b, c, or d above, or if the IRS official authorized to terminate the award determines that an employee of the grant recipient violated a prohibition in items a, b, c, or d above through conduct that is either:

- Associated with performance under the award; or

- Imputed to the grant recipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR Part 180, OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-Procurement), as implemented by the Department of the Treasury at 31 CFR Part 19.

Federal Funding Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act (FFATA) of 2006, as amended, is intended to empower Americans with the ability to hold the government accountable for each spending decision. Each applicant must ensure it has the necessary processes and systems in place to comply with the FFATA reporting requirements should it receive funding. Unless exempted from this requirement under paragraph d of Appendix A to 2 CFR Part 170, any grant recipient with total funding anticipated to equal or exceed $30,000 in federal funding must report to http://www.fsrs.gov the total compensation for each of the grant recipient's five most highly compensated executives for the preceding completed fiscal year. See Appendix A to 2 CFR Part 170.

Prevention and Response to a Breach of Personally Identifiable Information

OMB requires that when a grant recipient creates, collects, uses, processes, stores, maintains, disseminates, discloses, or disposes of personally identifiable information within the scope of a federal award, the IRS shall ensure that the grant recipient has procedures in place to respond to a breach. In addition, a grant recipient must timely notify the IRS in the event of a breach; see Section VI,C,xi., *Recordkeeping and File Management, Keeping Client Records in a Secure Location*. Because LITCs have access to the personally identifiable information of their clients and their prospective clients, LITCs must have procedures in place to respond to a breach and must notify the LITC Program Office in the event of a breach. See OMB Memorandum M-17-12, Preparing for and Responding to a Breach of Personally Identifiable Information (Jan. 3, 2017).

Certain Criminal Law Violations

Federal law currently prohibits the award of grant funds to any corporation that was convicted of a felony criminal violation under any federal law within the preceding 24 months, where the IRS is aware of the conviction, unless a federal agency has considered suspension or debarment of the corporation, and made a determination that denial of the grant is not necessary to protect the interests of the government. See Pub. L. No. 116-260, Division E, Title VII, § 745 (Dec. 27, 2020).

In addition, all applicants must disclose all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the grant award. Failure to make required disclosures can result in any of the remedies described in 2 CFR § 200.339, including suspension or debarment. See 2 CFR § 200.113.

Buy American Act

Grant recipients must agree to comply with the Buy American Act, 41 U.S.C. §§ 8301-8305, which includes a requirement that all unmanufactured articles, materials, and supplies purchased using grant funds be mined or produced in the United States and that all manufactured articles, materials, and supplies purchased using grant funds be manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States. A conviction for violating the Buy American Act causes debarment from federal grants and contracts. The requirement to Buy American does not apply to information technology that is

a commercial item, products for which the expected value of the procurement is $10,000 or less, products for use outside the United States, foreign products when domestic products are unavailable or are of unacceptable quality, or foreign products excepted by certain trade agreements. The IRS may waive the requirement to Buy American if its application would be inconsistent with the public interest or the cost would be unreasonable.

Other Applicable Laws and Regulations

Programs involving use of federal funds are governed by a wide variety of federal laws and regulations. These include:

- Restrictions on political activities (18 U.S.C. §§ 595, 598, 600-603);
- The national preservation program requirements (54 U.S.C. § 300101);
- Whistleblower protections (41 U.S.C. § 4712);
- Rules governing allowable costs (41 U.S.C. §§ 4304 and 4310);
- Environmental requirements of the Clean Air Act (42 U.S.C. § 7401); and
- The non-pollution requirement of the Federal Water Pollution Control Provisions (33 U.S.C. § 1251).

Conflict of Interest Policy

Pursuant to 2 CFR § 200.112, applicants and grant recipients must have a written conflict of interest policy that contains the terms as listed in this section. LITCs must disclose in writing to the LITC Program Office any potential conflict of interest situation and how the conflict was resolved.

At a minimum, an LITC grant recipient's conflict of interest policy ("Policy") must:

- Apply to at least the grant recipient's employees, officers, members of its board of directors (including non-director members of committees), and *pro bono* panel members ("Covered Individuals");
- Apply to at least all grant recipient matters involving the use of LITC grant funds and matching funds, in whole or in part, including, but not limited to, grants, contracts, procurements, leases, investments, other commitments of grantee resources, and personnel matters;
- Cover at least situations when an outside interest, activity, or relationship influences or appears to influence the ability of a Covered Individual to exercise objectivity, or impairs or appears to impair his or her ability to perform his or her responsibilities impartially and in the best interests of the grant recipient ("Conflict"); and
- Cover at least situations when an outside interest, activity, or relationship influences or appears to influence the Covered Individual's impartiality or duty of loyalty to a client.

The Policy must require Covered Individuals to avoid legal, financial, personal, or other Conflicts and potential Conflicts involving the grant recipient and to promptly disclose any such Conflicts and potential Conflicts that arise. Covered Individuals must recuse themselves from a position of decision-making authority or influence on decisions or actions with respect to any such Conflicts and potential Conflicts until resolved.

Covered Individuals must report on any situations that they know or reasonably should know will present a Conflict or a potential Conflict. The Policy must specify to whom Conflicts must be reported and how Conflicts

will be addressed and resolved. Covered Individuals may not participate in any situation involving a Conflict or potential Conflict, unless the grant recipient determines, through these procedures, that the:

- Conflict or potential Conflict is not substantial; and
- Covered Individual's participation is in the best interest of the LITC and the LITC's clients.

Civil Rights Protection and Other Federally Mandated Compliance

This section describes the data collection and reporting obligations required of LITC grant applicants by the IRS to meet their responsibilities under these laws. This information is required pursuant to the civil rights statutes and the regulations of the Department of Justice and the Department of the Treasury. See Executive Order 12250, Leadership and Coordination of Nondiscrimination Laws, which has been implemented at 28 CFR Part 41. (Applicants will provide this information when completing the Form 13424-M, Low Income Taxpayer Clinic (LITC) Application Narrative, and the Project Abstract.)

All applicants for federal funding must provide information necessary to demonstrate compliance with the following:

- Title VI of the Civil Rights Act of 1964 (Public Law 88-352), as amended, which prohibits discrimination on the basis of race, color, or national origin;
- Section 504 of the Rehabilitation Act of 1973 (Public Law 93-112), as amended, which prohibits discrimination on the basis of disability;
- Title IX of the Education Amendments of 1972 (Public Law 92-318), as amended, which prohibits discrimination on the basis of sex in education programs or activities;
- Age Discrimination Act of 1975 (Public Law 94-135), as amended, which prohibits discrimination on the basis of age;
  - 31 CFR Parts 22, 23, and 28, are the Department of the Treasury's regulations implementing applicable provisions of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, and Title IX of the Education Amendments of 1972, respectively.
  - Note that each Part sets forth a requirement that recipients keep records in a form and containing information that Treasury determines may be necessary to ascertain whether the recipient is complying with the relevant provisions of each Act. The requirements are found at 31 CFR §§ 22.6(b), 23.34(a), and 28.605(b).
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, requires that federal agencies work with recipients of federal financial assistance to ensure that their programs and activities normally provided in English are accessible to those with limited English proficiency, including through oral and written translation when necessary; and
- Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient (LEP) Persons, which provides in part that recipients are required to take reasonable steps to ensure meaningful access to their programs and activities by LEP persons. See 70 Fed. Reg. 6067-76 (February 4, 2005).

- Executive Order 13988, Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation, requires agencies to examine their programs and policies to ensure they are consistent with the Administration's policy to prevent and combat discrimination on the basis of gender identify or sexual orientation.
- Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, requires that all federal agencies select a program of the agency for a review to assess whether there are barriers to participation for members of underserved communities in government services and contracts and to take actions to remove identified barriers. The order also rescinded previous Executive Order 13950 of September 22, 2020 (Combating Race and Sex Stereotyping).

All LITCs are required to display Publication 4053, Your Civil Rights are Protected.

The Department of the Treasury is planning to issue guidance about LITC grant recipients' requirements to collect data pursuant to the civil rights laws. Once the guidance is issued, the LITC Program Office will make the guidance available on the LITC Toolkit.

Protection Against Reprisal

No recipient or associate of the recipient may intimidate, threaten, coerce, or discriminate against any individual to interfere with any right or privilege protected by the laws identified in this section. No recipient or associate of the recipient may intimidate, threaten, coerce, or discriminate against any individual because the individual has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing involving enforcement of the laws identified in this section.

Consequences for Failing to Comply With National Policy and Program Requirements

A detailed list of the actions the LITC Program Office may take for failure to comply with National Policy and program requirements specific to the LITC is addressed in Section VIII, *Award Modification, Suspension, Termination, or Withdrawal*, *infra*.

ii. *Managing Grant Funds*

Accessing LITC Grant Funds in the Payment Management System

Grant funds are paid through the Payment Management System (PMS), maintained by HHS's Payment Support Center (PSC). PMS allows a grant recipient to make an online request for payment of federal funds. After a request is processed and approved, funds are directly deposited into the grant recipient's bank account through a process called Electronic Funds Transfer (EFT). Funds are generally available within one business day of the request.

Accessing the Payment Management System

LITC Program Office staff can assist new grant recipients with establishing accounts in PMS. Grant recipients must obtain a username and password to use the system and complete a form to set up direct deposit of funds into the grant recipient's bank account. Information regarding the EFT procedure is available on the PMS PSC website at https://pms.psc.gov. For details about seeking historical payment information for audits and other purposes, see Section IV.E.iii, *Meeting the Matching Funds Requirement, OMB Audit Requirement*, *supra*.

The PSC has online FAQs and training. Grant recipients are encouraged to visit the website to view these resources. Those experiencing problems accessing funds should contact the help desk at 877-614-5533 or send an email to PMSSupport@psc.hhs.gov.

Obtaining Reimbursement for Eligible Expenses

Grant recipients may request reimbursement of funds for allowable expenses they already paid or that will be paid within three business days of receipt of the funds from PMS and must make requests in accordance with their actual immediate cash needs in carrying out LITC operations. The timing and amount of EFT payments must be as close as is administratively feasible to the actual disbursements by the grant recipient for direct program or project costs and the proportionate share of any allowable indirect costs. If an expense has already been paid, grant recipients are encouraged to draw down those funds as soon as possible. PMS accounts are placed in restricted status 90 days after the end of the reporting period. If grant recipients attempt to draw down funds after the 90-day period has run, LITC Program Office management approval is required for release of the funds from PMS. This added approval step may delay release of grant funds. Questions regarding disbursement of funds should be directed to the grant recipient's assigned Advocacy Analyst.

BEST PRACTICE

Grant recipients should regularly draw down funds. If funds are drawn down less than biannually, this is often a sign that the organization is not regularly reviewing its budget vs. actual expenditures, which is a potential financial weakness. An LITC that is experiencing difficulties within the PMS system that it has been unable to resolve with PMS should reach out to its assigned Advocacy Analyst for assistance.

Grant Funds Must Be Held in an Insured Account

Grant recipients must maintain advances of federal grant funds in interest-bearing accounts at a bank with Federal Deposit Insurance Corporation (FDIC) insurance coverage. The balance exceeding the FDIC coverage must be collaterally secured unless:

- The grant recipient receives less than $250,000 in federal awards per year;
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of $500 per year on federal cash balances;

- The depository would require an average or minimum balance so high that an interest-bearing account would not be feasible, given the grant recipient's expected federal and nonfederal cash resources; or
- A foreign government or banking system prohibits or precludes interest-bearing accounts.

Interest Earned on Grant Funds

Grant recipients must annually remit to the federal government any interest in excess of $500 per year earned on advances of federal grant funds and may keep up to $500 of interest earned per year for administrative expenses. Interest earned on federal advance payments deposited in interest-bearing accounts must be remitted annually to HHS via PMS. See 2 CFR § 200.305(b)(9).

iii. *Lobbying Restrictions*

No federal grant funds or matching grant funds may be used, either directly or indirectly, to support the enactment, modification, or adoption of any law, regulation, or policy at any level of government. Some exceptions to this general rule may exist pursuant to an express authorization by Congress. There are two types of lobbying activities — direct lobbying and grassroots lobbying.

Direct lobbying includes contacting a member of Congress, a state or local legislator, or any of their staff members to influence the legislator to take a position or action on a specific piece of legislation or potential legislation.

Grassroots lobbying includes activities that encourage third parties, members of special interest groups, or the public to contact federal, state, or local government officials in support of, or in opposition to, a legislative policy or appropriations matter. This applies to activities both before and after introduction of the legislation.

Any entity receiving grant funds from another federal source, either directly or indirectly, may be subject to additional restrictions on lobbying.

Grant recipients are prohibited from using federal grant funds and matching funds to:

- Visit or send letters to members of Congress, state or local legislators, or any of their staff members urging them to favor or oppose specific legislation pending under their jurisdiction;
- Develop materials designed to advocate for the enactment or repeal of any legislation or provide such materials to anyone;
- Draft or assist in the drafting of legislation or provide comments on draft legislation;
- Pay, directly or indirectly, for any efforts intended to or designed to influence a member of Congress or a state legislature to favor or oppose any legislation or appropriation, whether before or after introduction; or
- Engage in any legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, or analyzing the effect of legislation, when such activities are carried out in support of or in knowing preparation for an effort to engage in unallowable lobbying.

LITC employees are prohibited from engaging in any lobbying activities during the portion of time that their salaries are paid from federal grant funds or matching funds.

Grant recipients are permitted to use federal grant funds and matching funds to:

- Educate the public or constituents on legislative issues, so long as the education is not part of a broader effort to directly or indirectly (grassroots lobbying) influence legislators on a specific piece of legislation or legislative issue;
- Respond to documented requests from members of Congress, state legislatures, or other officials (see 2 CFR § 200.450(c)(2)(i);
- Interact with agency liaisons, such as the National Taxpayer Advocate or Local Taxpayer Advocates, regarding program-related issues;
- Respond to a personal or public invitation from the IRS for comments on proposed tax regulations or guidance that impacts low-income and ESL taxpayers;
- Partner with professional organizations in efforts to identify and propose solutions for issues impacting low-income and ESL taxpayers (however, such efforts may not attempt to influence the introduction, enactment, or modification of any federal or state legislation);
- Contact government officials regarding broad social, economic, or other issues, so long as the contact is not part of an effort to influence Congress or the state legislature on an actual or potential specific piece of legislation; or
- Discuss broad social, economic, or other issues on listservs or blogs, so long as the contact is not part of an effort to influence Congress.

The LITC Program Office recognizes that the above list of prohibited and permitted activities will not answer every situation that arises. Accordingly, if a grant recipient has any question as to whether an anticipated activity could fall within the scope of these rules, it should contact the assigned Advocacy Analyst prior to engaging in such activity.

Disclosure Requirements

Grant recipients may expend non-LITC funds (*i.e.*, funds that are neither federal grant funds nor matching funds) on lobbying activities. However, under the Byrd Amendment (31 U.S.C. § 1352), grant recipients may be required to disclose lobbying activities conducted if the activities relate to lobbying regarding the making or awarding of a grant and the organization receives more than $100,000 in federal grant funds.

Figure 7, Sources of Guidance on Lobbying Activities

Source of Restriction	2 CFR Part 200	Byrd Amendment 31 U.S.C. § 1352	Publicity and Propaganda/ Appropriations Laws Restrictions
Type of Funds Affected by Restriction	Federal grant funds and matching funds	Restriction applies to federal grant funds and matching funds. Although the restriction does not apply to funds that are neither federal grant funds nor matching funds, contacts with members of Congress may need to be disclosed.	Federal grant funds and matching funds
Lobbying topics covered by Restriction	All subject matters	Limited to lobbying regarding the making or awarding of a grant; it does not appear to apply to lobbying on general program legislation (*i.e.*, to expand the subject matter of the program, as opposed to the amount of money awarded for program purposes which may increase the award to the grant recipient).	All subject matters
Stage of legislation covered by restriction	All stages, including before introduction	All stages, including before introduction	Legislation pending before Congress
Applicability to Grassroots Lobbying	Yes, it is prohibited.	No, it is not prohibited, so long as no federal funds are used for the grassroots lobbying effort.	Yes, it is prohibited.
Applicability to advocating at the state level	Yes, prohibition applies to state level activities.	No, the prohibition does not apply to state level activities.	No, the prohibition does not apply to state level activities.
Exceptions for when information is specifically requested by member of Congress	Yes, there is an exception which permits a response to a documented request.	Yes, there is an exception which permits a response to a documented request.	Not applicable

Figure 7 describes restrictions on the use of federal grant funds and matching grant funds for lobbying. In addition, IRC § 501(c)(3) organizations are subject to lobby limits (using different lobbying definitions) under the Internal Revenue Code. In general, an IRC § 501(c)(3) organization may conduct an insubstantial amount of lobbying and still maintain its tax-exempt status. See Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, available at www.irs.gov/pub/irs-pdf/p4221pc.pdf.

Example 1: Lobbying Restrictions

A grant recipient may send an email to the ABA-sponsored LITC listserv to gather support or opposition for legislation. Although such an email is an attempt to influence legislation, so long as neither federal grant funds nor matching funds are used, the grant recipient has not violated Title 31 or Title 18 of the U.S. Code. If the grant recipient has a requirement under Title 31 to report lobbying activities, the email activity would need to be disclosed, including any research or background work performed in connection with the email to the listserv. For purposes of IRC § 501(c)(3), sending a single email to the listserv would likely constitute an "insubstantial" amount of lobbying.

The grant recipient likely should not have substantial expenditures or have expended substantial time devoted to simple tasks such as sending a single email. Keep in mind that if a grant recipient anticipates devoting, or having volunteers devote, a large amount of time to the endeavor (*e.g.*, researching the issue, drafting proposed legislation, responding to comments on the listserv about the proposal), the activity could rise to the level of being more than insubstantial, in which case the grant recipient may choose to make a lobbying election under IRC § 501(h). IRC § 501(h) measures the permitted/prohibited level of lobbying solely by expenses. If the grant recipient employee is considered a full-time LITC employee, then this activity may not be undertaken during working hours.

For more information about making a lobbying election, refer to:

- IRC § 501(h) and IRC § 4911;
- Treas. Reg. §§ 1.501(h)-1 through 1.501(h)-3;
- Treas. Reg. §§ 56.4911-1 through 56.4911-10; and
- Publication 557, Tax-Exempt Status for Your Organization.

Clinics receiving Legal Services Corporation (LSC) funds should not confuse the above rules on lobbying with LSC restrictions. There may be some lobbying activities that are acceptable under LITC guidance that are prohibited under LSC requirements and vice versa.

E. REPORTING RESPONSIBILITIES

Requirement to Submit Reports on Grant Activities

The LITC Program Office requires the timely submission of two reports for each grant year — an Interim Report and a Year-End Report. The LITC Program Office uses the reports to assess the grant recipient's progress in meeting its stated goals and objectives and to measure the quality of clinic operations, including the services provided to low-income and ESL taxpayers. Quality of operations is measured by determining how well grant recipients support the three prongs of the LITC mission and the related performance measures. The LITC Program Office also compiles and analyzes data from the reports to assess the overall success of the LITC Program. Data is then incorporated into Publication 5066, LITC Program Report, which reports the activities of the LITCs to internal and external stakeholders, including Congress, and highlights the important work that LITCs perform to protect the rights of America's taxpayers. Thus, it is important that grant recipients provide accurate and complete reports.

Submission of Reports and Other Documents

Grant recipient Interim and Year-End Reports are submitted online through GrantSolutions at https://home.grantsolutions.gov/. The LITC Program Office provides annual training on using GrantSolutions. These trainings are announced on the LITC Toolkit.

Completing the Application Amendment Package

Application amendments are completed and submitted in GrantSolutions after receiving an NOA indicating the full amount of the award. (The LITC Program Office will determine final award amounts after Congress appropriates funding for fiscal year 2022.) An application amendment package is required by all grant recipients, even if the grant recipient is not making any changes to the budget or program performance plan. This is necessitated by the system software.

The application amendment package is submitted via GrantSolutions and consists of the following:

- Standard Form 424, Application for Federal Assistance;
- Form 13424, Low Income Taxpayer Clinic (LITC) Application Information;
- Form 13424-J, Detailed Budget Worksheet and Narrative Explanations; and
- Project Abstract.

If the grant amount awarded is less than the amount of grant funds requested, the grant recipient must provide a revised budget (Form 13424-J) with the application amendment package. If the amount requested is received, then the grant recipient will resubmit the budget provided with the application. All grant recipients must submit Form 13424-J with the application amendment package. If the grant recipient was awarded less than the amount requested and the difference in the funding award affects the clinic's proposed activities, a revised program plan must also be submitted. The budget or performance plan may also need to be amended because of conditions imposed by the LITC Program Office upon receipt of the award or if there have been any significant changes to the grant recipient's operations, such as to key clinic personnel, between the time the application was submitted

and completion of the application amendment. Changes to the program plan are provided on the project abstract form. If no changes are being made to the program plan for the grant year, the grant recipient must indicate, "No changes to the program plan."

The project abstract must also include the four numerical goals requested from all grant recipients: new representation cases to be opened in the calendar year, consultations with low-income and ESL taxpayers, educational activities for low-income and ESL taxpayers, and low-income and ESL taxpayers to be reached in educational activities. An award of less than the applicant's requested funding amount is based on several factors, including the proposed goals in the application. The grant recipient should consult with the assigned Advocacy Analyst before amending the clinic's program plan in response to receipt of less than the requested grant amount, especially when contemplating reductions in proposed activities and goals, to determine whether these changes are likely to be approved. The Program Office may also request additional information be submitted with the project abstract.

An application amendment will also need to be completed if, during the grant year, there are certain enumerated changes discussed in Section VI.E.i., *Events Requiring Notification to the LITC Program Office*, *infra*. Upon notification of the changes, the assigned Advocacy Analyst will return the application amendment package back to the grant recipient so the changes can be made and the package resubmitted. The Program Office will offer a training session about the application amendment process after NOAs are issued; the date and time will be announced on the LITC Toolkit. Short instructional videos about completing the Project Abstract and Form 1324-J are also available on the LITC Toolkit.

i. *Events Requiring Notification to the LITC Program Office*

Some anticipated changes should be discussed with the LITC Program Office as far in advance of the anticipated change as possible as some changes may not be allowable and/or may impact the clinic's eligibility to draw down further grant funds. Changes may also have an impact on funding decisions for a pending LITC grant application. This section discusses some of the changes that a clinic may experience. To report changes or anticipated changes requiring advanced notice, grant recipients should contact their assigned Advocacy Analyst via email, including a copy to LITCProgramOffice@irs.gov. The Advocacy Analyst will respond to discuss the matter with the grant recipient. For items that require the grant recipient to revise the application amendment package, the Advocacy Analyst will return the package to the grant recipient via GrantSolutions and schedule a due date for resubmission.

Changes in Entity or Sponsoring Organization

Grant recipients must notify the LITC Program Office in the event that the clinic or the clinic's sponsoring organization plans to change its type of entity, including a merger with another clinic or organization. This notification shall inform the LITC Program Office of the planned entity changes or merger event, including the name and identifying information of any new organization that is involved or being formed, a timeline for the change or merger, and the name and contact information for the person the Program Office should contact with questions.

In the event of a merger, the Program Office may substitute another organization for the original sponsoring organization but not before confirming that the substitute organization has received all of the original sponsoring organization's assets, the substitute organization's clinic will provide the same scope of services to the same

population as previously serviced or proposed to be serviced in the grant recipient's application, and the substitute organization is qualified under the relevant statutes and regulations to be an LITC grant recipient. The Program Office may not be deemed as approving any entity change or merger until such approval is received in writing from the Director of the LITC Program. The grant recipient is encouraged to notify the Program Office as early in the entity change or merger process as possible so the two can timely work through the issues and, hopefully, limit any lapse in funding.

Failure to timely notify the Program Office of a potential entity change or merger may result in restriction of funds or suspension or termination of the grant, see Section VIII, *Award Modification, Suspension, Termination, or Withdrawal*, *infra*.

Significant Changes in Clinic Operations

Grant recipients must notify the LITC Program Office in the case of problems, delays, or adverse conditions that significantly affect operations of the clinic or materially impair its ability to meet the objectives of the award. This notification shall inform the Program Office of events, such as those described in this section, that may significantly affect operations and include a statement of the action taken or contemplated to address the situation, and whether any assistance from the Program Office is needed to resolve the situation. Failure to notify the Program Office may result in restriction of funds or suspension or termination of the grant, see Section VIII, *Award Modification, Suspension, Termination, or Withdrawal*, *infra*.

Changes in Clinic or Key Personnel Contact Information

Grant recipients are required to immediately notify the LITC Program Office about proposed changes in contact information for the following:

- Key personnel, including the Clinic Director, QTE, or QBA (including their telephone number, mailing address, or email address); and
- Clinic address (both the physical address and the mailing address), telephone number, or fax number.

These notifications ensure that the LITC Program Office has the most up-to-date information for each clinic and can also update information in IRS online resources and/or printed publications.

Changes in Program Plan or Budget Under 2 CFR § 200.308

Grant recipients are expected to spend grant funds and matching funds in accordance with the program plan and budget submitted with their application, or as later revised and approved. Grant recipients must request approval from the LITC Program Office for any substantial change in the program plan or budget. A substantial change in the program plan or budget includes a change to:

- The scope or objective of the program, including;
  - The days and hours of operation;
  - The beginning and ending dates clinic services will be provided;
- Key personnel or time devoted to the LITC by key personnel; and
- The amount or composition of matching funds (cash or third-party in-kind match).

Grant recipients are responsible for monitoring the use of LITC grant funds throughout the year to ensure that all grant funds awarded will be expended. If a grant recipient determines that it will have unused grant funds (*i.e.*, not spend its entire award), the grant recipient should immediately notify the assigned Advocacy Analyst in writing. The notification should contain the following information:

- The amount of grant funds being returned;
- The reason for the return of funds; and
- The impact the return of funds will have on future operations (*e.g.*, this is a one-time occurrence, or the grant recipient anticipates a permanent reduction in its future funding needs).

A grant recipient that does not expect to use its entire grant award must contact the LITC Program Office immediately so that the Program Office will have sufficient time to re-obligate the funds to another clinic on or before September 30, the end of the federal government's fiscal year. Grant recipients should also include this information in the Interim Report if they become aware that they will not use all funds prior to submitting the report.

Withdrawal From the LITC Program

A grant recipient that wishes to withdraw from the LITC Program or terminate operations of its LITC must notify the LITC Program Office prior to the date of withdrawal or termination. This notice should be given as far in advance as possible. Advance notice will allow the Program Office to contact community partners where the clinic was located to try to find an alternate organization to apply for grant funding and hopefully insure the ongoing availability of LITC services in that area.

NOTE: Upon withdrawal from the LITC Program, an organization may no longer refer to itself as an LITC. Failure to abide by this prohibition could lead to civil/criminal penalties or imprisonment. See 31 U.S.C. § 333.

ii. *Submitting the Interim Report*

An Interim Report must be submitted through GrantSolutions by August 1, 2022. The Interim Report covers the first half of the grant year (January 1, 2022 through June 30, 2022) and consists of the following items, prepared in accordance with the relevant instructions:

- Standard Form 425, Federal Financial Report;
- Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report;
- Form 13424-B, Low Income Taxpayer Clinic (LITC) Case Issues Report;
- Form 13424-C, Low Income Taxpayer Clinic (LITC) Advocacy Information Report;
- Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report;
- Form 13424-L, Statement of Grant Expenditures and Narrative Explanations; and
- Form 13424-N, Low Income Taxpayer Clinic (LITC) Program Narrative Report.

For reference purposes, copies of all required reporting forms and instructions are included in Appendix B. However, grantees must complete and submit reporting forms in GrantSolutions. If not completing an entry on one of the forms results in a GrantSolutions submission error, list N/A to address the issue.

NOTE: The Program Office anticipates making changes to the Interim Report requirements to help reduce administrative burden. Any changes will be announced on the LITC Toolkit.

iii. *Submitting the Year-End Report*

A Year-End Report must be submitted online through GrantSolutions by March 31, 2023. The Year-End Report covers the entire grant year (January 1, 2022 through December 31, 2022). A complete Year-End Report consists of the following items, prepared in accordance with the relevant instructions:

- Standard Form 425, Federal Financial Report;
- Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report;
- Form 13424-B, Low Income Taxpayer Clinic (LITC) Case Issues Report;
- Form 13424-C, Low Income Taxpayer Clinic (LITC) Advocacy Information Report;
- Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report;
- Form 13424-L, Statement of Grant Expenditures and Narrative Explanations; and
- Form 13424-N, Low Income Taxpayer Clinic (LITC) Program Narrative Report.

Subject to OMB approval, the LITC Program Office may require additional reporting information from LITCs. Grant recipients should refer to the LITC Toolkit for updates on reporting requirements prior to submitting their reports. Training sessions will be offered to all grant recipients in advance of when each report is due, and details for the sessions will be announced on the LITC Toolkit.

Late Submissions

In certain instances, grant recipients may request an extension of time to submit the Interim or Year-End Report. However, a report will still be considered late if submitted after the due date, notwithstanding any extension that may be granted. The request must be submitted in writing to the LITC Program Office prior to the due date of the report and must include an explanation justifying the extension and the date by which the report will be submitted. Grant recipients should contact their assigned Advocacy Analyst via email, including a copy to LITCProgramOffice@irs.gov, to submit an extension request. Failure to timely submit required reports to the LITC Program Office may result in any or all the following:

- Restricted access to grant funds;
- Suspension or termination of the grant; or
- Reduction of any future award amount.

iv. *Grant Closeout*

The LITC Program Office will close out the LITC grant award when it determines that all applicable administrative actions and activities related to the grant have been completed by the grant recipient. Before a grant may be closed out, the following actions must be completed per 2 CFR § 200.344:

- Submission by the grant recipient of all required Interim and Year-End Report forms;
- Liquidation by the grant recipient of all obligations incurred under the award no later than 120 calendar days (unless the LITC Program Office authorizes an extension) after the end date of the period of performance
- Draw down by the grant recipient of payment for all allowable reimbursable costs;
- Repayment by the grant recipient of any balances of unobligated cash drawn down by the grant recipient; and
- Settlement of any adjustments to the grant award to account for any shortfall in the dollar-for-dollar matching funds requirement.

The Program Office must make every effort to complete closeout actions no later than one year after the end of the period of performance. If the grant recipient fails to complete the requirements to close out as detailed above, the Program Office will proceed to close out the award with the information available. If the grant recipient does not submit all required reports and forms within one year of the period of performance end date, the LITC Program Office must report the grant recipient's material failure to comply with the terms and conditions of the award with the OMB-designated integrity and performance system (currently FAPIIS). Per 2 CFR § 200.339, other enforcement actions may also be pursued at the discretion of the Program Office.

By accepting the NOA, the grant recipient authorizes the LITC Program Office to take steps to de-obligate funds without the need for the grant recipient to execute a new NOA, budget, or reporting forms if the amount involved is less than $25. The Program Office will notify the clinic via email of the planned action 30 days prior to taking the action, and a de-obligation will not be initiated any earlier than September 1 of the year following the close of the budget period.

VII. LITC PROGRAM OFFICE RESPONSIBILITIES AND CONTACT

The LITC Program Office is responsible for managing and administering the LITC grant program in a manner that ensures federal funding is expended and funded programs are implemented in full accordance with U.S. statutory and public policy requirements. The LITC Program Office fulfills its responsibilities by:

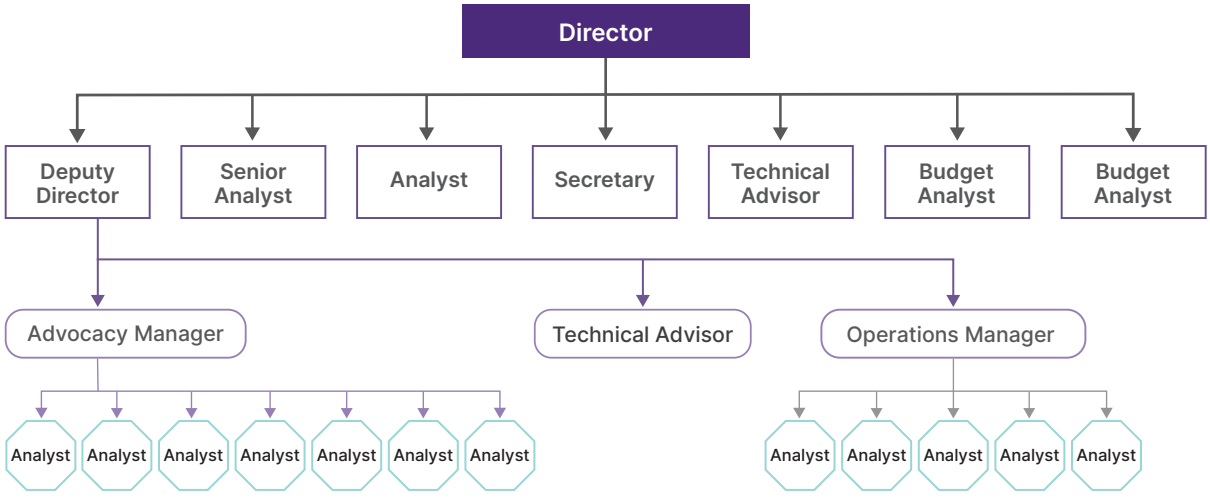
- Administering the award and payment of grant funds;
- Providing assistance and guidance to grant recipients; and
- Monitoring the performance of grant recipients.

A. STRUCTURE

The LITC Program Office is part of TAS. The Director of the LITC Program reports directly to the National Taxpayer Advocate. The LITC Program Office staff consists of:

- Headquarters staff, including managers, program analysts, a technical advisor, budget analysts, and support staff who report to the Director and the Deputy Director of the LITC Program and have programwide responsibilities, including Program Office and clinic financial matters;
- Operations Office staff, including analysts responsible for processing grant applications, awards, reports, and payments; and
- Advocacy Office staff, including analysts responsible for reviewing and analyzing clinic reports, conducting site assistance visits, and serving as the primary liaison between grant recipients and the LITC Program Office.

Figure 8, LITC Program Office Staffing Chart



B. ADMINISTRATION

The LITC Program Office administers the grant by:

- Processing LITC grant applications and making awards to successful applicants;
- Revising and issuing annually Publication 3319, LITC Grant Application Package and Guidelines;
- Maintaining the LITC Toolkit, a password-protected website which is used to disseminate program guidance and provide resources to assist clinics in assisting low-income and ESL taxpayers;
- Maintaining Publication 4134, Low Income Taxpayer Clinic List, a list of all federally-funded LITCs, and ensuring that the publication is included in appropriate IRS mailings, referenced in appropriate IRS publications and notices, and available at Taxpayer Assistance Centers;
- Updating information about the LITC Program on IRS and TAS websites, including an interactive LITC finder tool on https://www.taxpayeradvocate.irs.gov/about-us/low-income-taxpayer-clinics-litc/.
- Publishing annually Publication 5066, LITC Program Report, which reports the activities of the LITCs to internal and external stakeholders; and
- Reviewing and analyzing data from reports submitted by grant recipients to identify trends and recognize best practices.

C. ASSISTANCE

The LITC Program Office assists by:

- Providing technical assistance and guidance to grant recipients and potential applicants;
- Informing the public about the availability of LITCs, as appropriate and to the extent permitted by law;
- Sponsoring and organizing the Annual LITC Grantee Conference that delivers instruction and continuing education to all grant recipients and provides an opportunity for attendees to meet face-to-face, or virtually as may be needed, with colleagues from clinics throughout the country to share ideas and strategies to better assist low-income and ESL taxpayers;
- Conducting orientation visits to familiarize new grant recipients with LITC Program requirements and to identify potential areas where the clinic may need to create systems or improve processes;
- Fostering the working relationship between grant recipients and LTA offices;
- Issuing special appearance authorizations to LITCs that permit students and law graduates working under the supervision of a practitioner to represent taxpayers before the IRS;
- Coordinating grant recipients' access to e-Services products offered by the IRS; and
- Assisting with resolution of problems that grant recipients may experience with GrantSolutions.

D. OVERSIGHT

The LITC Program Office conducts oversight of grant recipients by:

- Reviewing Interim and Year-End Reports to assess grant recipients' progress in meeting program goals, collecting emerging issues identified, and aggregating performance data submitted by grant recipients;
- Reviewing budgets and financial reports submitted by grant recipients to ensure that federal funds are properly expended and that matching funds are properly sourced, spent, and valued; and
- Conducting operational review visits to interview clinic personnel, observe facilities, review procedures and internal controls, corroborate report information, and evaluate operations.

E. SITE ASSISTANCE VISITS

The LITC Program Office or the LTA conducts a site assistance visit to each grant recipient every year. There are three types of site assistance visits:

- Orientation visit;
- Operational review visit; and
- LTA visit.

Orientation Visits

The LITC Program Office conducts an orientation visit to each grant recipient that did not receive a grant in the preceding year. The orientation visit will generally occur during the first 120 days of the grant year. An orientation visit provides an opportunity to familiarize a new grant recipient with LITC Program requirements and to measure the progress of its startup activities. During the visit, the staff of the LITC Program Office also has the opportunity to discuss accounting procedures and internal controls with the new grant recipient and perform a limited sampling of records and expense documentation to ensure that the controls are in place and being used appropriately. The orientation visit also allows the staff to assess the status of newly funded clinics and to identify potential areas where the grant recipient may need to create systems or improve processes to meet the requirements of the LITC Program.

During the orientation visit, discussions about the clinic's finances will incorporate accounting and financial controls as documented on the pre-visit assessment/site visit plan prepared by the Advocacy Analyst prior to the visit. Specifically, the Program Office reviews at least one receipt and invoice at random and other supporting documentation, including approvals and reimbursements for the LITC conference travel, if available. In addition, LITC Program Office staff samples at random personnel expenses, if any, from the first quarter of the current grant year. As there will be no report for comparison, the primary purpose of this sampling is to provide a basis for discussing financial recordkeeping and determine how well the clinic is following policies and procedures.

Operational Review Visits

The purpose of an operational review visit is to evaluate a clinic's overall operations and to provide technical assistance to help the grant recipient maintain compliance with the terms and conditions of the LITC grant. The visit may include the review of documents, papers, or other records of the grant recipient. OMB regulations require that the IRS must have the right to access any documents, papers, or other records of a grant recipient that are pertinent to the award to make audits and examinations. See 2 CFR § 200.337(a). The Treasury Department implemented a regulation making it clear that "[t]he right of access under 2 CFR 200.336 shall not extend to client information held by attorneys or federally authorized tax practitioners under the Low Income Taxpayer Clinic program." See 2 CFR § 1000.336. Consequently, when monitoring and evaluating clinic activities, the LITC Program Office will respect the clinic's duty to protect confidential information and will not interfere with the confidential nature of the relationship between qualified representatives and their clients. Therefore, the LITC Program Office will not require LITCs to provide access to taxpayer-specific information for auditing or verifying that the 90/250 requirement has been satisfied, or that the amounts in controversy generally do not exceed the amount specified in IRC § 7463. In addition, the LITC Program Office will not require an LITC to provide access to information a taxpayer provided to the LITC during a consultation that did not result in the taxpayer executing a representation agreement. Prior to an operational review visit, however, the assigned Advocacy Analyst will require the clinic to complete an LITC Site Assistance Visit — Case Eligibility Requirements Tracking Form. This form collects data on the eligibility decisions made by the clinic during the grant year in question but does not request identifying information such as the taxpayer name or taxpayer identification number.

If the LITC Program Office identifies a concern with a clinic's procedure for collecting financial eligibility or amount in controversy information and making eligibility determinations, the LITC Program Office staff member conducting an operational review visit may decide to randomly sample the financial eligibility or amount in controversy determinations made by the clinic staff. This will be done by asking the clinic to generate a list of cases accepted for representation by a unique identifier for the timeframe that is under review. The unique identifier should not be the taxpayer's name or taxpayer identification number. Using a clinic staff member as an intermediary, the LITC Program Office staff conducting the visit will randomly select a small number of cases to review and will ask the intermediary to pull the case file information. The LITC Program Office staff will then ask the intermediary to answer questions about what is recorded for the applicant, including the household composition, household income, and the amount in controversy.

During an operational review visit, the grant recipient's assigned Advocacy Analyst will interview clinic personnel, examine intake procedures, review case management and reporting systems, and sample financial records. An operational review visit may also include observation of clinic facilities and review of procedures and internal controls, personnel policies, training plans, privacy and confidentiality policies, outreach plans and materials, educational curricula, fee policies, and client satisfaction instruments.

By supporting and monitoring the work of LITCs, the Program Office staff is able to build a relationship with clinicians that creates trust and encourages the LITCs to seek guidance and assistance from the Program Office. Generally, the Program Office will visit each LITC at least once every three years. The Program Office may conduct visits at any time and more often if an assessment of the clinic indicates that more close monitoring is necessary and that this is best accomplished by additional visits.

Local Taxpayer Advocate Visits

The LTA is required to visit each clinic in his or her state or territory at least once a year. If the LTA participates in a visit with the Program Office, the LTA will be provided with time during the visit to discuss current issues, collaborations, or other topics of mutual interest to the LTA and LITC. In a year when the LTA does not accompany the LITC Program Office on an orientation visit or an operational review visit, the LTA must conduct an LTA visit. The purpose of the LTA visit is to foster the relationship between the LTA's office and the clinic by providing an opportunity to share emerging case issues and ideas to collaborate on joint education and outreach activities.

F. CONTACTING THE LITC PROGRAM OFFICE

Potential applicants may direct questions concerning the LITC Program or the application process to the LITC Program Office. Organizations that have been awarded an LITC grant should contact their assigned Advocacy Analyst directly with any questions regarding reporting or program requirements.	
Hours of Operation	8:00 a.m. – 4:30 p.m. (ET), Mon. – Fri.
Phone	202-317-4700
E Fax	877-477-3520
Email	LITCProgramOffice@irs.gov
Address	Internal Revenue Service LITC Program Office Attention: TA: LITC, Room 1034 1111 Constitution Ave., NW Washington, DC 20224

For questions relating to Special Appearance Authorizations for Student and Law Graduate Practice	
Hours of Operation	8:00 a.m. – 4:30 p.m. (ET), Mon. – Fri.
Phone	212-298-2052
E Fax	877-477-3520

OTHER RESOURCES

Dun & Bradstreet Data Universal Numbering System (DUNS)	
Website	fedgov.dnb.com/webform
Phone Support	866-705-5711
Email	SAMHelp@dnb.com
System for Award Management (SAM)	
Website	www.sam.gov
Phone Support	866-606-8220
Submission of a Full Grant Application via Grants.gov	
Website	www.grants.gov
Phone Support	800-518-4726
Email	support@grants.gov
Submission of an NCC Request and Interim/Year-End Reports via GrantSolutions	
Website	www.GrantSolutions.gov
Email Support	Beard.William@irs.gov
Department of Health and Human Services (HHS) Payment Management System (PMS)	
Website	https://pms.psc.gov/
Phone Support	877-614-5533
Email	PMSSupport@psc.gov
Civil Rights Protection	
Website	www.irs.gov/about-irs/your-civil-rights-are-protected
2 CFR Part 200 (OMB Guidance) and 2 CFR Part 1000 (Treasury Department Adoption of OMB Guidance)	
Website	www.ecfr.gov There are also FAQs about 2 CFR Part 200 available at https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf
Taxpayer Advocate Service Website	
Website	www.taxpayeradvocate.irs.gov
United States Tax Court	
Website	www.ustaxcourt.gov

Information and Updates	
LITC eligibility, Program Report, and locations	https://www.taxpayeradvocate.irs.gov/about-us/low-income-taxpayer-clinics-litc/
LITC Toolkit	www.litctoolkit.com (Access restricted to current LITC grant recipients)

LITC Program Publications
Publication 3319, 2022 LITC Grant Application Package and Guidelines
Publication 4134, Low Income Taxpayer Clinic List
Publication 5066, Low Income Taxpayer Clinic (LITC) Program Report

VIII. AWARD MODIFICATION, SUSPENSION, TERMINATION, OR WITHDRAWAL

The LITC Program Office's duty to enforce grant recipient compliance as a condition of funding is vitally important. The LITC Program Office may become aware of clinics' non-compliance through reviews of clinic reports, site assistance visits, or other interactions with grant recipients. If the clinic fails to meet its obligations under the terms and conditions of the grant, the LITC Program Office may reduce an award amount, delay release of funds, or suspend or terminate a grant in whole or in part. Prior to taking such steps, the IRS will determine whether imposing additional conditions upon the grant recipient is likely to remedy the non-compliance. A grant award may also be terminated with the consent of the grant recipient, in which case the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated. Notwithstanding that a multiyear grant has been awarded under IRC § 7526(c)(3), the IRS may terminate a grant during the multiyear period.

Actions that may lead to a reduced award, delay in receiving grant funds, suspension, or termination include:

- Failure to comply with federal tax and nontax obligations, or the applicant does not have an active SAM registration or is suspended or debarred;
- Failure to satisfy the 90/250 requirement of IRC § 7526(b)(1)(B)(i);
- Failure to provide matching funds on a dollar-for-dollar basis for all LITC grant funds awarded;
- A violation by the grant recipient of a material provision of IRC § 7526 or other applicable law or regulation (including the Uniform Guidance);
- A violation by the grant recipient of a material provision of the 2021 Publication 3319, LITC Grant Application Package and Guidelines (for example, failure to timely file complete and accurate reports);
- Failure to maintain taxpayer information in a secure manner; and
- Failure to provide accurate and competent representation to taxpayers, where competent representation requires the legal knowledge, skill, thoroughness, and preparation reasonably necessary to provide effective assistance. See ABA Model Rule 1.1, Competence, and Model Rule 1.3, Diligence.

NOTE: LITCs should be aware that 2 CFR § 200.340 strengthens the ability of the LITC Program Office to terminate federal awards, to the greatest extent authorized by law, when the federal award no longer effectuates the program goals.

Remedies for Noncompliance

If a grant recipient fails to comply with the federal statutes, regulations, or the terms and conditions in the Notice Award, the LITC Program Office may impose additional conditions, as described in 2 CFR § 200.207. If the LITC Program Office determines that noncompliance cannot be remedied by imposing additional conditions, the LITC Program Office may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily restrict access to grant funds pending correction of the noncompliance or more severe enforcement action;

- Disallow all or part of certain cost items, including grant expenditures and matching funds, that support the activity or action not in compliance and seek recovery of improperly spent funds (plus any applicable interest);
- Wholly or partly suspend or terminate the grant;
- Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180;
- Withhold a future award amount; or
- Take other remedies that may be legally available.

Notification of Grant Suspension or Termination

Suspension or termination of a grant award will be handled in accordance with the Uniform Guidance. The LITC Program Office will notify the grant recipient in writing of any suspension or termination action, setting forth the reasons for such action and the effective date. The notification will advise the grant recipient of its right to object to the suspension or termination action by providing information and documentation in writing to challenge the basis for the action.

Challenging A Suspension or Termination

If a grant recipient wishes to challenge the LITC Program Office's decision to suspend or terminate a grant, it must send a written request to the Director of the LITC Program Office for reconsideration of the suspension or termination decision. The grant recipient may provide information and documentation for review during the reconsideration. The Director of the LITC Program Office will review the submission and make a recommendation to the National Taxpayer Advocate, who has final decision making authority, unless recused. In recusal situations, a final decision will be made by the Deputy National Taxpayer Advocate.

IRC § 7526 does not require the IRS to provide grant recipients an opportunity for a hearing or an appeal. Therefore, the necessity for renegotiation, suspension, or termination of a grant agreement will be determined solely by the IRS. The decision of the National Taxpayer Advocate (or the Deputy National Taxpayer Advocate in recusal situations) when an LITC challenges the Program Office's decision is final.

Responsibilities Following Termination or Withdrawal

If the LITC Program Office terminates a grant, the grant recipient must submit a final Year-End Report to the LITC Program Office within 90 days of the termination. Similarly, if clinic activity is terminated prior to the expiration of the period of the grant agreement or if a grant recipient withdraws from the LITC Program, a final Year-End report must be submitted within 90 days of final clinic activity or withdrawal from the LITC Program.

All unused funds must be repaid to the IRS within 30 days of the date of withdrawal or the date of termination. The federal government is generally obligated to charge interest on any amount that is not repaid in a timely fashion. See 31 CFR § 901.9. Thus, for any funds the LITC Program Office requests to be returned to the IRS, failure to repay those funds on time may result in the grant recipient having to pay interest on those funds.

Employees and volunteers of the clinic who are lawyers must adhere to their responsibilities as attorneys, not just the responsibilities within the parameters of the LITC Program. The ABA has model rules of professional conduct

that are applicable when a lawyer is terminating representation. In this regard, ABA Model Rule 1.16 provides that upon terminating representation of a client, a lawyer must take reasonable steps to protect a client's interests, which includes giving notice to the client, allowing the client time to find other representation, and returning papers and property to the client. The state bar may have a similar rule of professional responsibility that provides guidance for terminating representation. Courts, such as the U.S. Tax Court, require the filing of a motion for leave to withdraw as counsel. See U.S. Tax Court Rule 24.

In addition, if the clinic will no longer participate in the U.S. Tax Court Calendar Call, the clinic must notify the Tax Court so that the Tax Court will cease referring taxpayers to that clinic.

Use of "LITC" After Discontinuation of Services

Once an organization is no longer a grant recipient, the clinic must not use "LITC" as part of its name. Circular 230 prohibits practitioners from providing misleading or deceptive statements or claims. See 31 CFR § 10.30(a)(1). If the organization will continue to exist but will not be receiving grant funds, it may be misleading for the organization to call itself an LITC. In appropriate circumstances, the LITC Program Office may need to refer the matter to the IRS's Office of Professional Responsibility. Further, use of the LITC logo or LITC designation may lead to civil/criminal penalties or imprisonment. See 31 U.S.C. § 333.

Paperwork Reduction Act Notice

This application package and guidance document is provided for awards under the Low Income Taxpayer Clinic Grant Program. The information is requested from the applicants in order to determine their eligibility for an LITC grant and evaluate their grant proposals. Information is also requested from all grant recipients for progress monitoring purposes. Applicants are not required to respond to this collection of information unless it displays a currently valid OMB number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Five hours are included for reviewing this publication and the different sources cited therein, as well as the various assurances and certifications which are part of the application process. The time needed to complete and file the following forms will vary depending on individual circumstances. The estimated average times for the forms are:

Form Number	Time Burden
13424	20 minutes
13424-A	2 hours
13424-B	3 hours
13424-C	30 minutes
13424-J	1 hour, 30 minutes
13424-K	3 hours
13424-L	1 hour, 30 minutes
13424-M	5 hours
13424-N	1 hour, 30 minutes
424	30 minutes
425	45 minutes
Project Abstract	30 minutes

Comments concerning the accuracy of the burden estimates and suggestions for reducing this burden should be directed to the IRS, Tax Forms and Publication Division, 1111 Constitution Ave., NW, Washington, DC 20224. Do not send grant application forms to this address. Full grant applications must be submitted through grants.gov and non-competing continuation requests must be submitted through GrantSolutions.

Comments about this application package should be sent to:

Internal Revenue Service, Taxpayer Advocate Service,
LITC Program Office, TA:LITC, Room 1034,
1111 Constitution Ave., NW, Washington, DC 20224.
Catalog of Federal Domestic Assistance Number: 21.008, OMB Approval No.1545-1648.

APPENDIX A

FULL GRANT APPLICATION FORMS AND NON-COMPETING CONTINUATION REQUEST FORMS

GRANT APPLICATION FORMS

To be considered for 2022 LITC Program grant funding, all LITC Full Grant Applications and Non-Competing Continuation (NCC) Requests must be submitted by 11:59 p.m. (Eastern Time) on **June 18, 2021**. The Funding Opportunity Number for the 2022 LITC grant is TREAS-GRANTS-052022-001.

The forms contained in this publication are provided for reference purposes only. All grant applications must be submitted electronically. Full Grant Applications must be submitted via Grants.gov and NCC Requests must be submitted via GrantSolutions.

Any forms submitted with a Full Grant Application or NCC Request may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these forms after appropriate redactions to ensure confidentiality of taxpayer information.

If you have questions about the LITC Program or grant application process, please contact the LITC Program Office at 202-317-4700 or by email at LITCProgramOffice@irs.gov.

Full Grant Application Forms

A complete LITC Full Grant Application consists of the following items, submitted through Grants.gov and prepared in accordance with the relevant instructions:

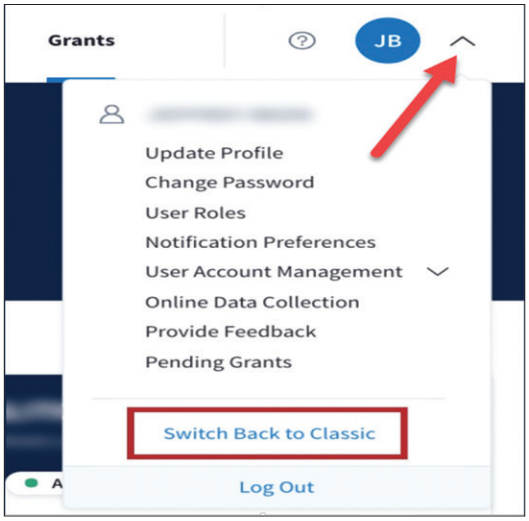
- ❑ Standard Form 424, Application for Federal Assistance
- ❑ IRS Form 13424, Low Income Taxpayer Clinic (LITC) Application Information
- ❑ IRS Form 13424-J, Detailed Budget Worksheet and Narrative Explanations
- ❑ IRS Form 13424-M, Low Income Taxpayer Clinic (LITC) Application Narrative
- ❑ Attachments Form, which is part of the downloadable PDF from Grants.gov and must be used to submit the following items:
  - Tax exemption determination letter, if applicable
  - Proof of academic accreditation, if applicable
  - Most recent audited financial statement (if the applicant expends $750,000 or more in federal funds during the applicant's fiscal year, this must be a single audit or program-specific audit as required by 2 CFR § 200.501). If the applicant's most recent audited financial statement is available on the Federal Audit Clearinghouse (FAC) found at https://harvester.census.gov/facweb/, in lieu of attaching the audit, check the "yes" box located on Form 13424-M in response to question II.4.ii. See Section IV.E.iv, *OMB Audit Requirement*, *supra*.
    - An applicant that does not have audited financial statements must submit unaudited statements for its most recent fiscal year and include a statement as to why audited financial statements are not available on Form 13424-M in response to question II,4,iv
  - Documentation (*e.g.*, articles of organization or an IRS Form 2848, Power of Attorney and Declaration of Representative); which shows that the designated Tax Compliance Officer (TCO) on Form 13424 is properly authorized to receive federal tax information
  - Indirect cost rate agreement, if applicable

Non-Competing Continuation Request Forms

A complete NCC Request consists of the following items, submitted through GrantSolutions and prepared in accordance with the relevant instructions:

- ❑ Standard Form 424, Application for Federal Assistance
- ❑ IRS Form 13424, Low Income Taxpayer Clinic (LITC) Application Information
- ❑ IRS Form 13424-J, Detailed Budget Worksheet and Narrative Explanations
- ❑ Project Abstract, which includes the following information:
  - Numerical goals
  - Changes to the program plan
  - Civil Rights Review responses
  - Statement about availability of the audit on the Federal Audit Clearinghouse (FAC), if necessary
- ❑ Attachments
  - Most recent audited financial statement (if the applicant expends $750,000 or more in federal funds during the applicant's fiscal year, this must be a single audit or program-specific audit as required by 2 CFR § 200.501). If the applicant's most recent audited financial statement is available from the FAC found at https://harvester.census.gov/facweb/, in lieu of attaching it, include a statement about its availability from the FAC on the Project Abstract. See Section IV.E.iv, *OMB Audit Requirement*, *supra*.
    - For an applicant that does not have audited financial statements, an unaudited statement for its most recent fiscal year and a statement as to why an audited financial statement is not available
  - Documentation (*e.g.*, articles of organization or an IRS Form 2848, Power of Attorney and Declaration of Representative) indicating that the designated TCO on Form 13424 is properly authorized to receive federal tax information
  - Indirect cost rate agreement, if applicable

NOTE: GrantSolutions recently made changes to enhance the grant recipient user experience. Once you log in, you will immediately see the difference. Both the **new experience** and the **classic** will be available since the new experience will not have all the functionality required to complete all tasks. NCC Request forms will not be available in the new experience. To complete the NCC Request forms, the classic view must be used.



To change to **classic**, click on the **Avatar** next to your initials. It will expand to a list of options. Click on **Switch Back to Classic**. It is important to note that the system resets back to the **new experience** after every logout.

Next, a survey pop up box will appear. You can either choose to start a survey or select No Thanks. If you select No Thanks, the system will then move to the classic view, and there will be a hyperlink to the NCC Request package.

INSTRUCTIONS FOR STANDARD FORM 424, APPLICATION FOR FEDERAL ASSISTANCE

This is a standard form required to be submitted with all Full Grant Applications and NCC Requests. This form is used to report information about the applicant, including the amount and period of the grant requested, and the counties and congressional districts where the applicant will provide assistance.

Signing the Standard Form 424, Application for Federal Assistance, certifies that the applicant:

- Has provided true, complete, and accurate information;
- Has provided the required assurances, found in Publication 3319, Section VI.D, *National Policy Requirements and Administrative Requirements*; and
- Upon acceptance of an award, agrees to comply with the terms of Publication 3319, 2022 Grant Application Package and Guidelines, and any additional terms contained in the Notice of Award issued by the LITC Program Office.

OMB requires Standard Form 424, Application for Federal Assistance, to be used by all federal grant programs. Some information collected on this form is not required to apply for the LITC application; however, to ensure successful processing of this form, a response must be entered for each field. The instructions in this appendix indicate the fields in which to enter a response of **N/A**.

All organizations submitting a Full Grant Application or NCC Request must complete this form.

Specific Instructions

Instructions for completing each question for a Full Grant Application or an NCC Request are incorporated into the sample Standard Form 424 below. Some entries may be pre-populated as indicated.

NOTE: The screen print below indicates an expiration date of 10/31/2019, but the Form 424 on grants.gov and GrantSolutions will note an expiration date of 12/31/2022. The instructions below are applicable to the newer version of the form.

Item	Field Name	Information

OMB Number: 4040-0004
Expiration Date: 10/31/2019

Application for Federal Assistance SF-424

* 1. Type of Submission:	* 2. Type of Application:	* If Revision, select appropriate letter(s):
☐ Preapplication	☐ New	
☐ Application	☐ Continuation	* Other (Specify)
☐ Changed/Corrected Application	☐ Revision	

1.	**Type of Submission:**	(*Required*) Select the box labeled *Application*.
2.	**Type of Application:**	(*Required*) If not pre-selected for you, select the type of application: • **New** – A Full Grant Application that is being submitted for a single-year grant or an application that is being submitted for the first year of a multi-year grant. • **Continuation** – An NCC Request that is being submitted for the second or third year of a multi-year grant that was awarded in 2020 or 2021. • **Revision** – Do not select this box when applying for a grant.

* 3. Date Received:	4. Applicant Identifier:

3.	**Date Received:**	Enter ***N/A*** into this field.
4.	**Applicant Identifier:**	Enter ***N/A*** into this field.

5a. Federal Entity Identifier:	* 5b. Federal Award Identifier:

5(a).	**Federal Entity Identifier:**	Enter ***N/A*** into this field.
5(b).	**Federal Award Identifier:**	Enter ***N/A*** into this field.

6. Date Received by State:	7. State Application Identifier:

6.	**Date Received by State:**	Enter ***N/A*** into this field.
7.	**State Application Identifier:**	Enter ***N/A*** into this field.

8. APPLICANT INFORMATION:	
* a. Legal Name:	

8.	**Applicant Information:**	Enter the following in accordance with the instructions:
8(a).	**Legal Name:**	(*Required*) Enter the name of the organization applying for the grant. The name of the applicant must match exactly the name used to register with the System for Award Management (SAM). If a grant is awarded, the award will be payable to the name listed in this section. Do not use an acronym unless it is the legal name. Information on registering with SAM is available in Section IV.C.i, *System for Award Management*.

Item	Field Name	Information

* b. Employer/Taxpayer Identification Number (EIN/TIN):	* c. Organizational DUNS:

8(b). Employer/Taxpayer Number (EIN/TIN):	(*Required*) Enter the employer or taxpayer identification number (EIN or TIN) as assigned by the IRS. Do not enter a Social Security number. This number will be used to verify that the applicant is not suspended or debarred from receiving a federal award and is compliant with federal tax and nontax obligations.
8(c). Organizational DUNS:	(*Required*) Enter the organization's DUNS or DUNS+4 number received from Dun and Bradstreet. Information on obtaining a DUNS number is available in Publication 3319, 2022 LITC Grant Application Package and Guidelines, hereinafter referred to as Publication 3319.

d. Address:

* Street1:	
Street2:	
* City:	
County:	
* State:	
Province:	
* Country:	USA: UNITED STATES
* Zip / Postal Code:	

8(d). Address:	(*Required*) Enter the mailing address of the applicant organization registered with SAM. Please provide a complete response, including: Street 1 (*Required*); City (*Required*); County/Parish; State (*Required if country is U.S.*); Province; Country (*Required*); 9-digit Zip/Postal Code (*Required*).

e. Organizational Unit:

Department Name:	Division Name:

8(e). Organizational Unit:	Enter ***N/A*** into this field.

f. Name and contact information of person to be contacted on matters involving this application:

Prefix:		* First Name:	
Middle Name:			
* Last Name:			
Suffix:			
Title:			
Organizational Affiliation:			
* Telephone Number:		Fax Number:	
* Email:			

8(f). Name and contact information of person to be contacted on matters involving this application:	(*Required*) Enter the First Name and Last Name (*Required*); Prefix; Middle Name; Suffix; Title; Add Organizational Affiliation (*N/A*); Telephone Number (*Required*); Fax Number; and Email (*Required*). Please provide the best possible contact information for LITC Program Office staff to be able to reach the appropriate individual to resolve issues with the application.

Item	Field Name	Information

9. Type of Applicant 1: Select Applicant Type:

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

9.	**Type of Applicant:**	(*Required*) Select up to three applicant type(s). A. State Government B. County Government C. City or Township Government D. Special District Government E. Regional Organization F. U.S. Territory or Possession G. Independent School District H. Public/State Controlled Institution of Higher Education I. Indian/Native American Tribal Government (Federally Recognized) J. Indian/Native American Tribal Government (Other than Federally Recognized) K. Indian/Native American Tribally Designated Organization L. Public/Indian Housing M. Nonprofit with 501(c) status N. Nonprofit without 501(c) status O. Private Institution of Higher Education P. Individual Q. For-Profit Organization (Other than Small Business) R. Small Business S. Hispanic-serving Institution T. Historically Black Colleges and Universities (HBCUs) U. Tribally Controlled Colleges and Universities (TCCUs) V. Alaska Native and Native Hawaiian Serving Institutions W. Non-U.S. Entity X. Other (specify)

*** 10. Name of Federal Agency:**

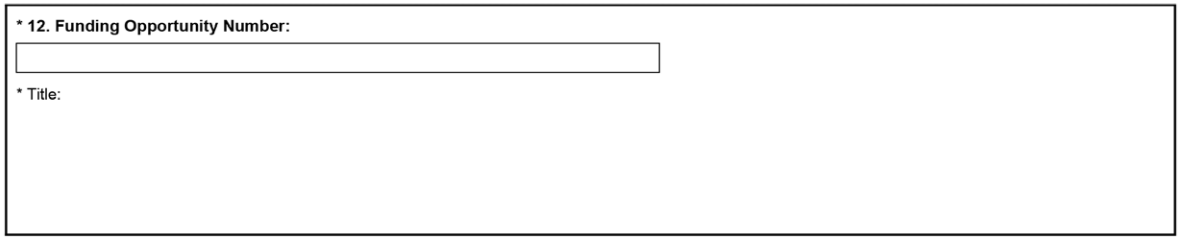
10.	**Name of Federal Agency:**	(*Required*) Enter ***Internal Revenue Service***.

11. Catalog of Federal Domestic Assistance Number:

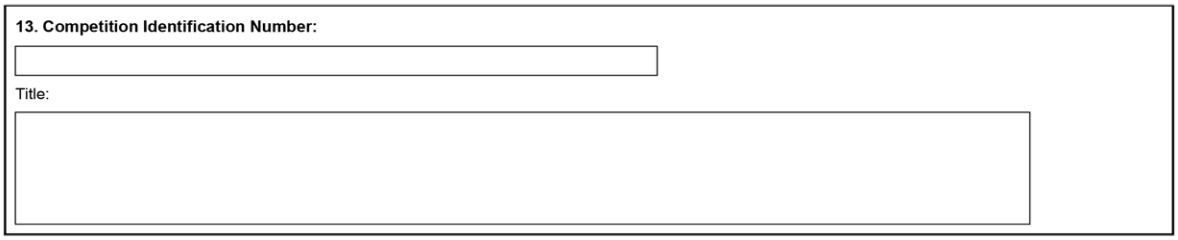
CFDA Title:

11.	**Catalog of Federal Domestic Assistance Number/Title:**	Enter ***21.008*** as the Catalog of Federal Domestic Assistance Number and ***Low Income Taxpayer Clinic*** as the title.

Item	Field Name	Information



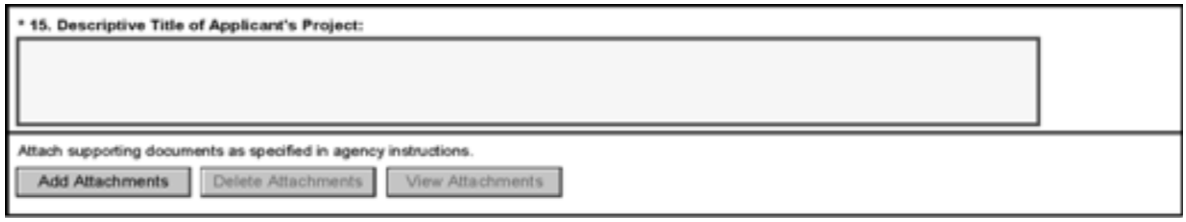
12.	**Funding Opportunity Number/ Title:**	Both fields will prepopulate with the necessary information and cannot be edited. The information will be *TREAS-GRANTS-052022-001* for the Funding Opportunity Number and *Low Income Taxpayer Clinic* as the title.



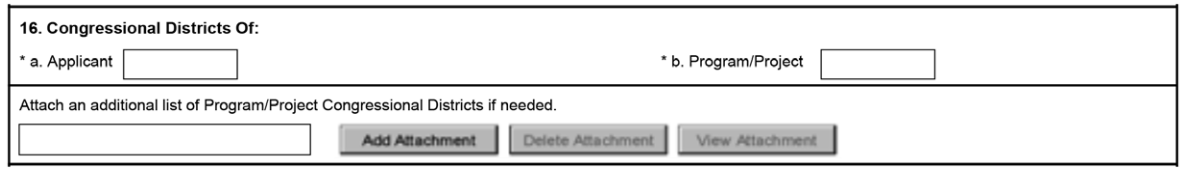
13.	**Competition Identification Number/Title:**	This field will prepopulate with the necessary information and cannot be edited. The information will be *TREAS-GRANTS-05022-001* as the Competition Identification Number.



14.	**Areas Affected By Project:**	(*Required*) Add an attachment listing the county where services will be provided. If multiple counties, list each individually. Only list counties. If the applicant defines service area by city or region (*e.g.*, northwest region of the state), list all counties by name within the geographical bounds of the region. If the clinic serves the entire state, enter the state name and note *All Counties*.



15.	**Descriptive Title of Applicant's Project:**	(*Required*) Enter the following: *The Clinic will work to meet the goal of delivering a three-prong program to represent, educate and advocate for low-income taxpayers and for taxpayers for whom English is a second language.*



16.	**Congressional Districts Of Applicant and Program/Project:**	*(Required*) 16(a). Enter the applicant's congressional district. 16(b). Enter all district(s) affected by the program or project. Enter in the format: two character state abbreviation-two character district number (***e.g.***, CA-05 for California's 5th district, ***NC-10*** for North Carolina's 10th district). If all congressional districts in a state are affected, enter ***all*** for the district number, (***e.g.***, ***MD-all*** for all congressional districts in Maryland).

Item	Field Name	Information

17. Proposed Project:

* a. Start Date: [ ] * b. End Date: [ ]

17.	**Proposed Project Start Date and End Date:**	*(Required)* 17(a). Enter *1/1/2022* as the proposed Start Date. 17(b). The proposed End Date should be entered as *12/31/2022* or the end of the multi-year grant period, if later (*i.e.*, *12/31/2023* or *12/31/2024*, as applicable).

18. Estimated Funding ($):

* a. Federal

* b. Applicant

* c. State

* d. Local

* e. Other

* f. Program Income

* g. TOTAL

18.	**Estimated Funding:**	*(Required)* 18(a). Enter the amount of federal grant funds requested for 2022, regardless of whether the applicant is applying for a single-year or multi-year grant. As no more than $100,000 can be awarded, the amount should not exceed $100,000. 18(b)–(e). Enter the amount of all matching funds by source. 18(f). Enter any income the organization expects to generate from the program. **Note:** The total from lines (b)-(f) must equal or exceed the amount entered on line 18(a) to show that applicant can provide a dollar-for-dollar match. 18(g). Enter the sum of the amounts in 18(a) through 18(f).

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

☐ a. This application was made available to the State under the Executive Order 12372 Process for review on [ ].

☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☐ c. Program is not covered by E.O. 12372.

19.	**Is Application Subject to Review by State Under Executive Order 12372 Process?**	*(Required)* Select "c. Program is not covered by E.O. 12372."

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

☐ Yes ☐ No

If "Yes", provide explanation and attach

[ ] Add Attachment | Delete Attachment | View Attachment

20.	**Is the Applicant Delinquent on any Federal Debt?**	*(Required)* Select the appropriate box. This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of federal debt include, but are not limited to: delinquent audit disallowances, loans, and taxes. If yes, include an explanation in an attachment.

Item	Field Name	Information

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

☐ ** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

21. Assurances and Certifications and Authorized Representative:	Check the box marked "I agree" after reviewing the Assurances and Certifications in Publication 3319. To be signed and dated by the authorized representative of the applicant organization. Enter the first and last name (Required), prefix, middle name; and suffix. Enter title, telephone number and, email (All required), and fax number. A copy of the governing body's authorization for you to sign this application as the official representative must be on file in the applicant's office. **Note:** Signing this form (Standard Form 424) certifies that the applicant will comply with the Assurances and Certifications listed in Publication 3319, Section, VI.D, ***National Policy Requirements and Administrative Requirements***. Please carefully read the Assurances and Certifications before signing this form.

INSTRUCTIONS FOR FORM 13424, LOW INCOME TAXPAYER CLINIC (LITC) APPLICATION INFORMATION

This form is used to report basic information about the applicant, including the amount and period of the grant requested, contact information for the applicant's sponsoring organization, the name and location of the clinic where services are provided, and key clinic staff members. The Program Office uses the information reported on this form to correspond with clinics and to publicize the location of clinics to taxpayers in IRS publications and online. Please follow the instructions carefully and report all information completely and accurately. A complete response means an entry must be provided for each field.

All organizations submitting a Full Grant Application and NCC Request must complete this form. See Publication 3319, Section IV, *Application and Submission Process*.

Specific Instructions

Grant Period Request

Check the appropriate box to indicate whether a single or multiyear grant is requested. Under IRC § 7526, the LITC Program Office is authorized to issue grants for a period of up to three years. Generally, applicants that have never been awarded an LITC grant are not eligible for a multiyear grant and may only request a single year grant.

Enter the total amount, rounded to whole dollars, of funding requested for the grant year. The maximum funding that may be awarded is $100,000.

Applicant Information

Enter the contact information for the organization applying for the grant. The name of the applicant must match exactly the name used to register with SAM. If a grant is awarded, the award will be payable to the organization listed in this section.

For Applicant's Mailing Address, please provide a complete response, including zip plus-four code. Phone numbers should be formatted as 123-456-7890 x.111.

Clinic Information

This section is used to report information about the clinic where services are provided to taxpayers. If a grant is awarded, the information entered in this section will be used *exactly as entered* to prepare IRS Publication 4134, Low Income Taxpayer Clinic List. Publication 4134 is the primary tool for many low-income and ESL taxpayers to locate LITC services. **Thus, the clinic name as provided should be the name used in materials publicizing the LITC's services to taxpayers and the public**.

Please provide a complete response, including zip plus-four code, for the Clinic Street Address, and Clinic Mailing Address. Do not write "same." Phone numbers should be formatted as 123-456-7890 x.111. When providing the clinic's website address, please provide the direct link to the LITC page if one is available. If no website exists, write "none."

Please individually list all languages in addition to English in which services can be provided on site. If the clinic uses a telephone or internet based translation service, state "other languages through interpreter services."

All applicants must identify a Clinic Director, Qualified Tax Expert (QTE), and Qualified Business Administrator (QBA) responsible for clinic operations and management of funds. For more information on these positions, see Publication 3319, Section VI.C.i, *Standards for Operating an LITC*. For the Clinic Director and QTE, list any applicable licenses and certifications.

Tax Compliance Officer

All applicants must identify a Tax Compliance Officer. See Publication 3319, Section III.C.iii, *Compliance with Federal Tax and Nontax Requirements and Glossary* for a discussion of who may be designated to fill this role.

An applicant must be in full compliance with its federal tax responsibilities when applying for an LITC grant and throughout the grant year.

Form **13424** (April 2018)	Department of the Treasury - Internal Revenue Service **Low Income Taxpayer Clinic (LITC) Application Information**	OMB Number 1545-1648

Grant Period Request *(Check one)*

New application ☐ Single year ☐ Multi-year

Non-Competitive continuation ☐ Second year ☐ Third year

Grant amount requested *(maximum $100,000)*

Applicant Information

Legal name of sponsoring organization

Prefix	Last name	First name	Middle initial	Suffix

Title

Phone number	FAX number	Email address

Applicant's Mailing Address

Street

Street address line 2

City	State	ZIP + 4 code

Clinic Information

Name of clinic

Public telephone number	Toll-Free telephone number *(if applicable)*	FAX number

Website address *(if applicable)*

Languages served in addition to English

Clinic Street Address			**Clinic Mailing Address**		
Street			Street		
City	State	ZIP + 4 code	City	State	ZIP + 4 code

Clinic Director Information

Prefix	Last name	First name	Middle initial	Suffix

Telephone number	Email address

Licenses/Certifications *(Check all that apply)*

☐ Attorney ☐ CPA ☐ Enrolled Agent ☐ Other _____

Catalog Number 36126D www.irs.gov Form **13424** (Rev. 4-2018)

Qualified Tax Expert (QTE)

Prefix	Last name	First name	Middle initial	Suffix

Telephone number	Email address

Licenses/Certifications *(Check all that apply)*

☐ Attorney ☐ CPA ☐ Enrolled Agent ☐ Other _____

Qualified Business Administrator (QBA)

Prefix	Last name	First name	Middle initial	Suffix

Telephone number	Email address

Tax Compliance Officer

Prefix	Last name	First name	Middle initial	Suffix

Title

Telephone number	Email address

Instructions for Form 13424, Low Income Taxpayer Clinic (LITC) Application Information

Purpose
This form is used to report basic information about the applicant, including the amount and period of the grant requested, contact information for the applicant's sponsoring organization, the name and location of the clinic where services are provided, and key clinic staff members. The Program Office uses the information reported on this form to correspond with clinics and to publicize the location of service providers to taxpayers in IRS publications and online. Please follow the instructions carefully and report all information completely and accurately. A complete response means an entry must be provided for each field.

Who Must Complete This Form
All organizations submitting a Full Grant Application or a Non-Competitive Continuation (NCC) Request must complete this form. See Publication 3319, Section IV, *Application and Submission Process.*

Any forms submitted with a Full Grant Application or NCC Request may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these forms after appropriate redactions to ensure confidentiality of taxpayer information.

Specific Instructions

Grant Period Request
Check the appropriate box to indicate whether a single or multi-year grant is requested. Under IRC § 7526, the LITC Program Office is authorized to issue grants for a period of up to three years. Applicants that have never been awarded an LITC grant are not eligible for a multi-year grant and may only request a single year grant.

Current grantees requesting a NCC Request must check the box indicating whether the request is for the second or third year of a multi-year grant.

Enter the total amount, rounded to whole dollars, of funding requested for the grant year. The maximum funding that may be awarded for any grant year is $100,000.

Applicant Information
Enter the contact information for the organization applying for the grant. The name of the applicant must match exactly the name used to register with the System for Award Management (SAM). If a grant is awarded, the award will be payable to the organization listed in this section.

For Applicant's Mailing Address, please provide a complete response, including zip plus-four code. Phone numbers should be formatted as 123-456-7890 x.111.

Clinic Information
This section is used to report information about the clinic where services are provided to taxpayers. If a grant is awarded, the information entered in this section will be used *exactly as entered* to prepare IRS Publication 4134, *Low Income Taxpayer Clinic List.* Publication 4134 is the primary tool for many low income and ESL taxpayers to locate LITC services. **Thus, the clinic name entered should be the name used in materials publicizing the LITC's services to taxpayers and the public.**

Instructions for Form 13424, Low Income Taxpayer Clinic (LITC) Application Information (cont'd)

Please provide a complete response, including zip plus-four code, for the Clinic Street Address, and Clinic Mailing Address. Do not write “same.” Phone numbers should be formatted as 123-456-7890 x.111.

When providing the clinic’s website address, please provide the direct link to the LITC page if one is available. If no website exists, write “none.”

Please individually list all languages in addition to English in which services can be provided on site. If the clinic uses a telephone or internet based translation service, state “other languages through interpreter services.”

All applicants must identify a Clinic Director, Qualified Expert (QTE), and Qualified Business Administrator (QBA) responsible for clinic operations and management of funds. For more information on these positions, see Publication 3319, Section VI.C.i, *Standards for Operating an LITC.* For the clinic director and QTE, list any applicable licenses and certifications.

Tax Compliance Officer
All applicants must identify a Tax Compliance Officer. See Section III.C.iii, *Compliance with Federal Tax and Nontax Requirements* and *Glossary* for a discussion of who may be designated.

An applicant must be in full compliance with its federal tax responsibilities when applying for an LITC grant and throughout the grant year.

INSTRUCTIONS FOR FORM 13424-J, DETAILED BUDGET WORKSHEET AND NARRATIVE EXPLANATIONS

This form must be submitted with all Full Grant Applications and NCC Requests for an LITC matching grant. This form is used to provide a detailed explanation for each spending category in the proposed budget for the LITC grant, including how federal grant funds and matching funds will be spent during the grant period. All budgeted amounts must be reasonable, necessary, and allocable to this grant. In preparing the budget, adhere to existing guidelines in 2 CFR Part 200, 2 CFR Part 1000, and Publication 3319, which explain how budgeted amounts should be reported. See Publication 3319, 2 CFR § 200.306, and 2 CFR § 1000.306 for guidance on matching funds.

NOTE:

- Each budget item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds requested. For more information on meeting the matching funds requirement, See Publication 3319, Section IV.E.iii, *Meeting the Matching Funds Requirement*.
- Federal funds are those funds the applicant is seeking from the IRS in support of the LITC Program.
- Non-federal funds are funds from other sources that the applicant has or will have available to spend on the LITC Program. These are considered matching funds.
- 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* provides guidance about allowable and unallowable expenses. Also, see Publication 3319, Section IV.E.iii, *Meeting the Matching Funds Requirement*, for a list of common allowable and unallowable expenses.
- Please round figures to whole dollars only.
- Budgets should only include funding requested for grant year 2022, even if an applicant is applying for a multiyear grant.

All organizations submitting a Full Grant Application or NCC Request must complete this form. **Failure to provide this information will result in non-consideration of the Full Grant Application or NCC Request.**

Each lettered section of the Budget Narrative corresponds to an expense category in the Detailed Budget Worksheet. The information provided in the narrative should be sufficiently detailed so that a reviewer can arrive at the same amounts listed on the Budget by expense and by category (federal or match).

A. Personnel

Report salaries and wages that will be paid to LITC staff. Do not include fringe benefits in this category (fringe benefits should be accounted for in category B). In the explanation, list each staff member's name or if they are "to be hired," position, rate of pay and time to be devoted to clinic activities (hourly wage and number of hours of service, or annual salary and percentage of annual salary). State the portion of each staff member's budgeted salary or wages to be paid from federal and matching funds, as well as the source of the matching funds. Volunteer in-kind services should not be included under the Personnel category. They should be included under category H, *Other Expenses*.

1. ***Calculate the Full Time Equivalent for each clinic employee.***
   Determine each clinic staff member's full-time equivalent (FTE). The FTE number is arrived at by dividing the number of hours the employee will devote to LITC activities during the year by the total

hours that will be worked by a full-time employee in a year. For many organizations, an employee is considered full-time if he or she works 40 hours a week (for other programs it might be a different number). For this example, we will assume full-time is 40 hours per week. In one year, a full-time employee would work 40 hours multiplied by 52 weeks for a total of 2,080 hours. If the employee will devote 2,080 hours to the LITC, his or her FTE will be 1.0 (2,080 LITC hours/2,080 total hours). If the employee will work 1,560 hours on LITC activities, then the FTE will be .75 (1,560 LITC hours/2,080 total hours).

Annual leave, sick leave, compensatory time off, and other approved leave categories are considered "hours worked" for purposes of defining full-time equivalent employment that is reported.

2. ***Calculate the personnel expense for each staff member.***
   For full-time salaried employees, multiply the total salary by the FTE, as calculated above, to arrive at the LITC share of the personnel expense.

   For salaried part-time staff, calculate the percentage of the staff 's time to be devoted to the LITC (LITC hours/total hours) and then multiply that percentage by the employee's total salary.

   For hourly employees, multiply the LITC hours to be worked by the hourly rate.

3. ***Determine and list out the dollar amount attributable to federal and match.***
   The FTE percentage represents the maximum portion of the employee's wages that can be allocated to the LITC grant, using grant funds (federal funds), matching funds, or a combination of both.

4. ***List sources of match.***

B. Fringe Benefits

Report fringe benefits that will be paid on behalf of LITC staff whose wages and salaries are reported in category A, *Personnel*. Include in the explanation:

- The fringe benefits rate(s), including the formula (methodology) for calculating fringe benefits for each position listed in category A;
- The items that are included in fringe benefits;
- The dollar amount attributable to federal and match; and
- Source of matching funds.

C. Travel

This expense category is used to report budgeted travel costs, including costs associated with attendance at the Annual LITC Grantee Conference and other travel expenses directly related to conducting LITC business or activities. In the explanation, identify:

- The travel costs to be incurred;
- Whether the costs will be paid with federal or matching funds; and
- The source of the matching funds.

If using a mileage rate, show the computation.

D. Equipment

This expense category is used to report the budgeted cost of equipment purchases that equal or exceed $5,000 that will be used in operating an LITC program. See 2 CFR § 200.1. Equipment costing less is included in category E, *Supplies*. Report leased equipment under category F, *Contractual*, and equipment maintenance expense under category H, *Other Expenses*.

Donated equipment may be included in the matching funds column and must be valued at the fair market value of the property at the time of the donation. In the explanation, identify:

- The equipment that will be purchased or donated;
- Whether the associated costs will be paid using federal or matching funds; and
- The source of the matching funds.

If there will be third-party in-kind contributions of equipment, identify:

- The equipment;
- The donor; and
- How the valuation was determined.

E. Supplies

This expense category is used to report the cost of supplies and equipment costing less than $5,000 that will be used in operating the LITC. Donated supplies may be included in the matching funds column and are valued at the fair market value of the property at the time of the donation. In the explanation, identify:

- The supplies to be used;
- Whether the associated costs will be paid using federal or matching funds; and
- The source of the matching funds.

If there are third-party in-kind contributions of supplies, identify:

- The supplies;
- The donor; and
- How the valuation was determined.

F. Contractual

This expense category is used to report the budgeted cost of rent, utilities, and other contracted items or services that will be used in operating an LITC program. Donated space may be included as matching funds and the value assigned may not exceed the fair market rental value of comparable space. The explanation should identify:

- The nature of the expense;
- Whether the associated costs will be paid using federal or matching funds; and
- The source of the matching funds.

If a contracted item or service pertains to other programs in addition to LITC activities, only the portion directly attributable to LITC activities may be allocated to the LITC program. The narrative must explain the methodology used to apportion costs between the LITC activities and other programs.

Necessary and reasonable expenses that support LITC activities as well as functions of the organization should be allocated and charged as a direct cost of award funds if it is practical to separate the portion of the expense allocable to LITC activities. The determination of whether it is practical or reasonable to allocate expenses directly in proportion to use depends on several factors, including the size of the organization running the LITC, size and number of other functions the organization operates, and the amount of the expense.

G. Construction

This category is not applicable to this grant. No expenses are allowed.

H. Other Expenses

This expense category is used to report all other direct costs that will be incurred in operating the LITC program that are not properly included in categories A through G. The value of volunteer in-kind services is included in this category as matching funds. The explanation should identify:

- The type of expense;
- Whether the cost will be paid using federal or matching funds; and
- The source of the matching funds.

The explanation must also disclose the rate or rates that will be used to value volunteer in-kind services and the number of volunteer hours that will be provided, categorized by the type of service or volunteer, as appropriate. See Publication 3319, Section IV.E.iii, *Meeting the Matching Funds Requirement, Determining the Value of Volunteer Services*.

I. Total Direct Charges

The total of the direct charges is the sum of lines A–H for each column.

J. Indirect Charges

Report indirect costs not directly related to the LITC program but incurred as part of the general overhead and administration of the sponsoring organization. Necessary and reasonable expenses that support LITC activities as well as functions of the organization should be allocated and charged as a direct cost of award funds if it is practical to separate the portion of the expense allocable to LITC activities. The determination of whether it is practical or reasonable to allocate expenses directly in proportion to use depends on several factors, including the size of the organization operating the LITC, size and number of other functions the organization operates, and the amount of the expense. The *Uniform Guidance* defines indirect costs as:

> [T]hose costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. (2 CFR § 200.1.)

For example, an organization has a $5,000 expense that supports LITC activities and two other programs the organization operates. Suppose the organization can spend an additional $100 in administrative costs to accurately allocate the $5,000 among the three programs in proportion to the benefit each received. In that case, the allocation is reasonable and the organization should perform the allocation and charge the portion of the $5,000 that is allocable to LITC activities as a direct cost.

Now suppose the organization has a $5,000 expense that supports LITC activities and two other programs the organization operates, but to properly allocate the $5,000 among the three programs in proportion to the benefit each received, it would cost the organization an additional $2,000 in administrative costs. In that case, direct allocation of the cost is not cost-effective, and the organization can choose to account for the $5,000 expense as an indirect cost. The organization then apportions the total indirect costs (*i.e.*, the indirect cost pool) to each of the benefiting programs using a method that is consistent, reasonable, auditable, and in accordance with generally accepted business practices.

The *Uniform Guidance* in section 200.414(b) recognizes that because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of cost which may be classified as indirect costs in all situations. The purpose of the federal award is the determining factor in distinguishing direct from indirect costs, rather than the nature of the goods and services expensed.

Typical indirect expenses may include:

- Salaries and wages of administrative and support staff;
- Related employee benefits;
- Facility occupancy costs (*e.g.*, utilities, security, maintenance);
- Office supplies; and
- Legal and auditing charges.

Once the organization has classified expenses as either direct or indirect, the organization must determine how to allocate the indirect costs amongst the programs that they benefit, so that LITC funds do not subsidize the indirect costs of other programs or functions of the organization. To calculate the amount of federal funds allocable to indirect costs, the organization may use a negotiated indirect cost rate agreement (ICRA) approved by the organization's cognizant agency. If the organization has never obtained a negotiated indirect cost rate or if its ICRA has expired, it may elect to apply the *de minimis* rate of ten percent.

Matching Funds

Complete this section by providing a narrative that includes:

- A list of all sources of matching funds;
- The amount of matching funds broken down by source; and
- The methodology used for any calculations.

The clinic must state explicitly that matching funds to be provided to the LITC program:

- Will not be used as matching funds for any other federal program; and
- Will not be funds received from any other federal grant unless specifically authorized by statute to be eligible as matching funds.

An employee of the grant recipient may not be treated as a volunteer for purposes of valuing in-kind services. For example, suppose an LITC pays an employee an hourly wage to work at the LITC three days a week, and the employee chooses to spend an additional two days each week volunteering at the LITC. In the example, the LITC may charge the employee's wages as an expenditure of federal or matching funds, but it cannot apply the value of the two days spent volunteering as a contribution to help meet the matching fund requirement.

FULL-TIME EQUIVALENT CALCULATION

This is a further demonstration of determining FTE and also determining what is properly counted as matching funds for purposes of the LITC grant.

Example FTE Calculations

ABC Legal Services LITC computes a 1.0 FTE based on a 40-hour work week (2,080 hours per year).

Example: Clinic Director/(QTE) – John Fordham, Esq.

John works full-time at ABC Legal Services. He will spend 32 hours per week on LITC grant activities, for an annual total of 1,664 hours, making John a 0.80 FTE (1,664/2,080) for purposes of the LITC grant. John's annual salary is $89,000. Since John's time spent on LITC grant activities is equivalent to 0.80 FTE, he will receive $71,200 of his total salary ($89,000) for his work in the LITC. This is calculated by multiplying his FTE annual salary of $89,000 by 0.80 for a total of $71,200 ($89,000 x 0.80 = $71,200). John's compensation is comprised of $70,000 of grant funds and $29,000 operating funds. From the $71,200 in compensation for work on LITC activities, $50,000 will be paid from LITC grant funds (federal funds), and $21,200 from operating funds. Thus, a maximum of $21,200 may be classified as matching funds.

Example: Paralegal – Alice Gonzaga

Alice works part-time for ABC Legal Services, for a total of 1,040 hours. Annually she will spend a total of 900 hours on LITC grant activities, making Alice a 0.43 FTE (900/2,080) for purposes of the LITC grant. Alice is paid $22 per hour. She receives total annual compensation of $22,880 (1,040 x $22); $19,800 (900 x $22) of which will be compensation for her work in the LITC. Alice's compensation will be comprised of $10,000 paid from LITC grant funds (federal funds), and $9,800 (matching funds) paid from XYZ Private Foundation funds. The remaining compensation of $3,000 is for non-LITC work and therefore is not eligible match.

Example: Intake – Ruth Washington

Ruth works full-time at ABC Legal Services. She will spend 18.4 hours per week on LITC grant activities, for an annual total of 957 hours, making Ruth a 0.46 FTE (957/2,080) for purposes of the LITC grant. Ruth is paid $15 per hour. She receives total annual compensation of $31,200 (2,080 x $15). Ruth's compensation will be comprised of $14,355 paid from LITC grant funds (federal funds), and $16,845 for non-LITC work is paid from operating funds. None of Ruth's compensation may be classified as matching funds, because all of her time spent on LITC grant activities is compensated using LITC grant funds.

Example: Receptionist – Debra Chapman

Debra works full-time at ABC Legal Services. She provides administrative and clerical support to three programs including the LITC program. Debra will spend one-third of her time on LITC activities, making her a one-third FTE for purposes of the LITC grant. Debra's annual salary is $30,000, so $10,000 (1/3 x $30,000) of her annual salary is allocable to LITC activities. The $10,000 allocable portion will be paid using $6,000 from LITC grant funds (federal funds), and $4,000 paid from private cash contributions. Thus, a maximum of $4,000 may be classified as matching funds.

Form **13424-J** (May 2018)	Department of the Treasury - Internal Revenue Service **Detailed Budget Worksheet**	OMB Number 1545-1648

Name of Low Income Taxpayer Clinic

Grant Period From To

Expense Categories	Federal	Match	Total
A. Personnel			
B. Fringe Benefits			
C. Travel			
D. Equipment			
E. Supplies			
F. Contractual			
G. Construction			
H. Other Expenses			
I. Total Direct Charges			
J. Indirect Charges			
K. Totals			

Detailed Budget Narrative Explanations

A. Personnel

B. Fringe Benefits

C. Travel

D. Equipment

E. Supplies

F. Contractual

G. Construction

H. Other Expenses

I. Total Direct Charges

J. Indirect Costs

Matching Funds

FORM 13424-M, LOW INCOME TAXPAYER CLINIC (LITC) APPLICATION NARRATIVE

This form is used to report background information about the applicant, details about the Program Performance Plan, and information for a Civil Rights Review. The Program Office uses the information reported on this form to determine applicant eligibility. The information collected with this form will be closely evaluated when reviewing and scoring the grant application. Please answer all the questions carefully and report all information completely and accurately. A complete response means an entry must be provided for each field.

All organizations submitting a Full Grant Application must complete this form.

Form **13424-M** (March 2019)	Department of the Treasury - Internal Revenue Service **Low Income Taxpayer Clinic (LITC) Application Narrative**	OMB Number 1545-1648

Applicant Organization name

Use this template to complete the Background Information, Program Performance Plan, and Civil Rights Review required to be submitted with all LITC grant applications. Your responses may contain internal references. There is no need to reprint text contained elsewhere on this form.

Background Information

This section is designed to solicit information concerning an applicant's qualifications.The information will be used to determine whether the organization has sufficient experience in delivering services to low income and ESL individuals and the infrastructure to properly manage federal funds. Provide specific responses for each of the following requirements and keep comments concise and relevant.

I. Experience

A. Describe the applicant's experience in operating an LITC program. Do not include information about the experience of specific individuals here. If the applicant has no experience operating an LITC program, describe the applicant's experience in delivering services *(e.g., representation, education, and advocacy)* to low income and ESL individuals and families. Include types of services provided, languages served, and number of individuals reached

B. List the applicant's existing affiliations with organizations, such as schools, governmental bodies, or other charitable organizations

C. Describe the applicant's experience supervising staff, students, and volunteers and provide examples of how supervision is provided

D. Describe the applicant's experience networking with their affiliates and other community-based organizations with which it can work to reach taxpayers and experience providing technical assistance to other organizations

II. Financial Responsibility

A. Describe the applicant's ability to properly spend and account for program funds. Include examples of experience in managing federal grants, if any, and a description of the organization's existing accounting system and accounting support staff. The program office may request copies of the internal accounting procedures as needed

1. Describe accounting procedures and accounting support staff

2. Describe the method for tracking and verifying expenditures to ensure that LITC grant funds and matching funds will be used solely for qualifying LITC activities

i. Does the applicant operate a VITA Site ☐ Yes ☐ No

ii. If yes, specifically identify how the applicant will ensure LITC funds are not utilized for VITA activities

3. Describe the plans for audits and controls

4. With regard to the financial statements submitted with this application or those uploaded to Single Audit Warehouse, provide the following information: *(if a profit and loss statement or other substitute was submitted because financial statements were not available, skip to question 5)*

☐ Unaudited ☐ Audited

i. If audited, was the audit a single audit conducted in accordance with 2 CFR 200.501 ☐ Yes ☐ No

ii. If audit was conducted in accordance with 2 CFR 200.501, was the audit report uploaded to the clearinghouse ☐ Yes ☐ No

iii. Indicate whether the auditor provided an:

☐ Unmodified opinion ☐ Qualified opinion ☐ Adverse opinion ☐ Disclaimer opinion

iv. If you answered anything other than unmodified, provide an explanation as to the reason for the type of opinion provided

v. Indicate the year-end date of the financial statements submitted *(MM/DD/YYYY)*

5. Provide the name and describe the qualifications and relevant expertise of the Qualified Business Administrator (QBA) *(the person with business administration and federal grants management experience)*

Program Performance Plan

This section of the application is designed to solicit information concerning the ability of an applicant to operate a quality LITC. Provide specific responses for each of the following requirements and keep comments concise and relevant.

I. Program Staff

A. For 1.-2., provide the staff member's name and list the qualifications and expertise of the individual as it relates to the position

1. The Qualified Tax Expert (QTE)

2. The Clinic Director

B. List the titles, responsibilities, and qualifications of clinic staff other than the Clinic Director, QTE, or QBA

C. If students will be used by the clinic to provide representation, education or advocacy, indicate the number of students per semester and type *(law students, graduate accounting students, etc.)*

1. If using students, will the clinic obtain a special appearance authorizing students to represent taxpayers before the IRS; and ☐ Yes ☐ No

2. Will permission be obtained from the United States Tax Court for students to practice before the Court ☐ Yes ☐ No

D. Identify clinic staff authorized to represent taxpayers before the IRS and identify whether each is an attorney, Certified Public Accountant, or Enrolled Agent

E. Identify clinic staff admitted to practice before the U.S. Tax Court and include each individual's Tax Court bar number

F. Explain the method used to track staff time, student time, and how the type of activity is tracked and coded

II. Taxpayer Services

A. Describe the proposed program plan for the period for which the grant is requested *(Form 424, section 17)*

1. Identify the geographic area(s) the clinic will serve. Describe the identified population for low income and ESL representation, education, and advocacy. Provide demographic information including the total population, number of low income residents, and number of ESL residents, information about languages present, and the source of the data supplied

2. Describe the type of representation services to be provided

i. Describe the method used to track the 90/250 income requirement. Include an explanation of any alternative methods used to measure income for purposes of determining eligibility for controversy services *(e.g., seasonal workers)*

ii. Describe the method used to track the amount in controversy for any taxable year and state the policy that will be used to accept cases when the amount in controversy exceeds the amount specified in IRC § 7463 *(currently $50,000)*

iii. Briefly describe the procedures for intake, assignment, and monitoring of representation cases

B. Describe the consultation services to be provided and how they will be made available to taxpayers

C. Describe the educational activities to be provided, including educational topics to be covered, how these topics were identified, and how they will be made available to taxpayers. Include details about the review process for educational materials to ensure such materials are accurate

III. Clinic Operations

A. Describe plans for tracking the delivery of services to low income and ESL taxpayers and how that data will be used to assess and shape future service delivery

B. Describe plans to protect taxpayer privacy and to maintain confidentiality of taxpayer information and any tax return information. Describe the procedures used to safeguard client records. Is there a private office or conference room to meet with clients

C. Describe the clinic's publicity plan, including different methods, types of media, and potential venues for outreach to low income taxpayers and ESL taxpayers

D. Indicate the dates, days, and hours of clinic operation. State whether the clinic will be open full-time and year-round. Describe plans for staffing the clinic during periods of student absences if the LITC is part of an academic institution. Specifically state whether the clinic will accept and work new cases during periods of student absences or merely refer taxpayers to other organizations

E. Describe the clinic's plans for charging nominal fees, if any, and the amount

IV. Volunteers

A. Describe the applicant's pro bono panel and how panel members will be identified and recruited. If the applicant is using a local, state, or national *pro bono* panel, explain the referral process

B. Describe the procedures used to assign cases to volunteers, monitor case progress, and evaluate services to ensure that taxpayers receive quality assistance

C. Detail the method used to track volunteer time

V. Training and Resources

A. Describe the in house training to be provided to clinic staff, students, and volunteers including a description of the training topics, and the qualifications of trainer(s) and person(s) creating the materials

B. Identify the continuing professional education (CPE) activities the clinic staff and volunteers anticipate attending

C. Describe the clinic's tax library and any plans to provide access to other research resources

VI. Program Monitoring, Evaluation, and Reporting

A. Describe the strategy for monitoring and evaluating program results *(in short and long-term)*, including how success will be defined and measured

B. Indicate how the clinic intends to measure and address client satisfaction

VII. Program Numerical Goals

If requesting a multi-year grant, state goals for each year. Project numerical goals for	First Year	Second Year *(if applicable)*	Third Year *(if applicable)*
A. New representation cases opened in the calendar year *(do not include beginning inventory)*;			
B. Consultations with low income and ESL taxpayers;			
C. Educational activities to low income and ESL taxpayers; and			
D. Low Income and ESL taxpayers to be reached in educational activities			

Civil Rights Review

This information is mandatory and required of every applicant annually. Responses to the civil rights questions should be directly related to the part of the sponsoring organization that receives funding or where the LITC will be housed. For example, if the law school or business school within a university applies for funding for the LITC Program, the responses to the civil rights questions should only be in reference to the part of the university where the LITC will be housed, not the entire university. If the applicant does not have any information to report on these questions, a negative response is required such as none. If additional space is needed attach additional pages. Not applicable or NA is not an acceptable response. The applicant must provide the following information as a condition of eligibility under the LITC Program.

A. A list of active lawsuits or complaints naming the applicant which allege discrimination on the basis of race, color, national origin, age, sex, or disability with respect to service or benefits being provided. The list should include the date the lawsuit or complaint was filed; a summary of the allegation; and the status of the lawsuit or complaint, including whether the parties to a lawsuit have entered into a consent decree

B. A description of all pending applications for financial assistance and all financial assistance currently provided by other federal agencies

C. A summary of all civil rights compliance review activities conducted in the last three years. The summary shall include the purpose or reason for the review; a summary of the findings and recommendations of the review; and a report on the status or disposition of such findings and recommendations

D. A description of how the needs of individuals with limited English proficiency (LEP) or individuals who may need a reasonable accommodation will be addressed in order to access services

E. Does the applicant agree to compile and maintain all required records, as appropriate, according to the agency's guidelines ☐ Yes ☐ No

F. Does the applicant agree to display Publication 4053, *IRS Civil Rights Poster* ☐ Yes ☐ No

COMPLETING THE PROJECT ABSTRACT IN GRANT SOLUTIONS

The Project Abstract allows grant recipients that have been awarded a multiyear grant to update information reported on the original Form 13424-M, Low Income Taxpayer Clinic (LITC) Application Narrative. The Project Abstract is required in years two and three of multiyear grants and is used to report numerical goals, material changes to the program plan, the civil rights review responses, and a statement about the availability of the applicant's audit on the Federal Audit Clearinghouse (FAC), if necessary.

Only grant recipient submitting an NCC Request must complete and submit a Project Abstract. The Project Abstract must contain the following information regarding the grant year for which the NCC Request is being submitted.

The Project Abstract starts as a completely blank document. The grant recipient must provide responses to Items I, II, and III, including each subpart, and IV. There is no need to reprint the full text below in the Project Abstract.

I. Numerical Goals

List separately numerical goals for each of the following:

i. New representation cases opened during the reporting period (see Form 13424-K, line 1B);

ii. Consultations (see Form 13424-A, line 6C);

iii. Educational activities to be conducted to low-income and ESL taxpayers (see Form 13424-A, sum of lines 2A and 2B); and

iv. Low-income and ESL taxpayers to be reached in educational activities (see Form 13424-A, sum of lines 3A and 3B).

II. Changes to the Program Plan

Enter a description of any material changes to the description of the Program Plan reported on the Form 13424-M, Low Income Taxpayer Clinic (LITC) Application Narrative, submitted with your original multiyear grant application. If no changes are anticipated, please indicate "no changes" or "N/A" in the space provided.

III. Civil Rights Review Responses

This information is mandatory and required of every applicant annually. If the applicant does not have any information to report on a particular question, a negative response is required. The applicant must provide the following information as a condition of eligibility under the LITC Program. You must respond to each item by providing the requested information or by entering "None", if applicable, for each subpart i.–iv., listed below. Be sure to provide all the detail requested for each subpart. For questions v. and vi., please provide a yes or no response.

i. A list of active lawsuits or complaints naming the applicant which allege discrimination on the basis of race, color, national origin, age, sex, or disability with respect to service or benefits being provided. The list should include the date the lawsuit or complaint was filed; a summary of the allegation; and the status of the lawsuit or complaint, including whether the parties to a lawsuit have entered into a consent decree.

ii. A description of all pending applications for financial assistance and all financial assistance currently provided by other federal agencies.

iii. A summary of all civil rights compliance review activities conducted in the last three years. The summary shall include the purpose or reason for the review; a summary of the findings and recommendations of the review; and a report on the status or disposition of such findings and recommendations.

iv. A description of how the needs of individuals with limited English proficiency (LEP) or individuals who may need a reasonable accommodation will be addressed in order to access services.

v. Does the applicant agree to compile and maintain all required records, as appropriate, according to agency guidelines?

vi. Does the applicant agree to display Publication 4053, IRS Civil Rights Poster?

IV. Statement About Availability of Audit on the Federal Audit Clearinghouse

If applicable, provide a statement about the availability of the sponsoring organization's audit on the FAC.

Example Project Abstract:

I. Projected Numerical Goals for 2022:

i. 200 new representation cases;

ii. 40 consultations;

iii. 10 educational activities to be conducted to low-income and ESL taxpayers;

iv. 200 low-income and ESL taxpayers to be reached in educational activities.

II. Changes to the Program Plan

Beginning on January 5, 2022, Saturday operating hours will be extended from 9am–1pm to 9am–2pm. As of February 2022, Jane Doe will be designated as QBA. Ms. Doe holds a Master's degree in accounting from the University of Columbia and has 10 years of experience managing federal grants.

III. Civil Rights Review Responses

i. Active lawsuits or complaints naming the applicant which allege discrimination on the basis of race, color, national origin, age, sex, or disability with respect to service or benefits being provided: None

ii. Pending applications for financial assistance: Legal Services Corporation, Basic Field Grant $100,000. Financial assistance currently provided by other federal agencies: State Legal Services, Operations Grant: $200,000.

iii. Equality and Inclusion Committee (Committee) annually reviews the policies governing employee supervision and how services are delivered to clients for compliance with civil rights protections. The Committee issues a written report with recommendations to the Board of Directors. The Committee's most recent report indicated that the racial and ethnic diversity of the LITC's staff fairly represents the local population the LITC serves.

iv. The applicant has bi-lingual staff members who speak English and Spanish and other staff members who speak English and French. The clinic uses telephone interpretation for other languages and a translation service for required documents and correspondence in other languages. The clinic notifies applicants of the right to reasonable accommodations on the reverse of its investigative retainer and client retainer.

v. Yes

vi. Yes

IV. Statement about availability of audit on the Federal Audit Clearinghouse

The applicant's single audit for fiscal year 2020 is available on the FAC.

APPENDIX B

FORMS FOR REPORTING LITC GRANTEE ACTIVITIES

REPORTING FORMS

All reports are to be submitted through GrantSolutions. The forms contained in this Appendix are provided for reference purposes only.

Due dates for reporting forms are:

Interim report: **August 1, 2022**
Year-End report: **March 31, 2023**

Timely submission of reporting forms is one criterion for evaluating clinic performance. If a grant recipient anticipates needing additional time to submit a report, the Clinic Director should address the situation with the assigned advocacy analyst assigned as far in advance of the due date as possible.

Content of the reports are subject to and may be released under the Freedom of Information Act (FOIA). For this reason, it is important that when reporting client success stories or emerging issues clinics are careful to ensure that the taxpayer cannot be identified by the details supplied in the report. In response to a FOIA request, the LITC Program Office will release these forms after having ensured that the clinic has properly redacted information in order to protect the confidentiality of taxpayer information.

In addition to the instructions provided in this appendix, the Program Office routinely provides report training to help ensure that clinic reports are complete and accurate. Training is announced through the LITC Toolkit and usually takes place several weeks in advance of the report due date.

Specific questions about how to report an item or activity of the clinic can be raised to the Advocacy Analyst assigned to the clinic. For questions or problems working within GrantSolutions, contact Bill Beard at Beard.William@irs.gov.

LITC GRANT RECIPIENT REPORTING REQUIREMENTS

Clinics are required to submit the following forms twice per grant year, as an Interim and a Year-End Report:

- ❑ Standard Form 425, Federal Financial Report;*
- ❑ Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report;
- ❑ Form 13424-B, Low Income Taxpayer Clinic (LITC) Case Issues Report;
- ❑ Form 13424-C, Low Income Taxpayer Clinic (LITC) Advocacy Information Report;
- ❑ Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report;
- ❑ Form 13424-L, Statement of Grant Expenditures and Narrative Explanations; and
- ❑ Form 13424-N, Low Income Taxpayer Clinic (LITC) Program Narrative Report.

***NOTE:** The Office of Management and Budget (OMB) requires completion of Standard Form 425. To assist clinics in completing this form, detailed instructions specifically tailored to the LITC program are provided.

The Program Office anticipates making changes to the Interim Report requirements to help reduce administrative burden. Any changes will be announced on the LITC Toolkit.

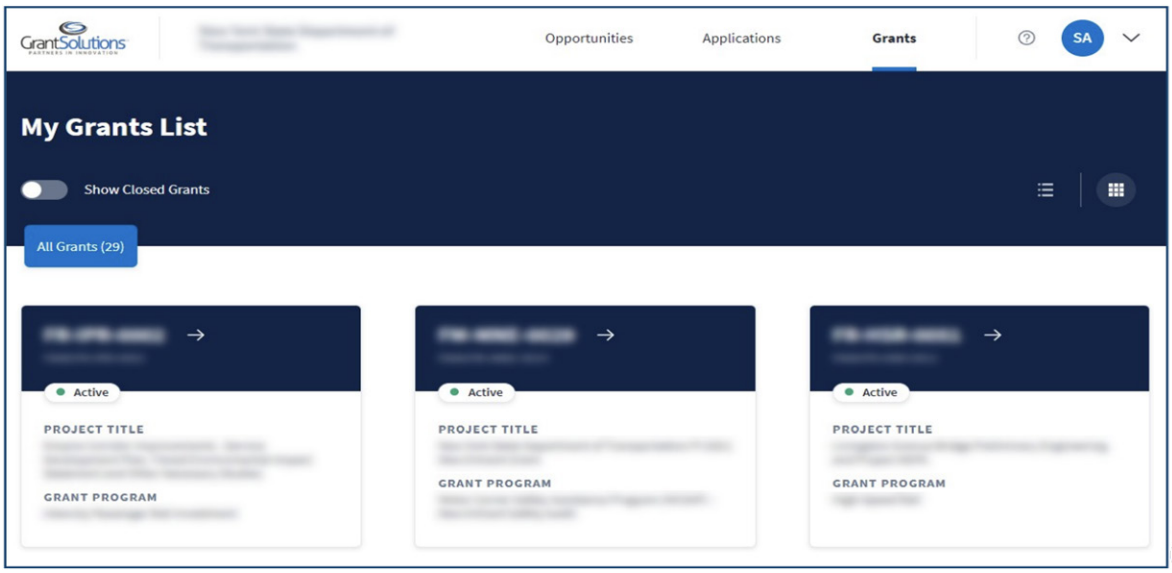
Reporting Period

Clinics are required to report on LITC activities twice for each grant year. The grant year is January 1 through December 31 for the year for which the grant was awarded. An Interim Report is required to report activities conducted for the period from January 1 through June 30; a Year-End Report is required to report activities conducted for the entire grant year. Check the appropriate box at the beginning of the form indicating for which period the report is being completed.

Accessing Reporting Forms on GrantSolutions

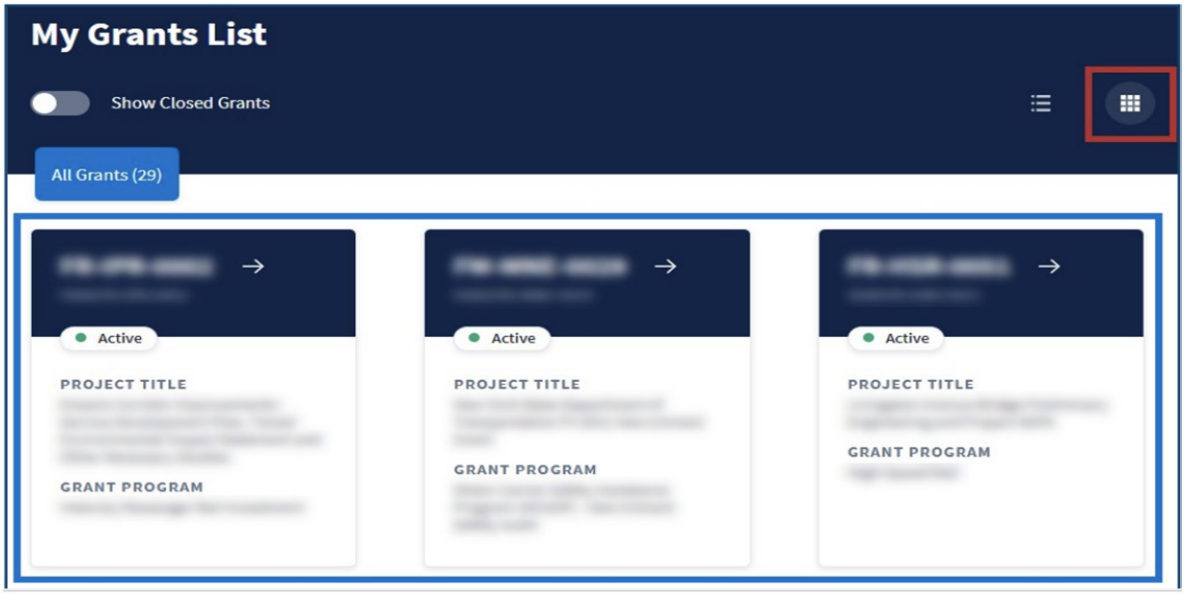
GrantSolutions recently made changes to the view to enhance the grant recipient user experience. Once you login, you will immediately see the difference and the changes made by GrantSolutions. They will have both the **new experience** and the **classic** available since the new will not have all the functionality required to complete all tasks. Initially, reporting Forms 13424A-N will not be available the new experience view. To complete those forms, you will have to be in **classic**.

First, login to GrantSolutions and navigate to the **My Grants List** screen. **Grant Project Cards** will appear on the screen, each representing an individual Grant Project. Grant Project information appears on each card and includes the Grant Number, FAIN, Grant Project Status, Project Title, and Grant Program.

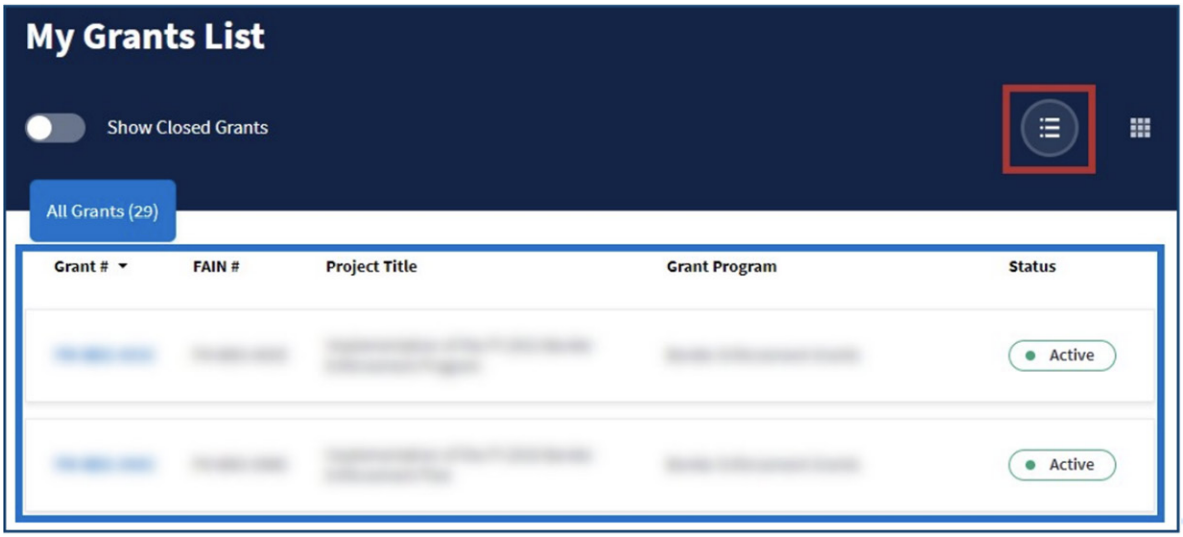


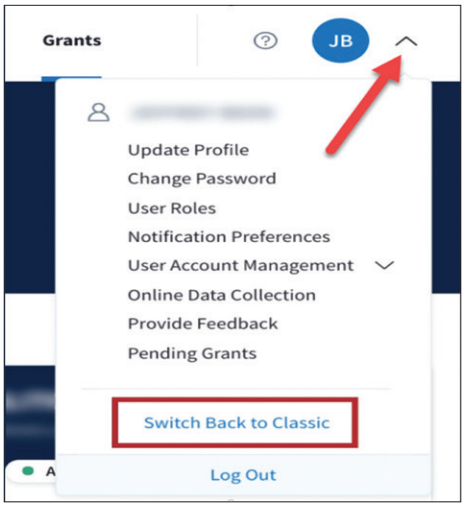
As a user you can change how you view the information on the screen. The view options are either **grid view** or **list view**.

The **grid view** is shown below and can be accessed by clicking on the grid icon.



The **list view** is shown below and can be accessed by clicking on the list icon.

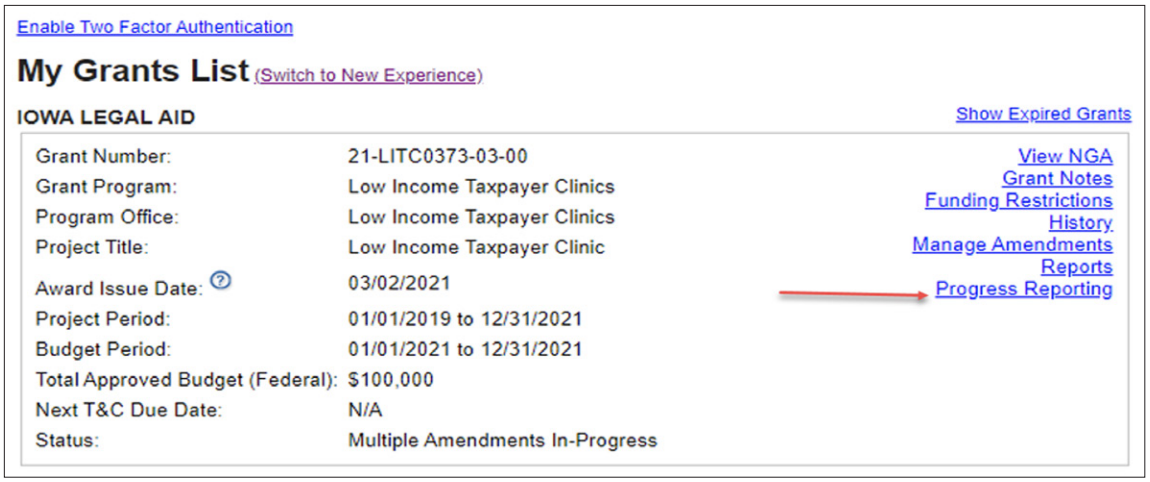




The progress reporting forms are not yet available in the new experience view, and you will need to change the view to **classic**. To change to the **classic**, do the following:

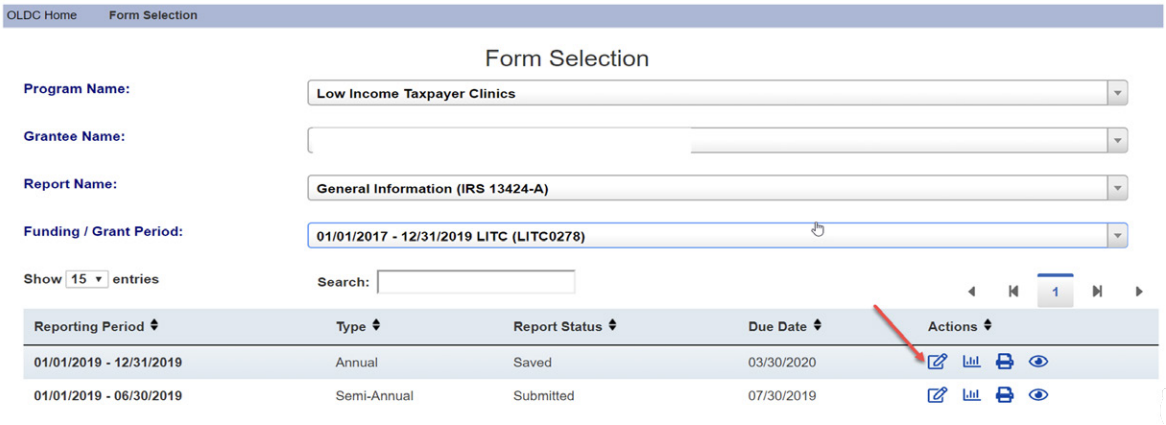
Click on the **Avatar** next to your initials. It will expand to a list of options. Click on **Switch Back to Classic**. It is important to note that the system resets back to the **new experience** after every logout.

Next, a survey pop up box will appear. You can either choose to start a survey or select No Thanks. After you complete the survey or select No Thanks, the system will navigate to the screen below. The system should take you to the active grants. Verify the budget period is correct and click on the **Progress Reporting** link. If the grant period you are searching for is not showing on the screen, click on **show expired grants**.



The system will then navigate to the screen below and follow these instructions:

- Select which form you wish to view from the drop-down list (except Form 425 which is found elsewhere within GrantSolutions, see next section of this appendix.). Click the drop-down arrow by the Report Name field and select the specific form.
- The Funding/Grant Period must be selected by clicking on the drop-down arrow for that field.
- To initiate/open a form for the first time, click on the Plus Sign icon.
- To edit a form, click on the Pad/Pencil icon.
- To view the status of a report form and make edits, click on the Graph icon.
- To print a form, click on the Printer icon.
- To view and print a form, click on the Eye icon.



NOTE: The report types listed in GrantSolutions are different than what the LITC Program uses. Annual is **year-end** and semi-annual is **interim**.

INSTRUCTIONS FOR FORM 13424-A, LOW INCOME TAXPAYER CLINIC (LITC) GENERAL INFORMATION REPORT

Form 13424-A, LITC General Information Report, is used to report all clinic outreach activities, educational activities, consultations, referrals, tax return and other document preparation, volunteer activities, work performed by students, and professional education activities conducted during the reporting period.

The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low-income and ESL taxpayers. Please be careful to follow the instructions for this form and to report all information completely and accurately. If additional room is necessary to provide details about the activities reported on this form, include such details on Form 13424-N, Low Income Taxpayer Clinic (LITC) Program Narrative, where appropriate.

Specific Instructions for Completing the Form

Outreach Activities

The system will navigate to the screen below when the Form 13424-A is selected on the Form Selection screen. Report all outreach activities conducted during the reporting period in this section.

Form 13424-A	Department of the Treasury - Internal Revenue Service Low Income Taxpayer Clinic (LITC) General Information Report	OMB Number 1545-1648
Name of Clinic		Grant Year
Reporting Period	○ Interim Report - January 1 through June 30 ● Year-End Report - January 1 through December 31	
Outreach Activities		
Note: Outreach activities are presentations designed to provide information about the clinic and its services directly to taxpayers or indirectly through other organizations or groups that serve taxpayers.		
1	A. Number of Outreach activities conducted for ESL Taxpayers	0
	B. Number of outreach activities conducted for non-ESL (do not include activities reported on line A above)	0
	C. Number of outreach activities conducted for other organizations that serve ESL or low income taxpayers (do not include activities reported on line A or B above)	0
	D. Total outreach activities (add lines 1A through 1C)	0

Outreach activities are efforts designed to publicize the clinic and its services. Outreach activities may involve direct communication with taxpayers or may be accomplished indirectly through other organizations or groups that assist low-income or ESL taxpayers. Examples of outreach activities include a presentation about clinic services made to taxpayers, a campaign to distribute clinic flyers or other marketing materials to local social services organizations, or a table staffed at a community event such as a fair, forum, or meeting to inform the public about clinic services.

LITCs are encouraged to identify particular linguistic populations, geographic service areas, or other segments of the low-income taxpayer community in which to focus outreach efforts.

Determine whether to record an outreach activity on line 1A, 1B, or 1C by looking to the primary intended audience of the activity, rather than the actual attendees. Outreach activities primarily intended to reach ESL taxpayers should be reported on line 1A, activities primarily intended to reach non-ESL taxpayers in general

should be reported on line 1B, and those intended for other organizations that assist ESL or low-income taxpayers should be reported on line 1C. Report each outreach activity only once on line 1A, 1B, or 1C.

A single outreach activity may span multiple days. For example, if a clinic staffs a booth for multiple days at a weeklong event, that should be counted as one outreach activity. Additional details about the extent of such efforts can be included in the Program Narrative. A campaign that involves sending the same or similar letters to multiple recipients should be counted as a single outreach activity.

i. **Line 1A.** Report on this line the number of outreach activities conducted for ESL taxpayers;

ii. **Line 1B.** Report on this line the number of outreach activities conducted for non-ESL taxpayers;

iii. **Line 1C.** Report on this line the number of outreach activities conducted for other organizations that assist ESL or low-income taxpayers. For example, the clinic meets with board members of a local church in preparation for the church's upcoming clothing drive to benefit the homeless. The clinic requests that the church inform low-income and ESL taxpayers about the clinic's services. The clinic would record those efforts as a single outreach activity on line 1C; and

iv. **Line 1D.** Report on this line the total number of outreach activities conducted during the reporting period. The system will total the sums of lines 1A, 1B, and 1C automatically. A description of the activities must be included on Form 13424-N, LITC Program Narrative Report, line 2.iv. See Publication 3319 for additional information.

Educational Activities

Report all educational activities conducted during the reporting period in this section.

Educational activities are programs designed to inform ESL or low-income taxpayers about their rights and responsibilities as taxpayers, as well as tax issues of particular significance to the intended audience. Educational activities may also be conducted for other organizations that assist low-income or ESL taxpayers.

To be considered an educational activity, information about a specific tax topic or topics must be conveyed to the audience. Examples of educational activities include a presentation about tax collection issues made to ESL taxpayers, a workshop for low-income workers about how to properly complete a Form W-4, Employee's Withholding Certificate, for withholding, or the distribution to community case workers of a social services organization of written materials about EITC eligibility rules that they can share with their clients.

Clinics may also use virtual platforms (*e.g.*, Facebook Live) to deliver educational programs and may count them as educational activities for the purposes of LITC reporting when there is a way for participants to be counted and for the speaker and participants to interact. Due to COVID-19, the Program Office understands that there may have been challenges in delivering educational activities. Clinics are encouraged to report on Form 13424-N, Low Income Taxpayer Clinic (LITC) Program Narrative Report, Item 2,ix, any related hurdles encountered and alternatives pursued that may not clearly fit within these parameters but are still intended to educate taxpayers.

Determine whether to record an educational activity on line 2A, 2B, or 2C by looking to the primary intended audience of the activity, rather than the actual attendees. Educational activities primarily intended to reach ESL taxpayers should be reported on line 2A, activities primarily intended to reach non-ESL taxpayers in general should be reported on line 2B, and those intended for other organizations that assist ESL or low-income taxpayers should be reported on line 2C. Report each educational activity only once on line 2A, 2B, or 2C. Do not include any activities recorded as Outreach on lines 1A through 1D.

Educational Activities		
Note: Educational activities are events designed to provide information about tax rights and responsibilities, including technical tax topics, to taxpayers.		
2.	A. Number of educational activities conducted for ESL taxpayers	0
	B. Number of educational activities conducted for non-ESL (do not include activities reported on line A above)	0
	C. Number of educational activities conducted for other organizations that serve ESL or Low Income taxpayers (do not include activites reported on line A or B above)	0
	D. Total Number of educational activities (add lines 2A through 2C)	0

v. **Line 2A.** Report on this line the number of educational activities conducted for ESL taxpayers;

vi. **Line 2B.** Report on this line the number of educational activities conducted for non-ESL taxpayers;

vii. **Line 2C.** Report on this line the number of educational activities conducted for other organizations that assist ESL or low-income taxpayers; and

viii. **Line 2D.** Report on this line the total number of educational activities conducted during the reporting period. The system should total the sums of lines 2A, 2B, and 2C automatically.

NOTE: The program goal for educational activities to low-income and ESL taxpayers is the sum of lines 2A and 2B.

3.	A. For the educational activities reported on line 2A, enter the total number of attendees.	0
	B. For the educational activities reported on line 2B, enter the total number of attendees.	0
	C. For the educational activities reported on line 2C, enter the total number of attendees.	0
	D. Total number of attendees at educational activities (add lines 3A through 3C)	0

i. **Line 3A.** Report on this line the total number of attendees at all educational activities conducted for ESL taxpayers during the reporting period;

ii. **Line 3B.** Report on this line the total number of attendees at all educational activities conducted for non-ESL taxpayers during the reporting period;

iii. **Line 3C.** Report on this line the total number of attendees at all educational activities conducted for service providers during the reporting period; and

iv. **Line 3D.** Report on this line the total number of attendees at all educational activities conducted during the reporting period. The system should total the sums of lines 3A, 3B, and 3C automatically.

No.	4. List the topics that were covered during the educational activities reported on line 2. Input one topic per line and do not repeat topics	Delete
1		

Add 4. List the topics that were covered during the educational activities: 1 ▾ Add Delete Marked Rows

i. **Line 4.** List the topics that were covered during the educational activities reported on lines 2A through 2C. Input one title per line in section 4 and click on the **Add** button to enable the additional line option. Do not repeat the same topic on multiple lines. If a topic was presented at multiple events, you may list the

number of times the topic was presented. For example, you may enter EITC x 4 to indicate you held four EITC presentations during the reporting period.

No.	5. List the Languages, other than English, in which educational activities were conducted. Input one language per line.	Delete
1		

i. **Line 5.** List the languages, other than English, in which educational activities were conducted. Input one language per line and click on the **Add** button to enable the additional line option.

Educational activities are intended to have attendees. Do not report the posting of educational materials to a website or the distribution of educational materials via social media as educational activities. These activities are properly reported on Form 13424-C, LITC Advocacy Information Report, in Part II, Published Materials.

Consultations

Report all consultations conducted during the reporting period in this section.

Consultations		
Note: For a definition of Consultation, see form instructions.		
6	A. Number of one-on-one consultations conducted with ESL taxpayers	
	B. Number of one-on-one consultations conducted with non-ESL taxpayers	
	C. Total number of one-on-one consultations (add lines 6A and 6B)	0

A consultation is a discussion with a taxpayer designed to provide advice or counsel about a specific tax matter that does not result in representation of the taxpayer. If a clinic undertakes representation of a taxpayer before a court or the IRS, then that matter should not be reported on this form as a consultation, but rather reported as a case on Form 13424-K, LITC Case Information Report. A technical assistance consultation is a discussion with a practitioner or other service provider designed to give brief advice about a tax issue. For example, if a clinic staff member addresses a tax-related question for a staff member of another legal services organization, that communication should be counted as a technical assistance consultation. See Section VI.C.viii, *Technical Assistance Consultation*.

i. **Line 6A.** Report on this line the number of consultations conducted with ESL taxpayers;

ii. **Line 6B.** Report on this line the number of consultations conducted with non-ESL taxpayers; and

iii. **Line 6C.** Report on this line the total number of consultations conducted with taxpayers during the reporting period. The number reported on this line should equal the total of lines 6A and 6B.

7	Number of technical assistance consultations conducted	

i. **Line 7.** Report on this line the number of technical assistance consultations conducted with a practitioner or other service provider during the reporting period. A description of the types of issues and questions addressed in the consultations must be included in the Program Narrative on Form 13424-N, line 2.v. See Publication 3319 for additional information.

Referrals

Report the number of cases reported on Form 13424-K, line 1C, for which the Taxpayer Advocate Service (TAS) provided assistance during the reporting period at the request of the LITC.

TAS Assistance		
8	Number of cases from Form 13424-K, line 1C where TAS provided assistance	

NOTE: A description of the reasons for seeking TAS assistance must be included in the Program Narrative on Form 13424-N, line 2.vi. If you receive case referrals from TAS and wish to report them, see Form 13424-N, line 2,ix.

Tax Returns and Other Documents

Tax Returns and Other Documents		
9	A. Number of tax returns prepared ancillary to ESL activities	
	B. Number of tax returns prepared to resolve a controversy	
	C. Total number of tax returns prepared (add lines 9A and 9B)	0

An LITC can provide assistance with a federal tax return, a claim for refund, or an Individual Taxpayer Identification Number (ITIN) application if such assistance is necessary to resolve a dispute with the IRS or is an ancillary part of the LITC's ESL education. The clinic may not charge a fee (even if it is a nominal fee) for the preparation of a tax return. An LITC or an individual associated with an LITC that adheres to this policy is specifically excluded from the definition of a "Tax Return Preparer" as set forth in Treas. Reg. § 301.7701-15(f).

i. **Line 9A.** Report on this line the number of tax returns prepared ancillary to ESL activities. Ancillary tax return preparation must be incidental to the clinic's primary mission and the program may only provide such assistance if the request to do so arises from the clinic's primary outreach and educational activities;

ii. **Line 9B.** Report on this line the number of tax returns prepared to resolve a controversy; and

iii. **Line 9C.** Report on this line the total number of tax returns prepared during the reporting period. The system should total the sums of lines 9A and 9B automatically.

10	Number of Individual Taxpayer Identification Number (ITIN) applications prepared	

i. **Line 10.** Report on this line the number of ITIN applications (Form W-7) prepared during the reporting period.

Do not count tax returns that are prepared but not submitted to the IRS. Do not report any state tax returns that were prepared, only federal returns.

Volunteer Activities

Volunteer Activities.		
11	Does the organization have a pro bono panel ○ Yes ◉ No	
12	Number of volunteers that provided service to the clinic during the reporting period who are :	
	A. Attorneys	0
	B Certified Public Accountants	1
	C. Enrolled Agents	3
	D. Interpreters / Translators	4
	E. Students	4
	F. Others	4
	G. Total number of volunteers (add lines 12A through 12F)	16
13	Total number of hours of service provided by volunteers	

i. **Line 11.** Select the appropriate bubble to indicate whether the clinic maintains a *pro bono* panel to which taxpayers can be referred for controversy representation;

ii. **Lines 12A-F.** In this section, report on the number of volunteers who provided service to the clinic during the reporting period. Count each volunteer only once, based on the category of services the volunteer typically provides to the clinic. For example, if an enrolled agent is multilingual and also provides translation services, you may note that in the Program Narrative on Form 13424-N, line 2.ix; however, the clinic should only count that volunteer as either an enrolled agent or an interpreter/ translator, not both. Do not include any individuals receiving compensation from the clinic, or any students receiving academic credit as volunteers;

iii. **Line 12G.** Report on this line the total number of volunteers. The number reported on this line should equal the total of lines 12A-12F and should be an accurate count of all individuals who volunteered at the clinic during the reporting period. Only include volunteers who provided service during the reporting period and whose hours are included on the line 13 total; and

iv. **Line 13.** Report on this line the total number of service hours provided by volunteers during the reporting period. Form 13424-F, Volunteer/*Pro Bono* Time Reporting, is available on the LITC Toolkit to assist you in tracking volunteer hours. Form 13424-F is for internal record keeping by the clinic only and should not be submitted to the LITC Program Office.

Do not include time spent by any individuals receiving compensation from the clinic or any students receiving academic credit as volunteer service hours.

Student Representation

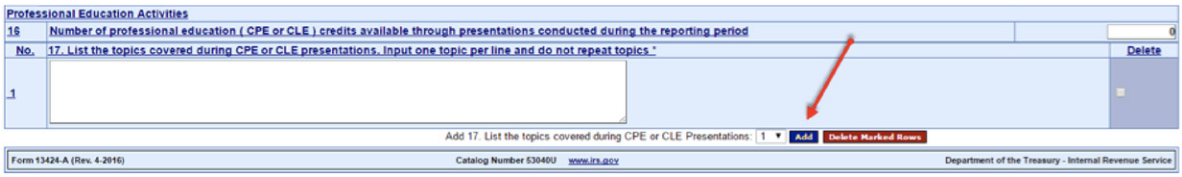
Student Representation		
14	Number of students authorized to practice before the IRS	0
15	Number of students receiving academic credit for work	0

i. **Line 14.** Report on this line the number of students that worked at the clinic during the reporting period who were authorized to practice before the IRS under a special appearance authorization; and

ii. **Line 15.** Report on this line the number of students that worked at the clinic during the reporting period who received academic credit for their clinic work.

Professional Education Activities

Report on accredited Continuing Professional Education (CPE) or Continuing Legal Education (CLE) presentations the clinic conducted during the reporting period in this section.



i. **Line 16.** Report on this line the total number of CPE or CLE credits available through presentations held during the reporting period. For example, if during the reporting period the clinic held three lunchtime presentations offering one hour of CLE credit each, and one day-long presentation, offering eight hours of CLE credit, the clinic would enter **11** on this line; and

ii. **Line 17.** Report the topics covered during CPE or CLE presentations. Input one title per line in section 17 and click on the **Add** button to enable additional lines. Do not repeat topics on multiple lines. If a topic was repeated throughout multiple presentations, you may list the number of times the topic was presented. For example, you may enter **EITC x 4** to indicate you held four CPE or CLE presentations on the EITC during the reporting period.

Report only professional educational activities dealing with issues affecting low-income or ESL taxpayers.

To finalize the form, see the instructions for how to save, validate, and submit forms.

INSTRUCTIONS FOR FORM 13424-B, LOW INCOME TAXPAYER CLINIC (LITC) CASE ISSUES REPORT

Form 13424-B, LITC Case Issues Report, is used to report issues worked by a clinic while representing taxpayers in controversy cases that were open at any time during the reporting period, including cases carried over from the previous grant year. The issues reported should relate to all cases reported on Form 13424-K, LITC Case Information Report, line 1C. The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low-income and ESL taxpayers. Be careful to follow the instructions for this form and to report all information completely and accurately.

Specific Instructions for Completing the Form

A case arises from a controversy between an individual and the IRS concerning the determination, collection, or refund of any tax, penalties, additions to tax, or interest and includes any proceeding brought by the taxpayer under Title 26. A controversy includes a dispute related to the tax provisions of the Affordable Care Act. A controversy does not include a federal criminal tax matter but may include certain civil actions arising under the Internal Revenue Code (IRC), for example those arising under IRC §§ 7431–7435.

A case may involve more than one issue. An issue is counted only if the clinic undertakes representation on behalf of the taxpayer, the issue is disputed between the taxpayer and the IRS, and the clinic takes steps to resolve the dispute. An issue is counted and reported on this form only once for each case, regardless of the number of tax years involved in the dispute. See Example 2 below. An issue is not counted on this form when the clinic only discusses the issue with the taxpayer and provides advice but does not take steps to advocate on behalf of the taxpayer to the IRS or a court. See Example 3 below.

Example 1: Reporting Case Issues

Clinic A represented ten taxpayers in EITC examination cases during the reporting period. Each case has four issues in dispute: head of household filing status, dependency exemptions, child tax credit, and EITC eligibility. Clinic A would enter **10** on lines 30, 31, 37, and 38.

Example 2: Reporting Case Issues

Clinic B represented a taxpayer in a collection case involving six tax years. Clinic B advocated for the taxpayer's accounts to be placed in currently not collectible status. Clinic B would count this case as one currently not collectible issue on line 60, regardless of the number of tax years in dispute. (This case would be included in the total on line 6 of Form 13424-K for cases having more than one tax year in dispute.)

Example 3: Reporting Case Issues

Clinic C represented a taxpayer in a collection case that involved negotiating with the IRS to establish an installment agreement. In the course of the representation, Clinic C discussed with the taxpayer various collection alternatives, including an Offer in Compromise (OIC). The installment agreement issue would be counted as an issue and reported on line 58 because Clinic C negotiated the installment agreement on behalf of the taxpayer. The OIC discussion would not be counted as an issue and reported on line 59 because Clinic C did not prepare or submit to the IRS an OIC on behalf of the taxpayer.

Income Issues

Case Issues Worked		
Income Issues		
1	Wages	
2	Interest / Dividends (Schedule B)	
3	Business Income (Schedule C)	
4	Capital Gain or Loss (Schedule D)	
5	IRA / Pension	
6	Social Security Benefits	
7	Alimony	
8	Rental, Royalty, Partnership, S Corp (Schedule E)	
9	Farming Income (Schedule F)	
10	Unemployment	
11	Gambling Winnings	
12	Cancellation of Debt	
13	Settlement Proceeds	
14	Other	

Lines 1-14. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular income issue. For example, a dispute involving the amount or classification of a taxpayer's wages would be reported on line 1, Wages.

Deduction Issues

Deduction Issues		
15	Alimony	
16	Education Expenses (Including student loan interest)	
17	Moving Expenses	
18	IRA Deduction	
19	Medical and Dental Expenses	
20	State and Local Taxes	
21	Home Mortgage Interest	
22	Other Interest Expenses	
23	Charitable Contributions	
24	Casualty and Theft Losses	
25	Unreimbursed Employee Business Expenses	
26	Other Itemized Deductions	
27	Business Expenses (Schedule C)	

Lines 15-27. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular deduction issue. For example, a dispute involving the allowance of an adjustment for alimony would be reported on line 15, Alimony.

Credit Issues

Credit Issues		
28	Child and Dependent Care Credit	
29	Educational Credits	
30	Child Tax Credit / Additional Child Tax Credit	
31	Earned Income Tax Credit	
32	First-Time Homebuyer Credit	
33	Premium Tax Credit	
34	Other Credits	

Lines 28-34. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular credit issue. For example, a dispute involving a taxpayer's eligibility for an adoption credit would be reported on line 34, Other Credits.

Status Issues

Status Issues		
35	SSN / TIN	
36	ITIN	
37	Filing Status	
38	Personal/Dependency Exemptions	
39	Injured Spouse	
40	Innocent Spouse	
41	Employment-Related Identity Theft	
42	Refund-Related Identity Theft	
43	Nonfiler	
44	Worker Classification	

Lines 35-44. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular status issue. For example, a dispute involving the taxpayer's eligibility to claim head of household filing status would be reported on line 37, Filing Status.

Tax/Refund/Return/Statute of Limitations Issues

Tax / Refund / Return / Statute of Limitations Issues		
45	Self-Employment Tax	
46	Suspected Return Preparer Fraud	
47	Estimated Tax Payments	
48	Withholdings	
49	Refund	
50	Assessment Statute of Limitations	
51	Collection Statute of Limitations	
52	Refund Statute of Limitations	

Lines 45-52. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular tax or refund or statute of limitations issue. For example, a dispute involving suspected fraud on the part of a return preparer would be reported on line 46, Suspected Return Preparer Fraud.

Penalty and Addition to Tax Issues

Penalty Issues		
53	Trust Fund Recovery Penalty	
54	Other Civil Penalties	
55	Additional Tax on Distributions from Qualified Retirement Plans	
56	Individual Shared Responsibility Payment	

Lines 53-56. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular penalty issue. For example, a dispute involving the assessment of an accuracy-related penalty would be reported on line 54, Other Civil Penalties.

Collection Issues

Collection Issues		
57	Payments	
58	Installment Payment Agreement (IPA)	
59	Offer-In-Compromise (OIC)	
60	Currently Not Collectible (CNC)	
61	Liens	
62	Levies (Including Federal Payment Levy Program)	

Lines 57-62. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular collection issue. For example, a dispute involving the release of a levy on a taxpayer's Social Security benefits would be reported on line 62, Levies.

Total Case Issues Worked (The total number case issues worked should be greater than or equal to the number reported on Form 13424-K, line 1C.)	

Total. Report the total number of issues reported on lines 1–62. The system should total the sum automatically.

To finalize the form, see the instructions for how to save, validate, and submit forms.

INSTRUCTIONS FOR FORM 13424-C, LOW INCOME TAXPAYER CLINIC (LITC) ADVOCACY INFORMATION REPORT

Form 13424-C, LITC Advocacy Information, is used to report information about certain advocacy work the clinic performed during the reporting period. This form is used to report all systemic advocacy issues submitted, written materials published, television and radio appearances made, and public service announcements aired during the reporting period.

The LITC Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low-income and ESL taxpayers. Please be careful to follow the instructions for this form and report all information completely and accurately. If additional space is necessary to provide details about the activities reported on this form, include those details on Form 13424-N, Low Income Taxpayer Clinic (LITC) Program Narrative Report, Item 2,ix.

NOTE: For the purposes of this form, clinics are not required to repeat information included in the Interim Report on the Year-End Report. Report advocacy work performed between January 1 and June 30 on the Interim Report, and report advocacy work performed between July 1 and December 31 on the Year-End Report.

Specific Instructions for Completing the Form

Part I. Systemic Advocacy Submissions
Did your organization have Systematic Advocacy Submissions? ○ Yes ○ No
Part II. Published Materials
Did your organization publish any materials? ○ Yes ○ No
Part III. Television and Radio Appearances
Did your organization do any Television or Radio Appearance? ○ Yes ○ No
Part IV. Public Service Announcements
Did your organization do any Public Service Announcements? ○ Yes ○ No

Systemic Advocacy Submissions

Report in this section all systemic issues that relate to low-income or ESL taxpayers that were submitted to the Systemic Advocacy Management System (SAMS) during the reporting period.

Part I. Systemic Advocacy Submissions

Did your organization have Systematic Advocacy Submissions? ◉ Yes ○ No

Complete the following section to identify issues submitted to educate or advocate for low income or ESL taxpayers on the Systemic Advocacy Management System (SAMS)
www.irs.gov/uac/Systemic-Advocacy-Management-System-(SAMS) (Attach additional pages as necessary)

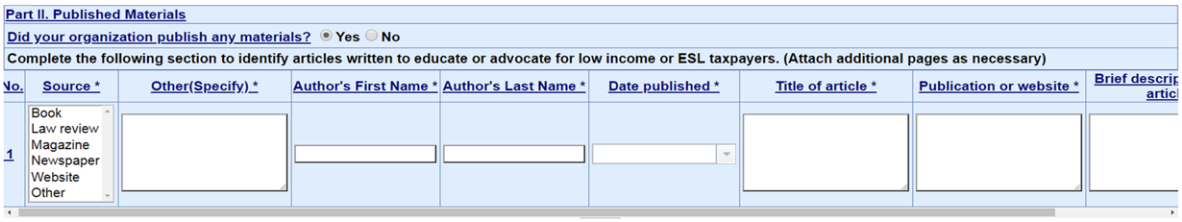
No.	Issue number	Submitter First Name *	Submitter Last Name *	Date submitted *	Brief description of the issue *	Delete
1						☐

Add Part I. Systemic Advocacy Submissions: 1 ▾ Add Delete Marked Rows

Include the SAMS issue number, the name of the individual who made the submission, the date of each submission, and a brief description of the issue described in the submission. The SAMS website is available at www.irs.gov/advocate/systemic-advocacy-management-system-sams.

Published Materials

Report in this section all written materials published during the reporting period to educate low-income or ESL taxpayers or to bring awareness to the public about the clinic, LITC Program, or tax issues that affect low-income or ESL taxpayers.



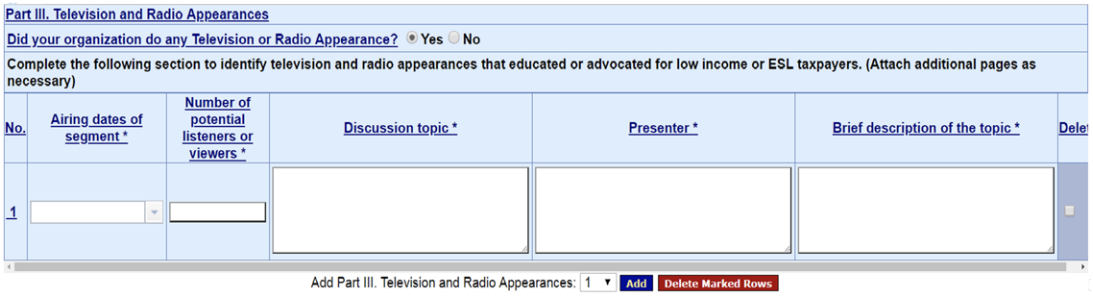
Include the posting of educational materials to a website or the distribution of educational materials via social media. Select from the list the source where the material was published. If the publication was released in multiple formats (i.e., in a magazine and on a website) check one box and list the other formats on Form 13424-N, LITC Program Narrative Report, line 2.ix.

Include the author's name, the publication date, the title of the publication or website, the title of the work, and a brief description of the work (4,000 character limit).

Click **Add** to report additional publications.

Television and Radio Appearances

Report in this section all television and radio appearances produced by or featuring clinic staff and broadcast during the reporting period to educate low-income or ESL taxpayers or to bring awareness to the public about the clinic, LITC Program, or tax issues that affect low-income or ESL taxpayers.



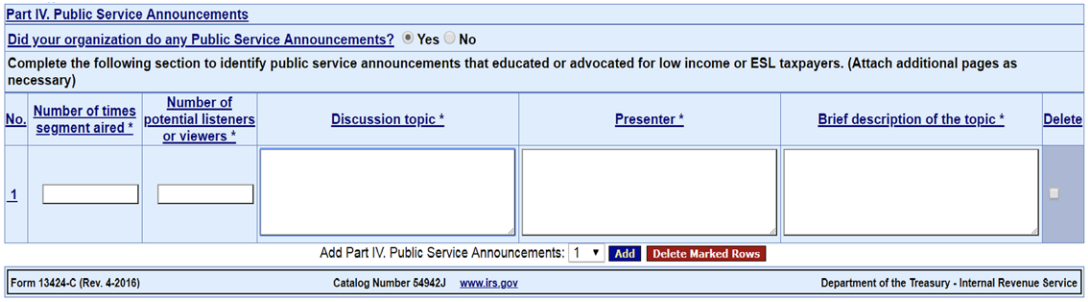
If the broadcast was released in multiple formats or on multiple channels, list the other formats on Form 13424-N, LITC Program Narrative Report, line 2.ix.

Include the airing dates of each segment, a reasonable estimate of the number of listeners or viewers, the topic of the discussion or on-air piece, the names of any clinic representatives involved in the appearances, and a brief description of the topic discussed on-air.

Click **Add** to report additional appearances.

Public Service Announcements

Report all public service announcements (PSAs) produced by or featuring clinic staff and broadcasts during the reporting period written to educate low-income or ESL taxpayers or bring awareness to the public about the clinic, LITC Program, or tax issues that affect low-income or ESL taxpayers.



Part IV. Public Service Announcements

Did your organization do any Public Service Announcements? Yes No

Complete the following section to identify public service announcements that educated or advocated for low income or ESL taxpayers. (Attach additional pages as necessary)

No.	Number of times segment aired *	Number of potential listeners or viewers *	Discussion topic *	Presenter *	Brief description of the topic *	Delete
1						

Add Part IV. Public Service Announcements: 1 Add Delete Marked Rows

Form 13424-C (Rev. 4-2016) Catalog Number 54942J www.irs.gov Department of the Treasury - Internal Revenue Service

Include the number of times each segment aired, a reasonable estimate of the number of listeners or viewers, the topic of the discussion or on-air piece, the names of any clinic representatives involved in the appearances, and a brief description of the topic discussed on-air.

Click **Add** to report additional PSAs.

INSTRUCTIONS FOR FORM 13424-K, LOW INCOME TAXPAYER CLINIC (LITC) CASE INFORMATION REPORT

Form 13424-K, LITC Case Information Report, is used to report information about the work performed by a clinic while representing taxpayers in controversy cases that were open at any time during the reporting period, including cases carried over from the previous grant year. The information reported should relate to all cases reported on line 1C of this form, unless otherwise instructed. The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided and the breadth of work done by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low-income and ESL taxpayers. Please carefully follow the instructions for this form and report all information completely and accurately.

Specific Instructions for Completing the Form

A case arises from a controversy between an individual and the IRS concerning the determination, collection, or refund of any tax, penalties, additions to tax, or interest, including any proceeding brought by the taxpayer under Title 26. A controversy includes a dispute related to the tax provisions of the Affordable Care Act. A controversy does not include a federal criminal tax matter but may include certain civil actions arising under the Internal Revenue Code, for example those arising under IRC §§ 7431–7435.

A case is counted and reported in inventory when a taxpayer retains the clinic to represent him or her in an advocacy capacity before the IRS or a federal court and the clinic takes steps to begin the case, including developing a plan for advocacy. Case information continues to be counted and reported on this form each period until the case is closed.

NOTE: Matters involving fact-finding or advice only are not cases; these matters are counted and reported as consultations on Form 13424-A, LITC General Information Report.

If a taxpayer's case requires the clinic to advocate to more than one IRS function or court or involves more than one tax year, it is still counted and reported as a single case on Form 13424-K. The clinic can capture the breadth of the work done in the case by including the case in the numbers reported on line 5 (cases involving matters worked in more than one IRS function or court) or line 6 (cases involving more than one tax year) of this form and by reporting all of the relevant tax issues on Form 13424-B, LITC Case Issues Report. Additional information may also be included in the Program Narrative on Form 13424-N, LITC Program Narrative Report, line 2.ix.

Case Inventory

Report in this section the volume of case inventory.

Case Inventory		
1	A. Beginning case inventory (the number of cases that were worked in the previous year that remained open as of the first day of the reporting period)	
	B. New cases opened during the reporting period	
	C. Total number of cases worked during the reporting period (add lines 1A and 1B)	0
	D. Cases closed during the reporting period	
	E. Ending case inventory (the number of cases that remained op as of the last day of the reporting period, subtract line 1D from line 1C)	0

i. **Line 1A.** Report on this line the number of cases that were worked in the previous year that remained open as of January 1. This number should be the same as the ending case inventory reported on Form 13424-K, line 1D, of the Year-End report submitted for the previous grant year;

ii. **Line 1B.** Report on this line the number of new cases that were opened during the reporting period;

iii. **Line 1C.** The sum of lines 1A and 1B will calculate automatically;

iv. **Line 1D.** Report on this line the number of cases closed during the reporting period; and

v. **Line 1E.** The system will automatically calculate the ending inventory.

Cases Worked

Report in this section the IRS function or federal court where cases are being worked.

Cases Worked		
2	For the cases reported on line 1C, indicate the IRS function or U.S. court where the controversy is being addressed as of the last day of the reporting period. If the case was closed during the period, indicate the IRS function or U.S. court where the case was handled immediately before closing. Each case should be counted only once per reporting period.	
	Accounts Management	
	A. Return Processing	
	B. Penalty Abatement	
	C. Injured Spouse	
	D. Backup Withholding	
	Exams	
	E. Correspondence Exam	
	F. Office or Field Exam	
	G. Automated Underreporter (AUR)	
	H. Automated Substitute-for-Return (ASFR)	
	I. Audit Reconsideration	
	Collection	
	J. Automated Collection System (ACS)	
	K. Field Collection (RO)	
	L. Offer-In-Compromise (OIC)	
	M. Lien Unit	
	N. Bankruptcy	
	Appeals	
	O. Exam Appeals	
	P. Collection Due Process (CDP)	
	Q. Collection Appeals Process (CAP)	
	R. OIC Appeals	
	S. Penalty Abatement Appeals	
	T. Other Appeals	
	Litigation	
	U. U.S. Tax Court	
	V. Other Federal Courts	

Miscellaneous	
W. Identity Protection Specialized Unit (IPSU)	
X. Innocent Spouse Unit	
Y. SS-8 Unit	
Z. ITIN Unit	
AA. Trust Fund Recovery Penalty	

If a case was open at the end of the reporting period, indicate the IRS function or federal court where the case is being addressed as of the end of the reporting period.

If a case was closed during the reporting period, indicate the IRS function or federal court where the case was handled immediately before closing. Each case should be counted only once during a reporting period; however, a case that remains open beyond a single reporting period may be properly reported as being handled by a different function from one reporting period to the next. Thus, a case may be reported as being handled by a different function in the Year-End Report than was reported in the Interim Report. If a single case is being addressed by more than one IRS function at the end of a reporting period, report that case where the primary issue is being addressed.

TOTAL (add items 2A through 2AA) (Must equal value in line 1C)	0

The total reported in this section must equal the total number of cases worked during the reporting period as reported on line 1C.

Example 1: Reporting Case Work

Clinic A is representing a taxpayer in a dispute involving a proposed deficiency. On May 15, Clinic A submitted correspondence to the IRS's Correspondence Exam unit on behalf of the taxpayer. On August 1, the IRS issued a Notice of Deficiency. On November 20, Clinic A filed a petition in the U.S. Tax Court. On its Interim Report, Clinic A would report the case on line 2E because the case was being addressed in the Correspondence Exam Unit as of June 30. On its Year-End Report, Clinic A would report the case on line 2U because the case was being addressed in the U.S. Tax Court as of December 31.

Example 2: Reporting Case Work

Clinic B is representing a taxpayer in a dispute involving eligibility for EITC for two tax years. At the close of the reporting period, one tax year is being addressed in the U.S. Tax Court and the other tax year is being addressed by the IRS in an audit reconsideration. The Clinic B may report the case on either line 2I or 2U but may not report the case on both lines. Clinic B has discretion to decide whether to report the case on line 2I or 2U, taking into account whatever factors it deems important to help the Program Office better understand the status of the casework performed as of the end of the reporting period.

Additional Case Information

Report additional information about cases worked during the reporting period. Lines 3 and 4 relate to new cases opened during the reporting period, as reported on line 1B. Lines 5 through 10 apply to all cases worked during the reporting period, as reported on line 1C.

Additional Case Information		
	For the cases reported on line 1B, indicate the number of cases where:	
3	The amount in controversy exceeds $50,000 per tax period. (for cases reported on line 3, include an explanation for each in the Program Narrative, Item 2.vii)	
4	The taxpayer's income exceeds 250% of the federal poverty guidelines	
	For the cases reported on line 1C, indicate the number of cases involving:	
5	Matters worked in more than one IRS function or U.S. court	
6	More than one tax year	
7	Representation of ESL taxpayers	
8	Joint representation of taxpayers	
9	Representation by volunteers	
10	State tax matters	

i. **Line 3.** Report on this line the number of new cases opened during the reporting period in which the amount in controversy exceeds $50,000 for any tax year. A clinic may represent a taxpayer in a case in which the amount in controversy exceeds $50,000. However, the clinic must include an explanation of why each case was accepted for representation on Form 13424-N, LITC Program Narrative Report, line 2.vii. See Publication 3319 for additional information;

ii. **Line 4.** Report on this line the number of new cases opened during the reporting period for taxpayers whose income exceeds 250 percent of Federal Poverty Guidelines; and

iii. **Line 5.** Report on this line the number of cases worked during the reporting period where the representative advocated to more than one IRS function or federal court.

Example 1: Reporting Additional Case Details

Clinic A is representing a taxpayer in a collection matter in which the IRS is levying the taxpayer's Social Security benefits. The clinic agrees to represent the taxpayer and contacts ACS to prove financial hardship, request the levy released, and have the taxpayer's account placed in currently not collectible status. The clinic later assists the taxpayer in submitting an OIC. Clinic A should include this case among the number reported on line 5 because the clinic worked the case in both the ACS and OIC units.

Example 2: Reporting Additional Case Details

Clinic B is representing a taxpayer in a dispute involving eligibility for the EITC for two tax years. At the close of the reporting period, one tax year is being addressed in the U.S. Tax Court and the other tax year is being addressed by the IRS in an audit reconsideration. Clinic B should include this case among the number reported on line 5 because the clinic is working the case both in a federal court and Examination.

iv. **Line 6.** Report on this line the number of cases worked during the reporting period in which the clinic represented a taxpayer in a dispute involving more than one tax year;

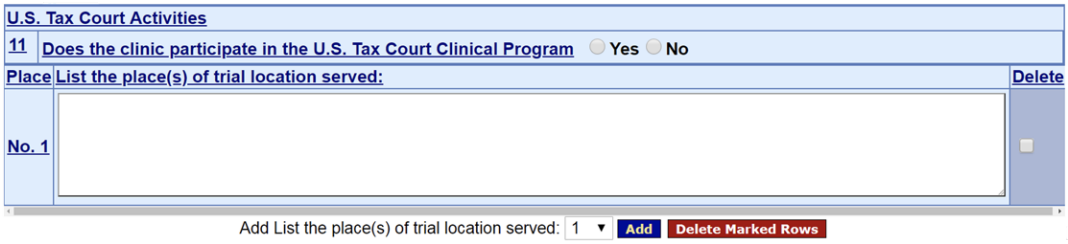
v. **Line 7.** Report on this line the number of cases worked during the reporting period in which the clinic represented an ESL taxpayer;

vi. **Line 8.** Report on this line the number of cases worked during the reporting period in which the clinic represented both the taxpayer and the taxpayer's spouse with regard to a joint tax liability;

vii. **Line 9.** Report on this line the number of cases worked during the reporting period in which the clinic used a volunteer to represent the taxpayer. Do not count as volunteers any individuals receiving compensation from the clinic or any students receiving academic credit for their work at the clinic; and

viii. **Line 10.** Report on this line the number of cases worked during the reporting period in which the clinic represented a taxpayer on state or local tax matters related to a federal tax controversy.

Tax Court Activities



i. **Line 11.** Select **Yes** or **No** to indicate whether the clinic participates in the U.S. Tax Court Clinical Program. If **Yes** is selected, list the "place of trial" city or cities served. Input one location per line and click on **Add** to include additional locations;

12	Number of U.S. Tax Court cases worked during the reporting period in which an appearance was entered pursuant to Tax Court Rule 24	
13	Number of U.S. Tax Court cases worked during the reporting period in which the clinic represented the taxpayer, but no appearance was entered	
14	Number of informal consultations in the U.S. Tax Court during the reporting period in which the clinic provided advice to a taxpayer, but not representation	

ii. **Line 12.** Report on this line the number of cases reported on line 1C for which the clinic entered an appearance to represent the taxpayer in the U.S. Tax Court, whether through filing an entry of appearance or via a petition submitted by the clinic;

iii. **Line 13.** Report on this line the number of cases reported on line 1C for which the clinic represented a taxpayer in a case filed in the U.S. Tax Court, but where no entry of appearance was submitted by the clinic. For example, if a clinic staff attorney represented a client who filed a petition in the U.S. Tax Court and the attorney negotiated a settlement with the IRS but did not enter an appearance with the Tax Court, include this case among the number reported on line 13; and

iv. **Line 14.** Report on this line the number of informal consultations conducted with taxpayers in the U.S. Tax Court during the reporting period. Representation of taxpayers reported on lines 12 and 13 should not be reported on this line. For example, if a clinic staff attorney assisted a taxpayer at a U.S. Tax Court calendar call by providing advice to the taxpayer or acting as a communicator or mediator between the parties, but does not represent the taxpayer, such assistance would be counted as an informal consultation and reported on line 14.

Closed Case Outcomes

Report in this section the outcomes of cases that were closed during the reporting period. Information reported in this section should only relate to cases reported on line 1D. The information reported in this section will help the Program Office better understand the impact of the clinic's casework.

Closed Case Outcomes		
15	For the cases reported on line 1D, indicate the:	
	A. Number of cases in which the taxpayer was brought into filing compliance	
	B. Number of cases in which the taxpayer was brought into collection compliance	
	C. Total amount of dollars refunded in cash to taxpayers	$0.00
	D. Total decrease in corrected tax liabilities, penalties, and interest (but not below zero for any taxpayer)	$0.00

i. **Line 15A.** Report on this line the number of cases closed during the period in which the taxpayer was brought into filing compliance during the representation. Cases where a taxpayer was successfully assisted or referred for assistance with return preparation to resolve a collection matter can be included here;

ii. **Line 15B.** Report on this line the number of cases closed during the period in which the taxpayer was brought into collection compliance during the representation. Cases where the taxpayer paid tax liabilities in full, entered an approved installment payment plan, was placed in currently not collectible status, or obtained an OIC can be included here;

iii. **Line 15C.** Report on this line the total dollars in tax refunds that were paid to taxpayers whose cases were closed during the reporting period, rounded to the nearest whole dollar. Do not include refunded dollars that were offset against any other outstanding tax liability. This amount may include all refunds issued to the taxpayer during the representation that relate to the tax years in dispute. Include state and local tax refunds if the clinic represented taxpayers before those agencies on a matter related to the federal tax controversy; and

iv. **Line 15D.** Report on this line the total dollar impact in tax liabilities, penalties, and interest to taxpayers whose cases were closed during the reporting period, rounded to the nearest whole dollar. Include an abatement of tax, penalties, or interest, a reduction in a proposed deficiency, the amount of innocent spouse relief obtained, the difference between the full amount owed and the total amount to be paid on an accepted OIC, and similar items. Do not include amounts placed in currently not collectible status. Include the total dollar impact in state and local tax liabilities, penalties, and interest to taxpayers if the clinic represented taxpayers before those agencies on a matter related to the federal tax controversy.

Example: Reporting Case Outcomes

A clinic represented a taxpayer facing a proposed deficiency of $3,000. After review of the facts, the clinic determined that the IRS failed to credit $4,000 in withholding. The $3,000 liability was abated in full, and the taxpayer received a cash refund of $1,000. The clinic should report $1,000 on line 15C, and $3,000 on line 15D.

To finalize the form, see the instructions for how to save, validate, and submit forms in this Appendix below.

INSTRUCTIONS FOR FORM 13424-L, STATEMENT OF GRANT EXPENDITURES AND NARRATIVE EXPLANATIONS

Form 13424-L, Statement of Grant Expenditures and Narrative Explanations, is used to report how federal grant funds and matching funds were spent by the clinic during the reporting period. This form is also used to report a narrative explanation of how each expense amount was calculated and the sources and valuation of matching funds. All expenses must be reasonable, necessary, and allocable to the LITC grant. See Publication 3319 or 2 CFR Part 200 for guidance on costs and matching funds.

NOTE: Grant expenditure amounts must also be reported on Standard Form 425 (described below).

Specific Instructions for Completing the Form

Detailed Budget Worksheet

The system will navigate to the screen below when the Form 13424-L is selected on the Form Selection screen.

DETAILED BUDGET WORKSHEET

Expense Categories	Federal	Match	Total
A. Personnel	$0.00	$0.00	$0.00
B. Fringe Benefits	$0.00	$0.00	$0.00
C. Travel	$0.00	$0.00	$0.00
D. Equipment	$0.00	$0.00	$0.00
E. Supplies	$0.00	$0.00	$0.00
F. Contractual	$0.00	$0.00	$0.00
G. Construction			
H. Other Expenses	$0.00	$0.00	$0.00
I. Total Direct Charges	$0.00	$0.00	$0.00
J. Indirect Charges	$0.00		$0.00
K. Totals	$0.00	$0.00	$0.00

Each line item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds expended.

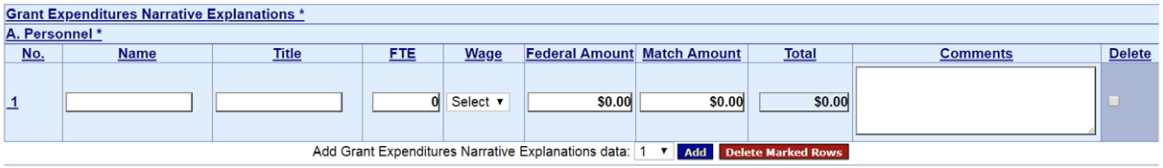
The total amount reported on this form for expenditure of federal funds (line K, Federal column) must be the amount of federal funds spent during the reporting period; do not include any amounts drawn from the award using the Payment Management System (PMS), but not spent. PMS is operated by the Department of Health and Human Services.

Grant Expenditures Narrative Explanation

This section requires more detailed information about the clinic's expenditures.

Each letter of the Grant Expenditures Narrative Explanation corresponds to an expense category in the Detailed Budget Worksheet. The information provided in the narrative should be sufficiently detailed so that a reviewer can arrive at the same amounts listed on the Detailed Budget Worksheet by expense and by category (federal or match).

Personnel


Grant Expenditures Narrative Explanations *

A. Personnel *

No.	Name	Title	FTE	Wage	Federal Amount	Match Amount	Total	Comments	Delete
1			0	Select	$0.00	$0.00	$0.00		

Add Grant Expenditures Narrative Explanations data: 1 Add Delete Marked Rows

Report salaries and wages that were paid to LITC staff. Do not include fringe benefits in this category (fringe benefits should be accounted for in Category B). In the explanation, list each staff member's name, position, rate of pay, and time devoted to clinic activities (hourly wage and number of hours of service, or annual salary and percentage of annual salary). State the portion of each staff member's salary or wages paid from federal and matching funds, as well as the source of the matching funds. Volunteer in-kind services should not be included in the Personnel category. They must be included in Category H, Other Expenses.

Calculate each clinic staff member's full-time equivalent (FTE). Take the staff member's total hours worked for the clinic and divide it by total hours in the reporting period. For staff assigned to LITC activities on a percent of total working hours, convert the applicable percentage into a decimal.

NOTE: If a staff member is full-time with the organization but only a partial FTE for the clinic, multiply the FTE times the full-time salary to arrive at the proper amount to include as a personnel expense.

Calculate the personnel expense for each staff member. Personnel expense can be calculated as a percent of total time/FTE multiplied by salary, or by multiplying the number of hours worked by the applicable hourly rate.

Determine and list the dollar amount attributable to federal and match. List sources of match in the comment section.

Input one person per line in the personnel narrative section. Click on the **Add** button to enable the additional line option.

Fringe Benefits


B. Fringe Benefits (Characters Limit 4000)

Report fringe benefits that were paid on behalf of LITC staff whose wages and salaries are reported in personnel costs (Category A above). In the explanation, state the fringe benefits rate(s), the items that constitute the fringe benefits, what portion was paid by federal funds and matching funds, and the source of matching funds. Identify the rate applicable to each staff position if varying rates apply by position.

- Show the formula (methodology) for calculating fringe benefits for each position listed in Category A;
- State what items are included in fringe benefits;
- Provide the dollar amount attributable to federal and match; and
- Indicate the source of matching funds.

Travel

C. Travel (Characters Limit 4000)

Report travel costs, including costs associated with attendance at the annual LITC conference and other travel expenses directly related to conducting LITC business or activities. In the explanation, identify the travel costs listed, whether the costs were paid with federal or matching funds, and the source of the matching funds.

Break down travel costs by category, such as transportation, hotel, meals, and incidental expenses, and mileage. If using a mileage rate, show the computation.

Equipment

D. Equipment (Characters Limit 4000)

Report the cost of equipment that was purchased by the clinic and used in operating an LITC program. Donated equipment may be included as matching funds and must be valued at the fair market value of the property at the time of the donation. In the explanation, identify the equipment purchased or donated, whether the associated costs were paid using federal or matching funds, and the source of the matching funds. If there were third-party in-kind contributions of equipment, identify the equipment, the donor, and how the valuation was determined.

Only equipment costing $5,000 or more is included in the category; equipment costing less is included in Category E, Supplies.

Supplies

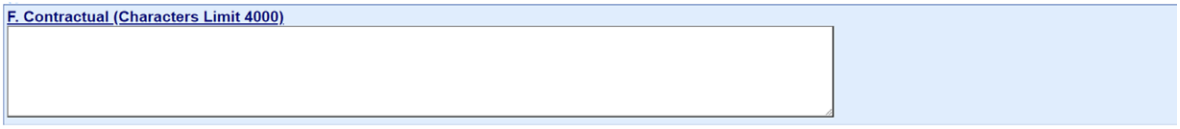
E. Supplies (Characters Limit 4000)

Report the cost of supplies and equipment costing less than $5,000 that were used in operating the LITC. Donated supplies may be included as matching funds and must be valued at the fair market value of the property at the time of the donation. In the explanation, identify:

- The value of supplies used;
- Whether the associated costs were paid using federal or matching funds; and
- Source of the matching funds.

If there are third-party in-kind contributions of supplies, explain the amount of the supplies contributed and the valuation.

Contractual



Report the cost of rent, utilities, and other contracted items or services that were used in operating the clinic. Donated space may be included as matching funds and the value assigned may not exceed the fair rental value of comparable space. The explanation should identify:

- Nature of the expense;
- Whether the associated costs were paid using federal or matching funds; and
- Source of the matching funds.

If a contracted item or service pertains to other programs in addition to LITC activities, only the portion directly attributable to LITC activities may be allocated to the LITC program. The narrative must explain the methodology used to apportion costs between LITC activities and other programs.

There are two acceptable methodologies for calculating federal funds allocable to indirect costs:

- Indirect Cost Rate Agreement
  i. Must be approved in advance;
  ii. Agreement must set forth cost items included in the rate; and
  iii. The clinic may not charge items included in the rate as separate expense items.
- *De minimis* 10 Percent Rate
  i. Rules are set forth in 2 CFR Part 200; and
  ii. Clinics that use the *de minimis* rate to charge indirect costs must charge costs consistently across federal grants and may not double charge or inconsistently charge as both.

For example, if a clinic is part of a larger organization that has an indirect cost rate agreement and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual Expense category. Similarly, if the clinic elects to use the *de minimis* rate to charge indirect costs on all its federal awards, no facilities and administration costs may be charged as direct costs.

Construction

This section has been disabled. No construction expenses are allowed.

Other Expenses

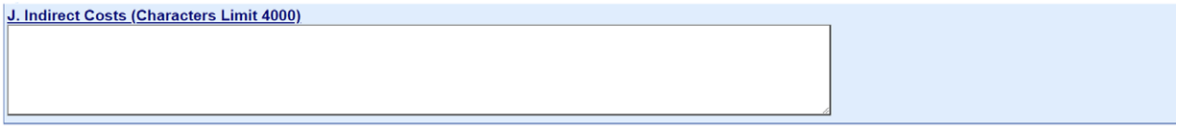


Report all other direct costs that were incurred in operating a clinic that are not properly included in categories A through G. The value of volunteer in-kind services is included in this category as matching funds. The explanation should identify:

- The type of expense;
- Whether the cost was paid using federal or matching funds; and
- Source of the matching funds.

The explanation must also disclose the rate or rates that were used to value volunteer in-kind services and the number of volunteer hours that were provided, categorized by type of service or volunteer.

Indirect Costs



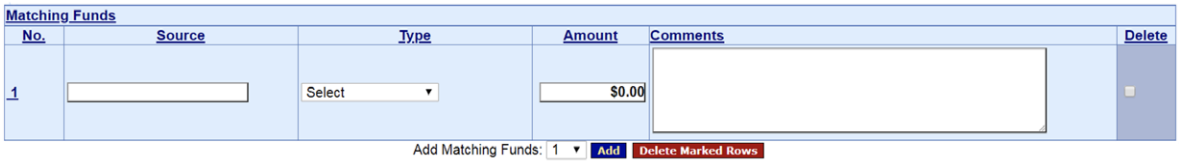
Report indirect costs not directly related to the LITC program but incurred as part of the general overhead and administration of the grant recipient. Indirect charges may be charged as a use of federal funds based upon an approved Indirect Cost Rate Agreement or the *de minimis* rate allowed under 2 CFR Part 200. However, indirect charges may not be counted as matching funds and the rate may only be applied to the base paid with federal funds.

The narrative explanation should identify the indirect cost rate, the base to which the rate was applied, and the computation for the indirect charges amount. Briefly summarize the expenses included in the indirect cost rate agreement.

If indirect costs were charged to the LITC grant, no items that are included in the indirect cost rate or the *de minimis* rate may be charged as direct expenses. For example, if a clinic is part of a larger organization that has an Indirect Cost Rate Agreement and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual Expense category. Clinics that use the *de minimis* rate to charge indirect costs must charge costs consistently across federal grants and may not double charge or inconsistently charge as both. See Publication 3319 or 2 CFR Part 200 for guidance on indirect charges.

Matching Funds

This section addresses matching funds from sources other than the federal government.



Provide a narrative that includes an explanation of the sources and amounts of matching funds. The clinic must state explicitly that matching funds provided to the LITC program were (1) not used as matching funds for any other federal program and (2) not funds received from any other federal grant unless specifically authorized by statute to be used as matching funds.

- List amount of match by source; and
- List total of all match funding.

Input one source of matching funds per line. Click on the **Add** button to enable the additional line option.

Returning Unused Grant Funds and Requesting Additional Grant Funds

This section addresses returning grant funds and requesting additional funds at interim.



If you are returning funds at interim, select the **Yes** button and provide a statement about why the funds are being returned. If you are returning funds at year-end, select the **Yes** button but only provide a statement if the amount you are returning exceeds $500. The year-end statement about returned funds should include the reason(s) why grant funds were not expended or made available for redistribution to other grantees at interim and whether this was due to a one-time occurrence or an ongoing issue.

Note: A clinic must notify its assigned advocacy analyst when it identifies that it will not spend all the grant funds, and it is outside of the interim and year-end reporting submission times. Timely notification is important because the Program Office may be able to redistribute the unused funds to another clinic.

For the Interim Report only, if the LITC grant award is less than $100,000, a clinic may request additional LITC grant funds for the current grant year (to be used before December 31). Select the **Yes** button and provide a statement indicating the amount of additional funds requested, the expense category or categories where the funds will be spent, and the amount and source of matching funds that will be provided if the additional funding is awarded. The total funds requested for the grant year may not exceed $100,000. See IRC § 7526(c)(2).

To finalize the form, see the instructions for how to save, validate, and submit forms in this Appendix below.

Form **13424-L** (May 2018)	Department of the Treasury - Internal Revenue Service **Statement of Grant Expenditures**	OMB Number 1545-1648

Name of Low Income Taxpayer Clinic

Grant Period **From** **To**

Expense Categories	Federal	Match	Total
A. Personnel			
B. Fringe Benefits			
C. Travel			
D. Equipment			
E. Supplies			
F. Contractual			
G. Construction			
H. Other Expenses			
I. Total Direct Charges			
J. Indirect Charges			
K. Totals			

Grant Expenditures Narrative Explanations

A. Personnel

B. Fringe Benefits

C. Travel

D. Equipment

E. Supplies

F. Contractual

G. Construction

H. Other Expenses

I. Total Direct Charges

J. Indirect Costs

Matching Funds

Unused Grant Funds

Additional Funding Request *(Interim Report ONLY)*

Instructions for Form 13424-L, Statement of Grant Expenditures

Note: Interim and Year-End Reports, including this form (Form 13424-L) may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

Purpose

Form 13424-L, *Statement of Grant Expenditures,* is used to report how federal grant funds and matching funds were spent by the clinic during the reporting period. This form is also used to report a narrative explanation of how each expense amount was calculated and the sources and valuation of matching funds. All expenses must be reasonable, necessary, and allocable to this grant. See Publication 3319 or 2 CFR Part 200 for guidance on costs and matching funds.

Note: Grant expenditure amounts must also be reported on SF 425.

Reporting Requirements

All clinics must complete this form. See Publication 3319 for additional information.

Reporting Period

Clinics are required to report on LITC activities twice for each grant year. The grant year is January 1 through December 31 for the year in which a grant award is received. An Interim Report is required to report expenditures incurred for the period from January 1 through June 30; a Year-End Report is required to report expenditures incurred for the entire grant year, the period from January 1 through December 31.

Specific Instructions for Completing the Form

Each line item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds expended.

The total amount reported on this form for expenditure of Federal funds (line K, Federal column) must be the amount of Federal funds spent during the reporting period; do not include any amounts drawn from the award using the Payment Management System (PMS), but not spent. The PMS is operated by the Department of Health and Human Services, Division of Payment Management.

Grant Expenditures Narrative Explanation

This section requires more detailed information about your LITC's expenditures. Each letter of the Grant Expenditures Narrative Explanation corresponds to an expense category in the Detailed Budget Worksheet. The information provided in the narrative should be sufficiently detailed so that a reviewer can arrive at the same amounts listed on the Detailed Budget Worksheet by expense and by category (federal or match).

A. Personnel

Report salaries and wages that were paid to LITC staff. Do not include fringe benefits in this category (fringe benefits should be accounted for in category B). In the explanation, list each staff member's name, position, rate of pay and time devoted to clinic activities (hourly wage and number of hours of service, or annual salary and percentage of annual salary). State the portion of each staff member's salary or wages paid from federal and matching funds, as well as the source of the matching funds. Volunteer in-kind services should not be included under the Personnel category. They must be included under category H, *Other Expenses.*

Calculate each clinic staff member's full-time equivalent (FTE). Take the staff member's total hours worked for the clinic and divide it by total hours in the reporting period. For staff assigned to LITC activities on a percent of total working hours, convert the applicable percentage into a decimal.

Note: If a staff member is full-time with the organization but only a partial FTE for the clinic, multiply the FTE times the full-time salary to arrive at the proper amount to include as a personnel expense.

Calculate the personnel expense for each staff member. Personnel expense can be calculated as a percent of total time/FTE multiplied by salary, or by multiplying the number of hours worked by the applicable hourly rate.

Determine and list out the dollar amount attributable to federal and match. List sources of match in the comment section.

B. Fringe Benefits

Report fringe benefits that were paid on behalf of LITC staff whose wages and salaries are reported in personnel costs (category A above). In the explanation state the fringe benefits rate(s), the items that constitute the fringe benefits, what portion was paid by federal funds and matching funds, and the source of matching funds. Identify the rate applicable to each staff position if varying rates apply by position.

- Show the formula (methodology) for calculating fringe benefits for each position listed in Category A;
- State what items are included in fringe benefits;
- Provide the dollar amount attributable to federal and match; and
- Indicate the source of matching funds.

C. Travel

Report travel costs, including costs associated with attendance at the annual LITC conference and other travel expenses directly related to conducting LITC business or activities. In the explanation, identify:

- The travel costs listed;
- Whether the costs were paid with federal or matching funds; and
- The source of the matching funds.

Please break down travel costs by category, such as transportation, hotel, meals, and incidental expenses (MIE), and mileage. If using a mileage rate, show the computation.

D. Equipment

Report the cost of equipment that was purchased by the clinic and used in operating an LITC program. Donated equipment may be included as matching funds and must be valued at the fair market value of the property at the time of the donation. In the explanation, identify:

- The equipment purchased or donated;
- Whether the associated costs were paid using federal or matching funds; and
- The source of the matching funds.

If there were third-party in-kind contributions of equipment, identify the equipment, the donor, and the how the valuation was determined. Only equipment costing $5,000 or more is included in the category; equipment costing less is included in Category E.

E. Supplies

Report the cost of supplies and equipment costing less than $5,000 that were used in operating the LITC. Donated supplies may be included as matching funds and must be valued at the fair market value of the property at the time of the donation. In the explanation, identify:

- The value of supplies used;
- Whether the associated costs were paid using federal or matching funds; and
- The source of the matching funds.

If there are third-party in-kind contributions of supplies, explain the amount of the supplies contributed and how the valuation was determined, as well as the source of the donation.

F. Contractual

Report the cost of rent, utilities, and other contracted items or services that were used in operating an LITC program. Donated space may be included as matching funds and the value assigned may not exceed the fair rental value of comparable space. The explanation should identify:

- Nature of the expense;
- Whether the associated costs were paid using federal or matching funds; and
- The source of the matching funds.

If a contracted item or service pertains to other programs in addition to LITC activities, only the portion directly attributable to LITC activities may be allocated to the LITC program. The narrative must explain the methodology used to apportion costs between the LITC activities and other programs.

There are two acceptable methodologies for calculating federal funds allocable to indirect costs:

- Indirect Cost Rate Agreement
  - i. Must be approved in advance;
  - ii. Agreement must set forth cost items included in the rate; and
  - iii. The clinic may not charge items included in the rate as separate expense items.
- *De Minimis* 10 percent rate
  - i. Rules are set forth in 2 CFR Part 200; and
  - ii. Clinics that elect to use the de minimis rate are prohibited from charging administrative or facility costs as separate expense items.

For example, if a clinic is part of a larger organization that has an indirect cost rate agreement and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual Expense category. Similarly, if the clinic elects to use the de minimis rate to charge indirect costs on all its federal awards, no facilities and administration costs may be charged as direct costs.

G. Construction

This category is not applicable to this grant. No construction expenses are allowed.

H. Other Expenses

Report all other direct costs that were incurred in operating an LITC program that are not properly included in categories A through G. The value of volunteer in-kind services is included in this category as matching funds.The explanation should identify:

- Nature of the expense;
- Whether the associated costs were paid using federal or matching funds; and
- The source of the matching funds.

The explanation must also disclose the rate or rates that were used to value volunteer in-kind services and the number of volunteer hours that were provided, categorized by type of service or volunteer, as appropriate.

I. Total Direct Charges

The total of the direct charges is the sum of lines A through H for each column.

J. Indirect Charges

Report indirect costs not directly related to the LITC program, but incurred as part of the general overhead and administration of the grantee. Indirect charges may be charged as a use of federal funds based upon an approved Indirect Cost Rate Agreement or the 10% *de minimis* rate allowed under 2 CFR Part 200. However, indirect charges may not be counted as matching funds and the rate may only be applied to the base paid with federal funds. The narrative explanation should identify the indirect cost rate, the base to which the rate was applied, and the computation for the indirect charges amount. Briefly summarize the expenses included in the indirect cost rate agreement.

If indirect costs were charged to the LITC grant, no items that are included in the indirect cost rate or the *de minimis* rate may be charged as direct expenses. For example, if a clinic is part of a larger organization that has an Indirect Cost Rate Agreement and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual Expense category. Similarly, if the clinic elects to use the *de minimis* rate to charge indirect

costs on all its federal awards, no facilities and administration costs may be charged as direct costs. See Publication 3319 or 2 CFR Part 200 for guidance on indirect charges.

Matching Funds

This section addresses matching funds from sources other than the federal government. Complete this section by providing a narrative that includes an explanation of the sources and amounts of matching funds. The clinic must state explicitly that matching funds provided to the LITC program (1) were not used as matching funds for any other federal program and (2) were not funds received from any other federal grant unless specifically authorized by statute to be used as matching funds.

- List amount of match by source; and
- List total of all match funding.

Returning Unused Grant Funds

Complete this section by providing a statement as to whether the clinic will spend its entire LITC grant award by the end of the grant year. In the event the clinic anticipates that it will not spend its entire award, the clinic must contact the LITC Program Office immediately so the funds can be redistributed to other grantees.

Complete this section for the Year-End Report if the amount of unused grant funds at the end of the grant year exceeds $500. Include the reason(s) why excess grant funds were not expended or made available for redistribution to other grantees and whether this was due to a one-time occurrence or an ongoing issue.

Request Additional Grant Funds (This section applies to the Interim report only.)

If you wish to request additional LITC grant funds for the current grant year (to be used before December 31), and your LITC grant award is less than $100,000, indicate the amount of additional funds requested, the expense category or categories where the funds will be spent, and the amount and source of matching funds that will be provided if the additional funding is awarded.

The total funds requested for the grant year may not exceed $100,000. See IRC § 7526(c)(2). After entering amounts into the Grant Expenditures Narrative, verify that the sum of the amounts listed under each expense type and each category (federal/match) are consistent with the amounts listed on the Detailed Budget Worksheet.

Form **13424-L** (May 2018)	Department of the Treasury - Internal Revenue Service **Statement of Grant Expenditures**	OMB Number 1545-1648

Name of Low Income Taxpayer Clinic
ABC LITC

Grant Period **From** 1/1/2019 **To** 12/31/2019

Expense Categories	Federal	Match	Total
A. Personnel	79,821	36,720	116,541
B. Fringe Benefits	1,525	21,783	23,308
C. Travel		2,079	2,079
D. Equipment			
E. Supplies		1,900	1,900
F. Contractual		11,899	11,899
G. Construction			
H. Other Expenses		25,653	25,653
I. Total Direct Charges	81,346	100,034	181,380
J. Indirect Charges	11,654		11,654
K. Totals	93,000	100,034	193,034

Catalog Number 58506B www.irs.gov Form **13424-L** (Rev. 5-2018)

For Paperwork Reduction Act Notice, see Publication 3319.

Grant Expenditures Narrative Explanations

A. Personnel

ABC Legal Services computes 1.0 FTE on a 40-hour work week (2,080 hours per year) All dollars are rounded to the nearest dollar. FTE rounded to nearest hundreth.
CD/QTE (Atty)-John Fordham-.8 FTE Annual Salary $89,000 x 0.8=$71,200 Federal:$50,000 Match: $21,200 (ABC Operating Funds, Legal Services Corporation, LSC)
Paralegal- Alice Gonzaga .43 FTE $22 x 900 hours= $19,800 Federal: $10,000 $9,800 XYZ Private Foundation funds
Intake- Ruth Washington .50 FTE $15 x 1036.09 hours= $15,541 Federal: $15,541 Match: $0
Receptionist- Deborah Chapman 1/3 FTE x $30,000= $10,000 Federal: $4,280 Match:$5,720 XYZ Private Foundation funds
Federal: $79,821 Match: $36,720 ($21,200 ABC Operating Funds/LSC + $15,520 XYZ Private Foundation)

B. Fringe Benefits

Fringe Benefits are 20% of wages of $116,541.
Federal:$1,525 Match: $21,783 XYZ Private Foundation funds.

C. Travel

Local travel to conduct educational and outreach activities. $45 parking. $281 mileage (525 miles at $.535 per mile).
$1,753 of travel to LITC Conference. $950 Hotel. $553 Air fare. $200 MI&E. Travel to and from airport $50 Taxi.
Federal: $0 Match: $2,079 ($45 + $281 + $1,753) XYZ Private Foundation funds.

D. Equipment

$0

E. Supplies

ABC Legal Services uses a full-time equivalent (FTE) method to allocate certain direct shared expenses, including Supplies, Telephone and Internet, ABC Legal Services uses a full-time equivalent (FTE) method to allocate certain direct shared expenses, including Supplies, Telephone and Internet, and and 2 CFR § 200.501 Audit Cost. Under this method, the allocation percentage is determined by dividing the FTEs of employee time devoted to the LITC program by the total FTEs available in the ABC Legal Services organization. The LITC program staffing will be 2.06 FTEs (.80 FTE for John Fordham + .43 FTE for Alice Gonzaga + .50 FTE for Ruth Washington + .33 FTE for Debra Chapman = 2.06 FTEs). Total FTEs in the ABC LegalServices organization is 40 FTEs. The ratio of shared expenses is estimated at 5.15% (2.06/ 40).
Total cost of supplies for the organization is estimated to be $36,900 and will include the cost of laptop computers, printers, copy paper, toner, pens, pencils, envelopes, postage, etc. $36,900 x 5.15% = $1,900.
Federal: $0 Match: $1,900 XYZ Private Foundation funds.

F. Contractual

Total telephone and internet shared cost is estimated to be $35,880.$35,880 x 5.15%(FTE allocation) = $1,848. The organization's total audit cost (a shared expense) is estimated to be $20,400. $20,400 x 5.15% (FTE allocation)= $1,051. Advertising costs – These costs will be incurred solely to publicize the LITC program. Planned advertising for LITC representation and education services are estimated to be $3,000.
Rent – Facilities costs are generally included in the Indirect Cost Rate Agreement. However, the organization will be renting off-site space at Neighborhood Drop-in, a community based organization, solely to conduct weekly intake. The cost of the space is $500 per month. $500 x 12 mo = $6,000.
Federal: $0 Match: $11, 899($1,848 + $1,051 + $3,000 + $6,000) XYZ Private Foundation funds.

G. Construction

H. Other Expenses

Representation services: $200/hr x 87 hrs = $17,400. Non-representation services:
Volunteer attorneys will contribute services including research, consultations, and review of educational materials. Valuation rate is the same as pay rate for staff attorney John Fordham. ($42.79/hr + $8.56/hr fringe) = $51.35/hr x 95 hrs = $4,878.
A bilingual Enrolled Agent will provide services including ESL consultations and review of educational materials. Valuation rate is consistent with those paid for similar work in the labor market and were determined using BLS information for the locality plus reasonable fringe. ($22.50/hr + $4.50/hr fringe) = $27/hr x 75 hrs = $2,025.
Law students will represent taxpayers before the IRS pursuant to a special appearance authorization. Valuation rate is $18/hr which represents 35% of the staff attorney's pay rate, including fringe. (Note: students are not permitted to use the $200/hr rate available to other qualified representatives.) $18/hr x 75 hrs = $1,350. Federal: $0 Match: $25,653 ($17,400+$4,878+$2,025+$1,350) Third Party In-Kind

I. Total Direct Charges

J. Indirect Costs

$116,541 x 10% = $11,654
Federal: $11,654
(Please note for this example the MTDC only takes into consideration the direct salary costs for LITC staff $116,541. Additional items such as fringe benefits supplies and materials and travel directly attributable to the work of the grant could also be utilized in calculating the MTDC if it can be shown they are direct costs of performing work under the LITC grant. See Section IV.E. ii. "Direct v. Indirect Expenses," Publication 3319 "2019 LITC Grant Application and Guidelines.)

Matching Funds

Total matching funds will be $100,034 from the following sources:
$53,181 cash from XYZ Private Foundation
$21,200 cash from ABC Corp Operating Funds (LSC)
$25,653 third party in-kind

These funds were not used as matching funds for any other federal program.

Unused Grant Funds

NA

Additional Funding Request *(Interim Report ONLY)*

NA

INSTRUCTIONS FOR FORM 13424-N, LITC PROGRAM NARRATIVE REPORT

Form 13424-N, LITC Program Narrative Report, is used to report information about certain representation, education, and advocacy work the clinic performed during the reporting period. This form is used to report narrative explanations of the program plan, how the clinic meets the requirements of the grant, trends in the types of cases encountered, and success stories of note that occurred during the reporting period. This form also provides an opportunity to supplement responses from other reporting forms included in the Interim and Year-End Report that relate to representation, education, and advocacy efforts.

This form is also used to report the steps taken to resolve open cases and provide ongoing representation, where appropriate, for clinics that will no longer be participating in the LITC grant program in the next grant period.

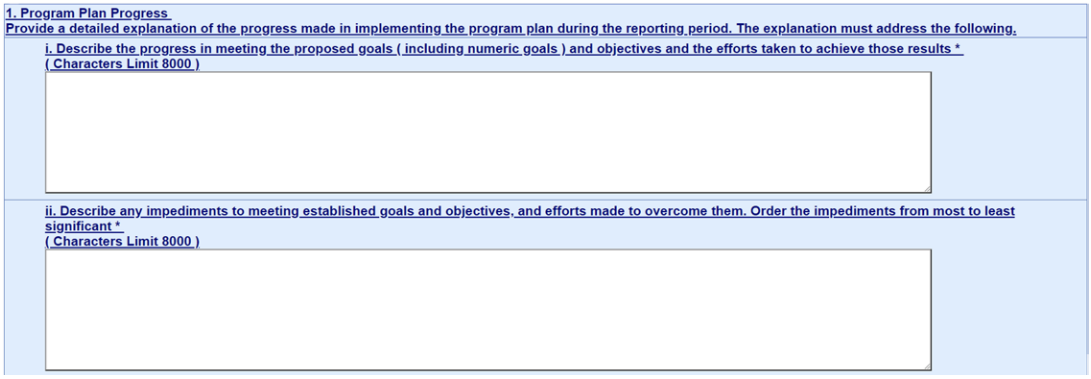
The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low-income and ESL taxpayers.

Specific Instructions for Completing the Form

All fields require an entry even if the response is **N/A** or **Not Applicable**. Each section has an 8,000 character limit, except where designated. For purposes of reporting on Program Plan Progress (Section 1) and addressing Grant Requirements (Section 2), clinics should report activities performed between January 1 and June 30 on the Interim Report. The Year-End Report will cover work performed between January 1 and December 31 with the exception of Success Stories (Section 3) and Emerging Issues (Section 4) which should be answered from work performed during the second half of the year only. However, if an emerging issue was included in the Interim Report, and continued through the second half of the year, it is appropriate to include it again in the Year-End Report, especially if the issue or trend increased in prevalence or new examples of it were identified. To the extent that these instructions may conflict with the information included with the Form 13424-N fillable form, please follow the instructions provided here.

Program Plan Progress

The system will navigate to the screen below when the Form 13424-N is selected on the Form Selection screen. Report the progress made in implementing the program plan during the reporting period in this section.



Include the description of the progress made in meeting the numerical and substantive goals and objectives, respectively, that were detailed in the grant application on Form 13424-M, Low Income Taxpayer Clinic Application Narrative, or as revised in any amendments or continuing funding requests.

Grant Requirements

In this section, report how certain requirements of the LITC grant are met.

2. Grant Requirements
Provide information about the following items:

i. Describe any changes in LITC staff or how staff is deployed, if applicable *
(Characters Limit 8000)

ii. Describe the training provided to clinic staff, students, and volunteers. Include the topics covered during the training, the number of training hours, and the training provider *
(Characters Limit 8000)

iii. Describe any mentoring or networking activities conducted. Identify who is being mentored and the frequency of mentoring meetings *
(Characters Limit 8000)

iv. Describe the outreach activities reported on Form 13424 - A, line 1d. Identify the intended audience, and include a description of types of outreach activities, including whether each activity was one-time or ongoing effort *
(Characters Limit 8000)

v. Describe the types of issues and questions addressed in the technical assistance consultations reported on Form 13424 - A, line 7 *
(Characters Limit 8000)

vi. Describe the reasons for seeking assistance from the Taxpayer Advocate Services (TAS) and the assistance TAS provided in cases reported on Form 13424-A, line 8 *
(Characters Limit 8000)

vii. Explain the circumstances surrounding the representation of taxpayers whose amount in controversy exceeds $50,000 as reported on Form 13424 - K, line 3. Include the issues creating the tax controversy and an explanation of why an exception was made to the general amount in controversy limitation *
(Characters Limit 8000)

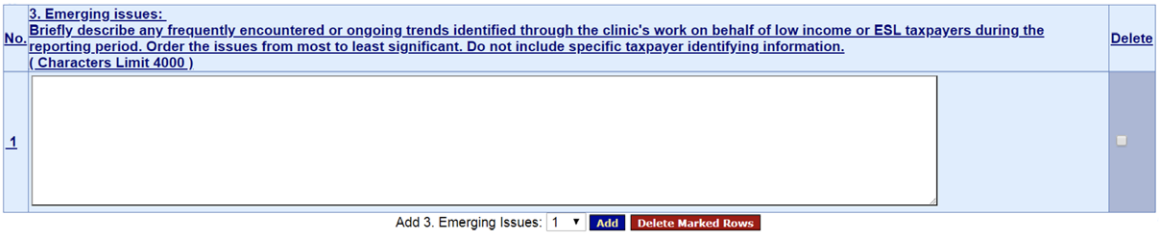
viii. List any changes in days or hours of operation, if applicable *
(Characters Limit 8000)

ix. Describe any advocacy efforts or other activities, not described previously, through which the clinic contributed to ensuring the fairness and integrity of the of the tax system with regard to low income or ESL taxpayers *
(Characters Limit 8000)

Use line 2.ix to supplement responses from other reporting forms included in the Interim and Year-End Report that relate to representation, education, and advocacy efforts.

Emerging Issues

Report frequently encountered trends identified in the types of cases encountered through work on behalf of low-income or ESL taxpayers during the reporting period in this section.



Input one issue per item box. Click on the **Add** button to enable additional line option.

NOTE: Do not include any confidential or personally identifiable taxpayer information. See Publication 3319 for additional information about confidentiality.

Success Stories

Report notable stories of achievement of the LITC mission that occurred during the reporting period in this section.

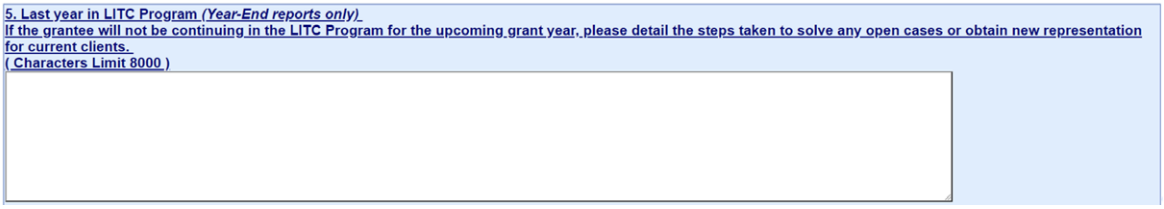


Input one issue per item box. Click on the **Add** button to enable the additional line option.

The response should describe particular cases or activities but do not include any confidential or personally identifiable taxpayer information. See Publication 3319 for additional information about confidentiality.

Last Year in LITC Program

Only complete this section if included with a final Year-End report of a clinic that will not be receiving LITC grant funding in the next grant period.



If the clinic will no longer be participating in the LITC grant program, report the steps taken to resolve open cases and provide ongoing representation, where appropriate.

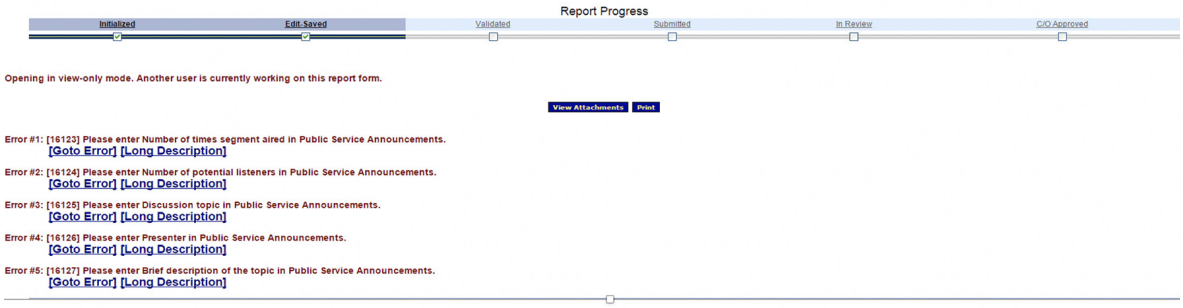
To finalize the form, see the instructions for how to save, validate, and submit forms in this Appendix below.

HOW TO SAVE, VALIDATE, AND SUBMIT FORM 13424 SERIES

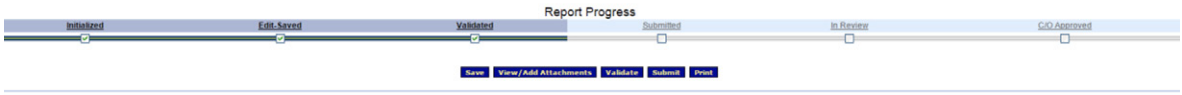
Click **Save** to save data entered before validating. When ready to submit the form, click **Validate** to indicate the information is complete.



When there are errors, the system will refresh to the screen below and list at the top of the screen the fields that were not completed. The system will not allow the report status to change to Validated until all issues are resolved and the form is re-validated.



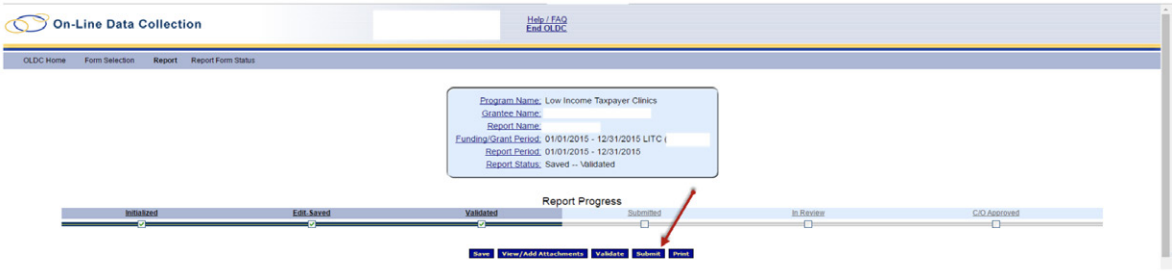
The system will refresh to the screen below and the report status will show as Validated if there are no errors and once all errors are corrected.



Once a reporting form is saved and validated without any errors and is ready to be submitted to the LITC Program Office. The statuses can be found on the Form Selection screen and/or within each form itself. The individual who has the role of Principal Investigator/Program Director (PI/PD) must submit the reporting forms. Ordinarily, this is the Clinic Director; in some organizations, this role may be held by an Executive Director.

To submit reporting forms, do the following:

- Go to the Form Selection screen;
- Locate the form to submit;
- Follow the steps above to access the form; and
- Click on the **Submit** link. (The submit link will not appear until the form moves to the Validated status).



NOTE: Once a form is submitted to the Program Office it is no longer editable. To edit a form that was prematurely submitted, email the LITC Program Office at LITCProgramoffice@irs.gov and copy the clinic's assigned advocacy analyst. The advocacy analyst will contact the organization to confirm the request and the form will be returned for edit. Follow the instructions above to resubmit the form to the LITC Program Office.

To exit the form, click the **Form Selection** link and the system will navigate back to the form details screen.

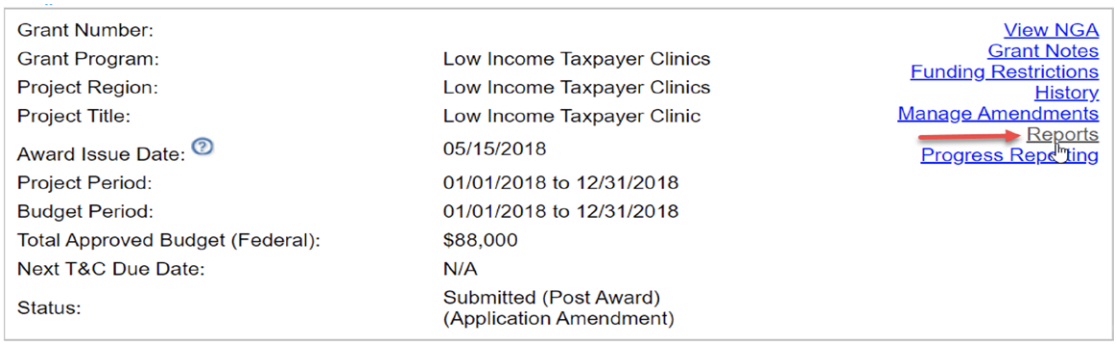
INSTRUCTIONS FOR STANDARD FORM 425, FEDERAL FINANCIAL REPORT

Standard Form 425, Federal Financial Report, is used to report the amount of federal grant funds received and spent during the grant period and the amount of matching funds spent during the grant period. In preparing this form, adhere to existing guidelines in 2 CFR Part 200 and Publication 3319, which explain allowable costs. See Publication 3319, 2 CFR § 200.306, and 2 CFR § 1000.306 for guidance on matching funds.

The instructions for completing Standard Form 425, Federal Financial Report, contained in this Publication are intended as a guide for submitting LITC grant reports. For instructions on preparing required quarterly submissions of Standard Form 425 in the Payment Management System (PMS), visit the PMS Program Support Center at https://pms.psc.gov/ and click on the **Training** tab.

Accessing the Form

To access Standard Form 425 on GrantSolutions, click on the Reports link on the My Grants List screen.

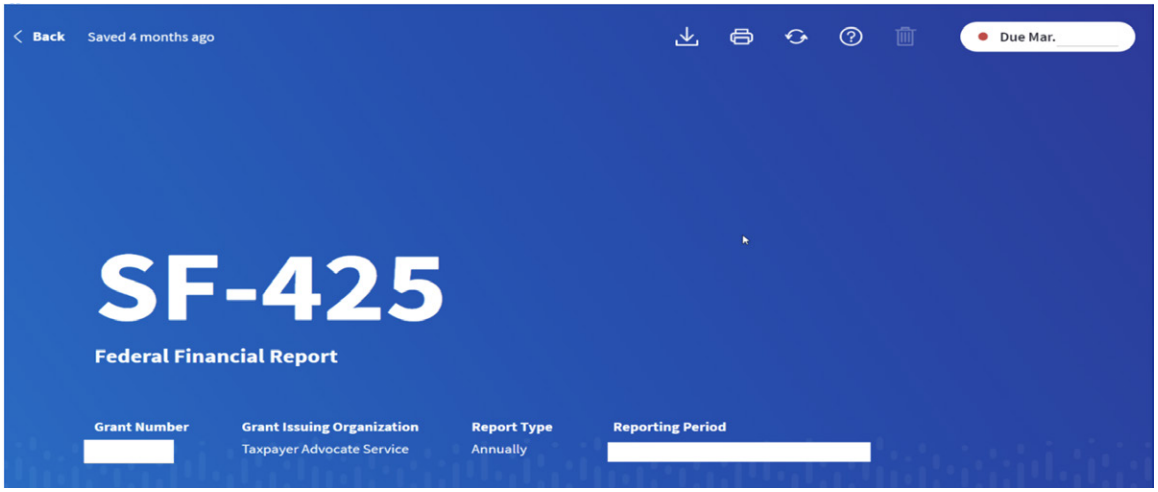


The system will navigate to the screen below. Click on the drop-down arrow on the right-hand side for past reporting periods. Click on the **start** button or **edit** button.

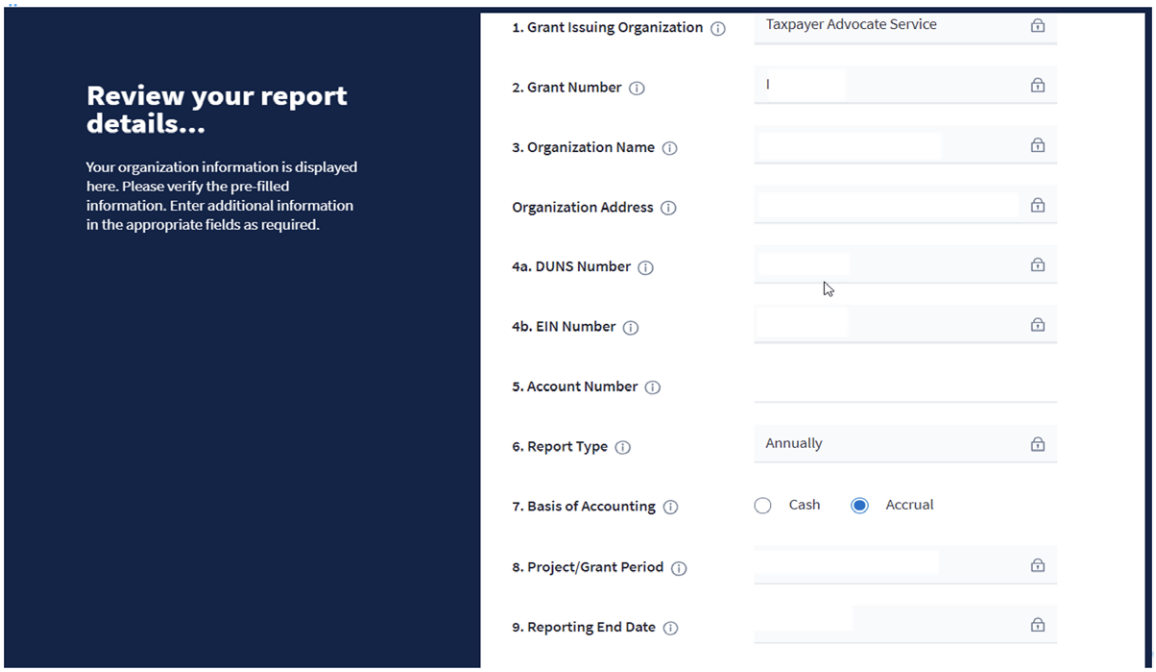


Completing the Form

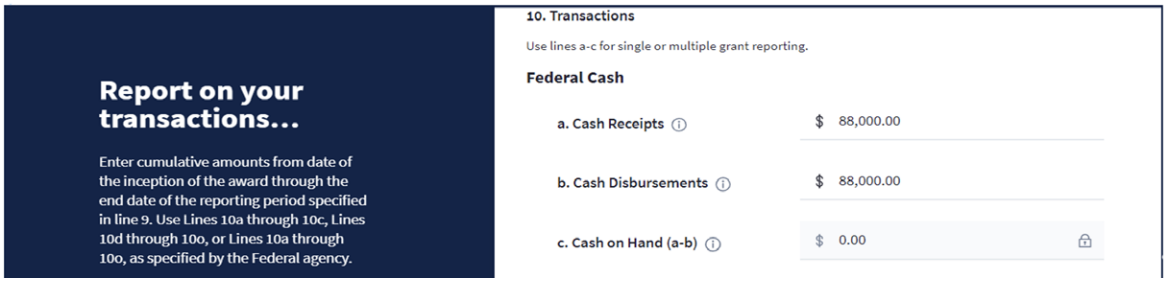
The system will then navigate to the screen below. All fields on the form must be completed.



Scroll down on this screen and the next section includes lines 1-9 which will be prepopulated and locked down from editing, except for line 7, Basis of Accounting. Please select either Cash or Accrual to indicate which basis was used for recording transactions related to the grant award and for preparing this Standard Form 425. See the Glossary for an explanation of each basis of accounting.



Continue to scroll down and the next section is lines 10(a) – 10(c).



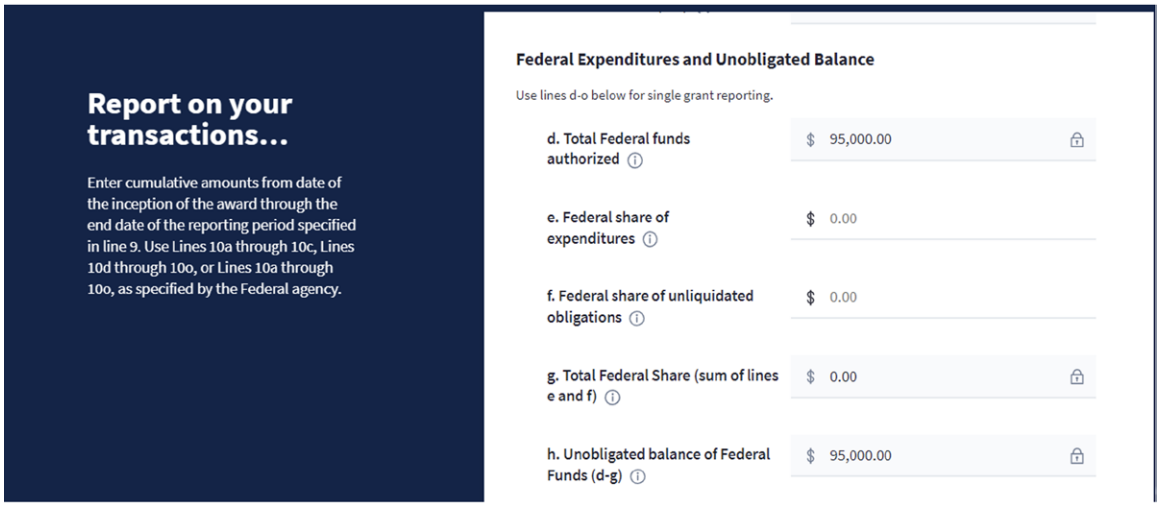
Line 10(a). Enter the amount of federal cash that the clinic has drawn down from the 2022 grant award in the PMS account.

Line 10(b). Enter the amount of federal cash reported on line 10(a) that has been disbursed to pay or reimburse LITC expenses.

NOTE: For lines 10(a) and 10(b) on the Year-End Report, these amounts should include any drawdowns or disbursements made after December 31,2022 but before the date the report is submitted.

Line 10(c). Enter the amount of line 10(a) minus line(b). The system will automatically calculate this amount.

Next, scroll down further and the next section contains the federal expenditures and unobligated balances, lines 10(d) – 10(h).



Line 10(d). The amount of federal funds authorized is prepopulated and cannot be changed.

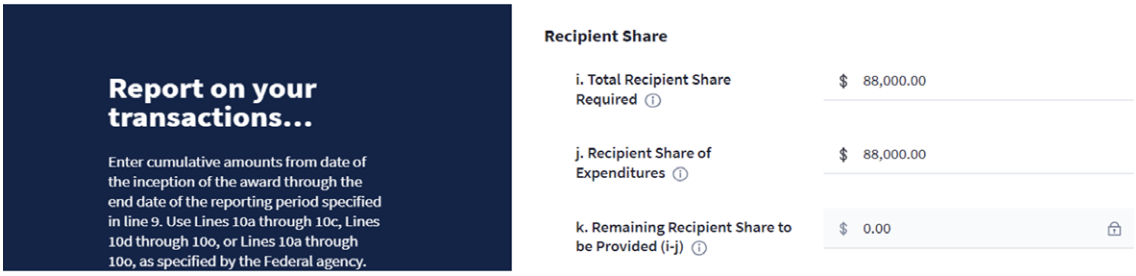
Line 10(e). Enter the amount of federal funds expended during the grant period. See Glossary for an explanation of the cash and accrual bases of accounting.

Line 10(f). Enter the amount of federal funds that represent expenses incurred but not yet paid as of the end of the reporting period, if not reported on line 10(e). Cash basis reporters may need to enter an amount on this line; for accrual basis reporters, the amount on this line will likely be zero.

Line 10(g). The system will automatically calculate the sum of lines 10(e) and 10(f).

Line 10(h). The system will automatically calculate line 10(d) minus 10(g). On the Year-End Report, the amount shown on this line represents unspent grant funds and must be explained in the narrative on Form 13424-L, Statement of Grant Expenditures.

Scroll down and the next section contains the recipient share, Lines 10(i) – 10(k).

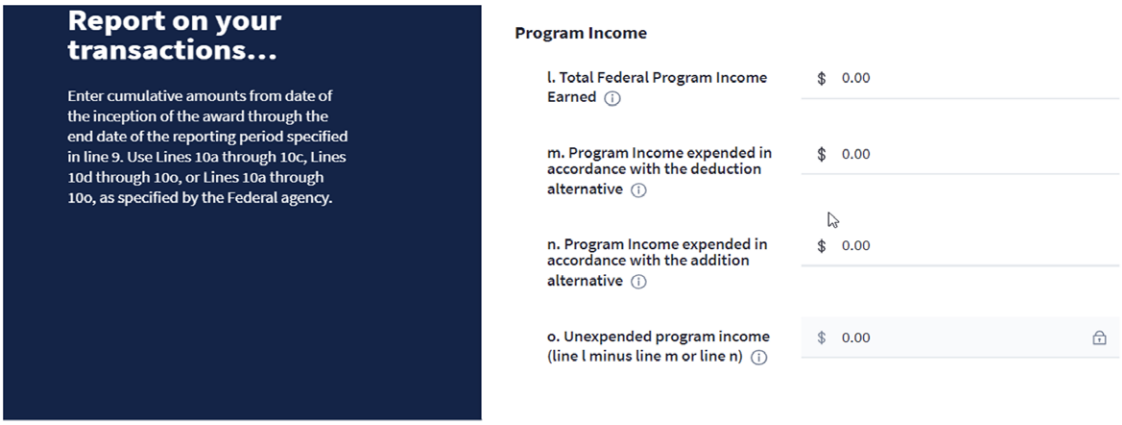


Line 10(i). For the purposes of the LITC Program, the term "recipient share" has the same meaning as the term "matching funds." Enter the amount of matching funds required for grant year 2022. The amount should be the same as line 10(g) because the LITC grant requires a dollar-for-dollar match.

Line 10(j). Enter the amount of matching funds expended during the reporting period specified on line 9, including the value of all third period in-kind contributions.

Line 10(k). The system will automatically calculate line 10(i) minus 10(j).

Scroll down and the next section contains program income, lines 10(l) – 10(o).



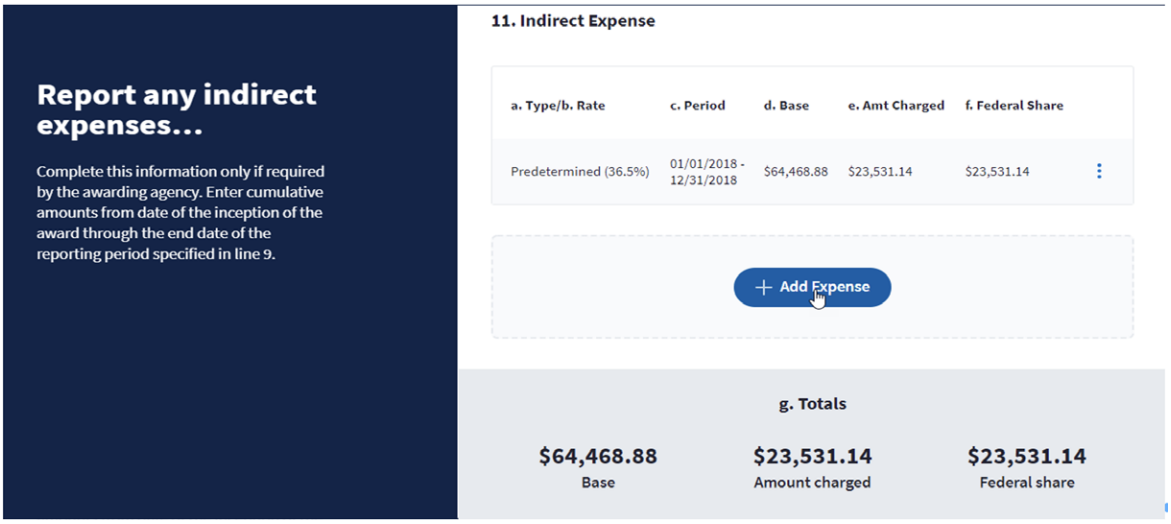
Line 10(l). Enter the amount of nominal fees or other program income earned during the reporting period. Do not report any program income here that is being allocated as part of the recipient's match amount included in Line 10(j).

Line 10(m). Enter zero. The LITC Program does not utilize the deduction alternative.

Line 10(n). Enter the amount of program income that was added to funds committed to the total project costs and expended to further eligible project or program activities.

Line 10(o). The system will automatically calculate line (l) minus line (m) or line (n). This amount equals the program income that has been earned but not expended, as of the reporting period end date.

Scroll down to the section contains indirect expenses. lines 11(a) – 11(g).



Enter cumulative amounts from date of the inception of the award through the end date of the reporting period specified on line 9. Only grant recipients using an indirect cost rate should complete this section. Otherwise, skip to line 12.

Line 11(a). State whether the type of indirect cost rate is Provisional, Predetermined, Final, Fixed, or de minimis.

Line 11(b). Enter the indirect cost rate in effect during the reporting period.

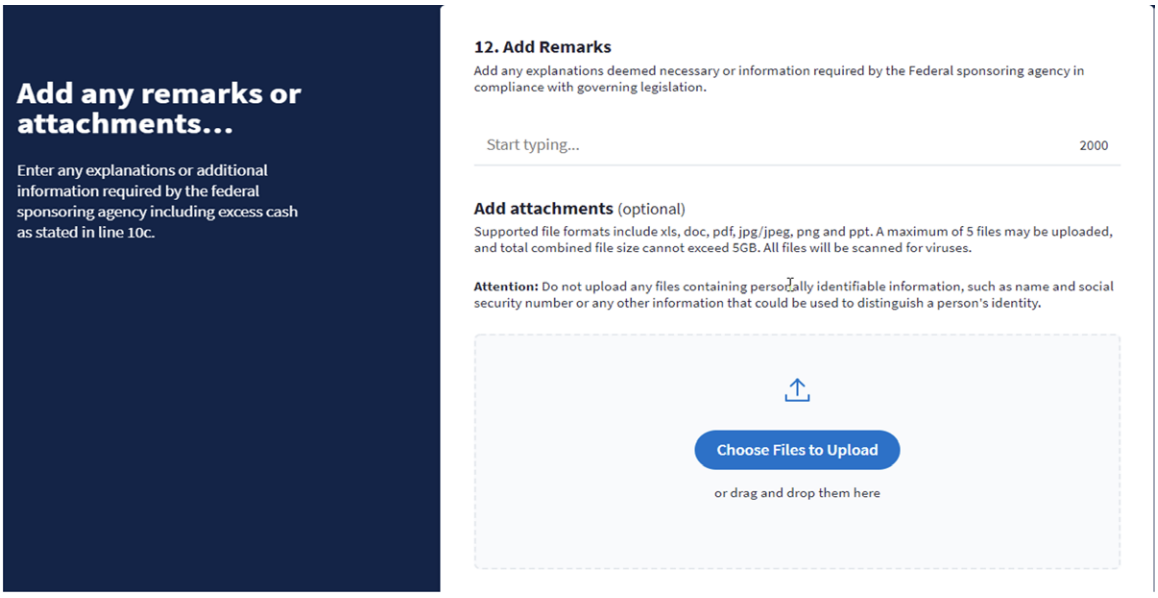
Line 11(c). Enter the beginning and ending effective date dates for the rate.

Line 11(d). Enter the amount of the base against which the rate(s) was applied.

Line 11(e). Enter the amount of indirect costs charged during the time period specified. (Multiply 11(b) by 11(d)).

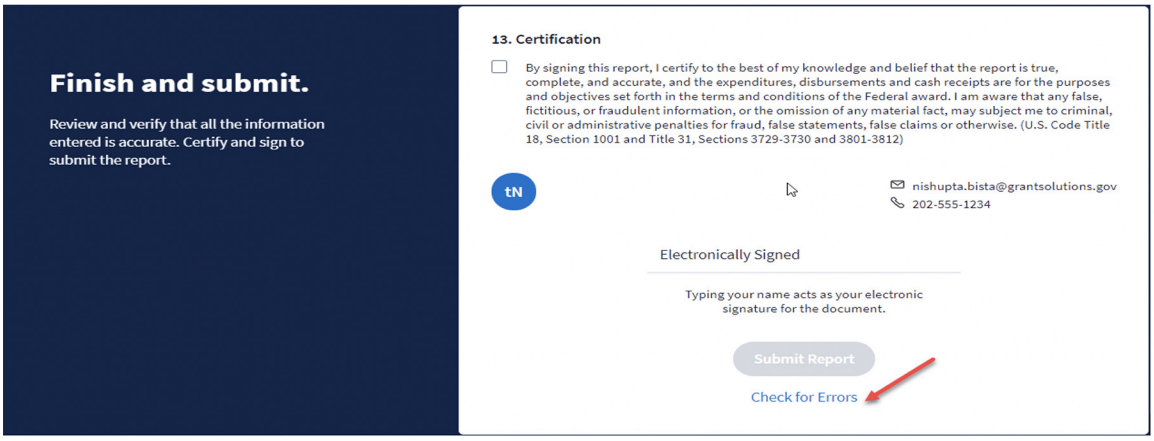
Line 11(f). Enter the amount of grant funds awarded for the reporting period that were allocated to indirect costs.

Scroll down and the next section contains a place for comments. There should not be any attachments to the Form 425.



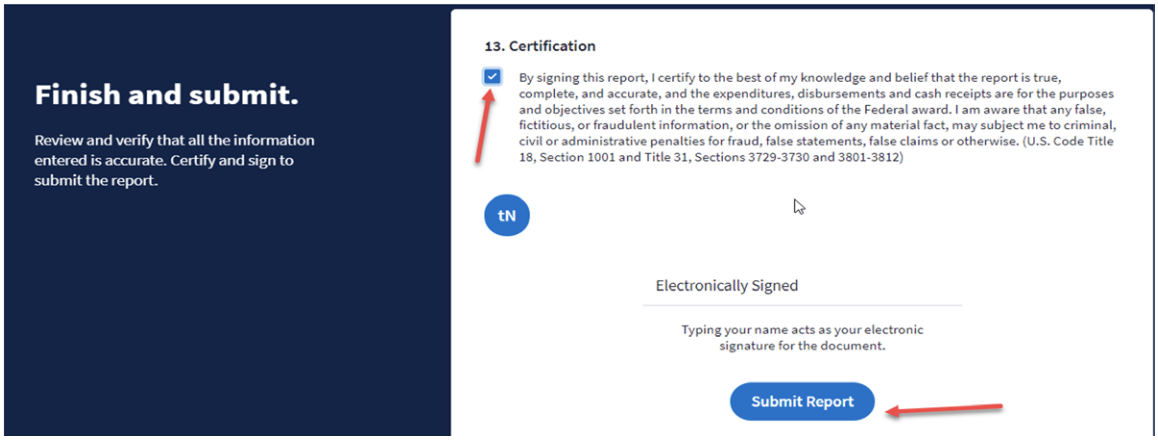
Submitting the Standard Form 425

Scroll down and the next section is line 13, the certification and submission. First, click on **check for errors**. The system does a validation of the information within the form. (It does not validate against information in other report forms.) If there are no errors, a pop-up box will appear and say, **no errors found**. If there are errors, the pop-up box will appear with a list of the errors to be addressed.



When the form is ready to be submitted, put a check mark in the box under line 13, next to the certification statement. Once the box is checked, the **submit report** button will turn blue, indicating it is enabled.

NOTE: The **submit report** button will not be enabled if there are any errors on the form.



COMMON IRS AND FEDERAL GRANT ACRONYMS

ABA	American Bar Association
ACA	Affordable Care Act
ACS	Automated Collection System
AES	Automated Examination System
AGI	Adjusted Gross Income
AICPA	American Institute of Certified Public Accountants
ALS	Automated Lien System
AMT	Alternative Minimum Tax
AMTAP	Accounts Management Taxpayer Assurance Program
ARC	Annual Report to Congress
ASED	Assessment Statute Expiration Date
ASFR	Automated Substitute for Return
AUR	Automated Under Reporter Program
BLS	Bureau of Labor Statistics
BMF	Business Master File
BWH	Backup Withholding
CAA	Certifying Acceptance Agent
CADE2	Customer Account Data Engine 2
CAF	Centralized Authorization File
CAP	Compliance Assurance Process
CAWR	Combined Annual Wage Reporting
CCR	Central Contractor Registration
CDP	Collection Due Process
CFP	Civil Fraud Penalty
CFR	Code of Federal Regulations
CI	Criminal Investigation
CNC	Currently Not Collectible
COB	Close of Business
CODI	Cancellation of Debt Income
COIC	Centralized Offer in Compromise
CPA	Certified Public Accountant
CPE	Continuing Professional Education
CPU	Central Processing Unit
CSED	Collection Statute Expiration Date
CTC	Child Tax Credit

DPM	Division of Payment Management
DUNS	Data Universal Numbering System
EA	Enrolled Agent
EFT	Electronic Funds Transfer
EITC	Earned Income Tax Credit
EIN	Employer Identification Number
ESL	English as a Second Language
ETA	Effective Tax Administration
F&A	Facilities and Administrative Costs
FAC	Federal Audit Clearinghouse
FBAR	Report of Foreign Bank and Financial Accounts
FDIC	Federal Deposit Insurance Corporation
FEIE	Foreign Earned Income Exclusion
FFATA	Federal Funding Accountability and Transparency Act
FFR	Federal Financial Report
FICA	Federal Insurance Contribution Act
FOA	Funding Opportunity Announcement
FOIA	Freedom of Information Act
FPLP	Federal Payment Levy Program
FY	Fiscal Year
HHS	Department of Health and Human Services
IA	Installment Agreement
IMF	Individual Master File
IP PIN	Identity Protection Personal Identification Number
IPSU	Identity Protection Specialized Unit
IRA	Individual Retirement Account
IRB	Internal Revenue Bulletin
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
ITAP	Internal Technical Advisor Program
ITIN	Individual Taxpayer Identification Number
LB&I	Large Business & International
LITC	Low Income Taxpayer Clinic
LSC	Legal Services Corporation
LTA	Local Taxpayer Advocate
MSP	Most Serious Problem

NCC	Non-Competing Continuation
NFTL	Notice of Federal Tax Lien
NOA	Notice of Award
NOFO	Notice of Funding Opportunity
NOPA	Notice of Proposed Adjustment
NTA	National Taxpayer Advocate
OIC	Offer-in-Compromise
OLS	Office of Online Services
OMB	Office of Management and Budget
OVD	Offshore Voluntary Disclosure
PDC	Private Debt Collection
PII	Personally Identifiable Information
PIN	Personal Identification Number
PLR	Private Letter Ruling
PMS	Payment Management System
POA	Power of Attorney
PPS	Practitioner Priority Service
PSP	Payroll Service Provider
PTIN	Preparer Tax Identification Number
PY	Processing Year
QBA	Qualified Business Administrator
QRP	Questionable Refund Program
QTE	Qualified Tax Expert
RCP	Reasonable Collection Potential
RICS	Return Integrity and Compliance Services
RO	Revenue Officer
ROI	Return on Investment
RRA98	IRS Restructuring and Reform Act of 1998
RSED	Refund Statute Expiration Date
SAM	System for Award Management
SAMS	Systemic Advocacy Management System
SB/SE	Small Business/Self-Employed
SNOD	Statutory Notice of Deficiency
SSN	Social Security Number
TAC	Taxpayer Assistance Center
TAO	Taxpayer Assistance Order

TAP	Taxpayer Advocacy Panel
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
TCE	Tax Counseling for the Elderly
TDA	Taxpayer Delinquent Account
TEFRA	Tax Equity and Fiscal Responsibility Act Of 1982
TE/GE	Tax Exempt & Government Entities
TFA	Taxpayer First Act
TIGTA	Treasury Inspector General for Tax Administration
TPP	Taxpayer Protection Program
TY	Tax Year
UDOC	Uniform Definition of Child
URP	Under-Reporter Program
USPS	United States Postal Service
USTC	United States Tax Court
VFTF	Virtual Face to Face
VITA	Volunteer Income Tax Assistance
W&I	Wage & Investment

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GLOSSARY

90/250 Income Requirement – at least 90 percent of taxpayers represented by an LITC must have incomes which do not exceed 250 percent of the poverty level or criteria established by the Director of the Office of Management and Budget (OMB). See IRC § 7526(b)(1)(B)(i). The Director of OMB has not established a poverty level or criteria. The Department of Health and Human Services (HHS) publishes annual Federal Poverty Guidelines based on family unit size and geographic location, which are applicable to the LITC Program. For 2021, the Federal Poverty Guidelines were published at 86 Fed. Reg. 7732-7734 (Feb. 1, 2021).

A

Allowable Expenses – expenses chargeable to a grant as a use of federal funds or matching funds in accordance with the cost principles guidance in 2 CFR Part 200 and 2 CFR Part 1000. Generally, for an expense to be allowable, the expense must:

- Be necessary and reasonable for the performance of the federal award and be allocable thereto under the applicable cost principles;
- Conform with any limitations or exclusions set forth in the cost principles or in the Notice of Award;
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the grant recipient;
- Be accorded consistent treatment by the grant recipient;
- Be determined in accordance with generally accepted accounting principles (GAAP), except for state and local governments and Indian tribes only, as otherwise provided for in the cost principles;
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period;
- Be adequately documented; and
- Be incurred during the approved budget period. However, the federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to 2 CFR §200.308(e)(3).

Application – a request for LITC grant funding submitted to the LITC Program Office. When used it is referring to either an LITC Full Grant Application or a Non-Competing Continuation (NCC) Request, depending upon the type of application that the organization needs to complete.

Appropriation – a law authorizing federal agencies to obligate funds and make payments from the U.S. Department of the Treasury for specified purposes. Appropriations are annual acts and permanent law. Until Congress makes an appropriation for the LITC Program, the LITC Program Office may not be able to inform grant recipients of the amount of their funding.

Award – the provision of funds by the LITC Program Office to an organization to carry out activities in support of the LITC mission. It is based on an approved application and budget and is subject to a federal appropriation.

B

Basis of Accounting – the time at which financial transactions are recorded. There are two primary methods for tracking income and expenses. With accrual basis accounting, income is recorded when earned and expenses are recorded when incurred. With cash basis accounting, income is recorded when received and expenses are recorded when paid.

Budget – a request for funds to support an activity, presented by expense category. An initial budget is submitted with the application proposing how the applicant intends to use the funds. If an award is made, the clinic will submit a revised budget with the clinic's application amendment that is due shortly after the award amount is finalized.

C

Case Management System – a system that may be used by grant recipients to capture intake information, calculate client financial eligibility, track case status and outcomes, input case notes, maintain timekeeping records, record educational and outreach activities, and compile data for Interim and Year-End Reports. LITCs are strongly encouraged to use case management software to maintain and monitor client files. An LITC may purchase case management software with grant funds to efficiently track and report its program activities.

Catalog of Federal Domestic Assistance (CFDA) – a governmentwide compendium of federal programs and activities that provide assistance or benefits. See https://beta.sam.gov/help/assistance-listing. The CFDA number for the LITC Program is 21.008.

Clinic – see *Low Income Taxpayer Clinic*.

Clinic Director – a staff member who has overall management responsibility for the clinic. The Clinic Director may also be the QTE or QBA, if qualified. The Clinic Director manages day-to-day clinic operations, prepares or reviews the required clinic reports, and signs reports as the clinic's authorized representative. The Clinic Director serves as the primary contact person for both the LITC Program Office and the Local Taxpayer Advocate (LTA) office. In most circumstances, the Clinic Director will have the role of Principal Investigator/Program Director (PI/PD) in GrantSolutions for purposes of signing and submitting forms. In some organizations, the PI/PD may be the Executive Director.

Closeout – the process by which the federal awarding agency determines that all applicable administrative actions and all required work of the federal award have been completed and takes actions as described in 2 CFR § 200.344.

Congressional District – an electoral constituency, apportioned by population, which elects a Member of Congress.

Continuing Legal Education (CLE) – an accredited professional educational program for attorneys. CLE is also known as MCLE (Mandatory or Minimum Continuing Legal Education). The number of CLE credit hours will vary by program and is dependent upon state CLE board approval. CLE rules vary by jurisdiction. Some jurisdictions may not allow CLE credit for all types of programs, such as teleconferences or webinars.

Continuing Professional Education (CPE) – an accredited educational program required to maintain a professional license, such as a Certified Public Accountant or Enrolled Agent designation.

D

Demographics – vital or social statistics (*e.g.*, income, education level, native spoken language) of a group or population of taxpayers within a defined state, county, or geographic regional area.

Digital Accountability and Transparency Act (DATA) of 2014 – a law that requires the U.S. Department of the Treasury to establish common standards for financial data provided by all government agencies on the USASpending website to increase transparency in federal expenditures and to make the information more accessible to the public. Among other objectives, the Act also aims to simplify reporting for entities receiving federal funds and improve the quality of submitted data.

Direct Costs – costs that can be identified with or allocated specifically to a particular program, such as an LITC program, with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect. For additional information, see 2 CFR § 200.413.

Direct Lobbying – activities supporting the enactment, modification, or adoption of any law, regulation, or policy at any level of government. Direct lobbying includes influencing or attempting to influence a Member of Congress, a state or local legislator, or any of their staff members to take a position or action on a specific piece of legislation or potential legislation. For additional information, see 2 CFR § 200.450.

E

Engagement Letter – an agreement that defines the specific matters for which the LITC will provide representation and protects both the representative and the taxpayer by informing both parties as to the agreement of assigned responsibilities over the course of the professional relationship. Written copies of the engagement letter or retainer agreement signed by both the representative and the taxpayer should be retained by the LITC and a copy should be retained by the taxpayer.

F

Family Unit – for purposes of the 90/250 rule, a family unit is generally defined as an unrelated individual or a family. An unrelated individual is a person 15 years old or over not living with persons related by birth, marriage, or adoption. A family is a group of two or more persons related by birth, marriage, civil union, or adoption who live together. However, if related individuals live together, but the person seeking assistance from the LITC is

financially independent, then that person may be treated as a family unit, distinct from relatives in the household. If two unrelated individuals live together, they constitute two family units.

Federal Register – an official daily publication that provides a uniform system for communicating proposed and final regulations and legal notices issued by federal agencies, including announcements of the availability of funds for financial assistance programs.

Fringe Benefits – allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick, or military), employee insurance, pensions, and unemployment benefit plans. For additional information, see 2 CFR § 200.431.

G

Grant – a financial assistance mechanism providing money, property, or both to an eligible entity to carry out an approved project or activity.

I

Indirect Costs – costs that have been incurred for common or joint objectives with other grant programs and cannot be readily identified with the LITC Program. After direct costs have been determined and assigned directly where appropriate, indirect costs are those remaining to be allocated to a particular program. Direct cost of minor amounts may be treated as indirect costs under the conditions described in 2 CFR § 200.413(d). A cost may not be allocated to the LITC Program as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to another federal award as a direct cost. Indirect costs may be charged as a use of federal funds based upon an approved Indirect Cost Rate Agreement or the *de minimis* rate of ten percent allowed under 2 CFR § 200.414. Indirect costs are not allowable as matching funds.

Intake – a process used by clinic staff to gather information from a taxpayer seeking assistance to determine eligibility for services. LITCs must record the taxpayer's income information on an intake form (paper or electronic). If the taxpayer is part of a family unit, the income of the family unit should be reported and utilized in the eligibility determination. LITCs must also determine and document the amount in controversy during intake.

Individual Taxpayer Identification Number (ITIN) – a unique nine-digit number used for tax administration purposes that the IRS issues to individuals who are not eligible to obtain a Social Security number (SSN).

L

Local Taxpayer Advocate (LTA) – a delegate of the National Taxpayer Advocate (NTA) who is a manager in a local jurisdiction and reports directly to the NTA. IRC § 7803(c)(2)(D)(i)(I) requires that each state have at least one LTA who is independent of the local IRS office. Each LTA provides essential guidance and assistance to the LITCs within his or her geographic area or as assigned by the LTA's manager.

M

Matching Funds – the portion of program costs not funded by federal funds. Grant recipients must provide matching funds on a dollar-for-dollar basis for all LITC grant funds received. See IRC § 7526(c)(5), 2 CFR § 200.1, and § 200.306 for more information. Only funds that are used in direct support of the LITC Program qualify as matching funds. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 2 CFR § 200.306 (and the U.S. Department of the Treasury's implementation thereof at 2 CFR § 1000.306) provides that all contributions, including cash and third-party in-kind, shall be accepted as part of the grant recipient's cost sharing or matching when such contributions:

- Are verifiable from the grant recipient's records;
- Are not included as contributions for any other federally assisted project or program;
- Are necessary and reasonable for proper and efficient accomplishment of project or program objectives;
- Are allowable under the applicable cost principles;
- Are not paid by the federal government under another award, except where authorized by the federal statute to be used for cost sharing or matching;
- Are provided for in the approved budget when required by the federal awarding agency; and
- Conform to other provisions of 2 CFR Part 200, when applicable.

N

National Taxpayer Advocate (NTA) – the official who supervises and directs the Office of the Taxpayer Advocate. The NTA reports directly to the IRS Commissioner and serves as the voice of the taxpayer with the IRS and before Congress. Final LITC grant funding decisions are made by the NTA, unless recused. In recusal situations, final funding decisions are made by the Deputy National Taxpayer Advocate.

Non-Competing Continuation (NCC) Request – a request for LITC grant funding submitted to the LITC Program Office through GrantSolutions and using the specified forms in accordance with LITC Program Office instructions. NCC Requests must be submitted in lieu of a Full Grant Application by organizations already funded with a multiyear LITC grant that ends after December 31, 2022.

O

Office of Management and Budget (OMB) – the White House office that oversees the preparation of the federal budget and supervises its administration in Executive Branch agencies. OMB evaluates the effectiveness of agency programs, policies, and procedures, assesses competing funding demands among agencies, and sets funding priorities. OMB ensures that agency reports, rules, testimony, and proposed legislation are consistent with the President's Budget and with Administration policies.

OMB Guidance – comprehensive principles issued by OMB that provide guidance relating to the administration of federal grant awards. Grant award administrative requirements are set forth in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 2 CFR Part 200 (and U.S. Department

of the Treasury has implemented those requirements at 2 CFR Part 1000). The Uniform Guidance helps ensure the highest integrity in the financial management and operation of federal grant programs and strengthens accountability for federal funds by improving policies that protect against waste, fraud, and abuse. In addition, the guidance aims to minimize the time applicants and grant recipients must spend complying with administrative requirements.

Operational Review Visit – a site assistance visit conducted by LITC Program Office staff to evaluate a clinic's overall operations and to provide technical assistance to help the grant recipient maintain compliance with the terms and conditions of the LITC grant. During an operational review visit, an LITC Advocacy Analyst will interview clinic personnel, examine intake procedures, review case management and reporting systems, and sample financial records. An operational review visit may also include observation of clinic facilities and review of procedures and internal controls, personnel policies, training plans, privacy and confidentiality policies, outreach plans and materials, educational curricula, fee policies, and client satisfaction instruments. When monitoring and evaluating clinic activities, the LITC Program Office will respect the clinic's duty to protect confidential information and will not interfere with the confidential nature of the relationship between qualified representatives and their clients. The LITC Program Office strives to conduct an operational review visit to each clinic at least once every three years. However, the LITC Program Office may conduct an operational review visit at any time.

Orientation Visit – a site assistance visit conducted by LITC Program Office staff to a grant recipient that did not receive a grant in the previous year. An orientation visit generally occurs during the first 120 days of the grant year. An orientation visit provides an opportunity to familiarize a new grant recipient with LITC Program requirements and to measure the progress of its start-up activities. Specifically, an orientation visit allows the LITC Program Office to assess the status of newly funded clinics and to identify potential areas where the grant recipient may need to create systems or improve processes to meet the requirements of the LITC Program.

P

Payment Management System (PMS) – an electronic system maintained by the Department of Health and Human Services that is used to pay federal funds. New grant recipients must create an account with PMS and obtain a username and password to use the system. PMS allows a grant recipient to make an online request for payment of federal funds. After a request is processed and approved, funds are directly deposited into the grant recipient's bank account through a process called Electronic Funds Transfer (EFT). Funds are generally available within one business day of the request.

Q

Qualified Business Administrator (QBA) – a staff member with sufficient business administration expertise to oversee the clinic's business operations. The QBA must demonstrate education or experience with business or program administration, such as internal controls, grant funds management, budgeting, procurement, or the equivalent. If a department, as opposed to a single individual, fulfills this requirement, please provide details in the grant application about the staff member who oversees the department.

Qualified Tax Expert (QTE) – a staff member with sufficient tax law expertise to oversee technical substantive and procedural tax matters. The QTE must be a qualified representative. The QTE is also responsible for reviewing all educational materials for accuracy before distribution.

R

Representation – acting as an agent of the taxpayer in an advocacy capacity in a matter before the IRS, the U.S. Tax Court, or another federal court, or before a state or local tax authority when the clinic is representing the taxpayer in a related federal tax controversy. Fact finding or advice alone does not constitute representation.

S

Special Appearance Authorization – a letter issued by the Director of the LITC Program Office that authorizes students and law graduates working at an LITC or Student Tax Clinic Program to represent taxpayers before the IRS. Practice under a special appearance authorization is limited to students and law graduates at an LITC or Student Tax Clinic Program working under the direct supervision of an individual authorized to practice before the IRS. For additional information, see Section VI.C.xii, *Representing Low-Income Taxpayers*.

Standards of Operation – baseline operational requirements developed by the LITC Program Office and applicable to all clinics to ensure that all programs provide consistent and quality service to low-income and English as a second language (ESL) taxpayers.

Support Staff – a group of people within an organization who perform such activities as answering the phone, scheduling appointments, copying materials, maintaining information on employees or volunteers, and maintaining timekeeping records.

Systemic Advocacy – identifying and advocating for issues that impact low-income and ESL taxpayers utilizing a variety of methods, including but not limited to:

- Participating in advocacy projects with professional organizations;
- Commenting on proposed IRS regulations and guidance;
- Preparing and filing an amicus brief to alert a court about the concerns of low-income or ESL taxpayers;
- Authoring articles in scholarly journals or general interest publications;
- Appearing on television or radio to raise awareness about tax issues that affect low-income or ESL taxpayers;
- Producing public service announcements; or
- Submitting issues to the Systemic Advocacy Management System (SAMS), available through the IRS website at www.irs.gov/advocate/systemic-advocacy-management-system-sams.

T

Tax Compliance Officer (TCO) – an authorized individual responsible for handling the organization's federal tax matters and with whom the LITC Program Office can address any issues identified during federal tax compliance reviews of applicants and grant recipients. If the applicant is part of a larger organization (*e.g.*, academic institution which operates a clinic), the LITC Program Office must be able to verify that the sponsoring organization does not have a federal tax compliance issue before awarding grant funds. Applicants must also provide documentation (*e.g.*, articles of organization or a Form 2848) that shows the individual identified to as the TCO on Form 13424 is properly authorized to receive tax information to prevent the IRS from making an unauthorized disclosure.

Tax Counseling for the Elderly (TCE) – an IRS initiative designed to promote and support free tax counseling and basic income tax return preparation for individuals aged 60 years or over who cannot afford professional assistance. Cooperative grant agreements are entered into between the IRS and eligible organizations to provide the free tax assistance.

Tax Return Preparation – an LITC can provide assistance with a federal tax return, a claim for refund, or an ITIN application if such assistance is necessary to resolve a controversy with the IRS or limited preparation may be done when ancillary to an LITC's ESL education program.

Technical Assistance Consultation – a discussion with a practitioner or other service provider designed to give brief advice about a tax issue.

Third Party In-Kind Contributions – the value of non-cash contributions provided as matching funds by parties other than the grant recipient or federal government. Third party in-kind contributions may be in the form of goods, office space, or services donated to the LITC by third parties.

U

Unallowable Expenses – expenses for which LITC grant funds may not be used according to restrictions published by OMB, the LITC Program Office, appropriations language, or conditions outlined in the grant recipient's Notice of Award.

Underserved Area – an identifiable geographic area where the need for LITC services exceeds the capacity available from current grant recipients.

Unused Funds – the portion of grant funds awarded to clinics that have not been spent, whether or not those funds have been drawn down from PMS. If a grant recipient determines that it will not spend its entire award, the grant recipient should immediately notify the LITC Program Office.

V

Volunteer Income Tax Assistance (VITA) – an IRS initiative designed to promote and support free tax return preparation service for the underserved through various community partner organizations. This service helps low- to moderate-income individuals, persons with disabilities, the elderly, and limited English speakers file their tax return each year. The IRS awards matching funds to these support organizations that offer free tax return preparation services during the tax filing season at locations in all 50 states and the District of Columbia.

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