



Low Income Taxpayer Clinics

REPRESENTATION • EDUCATION • ADVOCACY

2027 Grant Application Package and Guidelines

TAXPAYER
ADVOCATE
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DEAR PROSPECTIVE LOW INCOME TAXPAYER CLINIC GRANT APPLICANT:

I am pleased to announce the opening of the 2027 Low Income Taxpayer Clinic (LITC) grant application period. Applications will be accepted from **May 6, 2026, through July 6, 2026, at 11:59 p.m. Eastern Time (ET)**. Whether you are applying for the first time or continuing your work with the program, we appreciate your commitment to serving taxpayers and communities in need.

As you consider applying for the upcoming grant year, we remain committed to expanding access to representation and education for low-income taxpayers and individuals for whom English is a second language (ESL). Your work as an LITC plays a vital, mission-driven role in ensuring that all taxpayers, regardless of income or language spoken, are heard, supported, and treated fairly. In 2027, we aim to broaden the program's geographic reach and serve more taxpayers by strengthening existing clinics and supporting new ones in underserved communities. The work of LITCs is powerful and makes a meaningful difference in communities across the country. In 2024, IRS-funded LITCs:

- Represented more than 21,000 low-income taxpayers in disputes with the IRS;
- Provided consultation assistance to over 18,000 taxpayers; and
- Conducted more than 20,000 educational activities, reaching over 161,000 individuals on a variety of tax topics, including taxpayer rights and responsibilities.

Behind each of these numbers is a person or family who gained clarity, representation, and a fair opportunity to resolve their tax issue. This work matters, and it changes lives.

For fiscal year 2026, Congress appropriated \$28 million in funding for the LITC Program, with awards of up to \$200,000 per clinic. These funds support not only direct representation and education but also broader advocacy efforts that identify and address systemic issues affecting vulnerable taxpayers. Through this program, we continue to strengthen protections, expand awareness, and advance fairness affecting these communities.

In awarding 2027 LITC grants, we will continue to focus on:

- Expanding services in areas with high IRS compliance activity and significant populations of eligible taxpayers; and
- Increasing taxpayer education in underserved communities where access to reliable information about rights and responsibilities is limited.

Eligibility and Application Process

Eligibility requirements and application instructions are outlined in IRS Publication 3319. All applications must be submitted electronically through the [LITC Grants Portal](#) by the stated deadline. The IRS may award grants for up to three years; however, funding is subject to annual congressional appropriations. Generally, first-time applicants will receive a one-year grant unless otherwise specified in the Notice of Funding Opportunity to encourage coverage in underserved areas.

All federal funds must be matched dollar-for-dollar with non-federal funding or third-party in-kind contributions. Applicants are responsible for all costs associated with preparing and submitting their applications.

Support for Applicants

To help you prepare a strong application, the LITC Program Office will host three informational webinars:

- Session One: *Application Basics*: Tuesday, May 12, 2026, 1-3 p.m. ET.
- Session Two: *LITC Grants Portal Overview and Application Considerations*: Wednesday, May 13, 2026, 1-3 p.m. ET.
- Session Three: *Budget Basics*: Tuesday, May 26, 2026, 1-3 p.m. ET.

LITC will also hold Q&A Sessions: Tuesday, June 16, 2026, and Monday, June 29, 2026, 1-2 p.m. ET (no formal presentation).

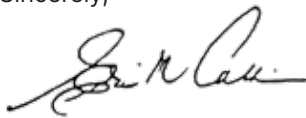
These sessions are designed to help organizations understand the program, navigate the application process, and build strong proposals. To learn more about these sessions, please visit the [LITC Grants](#) website. Existing clinics submitting a new or continuation request should refer to the [LITC Toolkit](#) for additional guidance, training dates, and instructions.

Award Notification and Conference Attendance

Applicants will be notified of award decisions by November 2026. All award recipients are required to attend the Annual LITC Grantee Conference, which we anticipate holding in December 2026. This conference provides an important opportunity for new and returning clinics to connect with peers, share best practices, and deepen expertise on issues affecting low-income and ESL taxpayers. Conference details will be provided once dates are finalized. If you have questions about the LITC Program or the application process, please contact the LITC Program Office at 202-317-4700 or via email at LITCProgramOffice@irs.gov.

Thank you for your commitment to serving communities in need. We are inspired by the work of LITCs across the country and look forward to partnering with you in the year ahead. Together, we will continue advancing our shared mission of ensuring fairness, dignity, and access to justice in the tax system.

Sincerely,



Erin M. Collins
National Taxpayer Advocate

WHAT'S NEW IN GRANT YEAR 2027

This list highlights key changes for the 2027 grant year. All applicants should read the full publication. By accepting the Notice of Award, grant recipients agree to follow the guidelines in Publication 3319.

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

The LITC Program Office has revised Form 13424-M and combined it with Form 13424, Low Income Taxpayer Clinic (LITC) Application Information, to create a single, dynamic form. The form will only display the questions relevant to the type of clinic selected. To ensure the form displays the correct questions, make sure the clinic type selected matches the services that the applicant plans to offer.

- Clinic Service Type: Choose one of the following:
 - ESL Education; or
 - Representation, Education, and Advocacy (also known as a full scope LITC).
- Service Delivery Model: If you select Representation, Education, and Advocacy, the options will be:
 - Representation – Staff (*Employees of the LITC will provide a majority of the representation*); or
 - Representation – Volunteer (*The LITC will refer volunteers to provide a majority of the representation*). **Tip:** If you select the “Volunteer” model, provide detailed responses to questions in that section of the application.

STAFFING SECTION

Indicate if one person will serve in one or more key roles to eliminate reentering the same information such as email address, telephone number, and credential information.

- For the Qualified Tax Expert (QTE), you must provide the individual's credential (CPA, Attorney, Enrolled Agent, or Other) information, including state of licensure, license number, and whether licensed to practice before the U.S. Tax Court.

For 2027, all applicants must complete the new Form 13424-M, but for those submitting Continuation Requests, the LITC Program Office will provide special instructions via a webinar and presentation materials made available on the LITC Toolkit.

COMMON ERRORS CHECKLIST

To help the application process go smoothly, review these common errors. Double check the application to avoid these errors and delays in processing and review.

Standard Form 424

- If the Unique Entity Identifier (UEI) is not input at the start of the application process, the System for Award Management (SAM) at www.SAM.gov is unable to validate or auto-populate certain fields.
- Whether fields are auto populated or entered manually, be sure the applicant's name and address match exactly with SAM records.
- Verify all information in SAM before submitting the application.

Form 13424-M

- Make sure the audit designation provided in the application matches the designation in the applicant's most recent audit report.
- For the Civil Rights Review Activity section, do not answer "not applicable." All questions apply to all applicants. If no reviews were conducted within the last three years, state that.

Form 13424-J

- Returning applicants should base new budgets on the most recent amended budget – not the original – to ensure that previous errors are not made again.
- Provide detailed notes for each expenditure, including breakdowns (e.g., lodging, meals, airfare for travel).

Employer Identification Number (EIN) and SAM Registration

- Allow several weeks to obtain an EIN and 501(c)(3) status, if applicable, and to complete a SAM registration.
- An EIN is required to complete the SAM registration process.
- SAM registration is a multi-step process that can take four to six weeks to complete.

Missing or Incomplete Attachments

- Indirect Cost Rate Agreement (ICRA) is incomplete or expired. To determine whether the ICRA is properly applied, the LITC Program Office must know which costs are included in Modified Total Direct Costs, so this part of the agreement must be supplied. If the ICRA is expired, the applicant should provide an explanation, including whether an extension was requested, and if so, the date requested.
- Tax-exempt determination letter (if applicable) is missing.
- Letter of accreditation for academic institutions is missing.
- Single audit report is incomplete, missing, or not available on the Federal Audit Clearinghouse website.

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:

- Provide dollar-for-dollar matching funds; and
- Offer services for free or for a nominal fee. *See* Section I.D, Key Terms and Definitions.

Taxpayer Bill of Rights

In December 2015, Congress enacted the Taxpayer Bill of Rights (TBOR)¹ in Internal Revenue Code (IRC) § 7803(a)(3). TBOR lists rights that already existed in the IRC, putting them in simple language and grouping them into ten fundamental rights. One of the ten fundamental rights is the *right to retain representation*,² meaning taxpayers have the right to retain an authorized representative to represent them in interactions with the IRS. Taxpayers who are unable to afford representation have the *right to be informed* of their potential eligibility for free or low-cost assistance from an LITC so that achieving a correct outcome in an IRS dispute does not depend on a taxpayer's ability to pay for representation.

LITC Program Coverage

The IRS continues to expand access to clinic services through onboarding new clinics and allowing for expanded service delivery models geared to reach areas where the IRS has been unable to attract qualified applicants. Special consideration will be given to applicants from the following states where there is currently no LITC physically located within the state: Hawaii, Kansas, Montana, Nevada, South Dakota, West Virginia, and Wisconsin. For Nevada and South Dakota, clinics in neighboring states provide coverage, but in the remaining states, assistance is limited and delivered primarily through remote clinics.

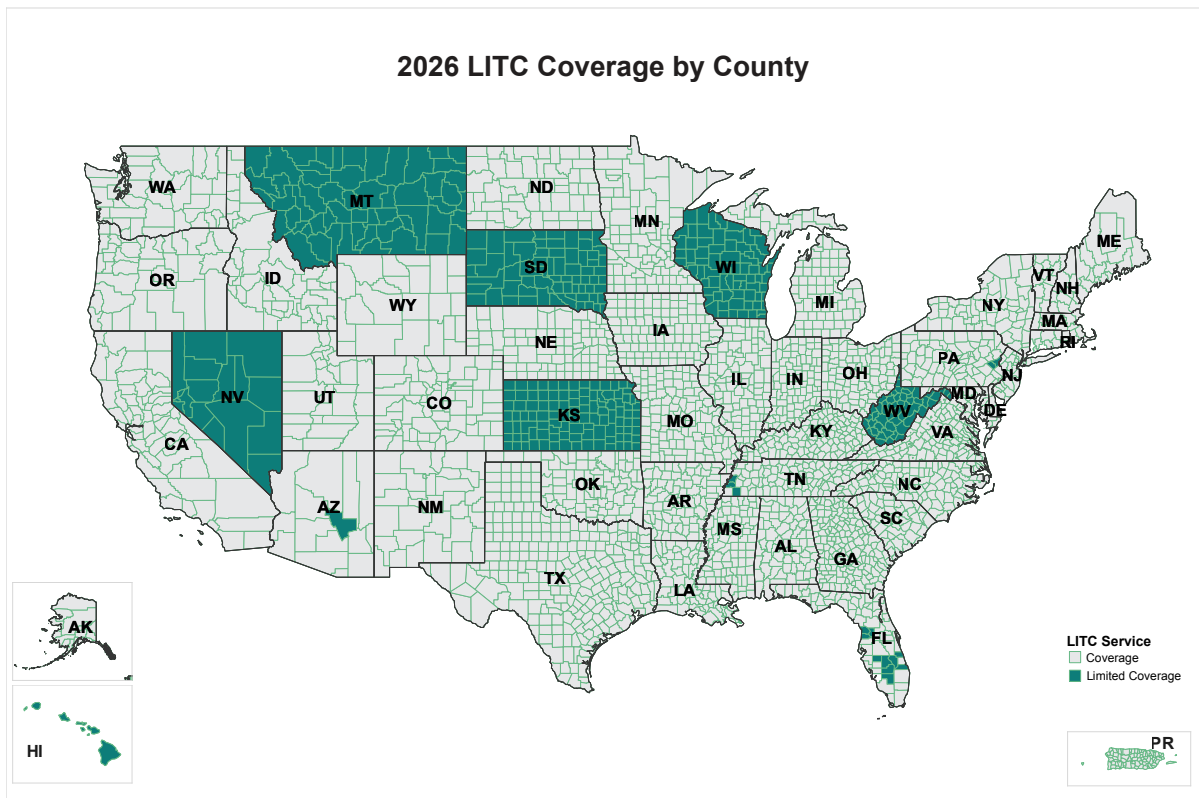
¹ *See* Consolidated Appropriations Act, 2016, Pub. L. No. 114-113, Division Q, § 401, 129 Stat. 2242, 3117 (Dec. 18, 2015).

² *See* IRC § 7803(a)(3)(I).

In addition, some areas within states have limited or no coverage including:

- **Arizona:** Gila County
- **Florida:** Glades County, Hardee County, Hendry County, Hernando County, Highlands County, Indian River County, Martin County, Okeechobee County, Sumter County
- **Pennsylvania:** Lehigh County, Northampton County
- **Tennessee:** Fayette County, Lauderdale County, Tipton County

Figure 1



The Taxpayer Advocate Service (TAS) has developed an interactive map at <https://www.taxpayeradvocate.irs.gov/LITC-map> to help identify areas of need. The map provides county level data, including the estimated number of taxpayers with incomes at or below 250% of the poverty level; the number of compliance activities (common to low-income taxpayers) conducted by the IRS in that county; and the most common type of compliance activity in that community. Users can zoom in on specific locations, and hovering over a county will display key metrics for that area.³

3 The map uses Housing and Urban Development, Census, and IRS data. These metrics include LITC/Count of LITCs: Name of the LITC or count of the LITCs providing service in a county; Population: 2020 Census Population (CT uses 2024 data for planning regions); Low-Income Taxpayers: Count of Tax Year 2024 returns filed with AGI below 250% of the Federal Poverty Level; Compliance Actions: Count of identified low-income taxpayers with a compliance action in 2024; Most Prevalent Compliance Action: Most prevalent type of IRS compliance action; and Limited English Proficiency: 2024 Census estimate of the percent of the population having limited English proficiency.

Important Dates for 2026 LITC Grant Program	
Application Period	May 6-July 6, 2026
Session 1: Application Basics	May 12, 2026
Session 2: LITC Grants Portal Overview and Application Considerations	May 13, 2026
Session 3: Budget Basics	May 26, 2026
Returning Applicant/Continuation Request Webinar	Announcements and links on LITC Toolkit
Q&A Sessions (No formal presentation)	June 16 and June 29, 2026
Application Review and Evaluation	July-October 2026
Notification of Selection/Non-Selection	November 2026
Grant Year	January 1-December 31, 2027
Interim Report Due	July 30, 2027
Year-End Report Due	March 30, 2028

B. HISTORY OF THE LITC PROGRAM

The LITC Program was established in 1998 as part of the IRS Restructuring and Reform Act of 1998 to authorize funding for the LITC Program.⁴ The IRS created the LITC Program Office in 1999 to manage and administer the grants and provide guidance, assistance, and oversight to LITCs and prospective applicants. The LITC Program Office operates under the Office of the Taxpayer Advocate (commonly referred to as TAS). TAS is led by the National Taxpayer Advocate, who reports to the IRS Commissioner.

In 1999, the IRS issued grants totaling nearly \$1.5 million to 34 entities in 18 states and the District of Columbia. The LITC Program has since expanded its coverage, and in 2026, there are 138 clinics funded with nearly \$20 million. The LITC Program Office's history of recruiting qualified 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 had remained constant since the creation of the program until the passage of the 2023 Appropriations legislation, when it was increased to \$200,000 for that year. That increase has been continued in subsequent appropriations acts. Despite the general funding limitations, LITCs have consistently delivered tremendous results, new clinics join each year, and the program continues to expand coverage into underserved areas of the country.

⁴ See IRS Restructuring and Reform Act of 1998, Pub. L. No. 105-206, § 3601, 112 Stat. 685, 774 (July 22, 1998).

C. STATUTORY AUTHORITY TO FUND LITCS

The authority to fund the development, expansion, or continuation of LITCs is derived from IRC § 7526. The text of IRC § 7526 is reprinted in full:

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) *Multiyear grants.* Upon application of a qualified low-income taxpayer clinic, the Secretary is authorized to award a multiyear 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% of the taxpayers represented by a clinic have incomes that do not exceed 250% of the Federal Poverty Level. The LITC Program uses the poverty guidelines published annually by the Department of Health and Human Services (HHS). *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 involves assisting clients with an IRS controversy. Clinics advocate for the taxpayers they represent by ensuring they pay the correct amount of taxes, exploring all possible options for relief, and assisting them in making a fully informed decision about 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. Advocacy may also include responding to public requests for comments on IRS regulations or procedures and filing amicus briefs in cases addressing issues that directly impact low-income and ESL taxpayers. For purposes of the LITC grant, advocacy does not include lobbying. *See* Section VI.D.iii, Lobbying Restrictions.

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 representation. If the clinic represents a married couple, it is counted as one case. If a taxpayer stops communicating with the clinic after a representation plan has been developed, the clinic may still count that matter as a case. If a clinic refers the matter to a qualified representative, it may also count it as a case if the clinic provides ongoing monitoring and support.

Clinic refers to an LITC. *See* the definition of LITC. 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 tailored to the taxpayer's factual situation. A consultation does not necessarily 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 eligibility for the Earned Income Tax Credit, 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 if 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 a 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.

Educational activities (also referred to as programs to inform) advise ESL or low-income individuals about their rights and responsibilities as taxpayers and tax issues of significance to the intended audience. 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, 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. 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 to deliver these programs and count them as educational activities for LITC reporting when there is a way for participants to be counted and for the presenter and participants to interact. Viewers of recorded materials in the year posted may be counted as additional participants so long as the organization monitors the platform so that viewers may pose and receive answers to questions. Generally, television and radio appearances are not counted as educational activities.

ESL taxpayers are individuals for whom English is not their first language, including those who communicate using sign language. These individuals may have an additional challenge in understanding taxpayer rights and responsibilities. Consistent with IRC § 7526, delivering taxpayer education to ESL taxpayers is a priority. ESL is different than Limited English Proficiency (LEP). LEP refers to an individual's relative ability to communicate and receive information in English. LEP taxpayers are a subset of ESL taxpayers but not all ESL taxpayers are LEP taxpayers.

Grants.gov is the government website used by federal agencies to post discretionary notices of funding opportunities.

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, legal arguments are sound, and educational materials are accurate. Key personnel include the Clinic Director, Qualified Tax Expert (QTE), and Qualified Business Administrator (QBA). *See* Section VI.C.i, Standards for Operating a Low Income Taxpayer Clinic.

Low-income taxpayers are individuals whose income does not exceed 250% of the Federal Poverty Level. The Federal Poverty Guidelines are updated annually (usually in late January) by the Department of Health and Human Services. 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.

Nominal fee is a fee that is insignificantly small or minimal. A nominal fee is a small 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 provides. A nominal fee does not include reimbursement for actual costs incurred (*e.g.*, photocopies, court costs, 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 before the start of the grant year during which representation and other assistance will be offered.

Pro bono panel is a group of qualified representatives (attorneys, certified public accountants (CPAs), or enrolled agents (EAs)) 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 agreed upon between the Program Office and the clinic.

Qualified representative is:

- An attorney;
- A CPA;
- An EA authorized to practice before the IRS;
- An individual authorized to appear before the 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, 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. For students and law graduates, the Director of the LITC Program has the authority to issue special appearance authorizations; however, the student or law graduate must be supervised by a qualified representative. *See* Delegation Order 25-18 (Rev. 5), Internal Revenue Manual (IRM) 1.2.2.15.18.

NOTE: An unenrolled return preparer who can practice before the IRS based upon return preparation is not a qualified representative for 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 qualified representatives or to an LITC for representation.

Uniform Guidance refers to 2 CFR Part 200 (and 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.

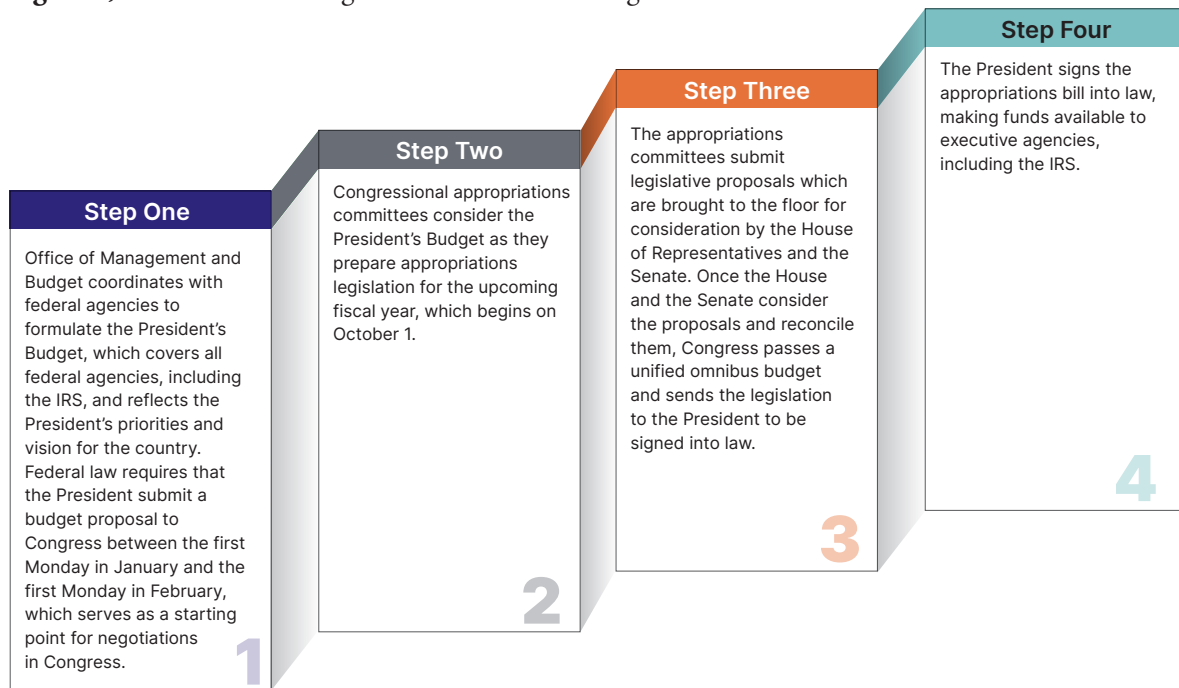
Additional terms and definitions are available in the Glossary.

II. FEDERAL AWARD INFORMATION

A. AWARDS ARE SUBJECT TO CONGRESSIONAL APPROPRIATIONS

All awards depend on the availability of appropriated funds. The IRS anticipates awarding LITC grants of up to \$200,000 per year to qualifying organizations for the development, expansion, or continuation of an LITC. Given the timing of appropriations, grant funds may not be made available to grant recipients until after the grant year has begun. Figure 2 explains how the LITC Program receives its funding.

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 be awarded only 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 states otherwise. The LITC Program Office has discretion to determine the grant period and may award a single-year grant even if the applicant requested a multiyear grant.

Multiyear grant recipients are reviewed annually to assess performance, progress in meeting goals and objectives, and 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 Notice of Award/Funding Award (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 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 if the award of a subgrant is likely to assist a grant recipient with expanding coverage to an underserved or uncovered area. Any subaward must be included in the application and approved in writing by the Director of the LITC Program. A subaward differs from payments made to a vendor or provider for providing goods or services to the clinic, which is permissible. For example, unless authorized, an LITC may not pay another organization to prepare and deliver 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 outside the geographic service area and has capacity to provide services remotely, such as representation and advocacy services, a subaward to a local organization may be appropriate when local presence is needed to facilitate client contact and provide in-person education and outreach, and the area to be served 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 a Unique Entity Identifier (the identifier assigned by [SAM.gov](https://sam.gov)). Grant recipients that make subawards must monitor and manage the subaward recipient per the requirements in 2 CFR § 200.332 and may have other administrative and reporting responsibilities. Organizations that provide subawards assume the responsibilities of the federal grantor regarding 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

IRC § 7526 broadly defines the concept of a clinic to include:

1. A clinical program at an accredited law, business, or accounting school whose students represent low-income taxpayers in controversies with the IRS under the supervision of a qualified representative (and when necessary, refer to qualified volunteers to provide representation when the students cannot do so);
2. An organization whose employees and volunteers represent low-income taxpayers in controversies with the IRS;
3. An organization exempt from tax under IRC § 501(a) whose employees and volunteers represent low-income taxpayers in controversies with the IRS or refer low-income taxpayers to qualified representatives to provide representation;
4. An organization described in Examples 1-3 that also operates a program to inform ESL taxpayers about their taxpayer rights and responsibilities under the IRC; and
5. An organization that operates a program to inform ESL taxpayers about their taxpayer rights and responsibilities under the IRC.

While IRC § 7526 provides that an organization is eligible to receive a matching grant if it either represents low-income taxpayers in controversies with the IRS or operates an ESL taxpayer education program, the mission of the LITC Program is best served by requiring all organizations to provide both services. Organizations that can provide both controversy and education services are generally stronger and able to serve taxpayers more effectively. For example, organizations sometimes assist taxpayers initially through outreach and education and later through representation in a controversy; in these cases, the ability to provide both services not only ensures seamless assistance for taxpayers but also provides extensive protection of taxpayer rights. Thus, the Program Office will award funds only to an organization that is operating a program to inform ESL individuals in addition to providing representation to low-income taxpayers. The only exception is the ESL Education Program, under which a grant may be awarded solely to operate a program that informs ESL taxpayers about their taxpayer rights and responsibilities.

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 creates a financial partnership between the clinic and the federal government for the benefit of low-income and ESL taxpayers. Matching funds help extend the value of federal funding so that more taxpayers can be served. Many programs provide matching funds in cash or third-party in-kind contributions, such as volunteer time, donated software, or office space, that exceed the minimum required amount. Only funds 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 range of activity. For example, a clinic may provide representation in nontax matters such as landlord/tenant disputes or family law cases and representation in tax matters provided LITC grant funds are used only to support the representation of eligible taxpayers in 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; *see* Key Terms and Definitions. The goal of the LITC Program is to increase access to representation, education, and advocacy services for low-income taxpayers. If a clinic charges an amount that is not nominal and it results in fewer taxpayers assisted, the goal of the program is not being achieved. If a clinic charges a nominal fee, it must:

- Charge that same fee to all taxpayers, regardless of the services being sought;
- Not use a sliding scale based on income; and
- 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, expert witness fees) is not considered a fee and therefore is permitted.

iii. Compliance with Federal Tax and Nontax Requirements

Federal Tax Debts

The IRS will not award an LITC grant to an applicant noncompliant with a federal tax return filing or payment obligation. Consequently, an applicant must be in full compliance with federal tax responsibilities when applying for an LITC grant and throughout the grant year. Standard Form 424, Application for Federal Assistance, 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.

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. If the applicant is working with someone at the IRS to resolve an outstanding federal tax issue, they should provide the individual's name, the office in which they work, and their phone number when completing Standard Form 424.

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-M, Low Income Taxpayer Clinic (LITC) Application Narrative, requests contact

information for the Tax Compliance Officer (TCO), the individual responsible for handling the applicant'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.

The TCO must be the individual responsible for the applicant organization's federal tax matters. To assist with resolving potential tax compliance issues and to prevent the IRS from making an unauthorized disclosure, applicants should provide documentation (*e.g.*, articles of incorporation or a Form 2848, Power of Attorney and Declaration of Representative, signed by the appropriate official) that shows how the individual listed as TCO on Form 13424-M is properly authorized to receive tax information. When providing articles of incorporation, ensure it is the most recent version. When providing Form 2848, be sure of the following:

- All required fields are completed;
- In Section 3, the type(s) of tax are listed (*e.g.*, 940, 941, 1120, 1065, 990);
- In Section 3, both current and past tax years are listed (*e.g.*, 2025, 2024, 2023, 2022, 2021);
- In Section 7, the form is signed by an officer of the corporation authorized under the articles of incorporation to designate an individual to receive federal tax information for the entity; and
- In Part II, the form is signed by the person being authorized to receive the tax information.

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 if 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 cannot speak with the appropriate contact to ascertain the status of the organization's efforts to address a federal tax compliance issue, no grant funds will be awarded. 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, if 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

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 uses SAM to help determine whether an applicant or grant recipient is eligible to receive payments. *See* Section III.C.i, Using Grant Funds to Support Other Activities is Prohibited.

iv. Debarment and Suspension

When applying for a grant, applicants must 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 suspension⁵ 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 charged, criminally or civilly, 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 SAM. 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 eligibility of grant applicants and prevent improper payments.

5 The “common rule” means the procedures used by federal agencies to suspend, debar, or exclude individuals or entities from participation in non-procurement transactions under Executive Order 12549. *See also* Executive Order 12689.

IV. APPLICATION AND SUBMISSION PROCESS

A. ACCESSING THE LITC GRANT APPLICATION PACKAGE AND GUIDELINES

Preparing and submitting a grant application is a major undertaking. Applicants should take time to understand and review the process well before the application submission deadline and begin the process early. Start by registering for Grants.gov, where you can set up an alert to be notified when the LITC Notice of Funding Opportunity is posted. The Notice of Funding Opportunity will also be posted at www.taxpayeradvocate.irs.gov/about-us/litc-grants.

An organization must also register with SAM to submit a grant application. *See* Section IV.C.i, System for Award Management, for steps that should be taken as early in the application process as possible. If you are notified that your registration may not be processed in time, please contact the LITC Program Office as soon as possible to determine next steps.

B. REQUIRED CONTENT FOR LITC NEW GRANT APPLICATIONS AND CONTINUATION REQUESTS

i. Determining Type of Application

There are two types of LITC grant applications: LITC New Grant Applications and Continuation Requests.

- A new applicant seeking an LITC grant award for the first time, or a returning clinic whose LITC award period has ended before or will end on December 31, 2026, must submit a New Grant Application to apply for 2027 funding. *See* Section IV.B.ii, Submitting a New Grant Application.
- A returning clinic funded with a multiyear LITC grant that ends after December 31, 2026, must submit a Continuation Request to be considered for 2027 funding. *See* Section IV.B.iv, Submitting a Continuation Request.

ii. Submitting a New Grant Application

LITC New Grant Applications must be submitted electronically in the LITC Grants Portal at <https://LITCgrants.treasury.gov>. Applicants will be prompted to create an application and select the type: New or Continuation. Training sessions for applicants submitting a New Application are noted under “Important Dates” in this publication. The dates, any changes to sessions, and registration or session links will be available on the TAS website at www.taxpayeradvocate.irs.gov/about-us/litc-grants. Presentation materials will also be posted to the website after the sessions. Problems or additional questions about working within the portal may be directed to the LITC Program Office at LITCGrants@treasury.gov.

The Funding Opportunity Number for the 2027 LITC Grant Application is TREAS-GRANTS-052027-001.

iii. Instructions for Completing a New Grant Application

The Office of Management and Budget (OMB) requires certain standard forms for all federal grant programs. The IRS also requires specific forms be completed for an LITC grant.

A complete New Grant Application consists of the following items, submitted through the LITC Grants Portal and prepared in accordance with the instructions:

- Standard Form 424, Application for Federal Assistance;
- IRS Form 13424-J, Detailed Budget Worksheet and Narrative Explanations;
- IRS Form 13424-M, Low Income Taxpayer Clinic (LITC) Application Narrative;
- The following attachments are also required:
 - Tax-exempt determination letter, if applicable;
 - Proof of academic accreditation, if applicable;
 - Most recent audited financial statement. *See* Section IV.E.iv, Office of Management and Budget Audit Requirement. 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;
 - Indirect cost rate agreement, if applicable; and
- Helpful but not required:
 - Documentation (*e.g.*, articles of incorporation 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. Providing this information in advance can speed resolution if an issue is discovered.

When completing Form 13424-M, answer all parts of each question. When available, helper text will appear when hovering over a circle with the letter “i” in the center.

iv. Submitting a Continuation Request

A returning clinic funded with a multiyear LITC grant that ends after December 31, 2026, must submit a Continuation Request via the LITC Grants Portal. In 2027, clinics requesting continuation will complete a full Form 13424-M due to the form’s revision and new format. In future years, a continuation request will only require completion of specific fields and information where there are substantial changes. The Continuation Request will not undergo a Technical Review. Training for returning clinics submitting a Continuation Request will be announced on the LITC Toolkit. Questions about application contents may be directed to the Program Office at LITCProgramOffice@irs.gov. Problems working within the portal should be sent to LITCGrants@treasury.gov.

v. Instructions for Completing a Continuation Request

A complete Continuation Request consists of the following items, submitted through the LITC Grants Portal and prepared in accordance with the instructions:

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

- The following attachments are also required:
 - Most recent audited financial statement. *See* Section IV.E.iv, Office of Management and Budget Audit Requirement. 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;
 - Indirect cost rate agreement, if applicable; and
- Helpful but not required:
 - Documentation (*e.g.*, articles of incorporation or an IRS Form 2848, Power of Attorney and Declaration of Representative) indicating that the designated TCO is properly authorized to receive tax information. Providing this can speed resolution if an issue is discovered.

vi. Withdrawing Applications After Submission

LITC grant applications may be withdrawn during the application process or prior to when grant money is awarded by notifying the LITC Program Office through the LITC Grants Portal at LITCGrants@treasury.gov or by emailing the LITC Program Office at LITCProgramOffice@irs.gov. *See* Section VII.F, Contacting the LITC Program Office. New applications that are started but not submitted by the deadline will be treated as incomplete and closed in the grant system.

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

An organization must be registered with SAM to submit a grant application, and registration requires the organization to provide an EIN from the IRS. The SAM registration and renewal processes have multiple steps and can take four to six weeks to complete. Applicants are advised to register for an EIN and complete the SAM registration (or renewal) process well in advance of the application submission deadline.

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, supporting the contract award, grant, and electronic payment processes. SAM registration is required 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. More information about these processes is available at 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 and the clinic's predecessors 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 and 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.

If already registered in SAM, renewal of the registration is required annually. Check when your registration will expire and update information as needed. You may update it as often as you want, but you must update it at least once per year. The process can take several weeks to complete.

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 identification and is required to submit an LITC grant application. Applicants without an EIN should submit a Form SS-4, Application for Employer Identification Number, to the IRS. If applying by mail, it can take multiple weeks for the IRS to assign a number. The fastest way to obtain an EIN is online at www.IRS.gov/ein. There are options to apply by fax or by mail, but applicants are strongly encouraged to use online submission. For more information, search “How to Apply for an EIN” on IRS.gov.

iii. Unique Entity Identifier

Organizations must provide a Unique Entity Identifier (UEI) with the grant application. The UEI is assigned and managed through SAM. For those already registered in SAM, timely annual renewal is required.

iv. Organization Name Change Requests

All sponsoring organization name changes are processed through SAM. As a reminder, the LITC Program Office must be kept informed of any changes to the sponsoring organization. *See* Section VI.E.i, Changes in Entity of Sponsoring Organization.

D. SUBMISSION DUE DATES AND TIMES

i. Due Date for LITC New Grant Applications and Continuation Requests

To be considered for 2027 LITC grant funding, grant applications must be submitted by 11:59 p.m. ET on July 6, 2026. The time and date of the email confirmation from the LITC Grants Portal acknowledging application submission serves as evidence that the application was timely submitted and should be retained by the applicant.

ii. Incomplete or Late LITC New Grant Applications and Continuation Requests

An application is considered incomplete if it fails to include any of the required forms described in Section IV.B.iii, Instructions for Completing New Grant Application, or Section IV.B.v, Instructions for Completing Continuation Request Forms, or if the applicant fails to complete the forms in accordance with the 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

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 in the cost principles or in the federal award as to types or amount of cost items. *See* 2 CFR § 200.403(b);
- Follow 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, 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, 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(g)(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. The Department of the Treasury, of which the IRS is a bureau, adopted the provisions in 2 CFR Part 200⁶ with specific exceptions set forth in 2 CFR § 1000.306, which addresses the valuation rate applicable to controversy representation volunteer hours used as match, and 2 CFR § 1000.337, which clarifies that the right to access of records under 2 CFR § 200.337 does not extend to client information held by authorized LITC practitioners.

6 *See* 2 CFR Part 1000.23.

BEST PRACTICE

Knowledge and understanding of the Uniform Guidance is crucial to properly manage LITC grant funds. Several independent vendors offer training on the Uniform Guidance, and it is highly recommended for QBAs new to managing federal grant funds to enroll in the training. Grant funds may be used to attend such training if the expense conforms to 2 CFR § 200.403.

Start-Up Expenses May Be Paid Using LITC Grant Funds

LITC grant funds may be used on start-up activities. An applicant may receive an LITC grant award for the new grant year even if it anticipates that it cannot begin operations at the start of the performance period. This is most often the case when hiring cannot start until the award is made. The budget must be adjusted accordingly. 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, the funding will be conditioned on the performance of required grant activities as detailed in Section I.A, LITC Grant Program Priorities, during the immediately succeeding grant year. Grant funds for the immediately succeeding grant year, however, are not guaranteed to be awarded if adequate progress is not made and established milestones not timely reached.

Examples of Allowable Expenses

Figure 3 lists examples of common LITC expenditures. The lefthand column lists items that are an allowable use of federal grant funds or matching funds, and the righthand 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 questions about whether an expense is allowable, they should consult the Uniform Guidance. If they still have questions, they should contact their assigned Advocacy Analyst for guidance before incurring the expense.

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. See 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 janitorial 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 and are directly related to their work on the LITC grant. See 2 CFR § 200.473.	Refreshments for employees. See 2 CFR § 200.445.
Pens, mugs, and other small items of memorabilia for <i>pro bono</i> representatives working with the clinic, provided the cost is reasonable and consistent with market prices. See 2 CFR §§ 200.445(a) and 200.403.	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 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, and video conferencing equipment 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.
Travel 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 § 200.442.

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 tax training meetings and webinars. See 2 CFR § 200.473.	An individual's membership in a professional organization (e.g., the ABA). See 2 CFR §§ 200.454 and 200.403(b). ⁷
Court costs on behalf of taxpayers if reasonable and necessary. See 2 CFR § 200.403(a).	
Malpractice insurance. See 2 CFR § 200.447.	
Case management system software. See 2 CFR § 200.453.	
Pre-award costs incurred in anticipation of the federal award, where the cost is necessary for the performance of the grant. Written approval is required. See 2 CFR § 200.458.	

ii. Direct vs. Indirect Expenses

Direct expenses are the necessary and reasonable expenses that support LITC activities and 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, the size and number of other functions the organization operates, and the 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's \$5,000 expense 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.

⁷ An individual's dues to a professional organization may be allowable if the following requirements are met: the dues are paid as a fringe benefit, payment as a fringe benefit is consistent with the employer's written policy or contract, the payment of the cost meets the "reasonableness" requirements outlined in 2 CFR § 200.404, and the payment of the cost meets the "allocability" requirements outlined in 2 CFR § 200.405.

Now suppose the organization's \$5,000 expense 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 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 expended.

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 they benefit so 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 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 up to 15%. *See* 2 CFR §§ 200.414(c), 200.414(f).

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. *See* 2 CFR Part 200 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.

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. The federal agency will negotiate and approve 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* 2 CFR Part 200, Appendix IV, Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations, paragraph C,2,A. 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 with 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-J, Detailed Budget Worksheet and Narrative Explanations.

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**

Under 2 CFR § 200.414(f) of the Uniform Guidance, a *de minimis* rate of up to 15% of Modified Total Direct Costs (MTDC) is available for organizations that never had a negotiated ICRA and those that had a negotiated rate that has expired. No documentation is required to justify the 15% *de minimis* indirect cost rate. However, 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, among other things, all direct salaries and wages, applicable fringe benefits, materials and supplies, services, and travel. MTDC excludes certain items, including 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.

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 from multiple sources and include cash, volunteer services, property, and income from program activities. Third-party in-kind contributions, defined in 2 CFR § 200.1, are the value of non-cash contributions such as property or services, that (a) benefit a project or program funded by a federal award and (b) are contributed by non-federal third parties, without charge, to a non-federal entity under a federal award. 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 the 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, supplies, and other products such as software and subscriptions.	
The fair market 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, such as 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, such as 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 governed by 2 CFR § 1000.306).

Determining the Value of Volunteer Services

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 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 to determine a volunteer services valuation rate, it can be adjusted upward by adding a reasonable fringe benefits amount.

If a third-party employer, such as a local law firm's *pro bono* program, 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. If a local law firm provided ten hours of volunteer service from an associate attorney in its tax division to an LITC, the LITC could 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. *See* 2 CFR § 200.306(f).

Valuation Depends 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 spends 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

- The 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;
- The qualified representative is not a student; and
- The 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

8 *See* 2 CFR § 1000.306.

IRC § 7430 are satisfied. The rate at which to value those services is adjusted periodically for inflation. For the 2026 calendar year, the maximum rate is \$260 per hour, as prescribed in Revenue Procedure 2025-32, 2025-45 IRB 707 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

Use multiple sources of matching funds, such as state, local, private, and in-kind when possible to ensure financial stability. If any one source is unexpectedly reduced or lost, having different sources of match will allow a clinic to look to the other sources of match to make up the difference and avoid having to repay the federal funds.

iv. Office of Management and Budget Audit Requirement

A grant recipient that expends \$1,000,000 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 funds expended by the organization includes all sources of federal funding, not just the funds received from the IRS to support the LITC. *See* 2 CFR § 200.502. The IRS may audit expenditures of LITC funds regardless of the dollar amount of federal funding received by the grant recipient.

A grant recipient that expends \$1,000,000 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 or post it to the Federal Audit Clearinghouse at <https://harvester.census.gov/facweb>. 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 reasonably assure 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.

LITC Program Office Cannot Provide Grant Payment History for an Audit

OMB audits often require historical grant payment information. This information is not available from the LITC Program Office. Clinics should direct auditors to the Payment Management System website at <https://pms.psc.gov/grant-recipients/audit-confirmation-procedures.html>. This will help avoid the delay that occurs when the LITC Program Office has to redirect auditors to the proper source.

V. APPLICATION REVIEW

A. TECHNICAL EVALUATION OF NEW GRANT APPLICATIONS AND SCORING CRITERIA

Technical Evaluation

Applications that pass the eligibility screening process will then undergo a technical evaluation by a ranking panel. Applications can receive a maximum of 100%. 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 supported by the application, the application will not move forward in the review process and will not receive an award. Applicants may request their scores through a Freedom of Information Act (FOIA) request. For information about submitting a FOIA request, see <https://www.irs.gov/privacy-disclosure/freedom-of-information-act-foia-guidelines>.

During the technical evaluation, independent ranking panels will review each New Grant Application using the criteria listed below and award percentage points based on the information provided in the application. Ranking panel members will evaluate each program plan based on how it supports the goals of the LITC Program. Returning applicants must answer all the questions fully, keeping in mind that the ranking panel will not have access to any information regarding the applicant's past performance other than what is provided in the application. *See Figure 5* for a percentage of points awarded to each section of the application.

Background

This section includes an overview of the sponsoring organization, years in operation, size, and service area; service delivery currently being provided and selected data on service provision; and experience in service delivery whether operating an LITC or delivering representation and education services to low-income and ESL taxpayers.

Taxpayer Access, Geographic Coverage, and Outreach

This section requests information about language access, language options, and reasonable accommodation. Because the clinic must be able to effectively communicate with ESL taxpayers, the applicant must explain how they will educate taxpayers about their rights and responsibilities or when representing them in controversies. This section also requests information about provision of reasonable accommodation, geographic service area, and target audience, including a requirement to cite the sources of data used to describe the service area. The applicant must list current or planned partnerships and explain how those partnerships will be used to reach and deliver services to taxpayers. The applicant must also explain how they plan to publicize the clinic and conduct outreach. If the clinic participates in a U.S. Tax Court program, that should also be stated.

Taxpayer Services

The applicant should detail the approach that will be used to deliver each of the key clinic services for either an ESL Education program or a program to provide Representation, Education, and Advocacy.

Staffing

The staffing section requests names and contact information for key personnel, along with their qualifications and education. If a position has not yet been filled, the applicant should provide information about the education or qualifications required for a successful job candidate. For programs providing representation, education, and advocacy, if no staff member is licensed in U.S. Tax Court, the applicant will be asked about future plans to provide services in U.S. Tax Court, if any. Alternatively, if a clinic will use a volunteer to provide services, the clinic is asked to provide information about that volunteer. Lastly, the applicant should describe whether and how students will be used to help deliver services.

Volunteers

This section addresses the use of volunteers, including a description of the clinic's *pro bono* (volunteer) panel and plans for volunteer recruiting and retention. Applicants should provide a robust explanation, especially if they plan to rely upon volunteer services to help meet match requirements or to serve as a primary service delivery model.

Clinic Operations

This section will provide information about how services will be provided. The questions asked depend upon which type of services the applicant is electing to provide: ESL Education or a Full LITC. For purposes of this section, if the question only applies to full LITCs, "full" will be noted after the criteria.

Information requested includes:

- Day, dates, and hours of operation;
- Whether the clinic proposes to reduce the level of service for more than 30 consecutive days during a grant period;
- Intake process used for taxpayers to request services and for determination of eligibility, etc. (Full);
 - Policy on acceptance of cases over 250% of poverty level (Full);
 - Policy on acceptance of cases where the amount in controversy exceeds the general limit (Full);
- Plans to charge a nominal fee (Full);
- Case management system (Full);
- Case assignment procedures (Full);
- Monitoring procedures (Full);
- Time tracking and procedures;
- Security and privacy; and
- Complaint procedures.

Training and Resources

The training and resources section is where the applicant demonstrates that it has a plan for ensuring that its staff (including students and volunteers) are knowledgeable, current, and able to secure additional training when needed to acquire additional skills to perform their work. Applicants should consider not only substantive tax law training but training on administrative processes, procedures, and grant requirements. The applicant should differentiate between internal and external training and list any available research materials and software available to the clinic.

Financial Responsibility

This section asks the applicant to describe its ability to properly spend and account for federal and matching funds by explaining:

- Experience managing federal grants or other state and private funds;
- Accounting procedures;
- Whether the clinic provides current year tax preparation (as this activity needs to be tracked separately for grant purposes);
- How grant expenditures other than time are identified and tracked;
- Plans for financial audits or reviews;
- Description of the financial statement provided with the application;
- Whether it is audited or unaudited;
- Whether the clinic is a recipient of Legal Services Corporation (LSC) funds; and
- Date of financials submitted.

Program Evaluation and Improvement

In this section, the applicant should describe its approach to defining and measuring success and determining client satisfaction. The applicant should also explain how it plans to use program evaluations to improve its services.

Program Numerical Goals

The applicant should describe its approach to setting goals and list the numeric goals for 2027.

Civil Rights Information

The responses to the Civil Rights Information section and the Reasonable Accommodation response earlier in the application will be used by the Office of Civil Rights and Compliance to evaluate whether the applicant is compliant, conditionally compliant, or non-compliant with civil rights laws. This section is not scored, but it is mandatory.

Only information contained in the application will be considered during the technical evaluation process. It is important that a submission contains all required information to achieve the maximum score.

Figure 5, Grants Evaluation Breakdown of Scoring

Section	Full LITC Percent	ESL Education Percent
Background/Experience	10%	10%
Financial Responsibility	10%	10%
Taxpayer Access, Geographic Coverage, and Outreach	13%	13%
Taxpayer Services	10%	13%
Staffing	17%	14%
Volunteers	6%	6%
Clinic Operations	20%	20%
Training and Resources	7%	7%
Program Eval and Improvement	4%	4%
Program Numerical Goals	3%	3%

B. LITC PROGRAM OFFICE EVALUATION AND SELECTION OF NEW GRANT APPLICATIONS AND CONTINUATION REQUESTS

i. LITC Program Office Evaluation

New Grant Applications that earn a score of 50% 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 and the applicant's performance history in the LITC Program, if applicable. The LITC Program Office will also review and evaluate Continuation Requests for progress on program delivery. LITC reviewing officials are subject to recusal if participation in an evaluation would cause a conflict of interest or the appearance of a conflict of interest; in this circumstance, another staff member will be identified to conduct the review.

Evaluation of New Grant Applications

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 Continuation Requests

The LITC Program Office will review all Continuation 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, and the applicant's performance history in the LITC Program will be considered in assessing the risk. 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 deobligate unspent funds promptly.

If risks are identified, the Continuation Request will receive a new review. As a part of that review, the National Taxpayer Advocate (unless recused) may determine whether conditions or additional monitoring are needed to mitigate the risk or whether the Continuation 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, the Continuation Request will be approved. The amount of funding awarded will be subject to approval and may be limited by the amount of the congressional appropriations for Grant Year 2027.

Additional Considerations

Whether to award grant funds will be based on the technical evaluation (for New 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 Office for grant awards;
- 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; and
- All other factors being equal, which organization has a lower rate for indirect costs.

For organizations that are requesting federal funds to provide representation by referring taxpayers to qualified representatives, award decisions will also consider:

- The qualifications of the representatives who have agreed to accept *pro bono* case referrals from the LITC; and
- The ability of the organization to monitor case referrals and ensure that the *pro bono* representatives are handling the cases properly, including taking timely case actions and ensuring services are offered for free.

Academic clinics that carry the additional responsibility of teaching and mentoring students may represent 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 and ESL taxpayers.

All information supplied by the applicant may be verified by the LITC Program Office using additional sources, including but not limited to the applicant's website, websites providing accreditation information or licensure status, state boards, or the Office of Professional Responsibility.

Final Funding Decision

Funding recommendations are made by the National Taxpayer Advocate and final approvals are secured from Treasury, Assistant Secretary for Management (ASM), or Treasury ASM designee. In recusal situations where the National Taxpayer Advocate has a potential or actual conflict of interest with an applicant, the Deputy National Taxpayer Advocate shall assume the National Taxpayer Advocate's role in making the funding recommendation for that applicant.

ii. Civil Rights Compliance Reviews

All New Grant Applications that receive a ranking panel score of 50% or higher and all Continuation Requests undergo a civil rights compliance review by 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 must 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.

The IRS will review all grant applications meeting the above-referenced criteria. To the extent necessary to make a civil rights compliance determination, the LITC Program Office may request that an applicant provide additional information that 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 broken out by race, color, national origin, age, sex, or disability; and
- 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 based on prohibited discrimination.

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

the LITC Program Office may request additional information from the applicant. No LITC grant funding may be awarded until the IRS has made its final determination.

The IRS annually conducts selected post-award reviews to ensure civil rights requirements are in place and to provide technical assistance. The IRS 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, 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, elevators);
- Non-discrimination policies (*e.g.*, Publication 4053, *Your Civil Rights Are Protected*, displayed in service areas; the organization's non-discrimination policy posted and disseminated in marketing materials); and
- Accommodations for persons with disabilities (*e.g.*, sign language interpreters; Braille/large print documents).

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

VI. AWARD ADMINISTRATION

A. NOTIFICATION OF SELECTION

The LITC Program Office will notify all applicants by November 2026 whether they have been selected to receive a 2027 grant award. Selected applicants will first be notified by an LITC Grants Portal email directing them to log into the portal where they can view the funding notification.

If Congress has passed final appropriations legislation for the 2027 fiscal year by the time applicants are notified of selection, the notification of selection will include the final amount of the award. If Congress has not passed final appropriations legislation for the 2027 fiscal year by the time applicants are notified of selection, the notification will indicate that the funding amount listed is dependent upon the passage of appropriations legislation. If the total amount of appropriation or the award cap is reduced, the amount listed in the funding notification may be subject to reduction. In addition to the funding amount, the notification may also include notations regarding needed changes to the budget, or it may list special terms and conditions for the award.

An applicant can signal acceptance of the funding notification in the LITC Grants Portal by selecting “Start an Application Amendment” or “Request a Conference” if the applicant has questions before proceeding. All applicants that agree to the funding notification will be required to complete an application amendment to finalize the award.

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

Applicants not selected to receive an award will be notified through the LITC Grants Portal by email. The applicant may contact the LITC Program Office for information about the reasons for non-selection.

B. NOTICE OF AWARD

The LITC Program Office will issue an NOA to each applicant selected to receive funding for the grant year. It will contain the information required by 2 CFR § 200.211. If 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 initial NOA may be for less than the full amount of the anticipated award. The LITC Program Office may then issue subsequent NOAs, each providing an additional disbursement of funds.

The NOA will provide the amount of funding awarded to the grant recipient, whether the full or 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 conditions of the award, where applicable.

All funding will be based on the availability of annually appropriated funds. If more funds become available during the grant year, the LITC Program Office may award additional funds to well-performing clinics not receiving maximum funding. Receipt of additional funding will require an amended budget and issuance of a revised NOA. The total award amount may not exceed the statutory cap unless otherwise legislated by Congress. Requests for additional funds must be made in writing and timely submitted with the interim progress report 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 a Low Income Taxpayer Clinic

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, generally, a staff member of the clinic (or a volunteer in the case of the ESL Education Program). The QTE must have 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. A grantee may outsource part of its accounting function, but a staff member must still be designated as the QBA.

Clinic Director is a staff member with 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 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. Using independent contractors or volunteers to fill key positions must receive advance approval in writing from the LITC Program Office. Utilizing volunteers or independent contractors to fill key staffing positions may be permitted in limited circumstances but only 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.

Access to Representation in the U.S. Tax Court and Other Federal Courts

It is the policy of the LITC Program Office that LITCs providing representation services have a staff member or volunteer who is admitted to practice before the U.S. Tax Court and other federal courts to represent taxpayers in litigation matters. If an applicant does not have a staff member or a volunteer identified to provide these services at this time, the applicant is asked to develop and submit a plan to do so. If the clinic does not have current plans to provide this service, it may impact the award of funds or the amount awarded. The Clinic Director and the QTE must not be under suspension or disbarment from practice before the IRS and must be in good standing with all relevant professional state licensing authorities and federal courts. The LITC Program Office will seek confirmation of the status of these individuals before awarding any grant funds.

Maintaining a Physical Location

LITCs must maintain a physical place of business and a permanent address. A physical place of business means a permanent office space where clients can be received and files are kept. Telephones must be answered during business hours; however, the telephone need not be answered at the same location as the physical place of business.

If an applicant proposes utilizing workshare space as a physical place of business, the workshare space must satisfy the following criteria:

- The clinic must be able to identify it as the clinic's place of business in letterhead and correspondence.
- The clinic must have access to a private office and private meeting space to enable confidential conduct of business.
- Taxpayer records or information may only be received and stored at the location if the individual receiving the information has been trained to maintain confidentiality and security.
- Maintaining confidentiality and security requires that information received must be kept in a secure location, access must be limited to only those who have a need to access, and those receiving information agree to hold the information in confidence.

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 are encouraged to 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 must ensure that the LITC staff, volunteers, and other program participants receive training based on their knowledge, skills, and experience and the needs of the taxpayers they will assist. Clinic Directors are encouraged to develop a training plan for all program participants who provide services to taxpayers. Besides 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 LITC Program Office encourages clinic staff and volunteers to attend continuing professional education programs sponsored by the IRS and professional organizations with expertise in tax law and tax controversy resolution relevant to low-income and ESL taxpayers. 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.*

Clinics are also encouraged to conduct Continuing Legal Education (CLE) or Continuing Professional Education (CPE) training for staff and volunteers. Clinic training is reported on Form 13424-R under the Clinic Information section.

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. Low Income Taxpayer Clinic 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 responsible for performing the activity highlighted in the webinar. The LITC Program Office encourages participation in the webinars and information sharing about the webinars with the appropriate individual(s) associated with the clinic.

Application Webinars

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

Join the LITC Program Office for optional [webinars](#) to learn more about the LITC Program and the application process. Details are available at www.taxpayeradvocate.irs.gov/about-us/litc-grants. A separate webinar for Returning applicants (New and Continuation Requests) will be announced on the LITC Toolkit.

Administrative and Technical Topic Webinars

The LITC Program Office also conducts and 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 LITC Program Office will also announce webinars on tax-related topics sponsored by other organizations such as the IRS and bar associations. 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, it 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 LITC Program Office giving any preferential or negative treatment to the LITC. The LITC Program Office is merely informing LITCs of training opportunities that may be of interest to clinicians.

iii. Annual Low Income Taxpayer Clinic Grantee Conference

Applicants notified they have been selected to receive a 2027 grant award must attend the Annual LITC Grantee Conference, which is anticipated to be held in December 2026. Generally, the Clinic Director and the QTE must 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 LITC Program Office will provide the dates and location of the conference when notifying applicants that they have been selected for an award if the details are known at that time. 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, 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 Low Income Taxpayer Clinic Grant Funds and Matching Funds. LITC grant funds or matching funds generally 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 will devote a significant amount of time representing 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 within two weeks before the start of the conference. The Director or their designee will grant approval to timely submitted requests for additional registrants if space is available. If the grant recipient seeks to use LITC grant or matching funds to support a third attendee, the request must explain the special circumstances and include the estimated costs. 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, 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 cannot attend all or part of the conference, a request for an exception must be submitted in writing within two weeks before the start of the 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 exception requests is via email or e-fax; *see* Section VII.F, Contacting the Low Income Taxpayer Clinic Program Office. Instructions for submitting exception requests can also be found on the LITC Toolkit under Clinic Training > LITC Grantee Conference.

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 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 community 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 Low Income Taxpayer Clinic Services

LITCs may use a variety of means to publicize their services, including brochures, flyers, placards and posters, free newspaper listings, public service announcements on radio and television, websites, and social media. If a clinic wants to use grant funds for paid advertising, it must request permission to use grant funds for this purpose and explain why free publicity by itself will not be effective in reaching taxpayers. 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 taxpayers' needs and how taxpayers can easily locate information about the clinic

and its services. Paid advertisements must receive advance written approval by the LITC Program Office and should be detailed in the budget submitted.

Publicity materials and announcements to promote 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 platforms, and community partners.

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

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 on their websites. High quality electronic files of the logo are available on the LITC Toolkit. The logo should not be altered.

With the passage of the Taxpayer First Act, Section 1402,⁹ IRS employees can refer a taxpayer to a specific LITC for assistance without violating the applicable ethical standards of conduct. Before the change in law, IRS employees were prohibited from referring a taxpayer to a particular LITC practitioner or a specific LITC for assistance with an IRS issue. All IRS Taxpayer Assistance Center (TAC) 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 (July 1, 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 LITC 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 or workforce development; 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 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 needing 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

A regular schedule for updating staff within the sponsoring organization can be very helpful. 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 remember to identify tax issues in their cases and refer to the clinic when needed.

vi. Networking With Other Low Income Taxpayer Clinics

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 also 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

Technical assistance is a discussion with a tax practitioner or other service provider designed to provide brief advice about a federal tax issue. This assistance may 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 staff member of the clinician's sponsoring or colocated organization to provide to a client about a specific tax issue, it is probably more properly counted as a taxpayer consultation, not a technical consultation. Grant recipients may report the number of technical assistance consultations provided under the Advocacy section on Form 13424-R, Low Income Taxpayer Clinic (LITC) Program Report.

ix. Maintaining Client Confidentiality

Avoiding Unauthorized Disclosure

Tax professionals have ethical requirements to maintain client confidentiality.¹⁰ 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 strong information security and limit access to taxpayer information to those who 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 in the regulations and other guidance issued by the IRS.¹¹ 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 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. If using a taxpayer's situation as an example or case study in the training, the material facts must be sufficiently changed to prevent identification of the taxpayer. The LITC Program Office takes protection of taxpayer information 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.

¹⁰ See, for example, ABA Model Rule of Professional Responsibility 1.6, IRC § 7525, and IRS Circular 230.

¹¹ See 26 CFR § 301.7216-2.

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 they 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 to clients that they 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. These may include whether the volunteer may act as an authorized representative, prior 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 use volunteers made available through national, state, or local bar associations; societies of accountants; and enrolled agent networks.

Monitoring Referrals to Low Income Taxpayer Clinic Volunteers

LITCs must have a system to monitor referrals and ensure that *pro bono* representatives are handling cases properly, including taking timely case actions and providing services for free. Ongoing monitoring is not required if referring a case to another LITC. *Pro bono* representatives may not charge a fee for services, except 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 court where the IRS controversy will be adjudicated.

Representation Through Referral

An LITC can meet the requirement to provide representation by referring qualified taxpayers to a qualified representative. The representative must agree to provide representation free of charge. One goal in expanding qualifying activities to allow an LITC to refer the majority of or all cases to a qualified representative is to expand access to unserved taxpayers or underserved areas of the country. These types of LITCs can also help to ensure that the resources of current LITCs are maximized. To the extent that these programs are contacted by taxpayers from a locality where existing LITC(s) operate, the program should determine whether a local LITC is able to take the case. If a clinic provides representation primarily through referral, the clinic is encouraged to track cases placed with other LITCs or placed with volunteers on behalf of other LITCs. A future revision of Forms 13424-M and 13424-R is planned which will enable clinics using this service delivery model to set goals and report numbers for these types of referrals.

Referrals After Declining a Case

Generally, no person associated with the LITC should provide representation in a case the clinic declined. 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 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.

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 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 affect the reasonableness or allocability of that element, unless prior written approval is specifically referenced under 2 CFR § 200.407, such as purchases of \$10,000 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 of \$10,000 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 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 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, 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 issues);
- 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 IRB 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 and other IRS publications and reports. 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 if a disaster or other work stoppage occurs. 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 always be safeguarded.

Data Breaches

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 if a breach occurs. 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.

Retaining 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 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 know 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, 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 represent a low-income taxpayer. During the intake process, LITC personnel collect information from the taxpayer to determine whether the taxpayer meets income and amount in controversy eligibility and to gather information about 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 before 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 so it 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 inform 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 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 service does not count as a consultation. For the Interim and Year-End Reports, consultations are counted and reported separately under the “Consultations” section on Form 13424-R.

Use an Engagement Letter When Opening a New Case

When an LITC representative makes the decision 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 during 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 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 their 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% of taxpayers represented by an LITC must have incomes that do not exceed 250% 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* 91 Fed. Reg. 1797 (Jan. 15, 2026).

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 LITC income guidelines for controversy representation are shown in Figure 6.

Figure 6, LITC Income Eligibility Guidelines

Income Ceilings			
Size of Family Unit	48 Contiguous States, Puerto Rico, and D.C.	Alaska	Hawaii
1	\$ 39,900	\$ 49,875	\$ 45,900
2	\$ 54,100	\$ 67,625	\$ 62,225
3	\$ 68,300	\$ 85,375	\$ 78,550
4	\$ 82,500	\$ 103,125	\$ 94,875
5	\$ 96,700	\$ 120,875	\$ 111,200
6	\$ 110,900	\$ 138,625	\$ 127,525
7	\$ 125,100	\$ 156,375	\$ 143,850
8	\$ 139,300	\$ 174,125	\$ 160,175
For each additional person, add	\$ 14,200	\$ 17,750	\$ 16,325

Income for Purposes of the 90/250 Requirement

“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. With 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 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 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% 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% of the cases opened during a reporting period are to provide representation to taxpayers whose incomes do not exceed 250% 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%) where representation was provided must have been for taxpayers whose incomes did not exceed 250% 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% of Poverty

LITCs have discretion to choose when to represent a taxpayer whose income exceeds 250% of the Federal Poverty Guidelines, based on the taxpayer's family unit size and location, provided that the number of such cases is no more than 10% 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-R, Low Income Taxpayer Clinic (LITC) Reporting Form. The criteria used to select cases where the taxpayer's income is in excess of 250% of the 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. The taxpayer's failure to fully report their income at commencement of representation may be grounds for disqualification from representation or may require inclusion in the count of cases over 250%, depending upon the underlying circumstances. The LITC should examine the facts and document its decision and the factors leading to the decision of 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 (\$50,000). Thus, while most cases accepted by an LITC should involve amounts in controversy that do not exceed \$50,000 in any 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 in dispute, whether the taxpayer is disputing that they owe the amount (*e.g.*, challenging the validity of the underlying liability, 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). 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.

When 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 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 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 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 for \$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 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 where the amount in controversy for a tax year exceeds \$50,000. However, the grant recipient must disclose the number of such cases and explain why each case was accepted for representation on its Interim and Year-End Reports on Form 13424-R, LITC Program 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 consistent with its organizational mission and is encouraged to take a facts and circumstances approach to decision-making. 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.

If a clinic intends to accept cases above the \$50,000 amount in controversy 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 <https://www.ustaxcourt.gov/clinics.html>. Clinics will receive notification of acceptance into the program from the Clerk of the Court. There are two 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 will draft a brief “stuffer notice” containing the clinic’s contact information and advising petitioners of the availability of LITC services. The notice is submitted to the Tax Court and included in court mailings to local petitioners who indicate 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 Tax Court in a particular place of trial, 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 to their tax issues.

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 and 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 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 before the Tax Court. *See* Section I.D, Key Terms and Definitions, Qualified Representative.

U.S. Tax Court Pre-Trial Settlement Days

The LITC Program Office, members of the IRS Office of Chief Counsel, Appeals, Collection, the American Bar Association Section of Taxation, LITCs, and the U.S. Tax Court continue to work together 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 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 contacting their local Chief Counsel office.

Limited Entry of Appearance

To improve efficiency and to encourage the assistance of unrepresented taxpayers, the U.S. Tax Court allows practitioners to enter a Limited Entry of Appearance. Limited representation means that the legal services provided are limited in scope and duration to less than full representation. Under Tax Court Rule 201(a), Tax Court Administrative Order No. 2020-03, and ABA Model Rule 1.2(c), an individual admitted to practice and in good standing with the Tax Court may file a limited appearance to a date or dates during a scheduled Trial Session. An LITC practitioner enters an appearance by signing the Tax Court petition (or other initial pleading) or by filing an Entry of Appearance or Substitution of Counsel. *See* U.S. Tax Court Rule 24. For more information about limited entry of appearance, see the FAQs at www.ustaxcourt.gov/resources/practitioner/lea_faq.pdf.

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 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. 5), IRM 1.2.2.15.18 (June 30, 2023). 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 2022 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.

LITCs may apply for a special appearance authorization using Form 13424-P, Application for Special Appearance Authorization, and Form 13424-Q, LITC or STCP Student and Law Graduate Information Chart, and faxing them 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 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 on 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.

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 five 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 client, 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(s). 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 a student or law graduate is being substituted, the authority of the student or law graduate previously listed on Form 2848 terminates. The authority of a student or law graduate added or substituted will expire 130 days from when they were 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 email the LITCProgramOffice@irs.gov or call 202-317-4700.

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 when 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 potential conflicts of interest. A student or law graduate has an obligation to inform clients that they are 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 must be offered directly to low-income and ESL taxpayers, and clinics can expand their reach 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 in-person educational activities when possible. Using virtual formats for delivering educational activities is encouraged, especially where in-person is not possible. These virtual activities may be counted as educational activities under “Educational Activities” on Form 13424-R so long as there is a reliable way to count the number of participants and the presenter and participants can interact so questions can be asked and answered. Clinics are encouraged to work with trusted community partner organizations to reach the taxpayer communities with which they are trying to connect. 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 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 with a live two-way webchat component about identity theft and recent tax scams for taxpayers in remote locations.

Clinics may also offer education to staff and volunteers of community groups or organizations to help them make referrals, spot tax issues, and pass along information. These presentations may also be counted and used to meet the clinic’s Tax Education goals.

Training may also be offered to professional organizations as a tool to recruit local qualified representatives to join the clinic’s *pro bono* panel. As mentioned previously, trainings provided to tax professionals are reported separately under “Clinic Information” on Form 13424-R.

Educational Materials

LITCs are responsible for creating, printing, and distributing the materials used to educate taxpayers. Materials should be accessible to ESL taxpayers considering their needs. Some educational resources are shared on the LITC Toolkit. The TAS website (www.taxpayeradvocate.irs.gov) also has sample 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 will share their educational materials and will allow other clinics to adapt the materials for their use. Collaboration among LITCs helps all clinics to use their resources most 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 or 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.

Report these activities under “Advocacy” on Form 13424-R. 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.

xv. Preparing Tax Returns and Individual Taxpayer Identification Number 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/tac-locations-where-in-person-document-verification-is-provided. 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 preparing 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 regarding 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 OIC considered and to 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 may 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 resolve 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 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.

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 New Grant Application or Continuation Request has been received by the LITC Program Office; and
- Any additional specific conditions 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 and 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.

The 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.gov can be activated. This section lists some of the standard representations and certifications and some of the specific provisions as implemented by the Department of the Treasury or the IRS.

Digital Accountability and Transparency Act of 2014

The Digital Accountability and Transparency Act of 2014 (the Data Act, Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014)) requires the U.S. Department of the Treasury to establish common standards for financial data provided by all government agencies on the USASpending website (or successor system) to increase transparency in federal expenditures and to make the information more accessible to the public. Among other objectives, the Data Act aims to simplify reporting for entities receiving federal funds and improve the quality of submitted data. LITC goals are also reported to the USASpending database that allows the public to research the use of public funding.

Non-Procurement, Debarment, and Suspension

See Section III.C.iv, Debarment and Suspension, 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 implementing the Act, the Office of Federal Financial Management has established terms that must be included in every grant agreement. *See* 2 CFR § 175.105.

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 grant 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:
 - 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 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 spending decisions. Each applicant must ensure it has the processes and systems in place to comply with the FFATA reporting requirements. 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 \$300,000 in federal funding must report to <http://www.frs.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 if a breach occurs; *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 if a breach occurs. *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 prohibits the award of grant funds to any corporation 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 determined that denial of the grant is unnecessary to protect the interests of the government. *See* Pub. L. No. 117-328, Div. E, Title VII, § 745 (Dec. 29, 2022). 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 comply with the Buy American Act, 41 U.S.C. §§ 8301-8305, which requires 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);
- The non-pollution requirement of the Federal Water Pollution Control Provisions (33 U.S.C. § 1251); and
- Executive orders and implementing guidance including but not limited to:
 - Executive Order (EO) 14332, Ending Illegal Discrimination and Restoring Merit Based Opportunity;
 - EO 14159, Protecting the American People Against Invasion;

- EO 14247, Modernizing Payments to and From America's Bank Account; and
- EO 14249, Protecting America's Bank Account Against Fraud, Waste, and Abuse.

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 promptly 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 grant recipient 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 regarding any such Conflicts and potential Conflicts until resolved.

Covered Individuals must report on any situations 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 Form 13424-M, Low Income Taxpayer Clinic (LITC) Application Narrative.)

All applicants for federal funding must provide information 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; and
 - 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).

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 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.

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).

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.

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 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 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, 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 grant 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 experiencing difficulties within the PMS system that it cannot resolve with PMS should contact 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 via PMS. *See* 2 CFR § 200.305(b)(12).

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 legislator 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 may 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 legislators, 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 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. If a grant recipient has any question as to whether an anticipated activity could fall within the scope of these rules, the clinic 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>i.e.</i> , 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.

For example, a grant recipient may send an email to the ABA-sponsored LITC listserv to gather support or opposition for legislation. Although such an email attempts 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 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 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 the LITC Grants Portal. The LITC Program Office provides annual training on using the LITC Grants Portal. These training sessions are announced on the LITC Toolkit.

Completing the Application Amendment

Application amendments are completed and submitted in the LITC Grants Portal. An application amendment is required by all grant recipients, even if the grant recipient is not changing the budget or program performance plan.

If the notice of funding issued by the LITC Program Office is other than what the applicant expected (*e.g.* reduction in award, special conditions) and the applicant has questions or anticipates a need to change the program plan due to the award amount or conditions, it is strongly recommended that the recipient select the option to “Request for Conference” in lieu of “Start Application Amendment.” This will allow an opportunity for dialogue and resolution of questions or concerns and proposed changes to the program plan. This option should also be selected when the applicant is proposing substantial changes to the program, that were not anticipated when the application was submitted.

An award of less than the applicant’s requested funding amount is based on several factors, including the proposed goals in the application, risk assessment, and history of returning unexpended funds.

Applicants that are ready to proceed will select “Start Application Amendment.” This will un-submit the original application and allow for updates. The grantee should address any comments shared by the LITC Program Office in the Notice of Funding regarding needed corrections to the budget or plan as well as special conditions such as adjustment of goals. For narrative sections, a clinic will identify changes in narrative answer by inserting “Change” at the very beginning of the entry followed by an explanation of what is changing. For fields where the changes are to drop down or numeric fields simply make the needed updates.

The application amendment may also need to be revised during the grant year if there are certain enumerated changes discussed in Section V I.E.i, Events Requiring Notification to the LITC Program Office. The Program Office will offer a training session about the application amendment process; the date and time will be announced on the LITC Toolkit and in connection with award notifications.

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 as possible, as some changes may not be allowable and may affect the clinic’s eligibility to draw down further grant funds. Changes may also impact funding decisions for a pending LITC grant application. This section discusses some changes that a clinic may experience. To report changes or anticipated changes requiring advanced notice, grant recipients should email their assigned Advocacy Analyst, copying the LITC Program Office at LITCGrants@treasury.gov. Sending an email through the portal will open a case and signal our system administrator that the application amendment may need to be returned for updates. The Advocacy Analyst will respond, request a time to discuss the matter with the grant recipient, and coordinate with our system administrator as needed.

Changes in Entity of Sponsoring Organization

Grant recipients must notify the LITC Program Office if 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 involved or being formed, a timeline for the change or merger, and the name and contact information for the person the LITC Program Office should contact with questions.

If a merger occurs, the LITC Program Office may substitute another organization for the original sponsoring organization but not before confirming that the substitute organization has received the original sponsoring organization’s assets, the substitute organization’s clinic will provide the same scope of services to the same

population as 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 LITC 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 LITC 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 LITC 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.

Significant Changes in Clinic Operations

Grant recipients must notify the LITC Program Office with 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 LITC 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 LITC Program Office is needed to resolve the situation. Failure to notify the LITC Program Office may result in restriction of funds or suspension or termination of the grant, see Section VIII, Award Modification, Suspension, Termination, or Withdrawal.

Changes in Clinic or Key Personnel Contact Information

Grant recipients must 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 and TAS online resources and 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;
- 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 the office will have sufficient time to reobligate the funds to another clinic by 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. Notice should be given as far in advance as possible. Advance notice will allow the LITC Program Office to contact community partners where the clinic was located to find an alternate organization to apply for grant funding and hopefully ensure the ongoing availability of LITC services in that community.

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 LITC Grants Portal by July 30, 2027. The Interim Report covers the first half of the grant year (January 1, 2027, through June 30, 2027) and consists of:

- Form 13424-R, Low Income Taxpayer Clinic Program Report; and
- Form 13424-L, Detailed Budget Worksheet.

iii. Submitting the Year-End Report

A Year-End Report must be submitted online through LITC Grants Portal by March 30, 2028. The Year-End Report covers the entire grant year (January 1, 2027, through December 31, 2027).

- Form 13424-R, Low Income Taxpayer Clinic Program Report,
- Form 13424-L, Detailed Budget Worksheet, and
- Standard Form 425 Federal Financial 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. A report will still be considered late if submitted after the due date, but it is preferable to receive an extension. The request must be submitted in writing to the LITC Program Office before 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 submit the extension request via email to their assigned Advocacy Analyst and copy to LITCGrants@treasury.gov. 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 LITC 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, the LITC Program Office will 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 (FAPIS). Per 2 CFR § 200.339, other enforcement actions may also be pursued at the discretion of the LITC Program Office.

By accepting the NOA, the grant recipient authorizes the LITC Program Office to take steps to deobligate 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 LITC Program Office will notify the clinic via email of the planned action 30 days prior to taking the action.

VII. LITC PROGRAM OFFICE RESPONSIBILITIES AND CONTACT

The LITC Program Office manages and administers the LITC grant program to ensure 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, technical advisors, budget analysts, and support staff who report to the Director of the LITC Program and have program-wide 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.

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 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 IRS mailings, referenced in IRS publications and notices, and available at TACs;
- Updating information about the LITC Program on IRS and TAS websites, including an interactive LITC finder tool at <https://www.taxpayeradvocate.irs.gov/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, to the extent permitted by law;
- Sponsoring and organizing the Annual LITC Grantee Conference to deliver instruction and continuing education to all grant recipients and provides an opportunity for attendees to connect with colleagues from LITCs 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 Local Taxpayer Advocate 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 LITC Grants Portal.

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 Local Taxpayer Advocate (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 will 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 LITC 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 provides 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 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 § 200.337 shall not extend to client information held by attorneys or federally authorized tax practitioners under the Low Income Taxpayer Clinic program." *See* 2 CFR § 1000.337. 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 to collect data on eligibility decisions made by the clinic during the grant year but does not request any taxpayer identifying information such as taxpayer names or identification numbers.

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 visiting will randomly select a few 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 LITC Program Office staff builds a relationship with clinicians to create trust and encourage the LITCs to seek guidance and assistance from the Program Office. Generally, the LITC Program Office will visit each LITC at least once every three years. The LITC Program Office may visit at any time and more often if an assessment of the clinic indicates that more close monitoring is necessary and best accomplished by additional visits.

Local Taxpayer Advocate Visits

The LTA assigned to a clinic must visit the LITC at least once a year. If the LTA participates in an orientation or operational review visit with the LITC Program Office, the LTA will have time during that visit to discuss current issues, collaborations, or other topics of mutual interest. If the LTA does not accompany the LITC Program Office on a visit, the LTA will conduct a separate 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 general questions regarding the application process or progress reporting requirements.

Low Income Taxpayer Clinic Program Office	
Hours of Operation	8:00 a.m.-4:30 p.m. ET Monday-Friday
Phone	202-317-4700
E Fax	877-477-3520
Email	LITCProgramOffice@irs.gov
Address	Internal Revenue Service LITC Program Office Attention: TA: LITC, Room 1026 1111 Constitution Ave., NW Washington, DC 20224
Additional Application/Grantee Resources	
System for Award Management (SAM.gov): To register the applicant entity and obtain a Unique Entity ID	
Website	www.sam.gov
Online Support	https://sam.gov/help
Grants.gov: To review the Notice of Funding Opportunity (NOFO)	
Website	www.grants.gov
Online Support	support@grants.gov
Taxpayer Advocate Service: For general information about the LITC Program	
Website	www.TaxpayerAdvocate.irs.gov/litc
LITC Grants Portal: To submit applications and reports	
Website	https://LITCgrants.treasury.gov
<i>*Note: The applicant's Authorized Official of E-Biz Point of Contact must complete the first-time registration and addition of users.</i>	
Email Support	LITCProgramOffice@irs.gov
Taxpayer Advocate Service: Federal regulations governing how federal grants are managed	
Website	www.ecfr.gov
Key Provisions	2 CFR Part 200 (OMB Guidance) 2 CFR Part 1000 (Treasury Department Adoption of OMB Guidance)

VIII. AWARD MODIFICATION, SUSPENSION, TERMINATION, OR WITHDRAWAL

The LITC Program Office's duty to enforce grant recipient compliance as a condition of funding is essential to the administration of the program. 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 additional conditions might remedy the non-compliance. A grant award may also be terminated with the grant recipient's consent, in which case the parties must agree upon the termination conditions, including the effective date, and in the case of partial termination, the portion to be terminated. Even if 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 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: Under 2 CFR § 200.340, the LITC Program Office can 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 violates 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 § 200.208. 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 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 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 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 LITC 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 not repaid promptly. *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. 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 Clinical Program (including the Calendar Calls), the clinic must notify the Tax Court so it 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 receive grant funds, it may be misleading for the organization to call itself an LITC. Further, use of the LITC logo or LITC designation may lead to civil/criminal penalties or imprisonment. *See* 31 U.S.C. § 333. In appropriate circumstances, the LITC Program Office may need to refer the matter to the IRS Office of Professional Responsibility and/or the Treasury Inspector General for Tax Administration.

Paperwork Reduction Act Notice

The application package and guidance document with its associated forms provide information to TAS to issue grants under its LITC Grant program. LITC uses this information to evaluate grant proposals, determine eligibility for grants, and monitor grant recipients for progress. Books or records relating to a form or its instructions must be retained as long as their content may become material in the administration of any Internal Revenue law. Providing this information is required to obtain or retain the government benefit and is authorized by 26 U.S.C. 7526. The estimated burden associated with this collection of information ranges from 30 minutes up to five hours, averaging 2.5 hours per response. Generally, tax returns and return information are confidential, as required by IRC § 6103.

Under the Paperwork Reduction Act, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget (OMB). The valid OMB control number for this information collection is 1545-1648. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Internal Revenue Service, Taxpayer Advocate Service, LITC Program Office, TA:LITC, 1111 Constitution Ave., NW, Washington, DC 20224. Do not send grant application forms to this address. You must submit grant applications through the LITC Grant Portal.

FEDERAL GRANT ACRONYMS

ABA	American Bar Association
BLS	Bureau of Labor Statistics
CFR	Code of Federal Regulations
CLE	Continuing Legal Education
CPA	Certified Public Accountant
CPE	Continuing Professional Education
DoD	Department of Defense
DUNS	Data Universal Numbering System
EA	Enrolled Agent
EFT	Electronic Funds Transfer
EIN	Employer Identification Number
EITC	Earned Income Tax Credit
ESL	English as a Second Language
F&A	Facilities and Administrative Costs
FAC	Federal Audit Clearinghouse
FDIC	Federal Deposit Insurance Corporation
FFATA	Federal Funding Accountability and Transparency Act
FOIA	Freedom of Information Act
FTE	Full-time Equivalent
GSA	General Services Administration
HHS	Department of Health and Human Services
ICRA	Indirect Cost Rate Agreement
IHE	Institutions of Higher Education
IRB	Internal Revenue Bulletin
IRC	Internal Revenue Code
ITIN	Individual Taxpayer Identification Number

LEP	Limited English Proficiency
LITC	Low Income Taxpayer Clinic
LSC	Legal Services Corporation
LTA	Local Taxpayer Advocate
MCLE	Mandatory or Minimum Continuing Legal Education
MIE	Meals and Incidental Expenses
MTDC	Modified Total Direct Costs
NOA	Notice of Award
OIC	Offer in Compromise
OMB	Office of Management and Budget
PMS	Payment Management System
PSA	Public Service Announcement
QBA	Qualified Business Administrator
QTE	Qualified Tax Expert
SAM	System for Award Management
SAMS	Systemic Advocacy Management System
SSN	Social Security Number
TAC	Taxpayer Assistance Center
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
TCE	Tax Counseling for the Elderly
TCO	Tax Compliance Officer
TIN	Taxpayer Identification Number
TVPA	Trafficking Victims Protection Act of 2000
UEI	Unique Entity Identifier
VITA	Volunteer Income Tax Assistance

GLOSSARY

The Uniform Guidance contains definitions at 2 CFR 200.1, and the definitions provided here do not supersede any definitions in that section.

90/250 Income Requirement – at least 90% of taxpayers represented by an LITC must have incomes which do not exceed 250% 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 2026, the Federal Poverty Guidelines were published at 91 Fed. Reg. 1797 (Jan. 15, 2026).

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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. *See also* 2 CFR § 200.403. 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, 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(g)(3).

Application – a request for LITC grant funding submitted to the LITC Program Office. When used it is referring to either an LITC New Grant Application or a Continuation 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 – the financial plan for the Federal award that the Federal agency approves. For LITC purposes, it also means 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 and the Notice of Award is issued.

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://sam.gov/content/assistance-listings>. The CFDA number for the LITC Program is 21.008.

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.

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.

Continuation Request – a request for LITC grant funding submitted to the LITC Program Office through the LITC Grants Portal.

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 of 2014 (The Data Act) – 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 Data 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, employee insurance, pensions, and unemployment benefit plans. For additional information, see 2 CFR § 200.431.

G

Grant – a legal instrument of financial assistance between a Federal agency and a recipient to carry out an authorized public purpose.

I

Indirect Costs – costs that have been incurred for common or joint objectives benefitting more than just the LITC program and that are not readily assignable to the LITC Program.

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 who is a manager in a local jurisdiction and reports to the National Taxpayer Advocate. 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.

Limited Entry of Appearance – to improve efficiency and to encourage the assistance of unrepresented taxpayers, the U.S. Tax Court has allowed practitioners to enter Limited Entry of Appearance. *See* Tax Court Rule 24, limited representation means that the legal services provided are limited in scope and duration to less than full representation.

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 federal award;
- Are necessary and reasonable for achieving the program objectives;
- Are allowable under the applicable cost principles;
- Are not paid by the federal government under another award, except where authorized by the program's 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 applicable provisions of 2 CFR Part 200.

N

National Taxpayer Advocate – the official who supervises and directs the Office of the Taxpayer Advocate. The National Taxpayer Advocate reports directly to the IRS Commissioner and serves as the voice of the taxpayer with the IRS and before Congress.

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.

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).

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) – generally, a staff member of the clinic (or a volunteer in the case of the ESL Education Program) 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 that 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 incorporation, Form 2848) that shows the individual identified as the TCO on Form 13424-M 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 return preparation 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 (property or services) that benefit a project or program funded by a federal award and are contributed by a non-federal third party, without charge, to the grant recipient. Third-party in-kind contributions may be in the form of goods, office space, or services donated to the LITC.

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.

Uniform 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.

Unique Entity Identifier (UEI) – the official identifier for doing business with the government and is assigned and managed through the System for Award Management ([SAM.gov](https://sam.gov)). The UEI replaced the Data Universal Numbering System (DUNS) number.

Unused Funds – the portion of grant funds awarded to clinics that has 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.



www.TaxpayerAdvocate.irs.gov/LITC

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