LITC LOW INCOME TAXPAYER CLINICS

Representation • Education • Advocacy

2018 Grant Application Package and Guidelines

TAXPAYER ADVOCATE SERVICE

YOUR VOICE AT THE IRS

MAY 2017

DEAR PROSPECTIVE LOW INCOME TAXPAYER CLINIC GRANT APPLICANT:

I am pleased to announce the opening of the 2018 Low Income Taxpayer Clinic (LITC) grant application period, which runs from May 1 through June 20, 2017.

The LITC program provides matching grants of up to $100,000 per year to qualifying organizations to represent low income taxpayers in disputes with the IRS and to educate persons who speak English as a second language (ESL) about their rights and responsibilities as U.S. taxpayers. LITC services must be provided for free or for no more than a nominal fee. If you would like to know more about the activities and accomplishments of organizations that have been awarded LITC funding in prior years, see Publication 5066, *LITC Program Report*.

This publication outlines eligibility requirements for Low Income Taxpayer Clinic matching grants authorized under Internal Revenue Code (IRC) § 7526 and instructions about how to apply for a matching grant. This publication contains information about:

- Basic eligibility requirements;
- Standards of operation;
- Compliance requirements;
- Application and selection process;
- Post-award requirements;
- LITC Program Office responsibilities;
- Application forms and instructions; and
- Reporting forms and instructions.

This publication, including the Appendix section, should be retained for future reference by all LITC grant recipients.

Low Income Taxpayer Clinics (LITCs) ensure the fairness and integrity of the tax system for taxpayers who are low income or speak English as a second language (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 low income taxpayers.

The IRS remains committed to achieving maximum access to representation for low income taxpayers under the terms of this grant program. Thus, in awarding 2018 LITC grants, we will continue to work toward the following program goals:

- Ensuring that each state (plus the District of Columbia and Puerto Rico) has at least one clinic;
- Expanding coverage in areas identified as underserved; and
- Ensuring that grant recipients demonstrate that they are serving geographic areas that have sizable populations eligible for and requiring LITC services.

The IRS may award grants to qualifying organizations to fund one-year to three-year project periods.

To be considered for 2018 LITC Program grant funding, all applications and continuation requests must be submitted electronically by **June 20, 2017**, via www.grants.gov or www.grantsolutions.gov, respectively. The cost of preparing and submitting an application or continuation request is the responsibility of each applicant.

The LITC Program Office will notify each applicant in November 2017 about whether it was selected to receive a matching grant for 2018.

If you have questions about the LITC Program or grant application process, please contact the LITC Program Office at 202-317-4700 (not a toll-free call) or by email at LITCProgramOffice@irs.gov.

I appreciate your interest in the LITC Program and look forward to working with the 2018 Low Income Taxpayer Clinic grantees to ensure the fairness and integrity of federal tax administration.

Sincerely,



Nina E. Olson
National Taxpayer Advocate

Paperwork Reduction Act Notice:

This application package is provided for awards under the Low Income Taxpayer Clinic Grant Program. The information is requested from the applicants in order to determine their eligibility for an LITC grant and evaluate their grant proposals. Applicants are not required to respond to this collection of information unless it displays a currently valid OMB number. The estimated average burden associated with this collection of information is 60 hours per respondent for program sponsors and 2 hours for student and program participants. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the IRS, Tax Forms and Publication Division, 1111 Constitution Ave. NW, Room, Washington, DC 20224. Do not send grant application forms to this address. Grant applications must be submitted through www.grants.gov and continuation requests must be submitted through www.grantsolutions.gov. Comments about this application package should be sent to: Internal Revenue Service, Taxpayer Advocate Service, LITC Program Office, TA: LITC, Room 1034, 1111 Constitution Ave., NW, Washington, DC 20224.

Catalog of Federal Domestic Assistance Number: 21.008 OMB Approval No.1545-1648

RESOURCES

IMPORTANT DATES FOR 2018 LITC GRANTEES

Application period	May 1 – June 20, 2017
Program Office review and evaluation	June – October 2017
Notification of selection/non-selection	November 2017
LITC Grantee Conference	Early December 2017
Grant year	January 1, 2018 – December 31, 2018
Interim report due	July 30, 2018
Year-End report due	April 1, 2019

CONTACTING THE PROGRAM OFFICE

Potential applicants may direct questions concerning the LITC Program or the application process to the LITC Program Office. Organizations that have been awarded an LITC grant should contact their assigned Advocacy Analyst directly with any questions regarding reporting or program requirements.

Hours of Operation:	8:00 a.m. – 4:30 p.m. (EST), Monday – Friday
Phone:	202-317-4700
Fax:	877-477-3520
Email:	LITCProgramOffice@irs.gov
Address:	Internal Revenue Service LITC Program Office Attention: TA: LITC, Room 1034 1111 Constitution Ave., NW Washington, DC 20224

GENERAL INFORMATION

www.taxpayeradvocate.irs.gov/Tax-Professionals/Low-Income-Taxpayer-Clinics

INCOME GUIDELINES TO DETERMINE ELIGIBILITY FOR LITC SERVICES

www.irs.gov/Advocate/Low-Income-Taxpayer-Clinics/Low-Income-Taxpayer-Clinic-Income-Eligibility-Guidelines

LITC TOOLKIT

www.litctoolkit.com (Access restricted to current LITC grantees)

QUESTIONS RELATING TO SPECIAL APPEARANCE AUTHORIZATION FOR STUDENT AND LAW GRADUATE PRACTICE

Phone:	212-298-2295
Fax:	212-298-2079

LITC PROGRAM PUBLICATIONS

Publication 3319, *Low Income Taxpayer Clinic (LITC) Grant Application Package and Guidelines*
https://www.irs.gov/pub/irs-pdf/p3319.pdf

Publication 4134, *Low Income Taxpayer Clinic List*
http://core.publish.no.irs.gov/pubs/pdf/p4134–2017-01-00.pdf

Publication 5066, *Low Income Taxpayer Clinic (LITC) Program Report*
http://core.publish.no.irs.gov/pubs/pdf/p5066–2017-01-00.pdf

OTHER USEFUL RESOURCES

Dun and Bradstreet Data Universal Numbering System (DUNS)

Website:	fedgov.dnb.com/webform
Support:	866-705-5711
Email:	govt@dnb.com

System for Award Management (SAM)

Website:	www.sam.gov
Support:	866-606-8220

Submission of a Grant Application via Grants.gov

Website:	www.grants.gov
Support:	800-518-4726
Email:	Support@grants.gov

Submission of a Continuation Request and Interim/Year-End Reports via Grantsolutions.gov

Website:	www.grantsolutions.gov
Email:	Beard.William@irs.gov

Department of Health and Human Services (HHS) Payment Management System

Website:	www.dpm.psc.gov
Support:	877-614-5533
Email:	PMSSupport@psc.gov

Civil Rights Protection

Website:	https://www.irs.gov/uac/your-civil-rights-are-protected

2 CFR Part 200 (OMB Guidance) and 2 CFR Part 1000 (Treasury Department Adoption of OMB Guidance)

Website:	www.ecfr.gov

Taxpayer Advocate Service Taxpayer Toolkit

Website:	www.TaxpayerAdvocate.irs.gov

United States Tax Court

Website:	www.ustaxcourt.gov

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I. LITC PROGRAM OVERVIEW

A. HISTORY OF THE LITC PROGRAM

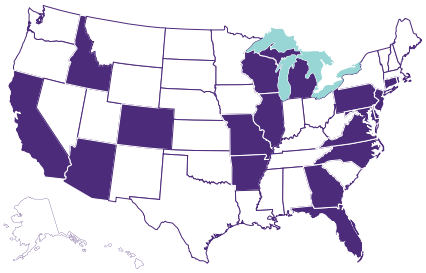
As part of the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98), Congress enacted IRC § 7526 to authorize funding for the LITC grant program. Subject to the availability of appropriated funds, the IRS may award grants of up to $100,000 per year to qualifying organizations for the development, expansion, or continuation of an LITC.

The program is designed to protect taxpayers' rights by providing access to representation for low income taxpayers, so that achieving a correct outcome in an IRS dispute does not depend on the taxpayer's ability to pay for representation. Many low income taxpayers are also individuals for whom English is a second language (ESL taxpayers). Consequently, Congress authorized funding for organizations to provide outreach and education about taxpayer rights and responsibilities to ESL taxpayers in addition to representing low income taxpayers in controversies with the IRS.

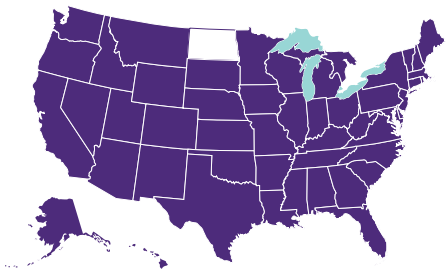
In June 2014, the IRS adopted the Taxpayer Bill of Rights — a set of ten fundamental rights that taxpayers should be aware of when dealing with the IRS.[1] One of those ten rights is the *right to retain representation*, which gives taxpayers the right to retain an authorized representative of their choice to represent them in their interactions with the IRS. In addition, taxpayers have the right to be informed that if they cannot afford to hire a representative, they may be eligible for assistance from an LITC. In December 2015, Congress enacted IRC § 7803(a)(3), which requires the Commissioner to ensure that employees of the IRS are familiar with and act in accord with taxpayer rights, including the *right to retain representation*.[2]

The IRS created the LITC Program Office in 1999 to provide guidance, assistance, and oversight to LITC grantees and prospective applicants. The LITC Program Office is part of the Office of the Taxpayer Advocate (commonly referred to as the Taxpayer Advocate Service (TAS)).

Figure 1, States With at Least One LITC Grantee, 1999 and 2016



States with at Least One LITC Grantee – 1999



States with at Least One LITC Grantee – 2016

1 *See* IR-2014-72 (June 10, 2014).

2 *See* Consolidated Appropriations Act, 2016, Public Law 114-113, Division Q, § 401, 129 Stat. 2242, 3117 (Dec. 18, 2015).

In 1999, the IRS awarded grants totaling less than $1.5 million to 34 entities located in 18 states and the District of Columbia. In 2016, the IRS awarded over $11.4 million in grants to 138 entities located in 49 states and the District of Columbia.

Representation, Education, and Advocacy Are the Primary Functions of LITCs

The text of IRC § 7526 is reprinted in full below:

Section 7526. Low-income taxpayer clinics.

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

(b) Definitions. For purposes of this section—

(1) Qualified low-income taxpayer clinic.

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

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

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

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

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

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

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

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

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

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

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

(c) Special rules and limitations.

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

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

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

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

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

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

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

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

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

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

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

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

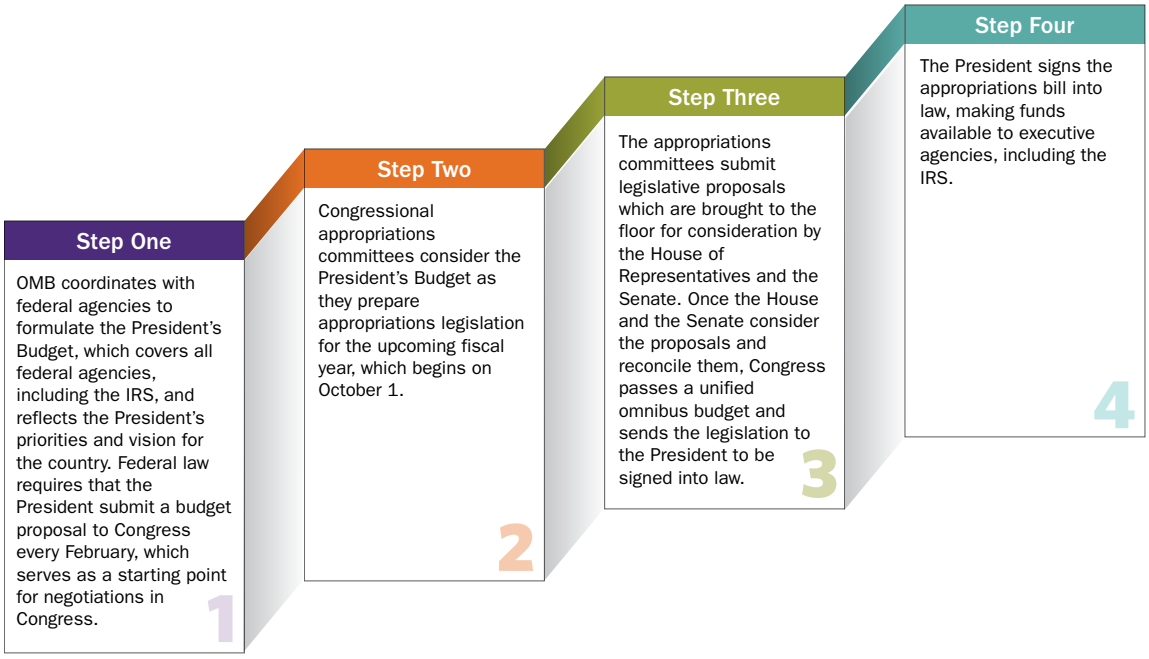
B. TYPES OF GRANTS AWARDED BY THE LITC PROGRAM OFFICE

A grant may be awarded 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. First-time applicants may request a one year grant. Multi-year grants will only be awarded to applicants that have successfully completed at least one year under the terms of the LITC grant.

New applicants and current grantees whose single year or multi-year grant period will end on December 31, 2017, must submit an application. A recipient of an LITC grant entering the second or third year of a multi-year grant in 2018 must submit a Non-Compete Continuation (NCC) request, in lieu of an application. See Section III, *How to Apply for an LITC Grant*.

With respect to multi-year grant awards, the second and third years will be funded subject to satisfactory performance, compliance with the conditions outlined in the notice of award, and availability of appropriated funds. All grant funds awarded must be used for the program specifically authorized in the notice of award. Figure 2 explains how the LITC Grant Program receives its funding.

Figure 2, How the LITC Program Receives Its Funding



C. CORE TERMS AND DEFINITIONS

Amount in controversy means the amount in dispute for each tax year for which the LITC is representing the taxpayer. Often the amount in controversy is the amount owed or the refund requested that is in dispute. In some disputes with the IRS, however, the amount in controversy is the amount associated with an action taken by the IRS. The amount 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. Further, the amount in controversy is limited to the amount in dispute, which may be less than the amount specified in a statutory notice of deficiency. If the taxpayer is disputing the amount due in more than one tax year or period, the amount in controversy is the amount in dispute for a single tax year. For additional rules with regard to calculating the amount in controversy, see Section V. A, *Representation*.

Clinic means an organization receiving a grant pursuant to IRC § 7526 that represents low income taxpayers in controversies with the IRS and that operates a program to educate individuals for whom English is a second language about their rights and responsibilities under the Internal Revenue Code. Examples of a clinic include:

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

Consultation means 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.

Controversy means a dispute arising under the Internal Revenue Code between an individual and the IRS concerning the determination, collection, or refund of any tax, penalties, or interest under the Internal Revenue Code, and includes any proceeding brought by the taxpayer under Title 26. A controversy includes a dispute related to the tax provisions of the Affordable Care Act and certain civil actions arising under the Internal Revenue Code, for example those arising under IRC §§ 7431–7435. While representing a taxpayer in a controversy with the IRS, an LITC may also need to represent the taxpayer in a controversy with a state or local tax agency concerning the same or related tax matter. A controversy does not include a federal criminal tax matter, but may include a state criminal matter. For example, in some instances, the 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 continue the representation to resolve the state or local matter.

Educational activities are programs designed to inform ESL or low income taxpayers about their rights and responsibilities as taxpayers, as well as tax issues of particular significance to the intended audience. Educational activities may also be conducted for other organizations that assist low income or ESL taxpayers. In order to be considered an educational activity, information about a specific tax topic or topics must be conveyed to the audience. Examples of educational activities include a presentation about tax collection issues made to ESL taxpayers, a workshop for low income workers about how to properly complete a Form W-4 for withholding, or a free training session at a local social services organization to educate case workers about earned income tax credit (EITC) eligibility rules to so they can better assist their clients.

Low income taxpayer means an individual whose income does not exceed 250 percent of the Federal Poverty Guidelines, as determined in accordance with official guidance published by the federal government. A business or other entity is not a low income taxpayer eligible for LITC representation. An individual trying to resolve the individual's tax liability arising from 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. Low income status is determined by reference to the Federal Poverty Guidelines, which are updated annually (usually in late January) by the Department of Health and Human Services (HHS). The current LITC Income Guidelines can be found in Section V. A, *Representation,* of this publication.

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

***Pro bono* panel** means a group of qualified representatives who have agreed to accept taxpayer referrals from an LITC and provide representation or consultation free of charge to low income or ESL taxpayers.

Program to educate means the conduct of an activity intended to educate both low-income taxpayers and individuals for those for whom English is a second language (ESL) about their rights and responsibilities under the Internal Revenue Code. For additional information, see *Educational Activities*.

Program plan means an outline of a clinic's planned operations, including a description of the particular services to be offered, how the services will be delivered, the intended recipients of the services, and numerical goals.

Qualified representative means an attorney, certified public accountant, or enrolled agent who is authorized to practice before the IRS. The term qualified representative also means an individual authorized to practice before the IRS pursuant to 31 CFR § 10.7(d) (*e.g.*, a student, law graduate, tribal court advocate, or other individual for whom the IRS has issued a special appearance authorization). Thus, a student or law graduate working under the supervision of a qualified representative is a qualified representative if the Director of the LITC Program Office has authorized that student or law graduate to practice before the IRS. *See* Delegation Order 25-18 (Rev. 2), IRM 1.2.52.19 (Sept. 9, 2015). In addition, the term qualified representative means an individual authorized to appear before the applicable court where the controversy with the IRS will be adjudicated. An unenrolled return preparer who can practice before the IRS based upon return preparation is not a qualified representative for purposes of the LITC program, because the authority of the unenrolled return preparer to act as a representative is limited to only certain taxpayers and select functions of the IRS.

Note: For more information on student representation of taxpayers, see Section V. A, *Representation.*

Referral activities for which grant funds may be spent are the referral of low income taxpayers to a *pro bono* panel for representation or consultation.

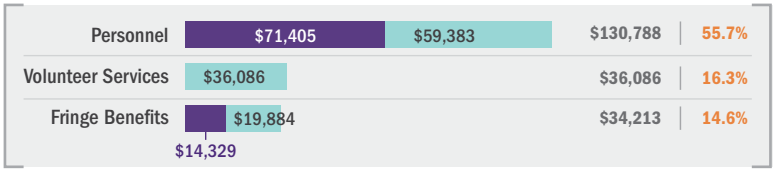
Representing a taxpayer in a controversy means acting as an agent of the taxpayer in an advocacy capacity in a matter before the IRS, the United States Tax Court, another federal court, or before a state or local tax authority when the clinic is representing the taxpayer in a related federal controversy. Fact finding or advice alone is not representation.

II. GRANT RECIPIENT ELIGIBILITY

To receive an LITC grant, an organization must represent low income individual taxpayers in controversies with the IRS and educate low income and ESL taxpayers about their rights and responsibilities as U.S. taxpayers. Additionally, organizations must offer LITC services for free or for no more than a nominal fee (except for reimbursements of actual costs incurred). LITCs are encouraged to devote a significant portion of their budget to staffing. Figure 3 displays a sample budget breakdown for a clinic receiving a $100,000 LITC grant.

Figure 3, Sample Budget Broken Down by IRS Grant and Matching Funds

	Federal Funds		Matching Funds		Total Budget	Percent of Budget Allocation
STAFFING	$ 85,734	+	$ 115,353	=	$ 201,087	86.5%
CONTRACTUAL (*i.e.*, Rent, Utilities)	$ 2,201		$ 6,849	→	$ 9,050	3.9%
TRAVEL	$ 1,995		$ 2,166	→	$ 4,161	1.8%
EQUIPMENT	$ 87		$ 222	→	$ 309	0.1%
OTHER EXPENSES	$ 2,710		$ 7,881	→	$ 10,591	4.6%
INDIRECT EXPENSES	$ 7,273		$ 0	→	$ 7,273	3.1%
TOTAL EXPENDITURE	$ 100,000		$ 132,471	→	$ 232,471	100%



A. SUBGRANTS ARE PROHIBITED

A grantee may not make a subgrant of LITC grant funds to another organization or individual. A subgrant is a payment to another organization or contractor to provide controversy representation or ESL education as compared to a payment for providing goods and services to the grantee. For example, a grantee may not pay another organization to prepare and conduct its ESL educational activities, although the clinic could pay a firm to translate its educational materials into another language.

B. REQUIREMENTS FOR PROVIDING LITC SERVICES

At least 90 percent of the taxpayers represented must have incomes that do not exceed 250 percent of the Federal Poverty Guidelines and the amount in controversy for any taxable year generally must not exceed the amount specified in IRC § 7463 for eligibility for special small case procedures in Tax Court (currently $50,000) (see Section V. A, *Representation*).

A grantee may provide qualifying LITC services within a broader spectrum of activity. A grantee may provide representation in nontax matters as well as representation in tax matters as long as LITC grant funds are used only to support the representation of eligible taxpayers in a controversy with the IRS or a related state or local tax authority.

Matching Funds Are Required on a Dollar-for-Dollar Basis

IRC § 7526(c)(5) requires grantees to provide matching funds on a dollar-for-dollar basis for all federal funds awarded by the IRS. Only funds that are used in direct support of the LITC Program qualify as matching funds.

What Contributions Qualify as Matching Funds?

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR § 200.306 provides that all contributions, including cash and third-party in-kind, shall be accepted as part of the grantee's cost sharing or matching when such contributions:

- Are verifiable from the grantee's records;
- Are not included as contributions for any other federally assisted project or program;
- Are necessary and reasonable for proper and efficient accomplishment of project or program objectives;
- Are allowable under the applicable cost principles;
- Are not paid by the federal government under another award, except where authorized by the federal statute to be used for cost sharing or matching;
- Are provided for in the approved budget when required by the federal awarding agency; and
- Conform to other provisions of 2 CFR Part 200, when applicable.

Grant funds received from the Legal Services Corporation are not considered federal funds and therefore can be used as a source of matching funds.

For more detailed information regarding the matching funds requirement, see Section VI. E, *Meeting the Matching Funds Requirement*.

Charging More Than a Nominal Fee for Services Is Prohibited

An LITC may not charge more than a nominal fee for its services, although reimbursement of actual costs incurred (*e.g.,* photocopying, court costs, and expert witness fees) is permitted. If a clinic charges a fee, it must charge that same fee to all taxpayers, regardless of the services being sought. The goal of the LITC Program is to enhance access to representation, education, and advocacy services for low income taxpayers. If the amount that a clinic charges results in fewer taxpayers assisted, the goal of the Program is not being achieved and that amount is not nominal. A clinic may not charge a separate or additional fee (even if it is nominal) to prepare a tax return or a claim for refund.

C. START-UP EXPENSES MAY BE PAID USING LITC GRANT FUNDS

An applicant may be awarded an LITC grant for the full grant year although it anticipates that it will not begin representing taxpayers until after the start of the grant year. An applicant may also be awarded a grant although it anticipates that it will not begin representing taxpayers until after the close of the grant year for which the grant is awarded. 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. In addition, LITC grants to these applicants will be conditioned on the conduct of qualifying activities during the immediately succeeding grant year; however, grant funds for the immediately succeeding grant year are not guaranteed to be awarded.

D. COMPLIANCE WITH FEDERAL TAX AND FEDERAL NONTAX OBLIGATIONS

An applicant must be in full compliance with its federal tax responsibilities when applying for an LITC grant and also throughout the grant year. Standard Form 424 (Appendix, 81–85) asks whether the applicant is delinquent on any federal debt. In general, funds will not be awarded to an applicant with any outstanding federal nontax debt. The LITC Program Office utilizes the Do Not Pay List to determine ineligible grant recipients and prevent improper payments. See donotpay.treas.gov for more information.

To facilitate the resolution of any potential tax compliance issues, Standard Form 424, *Application for Federal Assistance* (specifically the Applicant Federal Debt Delinquency Explanation), and Form 13424, *Low Income Taxpayer Clinic* (*LITC) Application Information*, require applicants to provide contact information for the individual responsible for handling the organization's federal tax matters. Failure to provide an appropriate contact could delay application processing or the receipt of grant funds.

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 funded organization that has entered into and remains current with an installment agreement or other payment arrangement with the federal government will be considered in compliance with any federal tax or nontax obligation and will be eligible for funding.

E. CIVIL RIGHTS REVIEWS

To the extent necessary to make a Civil Rights Compliance determination, the Civil Rights Division (CRD) of the IRS may request additional data only to the extent that it is readily available or can be compiled within a reasonable manner. Examples of such data and information include, but are not limited to:

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

A CRD staff member will review each grant application and continuation request for compliance with civil rights reporting requirements. Upon completion, the CRD will forward a preliminary civil rights determination based on the information in the grant application or continuation request to the LITC Program Office. No LITC grant funding may be awarded until the CRD has made a preliminary determination of probable or conditional compliance. Department of Justice regulations state that all federal agency staff determinations of Title VI compliance shall be made by or be subject to review by the agency's civil rights office.

The CRD annually conducts selected post-award reviews to ensure civil rights requirements are in place and to provide technical assistance. The following are examples of civil rights compliance items addressed during site 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 and 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);

- Accommodations for persons with disabilities (*e.g.*, sign language interpreters, Braille/large print documents); and
- Accommodations for persons with limited English proficiency (*e.g.*, bilingual volunteers, language interpreters/language line, community resources).

The results from the selected site reviews are compiled into a report and provided to the Office of the Taxpayer Advocate.

Contacting the Civil Rights Division

For additional information on civil rights requirements, see Publication 4454, *Your Civil Rights are Protected,* or contact the Operations Director, Civil Rights Division at edi.civil.rights.division@irs.gov. If you believe you've been discriminated against, send a written complaint to:

Director, Civil Rights Unit
Office of Equity, Diversity and Inclusion
Internal Revenue Service, Room 2413
1111 Constitution Avenue NW
Washington, DC 20224

F. OTHER ASSURANCES AND CERTIFICATIONS

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 grantee engages in certain activities related to trafficking in persons. As part of the implementation of the Act, the Office of Federal Financial Management has established terms that must be included in every grant agreement. *See* 2 CFR § 175.15.

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

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

a. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
b. Procure a commercial sex act during the period of time that the award is in effect;
c. Use forced labor in the performance of the award; or
d. Engage in acts that directly support or advance trafficking in persons, including the following acts:
    i. Destroying, concealing, removing, confiscating, or otherwise denying an employee access to that employee's identity or immigration documents.

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

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

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

iv. Charging recruited employees unreasonable placement or recruitment fees, such as fees equal to or greater than the employee's monthly salary, or recruitment fees that violate the laws of the country from which an employee is recruited.

The IRS may unilaterally terminate the award, without penalty, if it determines that the grantee 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 grantee 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 grantee using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR Part 180, *OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-Procurement)*, as implemented by the Department of the Treasury at 31 CFR Part 19.

Federal Funding Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act (FFATA) of 2006, as amended, is intended to empower Americans with the ability to hold the government accountable for each spending decision. Each applicant must ensure it has the necessary processes and systems in place to comply with the FFATA reporting requirements should it receive funding. Office of Management and Budget (OMB) has issued guidance to establish requirements for grantees to report information about executive compensation in certain circumstances. *See* 2 CFR Part 170.

Preparing for and Responding 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 notify the IRS in the event of a breach. Because LITCs have access to their clients' and prospective clients personally identifiable information, LITCs must have procedures in place to respond to a breach, and must notify the LITC Program Office in the event of a breach. *See* OMB Memorandum M-17-12, Preparing for and Responding to a Breach of Personally Identifiable Information (Jan. 3, 2017).

Certain Criminal Law Violations

Federal law currently prohibits the award of grant funds to any corporation that was convicted of a felony criminal violation under any Federal law within the preceding 24 months, where the IRS is aware of the conviction, unless a federal agency has considered suspension or disbarment of the corporation, and made a determination that denial of the grant is not necessary to protect the interests of the government. *See* Public Law 114-113, Division E, Title VII, § 746 (2015); Public Law 114-223, Division C, § 101(a)(5) (2016), as extended by Pub Law 114-254, § 101 (2016). If necessary, the LITC Program Office will advise grantees of any changes in this prohibition for fiscal year 2018.

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 § 200.338, including suspension or debarment. See 2 CFR § 200.113.

Conflict of Interest Policy

Applicants and grantees must have a written conflict of interest policy which contains the terms as listed in this section. LITCs must disclose in writing to the LITC Program Office any potential conflict of interest situation and how the conflict was resolved.

At a minimum, an LITC grantee's Conflicts of Interest Policy ("Policy") must:

- Apply to at least the grantee'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 grantee matters involving the use of LITC grant funds and matching funds, in whole or in part, including, but not limited to, grants, contracts, procurements, leases, investments, other commitments of grantee resources, and personnel matters.
- Cover at least situations when an outside interest, activity, or relationship influences or appears to influence the ability of a Covered Individual to exercise objectivity, or impairs or appears to impair his or her ability to perform his or her responsibilities impartially and in the best interests of the grantee ("Conflict of Interest" or "Conflict").
- 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 grantee, and to promptly disclose any such Conflicts and potential Conflicts that arise. Covered Individuals must recuse themselves from a position of decision-making authority or influence on decisions or actions with respect to any such Conflicts and potential Conflicts until resolved.

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

will be addressed and resolved. Covered Individuals may not participate in any situation involving a Conflict or potential Conflict, unless the grantee 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.

Association of Community Organizations for Reform Now

At this time, Federal law prohibits the IRS from providing funding to the Association of Community Organizations for Reform Now (ACORN) or any of its affiliates, subsidiaries, allied organizations, or successors. *See* Public Law 114-113, Division H, Title V, § 522; Public Law 114-223, Division C, § 101(a)(5) (2016), as extended by Public Law 114-254, § 101 (2016). This prohibition may be lifted by next fiscal year. Contact the LITC Program Office for up-to-date information about this prohibition.

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

Assurances of compliance are required for LITC funding, according to the "common rule" on non-procurement, debarment, and suspension adopted by Department of Treasury at 31 CFR Part 19, Subpart C. An applicant must certify that its organization and Clinic Director 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 Clinic Director 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 Clinic Director are not presently criminally or civilly charged with certain offenses.

Additional assurances are required according to the governmentwide requirements for a drug-free workplace (41 U.S.C. §§ 8101-06), adopted by the Department of the Treasury at 31 CFR Part 20, Subpart B and C, and assurance of civil rights compliance, as specified above.

When an applicant submits Standard Form 424 and checks the box on line 21 marked "I agree," the applicant is agreeing to each of the assurance and certification provisions that accompany Standard Form 424. The list of assurances and certifications is included in the Appendix on page 86.

III. HOW TO APPLY FOR AN LITC GRANT

A. APPLICATION PROCESS

An overriding goal of the LITC Program is to provide services to low income and ESL taxpayers in every state, the District of Columbia and Puerto Rico. In making grant award decisions, the IRS seeks to fund qualified organizations, including academic institutions and nonprofit organizations throughout the United States, to provide representation, education, and advocacy on behalf of low income and ESL taxpayers. The IRS awards grant funds to achieve the goals of the LITC Program.

Preparing and submitting your grant application is a major undertaking. Take time to understand and review the process well in advance of submitting an application. Prepare and start as early as possible.

Get Registered

Submitting an application for an LITC grant requires that the applicant organization be registered with https://www.grants.gov/ and the System for Award Management (SAM). In order to register with SAM, the organization will also need an Employer Identification Number (EIN) and a Data Universal Numbering System (DUNS) number. Register early, as first-time registration with these groups is a multi-step process that can take more than eight weeks and MUST be completed before the application submission deadline.

System for Award Management

Applicants are required to register with the System for Award Management (SAM) prior to submitting a grant application and are required to maintain an active SAM registration with current information at all times during which they have an active federal award or an application under consideration. SAM is a web-enabled governmentwide application that collects, validates, stores, and disseminates business information about the federal government's trading partners in support of the contract award, grants, and electronic payment processes. To remain active in the SAM database after registration, the applicant is required to review and update its information in the SAM database at least once every 365 days. More information about the registration and renewal process is available at www.sam.gov.

Employer Identification Number (EIN)

If the applicant does not have an EIN, it should submit a request to the IRS to be assigned one. See Form SS-4, *Application for Employer Identification Number*. The fastest way to get an EIN is online at www.irs.gov/ein. The hours of operation are Monday to Friday, 7 a.m. to 10 p.m. Eastern Time.

Data Universal Numbering System

Applicants are required to provide a Data Universal Numbering System (DUNS) number with each application. A DUNS number is a nine-digit unique entity identifier provided by Dun & Bradstreet, Inc. The federal government requires that all applicants for federal grants and cooperative agreements with the exception of individuals other than sole proprietors have a DUNS number. The federal government will use the DUNS number to better identify related organizations that are receiving funding under grants and cooperative agreements, and to provide consistent name and address data for electronic grant application systems. A DUNS

number may be obtained by calling 866-705-5711 or applying online at fedgov.dnb.com/webform. For more information on the requirement, see 2 CFR Part 25.

Here is some of the basic information you need to know as you begin learning about or navigating this important process.

If you are seeking an LITC grant award for the first time, or if a multi-year LITC grant that you've already received ends on December 31, 2017, you must submit an LITC Grant Application in order to receive 2018 funding. See Section III. B, *Completion and Submission of the LITC Grant Application Package*.

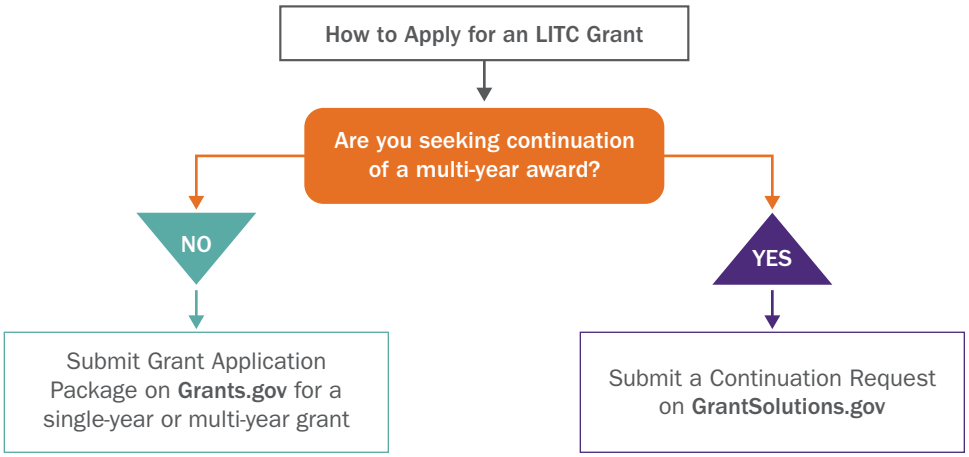
If you are already funded with a multi-year LITC grant that ends after December 31, 2017, you must submit a Non-Compete Continuation Request. See Section III. C, *Completion and Submission of a Non-Compete Continuation Request*.

All grant application and continuation requests must be submitted by June 20, 2017.

APPLICATIONS SUBJECT TO FOIA REQUESTS

Grant applications may be released in response to Freedom of Information Act (FOIA) requests after appropriate redactions have been made. Do not include any individual taxpayer information in the grant application.

Figure 4, Overview of the Grants Process



B. COMPLETION AND SUBMISSION OF THE LITC GRANT APPLICATION PACKAGE

If you are seeking an LITC grant award for the first time, or if a multi-year LITC grant that you've already received ends on December 31, 2017, you must submit an LITC Grant application. To be considered for 2018 LITC Program grant funding, all continuation requests must be submitted by **June 20, 2017**.

Submit Applications on Grants.gov

The application must be submitted electronically via www.grants.gov**.** Use of grants.gov provides assurance that required entries are not left blank on the standard forms and provides receipt acknowledgement when the application is received by the LITC Program Office. The grants.gov website includes a narrated tutorial and Frequently Asked Questions to help you use the system. The Funding Opportunity Number for the 2018 LITC grant application is TREAS-GRANTS-052018-001.

Can I Withdraw My Application After Submission?

An LITC Grant Application may be withdrawn at any time during the application process or prior to the time grant money is awarded by notifying the LITC Program Office in writing. Application withdrawals cannot be completed through www.grants.gov. All withdrawals must be made in writing and faxed to 877-477-3520.

Sample Application Forms

Copies of all required application forms and certifications, as well as instructions, are included in the Appendix section of this publication for your review. General information and budget forms, including examples, can be found in the Appendix. See Appendix A and B.

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

a. IRS Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information* (see Appendix);

b. Standard Form 424, *Application for Federal Assistance* (see Appendix);

c. IRS Form 13424-M, *Low Income Taxpayer Clinic (LITC) Application Narrative* (see Appendix);

d. Standard Form 424A, *Budget Information – Non-Construction Programs* (see Appendix);

e. IRS Form 13424-J, *Detailed Budget Worksheet and Narrative* (see Appendix);

f. *Attachments Form* (used to attach items g-j);

g. Tax exemption determination letter, if applicable;*

h. Proof of academic accreditation, if applicable;*

i. Most recent audited financial statement (if the applicant expends $750,000 or more in federal funds during the applicant's fiscal year, this must be a single audit or program-specific audit as defined in 2 CFR § 200.501; an applicant that does not have audited financial statements must submit unaudited statements for its most recent fiscal year and a statement as to why audited financial statements are not available);* and

j. Indirect cost rate agreement, if applicable.*

** Items marked with an * must be submitted via the Attachments Form (which is incorporated into the downloadable pdf from www.grants.gov).*

Incomplete Submissions

An LITC grant application is considered incomplete if it fails to follow the instructions provided on the appropriate application form or if the application is submitted after the receipt deadline — except in very rare cases. Incomplete applications do not proceed further in the process and will not be reviewed.

C. COMPLETION AND SUBMISSION OF A NON-COMPETE CONTINUATION REQUEST

If you are already funded with a multi-year LITC grant that ends after December 31, 2017, you must submit a Non-Compete Continuation request. To be considered for 2018 LITC Program grant funding, all continuation requests must be submitted by **June 20, 2017**.

Submit Continuation Requests on Grantsolutions.gov

All continuation requests must be submitted via www.grantsolutions.gov. Use of grantsolutions.gov provides assurance that required entries are not left blank on the standard forms and provides receipt acknowledgement when the entry is received by the LITC Program Office. Do not submit continuation requests via www.grants.gov. The LITC Program Office will provide annual training on how to use the grantsolutions.gov website to submit reports and continuation requests. Additional questions regarding use may be directed to the Program Office at Beard.William@irs.gov. The Funding Opportunity Number for the 2018 LITC grant is TREASGRANTS-052018-001.

Sample Forms

Copies of all required forms and certifications, as well as instructions, are included in the Appendix section of this publication for your review. General information forms and budget forms, including examples can be found in the Appendix.

Copies of all required forms and certifications, as well as instructions, for the submission of an NCC are included in the Appendix section of this publication for your review.

A complete continuation request consists of the following items, submitted through www.grantsolutions.gov and prepared in accordance with the relevant instructions (*see* Appendix A and B):

a. IRS Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information* (see Appendix);

b. Standard Form 424, *Application for Federal Assistance* (see Appendix);

c. Standard Form 424A, *Budget Information – Non-Construction Programs* (see Appendix);

d. IRS Form 13424-J, *Detailed Budget Worksheet and Narrative* (see Appendix);

e. Project Abstract, which includes the following information (see Appendix A, pages 94–95):
   i. Numerical goals;
   ii. Changes to the Program Plan; and
   iii. Civil Rights Statement;

f. Most recent audited or unaudited financial statement (if the applicant expends $750,000 or more in federal funds during the applicant's fiscal year, this must be a single audit or program-specific audit as defined in 2 CFR § 200.501; an applicant that does not have audited financial statements must submit unaudited statements for its most recent fiscal year and a statement as to why audited financial statements are not available);* and

g. Indirect cost rate agreement, if applicable.*

** Items marked with an * must be submitted via an attachment. The LITC Program Office provides training to grantees on how to use www.grantsolutions.gov.*

D. ELIGIBLE LITC GRANT APPLICATIONS

Grant Period

The LITC Program may award grants for up to a three-year period to applicants evaluated under the award process. Applicants that have never been awarded an LITC grant are not eligible for a multi-year award and may only apply for a single-year grant award; experienced LITC grantees are eligible to apply for a multi-year grant. Determination of the grant period is at the discretion of the LITC Program Office. Thus, the Program Office may elect to award a single-year grant to applicants that requested a multi-year grant.

Organizations awarded a multi-year grant based on the selection and award process for the 2018 grant year will not undergo formal evaluation of their program plans during the second or third year selection and award process. However, multi-year recipients will be reviewed annually for satisfactory performance and progress in meeting goals and objectives as well as compliance with grant terms. The funding level for subsequent years will be reviewed annually and may be increased or decreased at the discretion of the IRS, based on performance, compliance with grant terms, and the availability of annually appropriated funds. Awarding of multi-year grants is at the discretion of the IRS.

Eligibility Screening

All LITC grant applications will undergo a preliminary eligibility screening. Applications will be reviewed to determine that the application package is complete and satisfies the following criteria:

- Requests a single year grant or a multi-year grant of up to 3 years;
- Requests no more than $100,000 in grant funding;
- Budget provides for dollar-for-dollar matching funds; and
- Applicant has an active SAM registration.

All applications undergo a civil rights review by the Civil Rights Division of the IRS. The LITC Program Office will also conduct a review to verify that the applicant is:

- In compliance with all federal tax obligations;
- In general compliance with all federal nontax obligations; and
- Not disbarred or suspended (2 CFR Part 180), or otherwise excluded from or ineligible for a federal grant award.

Applicants that fail to satisfy the eligibility screening criteria will be notified and provided an opportunity to correct the problem. Applications that are not corrected in a timely manner will be eliminated from the award process. Applications that pass the eligibility screening will then undergo a technical evaluation. For additional information, see Section III.E, *Application Evaluation Process*.

For purposes of this grant program, entering into and remaining current with respect to an installment agreement or other payment arrangement with the federal government to satisfy any outstanding federal obligations constitutes being in compliance.

Application Evaluation Process

Applications that pass the eligibility screening process will undergo a two-tiered evaluation process. Applications will be subject to both a technical evaluation and a Program Office evaluation.

Technical Evaluation

During the technical evaluation, each application will be reviewed using the criteria listed below and awarded points based on the information provided in the application. Applicants can receive a maximum of 100 points. In scoring applications, the IRS will evaluate each program plan based on how it will assist in accomplishment of the LITC Program goals as stated elsewhere in this Publication.

Points will be assigned as follows:

Experience (Maximum 10 points)

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

Financial Responsibility (Maximum 10 points)

Quality of grant administration and internal accounting procedures.

Program Performance Plan (Maximum 75 points)

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

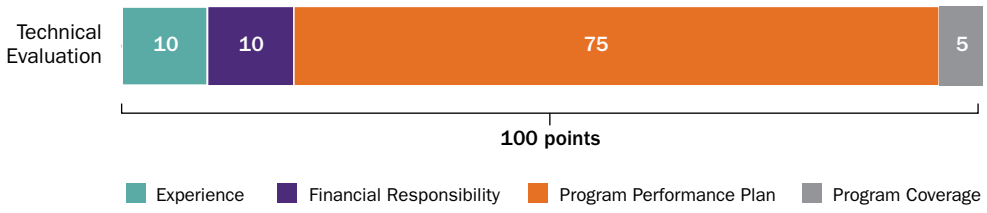
- Qualifications, training, and supervision of the clinic staff, students, and volunteers;
- Amount of time devoted to the program by clinic staff;
- Comprehensiveness of services to be provided;
- Procedures for ensuring the confidentiality of taxpayer information;
- Procedures for monitoring and evaluating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

Program Coverage (Maximum 5 points)

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

Only information contained in the application will be considered during the technical evaluation process. Therefore, it is extremely important that a submission contain all required information in order to achieve the maximum score.

Figure 5, Grants Evaluation and Scoring Process



Program Office Evaluation

After the completion of the technical evaluation, applications will undergo a secondary review by the LITC Program Office. This evaluation will be based on the information contained in the program plan, as well as the applicant's performance history in the LITC Program, if applicable.

Review of New Applicants

The LITC Program Office will perform a general review of the application and proposed program plan. The review will consider the quality of the proposed program, the soundness of the proposed budget, and any significant concerns identified during the technical evaluation.

Review of Funded Grantees Submitting a Continuation Request

The LITC Program Office will perform a general review of the application, proposed budget, and program plan, as well as a more detailed review of the grantee's performance history in the LITC Program. The review will consider:

- Timeliness, accuracy, and completeness of Interim and Year-End reports;
- Any significant concerns identified by site assistance visits and how the grantee addressed those concerns;
- Whether the grantee's activities match its program plan;
- Grantee's involvement with other tax clinics, community groups, the Taxpayer Advocate Service (TAS), and the LITC Program Office;
- Whether the grantee has a history of not drawing down funds in a timely manner; and
- Whether the grantee has failed to use all funds awarded in prior years.

Additional Considerations

Grant funds may be withheld or denied based on an applicant's failure to be in full compliance with all civil rights requirements or federal obligations, or a determination that the applicant is currently suspended or disbarred from receiving a federal grant award.

To foster parity regarding clinic availability and accessibility for low income and ESL taxpayers nationwide, the LITC Program Office will consider an applicant's geographic coverage area, the number of low income and ESL taxpayers assisted, and the languages in which assistance will be provided to taxpayers.

If applications are submitted by more than one clinic sponsored by the same institution or organization, the LITC Program Office will consider all factors surrounding the operation of the clinics, including the geographic area(s) served by the clinics and the comprehensiveness of the services to be provided, in determining whether and in what amount grants will be made to one or more such clinics.

For academic clinics, which may assist fewer taxpayers than non-academic clinics because of the time involved in teaching and mentoring students, the LITC Program Office will consider additional ways in which academic clinics can accomplish LITC Program goals (*e.g.*, providing technical assistance, training, and mentoring to other LITCs, publishing articles about the LITC Program, commenting on proposed Treasury regulations that affect low income or ESL taxpayers, and monitoring graduates to determine whether they perform *pro bono* work on behalf of or otherwise assist low income taxpayers).

The decision of whether or not to award grant funds will be based on the technical evaluation, Program Office evaluation, and the following additional considerations:

- The existence of other clinics representing the same population of low income taxpayers;
- Reasonableness of funds sought for the quantity and quality of services to be offered; and
- Other sources of funding available to the clinic.

Final funding decisions are made by the National Taxpayer Advocate, unless recused. In recusal situations, final funding decisions are made by the Deputy National Taxpayer Advocate.

E. NOTICE OF AWARD

When Will I Know If I Have Been Selected to Receive an Award?

The LITC Program Office will notify all applicants no later than November 2017 whether or not they have been selected to receive a 2018 grant award. However, no specific award amount information will be available until after Congress appropriates funding for fiscal year 2018.

The LITC Program Office will issue a notice of award to each applicant selected to receive funding for the grant year. The notice of award states the amount of funding awarded for the grant year, the grant period, and the terms and conditions of the award. In addition, the notice of award incorporates by reference the requirements specified in this publication and lists any additional specific conditions of the award, if applicable. If an applicant incurs expenses and a grant is not awarded, all costs incurred will be the responsibility of the applicant.

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 accompanied by a Notice of Award amendment stating the revised award amount.

IV. 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.

A. STAFFING

LITCs are required to fill the following positions:

Qualified Tax Expert (QTE): The QTE is a staff member with sufficient tax law expertise to oversee technical substantive and procedural tax matters. The QTE must be an attorney, certified public accountant, or enrolled agent who is currently authorized to practice before the IRS and provides 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): The QBA is a staff member with sufficient business administration expertise to oversee the clinic's business operations. If a department, as opposed to a single individual, fulfills this requirement, please provide details about the staff member who oversees the department. The QBA must demonstrate education or experience with business or program administration, such as internal controls, grant funds management, budgeting, procurement, or the equivalent.

Clinic Director: The Clinic Director is a staff member who has overall management responsibility for the clinic. The Clinic Director may also be the QTE or QBA, if qualified. The Clinic Director manages day-to-day clinic operations, prepares or reviews the required clinic reports, and 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)'s office.

B. INFRASTRUCTURE AND RESOURCES

Staff Member Must Be Able to Represent Taxpayers

LITCs must have at least one staff member (usually the QTE) who represents taxpayers before the IRS. That individual must be an attorney, certified public accountant, or enrolled agent currently authorized to practice before the IRS. In addition, all LITCs must have a staff member or a *pro bono* panel member who is admitted to practice before the United States Tax Court to handle litigation matters. Staff or volunteers who do not meet the definition of qualified representative may nonetheless participate in providing representation services, provided their work is supervised by a qualified representative on behalf of the clinic.

Requirement to Maintain a Physical Location

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

Providing a Toll-Free Number

To increase access to low-cost representation, grantees should provide a toll-free telephone number. Grant funds may be used to pay for a toll-free number.

Requirement to Provide Training

LITCs must provide training to clinic staff, volunteers, and other program participants to increase knowledge and skills necessary to effectively deliver representation, education, and advocacy services. The clinic director is required to ensure and document that the LITC staff, volunteers, and other program participants receive appropriate training to enhance skills. Clinic staff and volunteers are encouraged to attend continuing professional education programs sponsored by the IRS and professional organizations. Grantees may use grant funds to attend such programs if the subject matter is necessary for the performance of the grant.

Maintaining Physical Access to Tax Research Materials

LITCs must have convenient access to an adequate tax library and research materials, including the current version of the Internal Revenue Code and related Treasury Regulations in hard copy or electronic format. Grantees may use grant funds to acquire tax research materials.

Attending the Annual LITC Conference

Applicants notified they have been selected to receive a 2018 grant award must attend the annual LITC conference in December 2017, held in Washington, D.C. The Clinic Director and the QTE are required to attend the annual LITC conference in its entirety unless the Director of the LITC Program Office has excused them from attending all or part of the conference (see below). The QBA is not required to attend the conference, but may choose to attend upon receiving approval from the Director of the LITC Program Office.

For all new grantees, the Clinic Director and the QBA must attend a mandatory conference call held prior to the LITC Conference.

What If I Can't Attend the LITC Conference?

A request by the Clinic Director or QTE to be excused from attending all or part of the annual LITC conference must be submitted in writing to the Director of the LITC Program Office no later than two weeks prior to the first day 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 annual conference on behalf of the grantee.

How Many Staff Members May Attend the Conference?

If a grantee wishes to send more than two staff members to the conference, it must obtain approval. A grantee must submit a written request to the Director of the LITC Program Office no later than two weeks in advance of the conference.

May I Use Grant Funds to Pay for the Cost of Attending?

The cost of attending the LITC Conference (*e.g.,* transportation, hotel) is an allowable expense under the grant and should be included in an applicant's budget. Please note that LITC grant funds or matching funds may not be used to pay the cost of more than two attendees.

C. DEVELOPING A COMMUNITY PLAN

LITCs are responsible for developing an outreach plan to effectively publicize the clinic and its services to low income taxpayers and ESL taxpayers. LITCs should advertise and promote themselves as providing representation, education, and advocacy on behalf of low income taxpayers and taxpayers who speak English as a second language. Outreach activities may involve direct communication with taxpayers or be accomplished indirectly through other organizations or groups that assist low income and ESL taxpayers. LITCs are encouraged to identify particular linguistic populations, geographic service areas, or other segments of the low income taxpayer community in which to focus outreach efforts. For new grantees, outreach plans should be completed in advance of the start of the period during which representation and other assistance will be offered.

D. PUBLICIZING LITC SERVICES

LITCs may use a variety of means to publicize their services, including brochures, flyers, placards and posters, newspaper listings, public service announcements on radio and television, internet websites, and social media. In order to reach ESL taxpayers, LITCs should produce publicity materials not only in English, but also in other languages commonly spoken by taxpayers in their geographic area.

Grantees are encouraged to publicize their program through their organization's website and through social networking sites.

Publicity materials and announcements to advertise the services provided by an LITC must focus on core services:

- Representation in controversy cases;
- Education about taxpayer rights and responsibilities; and
- Advocacy efforts to resolve systemic tax issues that affect low income and ESL taxpayers.

What Are Core LITC Services?

Representing taxpayers in federal tax controversies with IRS examinations, appeals, collection matters, and litigation are core LITC services. Core services also include representing taxpayers before specialized units of the IRS that handle matters such as account disputes, identity theft, innocent spouse relief, worker classification, or individual taxpayer identification number (ITIN) processing.

Education is another core service and includes offering presentations and workshops for ESL taxpayers about their taxpayer rights and responsibilities. Education services can also include identification of topics for clinic staff to address during presentations, such as:

- Tax recordkeeping;
- How to choose a tax return preparer;
- Understanding the Taxpayer Bill of Rights; or
- Tax payment options.

Publicity materials should state that the LITC can provide consultations or advice to individual taxpayers. Publicity materials may not advertise tax return preparation services or ITIN preparation assistance because LITCs are permitted to provide these services only in two limited contexts:

- If necessary to resolve a controversy; or
- Ancillary to ESL education, as discussed in Section V. D*, Preparing Tax Returns and ITIN Applications,* of this publication.

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

Brochures, flyers, or other clinic information distributed in IRS offices must contain language to indicate the following two key principles:

- Although the grantee receives funding from the IRS, the clinic, its employees, and volunteers are not affiliated with or endorsed by the IRS or its employees, and
- A taxpayer's decision to utilize services from an LITC will not affect the taxpayer's rights before the IRS.

Such disclaimers need not be worded exactly as above, but must convey these principles. In addition, grantees may not use the IRS, TAS, or LITC program office logo in any advertising materials.

The Supplemental Standards of Ethical Conduct for Employees of the Department of the Treasury (5 CFR Part 3101) prohibit IRS employees from recommending or referring taxpayers to specific attorneys, accountants, or firms in connection with any official business which involves or may involve the IRS. *See* 5 CFR § 3101.106(a). In addition, the Office of Government Ethics Standards of Ethical Conduct for Employees of the Executive Branch (5 CFR Part 2635) prohibit employees, including IRS employees, from endorsing any product, service or enterprise. *See* 5 CFR § 2635.702(c) and 5 CFR § 2635.101(b)(8).

Thus, while LITCs are encouraged to distribute their brochures, flyers, or other clinic information to IRS offices to increase awareness of the LITC Program, LITCs should recognize that the IRS must abide by these ethics rules. Consequently, LITCs should not ask their local IRS office to refer taxpayers to any one particular LITC. Local IRS offices can, however, provide taxpayers with information about all the LITCs in that geographic area, and can provide taxpayers with a copy of Publication 4134, *Low Income Taxpayer Clinic List*.

E. BUILDING COMMUNITY PARTNERSHIPS

LITCs should develop and maintain relationships with other community-based organizations that assist low income and ESL individuals. Effective community partnerships help LITCs to enhance visibility in the community, access taxpayers in insular hard-to-reach communities, better understand non-tax issues that affect low income individuals and families, and establish a framework for mutual referrals of taxpayers in need of services. In the application, the applicant must identify organizations within the community with which it can work to reach its identified audience.

Identify Successful Outreach Strategies

LITCs should 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.

F. NETWORKING WITH OTHER CLINICS

LITCs are encouraged to actively participate in maintaining a 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 procedure. Clinics are encouraged to submit best practices developed through networking to the LITC Program Office so they can be shared with other clinics to improve the overall quality of the LITC Program.

G. MENTORING AND TECHNICAL ASSISTANCE

Mentors and other sources of technical assistance should be available for clinic staff and volunteers. The LITC Program Office may ask experienced LITCs to informally assist less experienced clinics with operational inquiries and technical matters or issues.

What Is a Technical Assistance Consultation?

A technical assistance consultation is a discussion with a tax practitioner or other service provider designed to give brief advice about a tax issue. Grantees must report the number of technical assistance consultations provided on Form 13424-A, *LITC General Information Report*.

H. MAINTAINING CLIENT CONFIDENTIALITY

Avoiding Unauthorized Disclosure

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

An LITC's employees and volunteers generally must not disclose information relating to the representation of a client unless the client gives informed consent. The confidential nature of each taxpayer's information must be respected by an LITC's employees and volunteers at all times, and each employee and volunteer must safeguard taxpayer information against inadvertent or unauthorized disclosure. Thus, an LITC must have adequate safeguards in place to ensure taxpayer information is secure, and only those who have a need to know to assist the taxpayer are allowed access to the taxpayer's information.

While generally a grantee, its employees, and volunteers are not treated as tax return preparers for purposes of preparer penalties, the Treasury Regulations under IRC § 7216 define "tax return preparer" more broadly and generally prohibit a grantee, its employees, and its volunteers from disclosing or using a taxpayer's return information except when the tax return preparer has obtained prior written consent from the taxpayer in a manner that complies with the procedures set forth in the regulations and other guidance issued by the IRS. *See generally* 26 CFR § 301.7216-2.

The regulations authorize disclosure or use without consent only in very limited situations. These situations include disclosures made pursuant to an order of a court or a federal or state agency, and uses for purposes of preparation or audit of state or local tax returns. For unauthorized disclosure or use, IRC § 7216 imposes a sanction of up to one year in prison or a $1,000 fine, or both, plus the costs of prosecution. In addition, IRC § 6713 imposes a civil penalty of $250 for each disclosure or use, up to $10,000 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.

Sharing Information With the Media

If a media representative approaches clinic staff seeking information about a taxpayer represented by the clinic, clinic personnel should, as a general rule, decline an interview and refuse to provide details about any particular taxpayer's case due to confidentiality requirements and disclosure restrictions. Only those who have a "need to know" to effect a resolution of the controversy should be allowed access to taxpayer information. News reporters and other members of the media do not have a "need to know" taxpayer information.

In the unlikely event that a client approaches a member of the clinic staff and asks the clinic to participate in a news article, the clinic must obtain a written waiver for the disclosure of the client's taxpayer information and be confident that the client fully understands the potential ramifications that could result from disclosing taxpayer information.

The LITC Program has no authority to prohibit a taxpayer from sharing the details of his or her case with the media. However, clinics should exercise caution when advising clients in regard to the media. An article that describes the client's situation and mentions the clinic's service may benefit the clinic by providing outreach; however, the clinic must consider any potential negative repercussions the client may face.

Make sure the client fully understands the possible ramifications that could occur from disclosing personal information to the media. The client may be dealing with other nontax issues (*e.g.*, custody or support battles, other creditors, immigration) that could be impacted by the media coverage.

If a clinic encourages a client to participate in an interview, the client may believe that he or she is under an obligation to participate as a condition of receiving clinic services. Clinics should clearly communicate that clients are under no obligation to share any personal information with the media.

Clinic Staff Must Act in the Best Interests of the Client

If the client chooses to share information with the media, suggest to the client that he or she make it a condition of the interview that the story be produced without photos and names. In order for the clinic to share any details of a taxpayer's case with the media, the client must give voluntary, informed consent in writing.

In general, a clinic should not seek permission from a client to publicize any details of a case until after the controversy case has been resolved and the case is closed.

I. VOLUNTEERS

Create Written Position Descriptions for Volunteers

LITCs are encouraged to create written position descriptions for volunteers and use a process to determine the qualification of volunteers, such as authority to represent taxpayers before the IRS, training, educational background, language skills, and other qualifications relevant to providing representation, education, and advocacy on behalf of low income and ESL taxpayers.

Establish and Maintain *Pro Bono* Panel

In order to provide assistance to more low income and ESL taxpayers, LITCs are encouraged to maintain a *pro bono* panel to which they may refer taxpayers for representation and advice. The clinic may establish relationships directly with qualified representatives who have agreed to provide *pro bono* representation or advice to low income and ESL taxpayers or may establish a relationship with a state or local bar association or society of accountants that maintains a network of professionals willing to provide *pro bono* representation or advice.

Referrals May Only Be Made to Qualified Representatives

LITCs may refer taxpayers only to individuals authorized to practice before the IRS or the applicable court where the controversy with the IRS will be adjudicated. A clinic may also refer taxpayers to another LITC in appropriate circumstances; however, grant funding will not be awarded to an organization that is making referrals in lieu of providing representation.

Referrals Must Be Monitored

LITCs must have a system to monitor referrals and ensure that the *pro bono* representative is handling the case properly and the services are indeed being provided for free. *Pro bono* representatives may not charge *any* fees for services (other than reimbursement of expenses such as photocopying and court filing fees).

If a taxpayer does not meet the LITC's eligibility requirements, an LITC may not refer the taxpayer to a representative who charges a fee; instead, an LITC should refer the taxpayer to 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.

For example, suppose an LITC agrees to represent a taxpayer in a controversy with the IRS and refers the case to a member of the LITC's *pro bono* panel. On behalf of the LITC, the *pro bono* representative resolves the dispute, bringing the taxpayer into compliance. The taxpayer owns a partnership interest in a family business that is under audit by the IRS and offers to hire the representative to represent the partnership. Business entities are not low income taxpayers eligible for representation and the LITC representative must decline to represent the partnership. The LITC representative cannot refer the taxpayer to someone else who charges a fee to represent the partnership.

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

J. RECORDKEEPING AND FILE MANAGEMENT

Maintaining Records of Grant Expenditures

LITCs must maintain financial records to ensure adequate control over and accountability for all funds, property, and other assets related to the grant. LITCs must establish written procedures explaining the process for approving expenditures from grant funds to ensure compliance with the applicable procurement, payment, and cost principles in 2 CFR Part 200 and to safeguard assets. 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 approving official. The approval process may differ based on size and type of expense. Also, LITCs must have written procedures to track their fixed assets and tangible personal property.

Maintaining Sufficient Detail in Client Records

LITCs must maintain client case records to ensure 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 case work presents an opportunity to make a claim for an attorneys' fee, the clinic has adequate records to support an award.

The records must identify the date on which the services were performed and must describe the nature of those services in detail. For each representative for whom fees are claimed, the records must identify the individual's name and position, such as supervisory attorney, student, or paralegal, and the associated incremental periods of time spent by that individual. For each increment of time for which fees are claimed, the records must identify the date on which the representation was provided and must describe the nature of the representation in detail.

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

- Initial client interview;
- Research (identifying the issue);
- Preparing pleadings or other court documents;
- Preparing letters (identifying the recipient and subject matter);
- Investigation of underlying facts (briefly describing the subject matter and information);

- Analysis of taxpayer or third-party records (identifying the records);
- Consultation with tax return preparer (identifying the preparer);
- Consultation or interview of third-party (identifying the person); or
- Telephone conversations (identifying with whom the conversation was held and the subject matter).

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

Use a Professional Case Management System

A case management system can be used 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 professional case management software to maintain client files. An LITC may purchase case management software with grant funds to efficiently track and report its program activities.

Backup Electronic Files Offsite

LITCs should have an offsite back-up file system in place for information stored on its computers. This is good business practice and enables resumption of business in case of disaster or other work stoppage. An LITC may spend grant funds to develop a back-up file system. In addition to having offsite back-up, clinics can get additional suggestions from www.irs.gov/businesses/small-businesses-self-employed/preparing-for-a-disaster-taxpayers-and-businesses and www.ready.gov/business.

Client Records Must Be Kept 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 or volunteers leave the office each day, they must make sure that taxpayer information is stored in a locked area. If it is necessary to take taxpayer information out of the office, it must be safeguarded at all times. In addition, LITCs must have procedures in place to respond to a breach of client information, and must notify the LITC Program Office in the event of a breach.

Retain Records That Document Compliance

Federal award recipients must maintain financial records and supporting documents to substantiate compliance with grant requirements. Generally, such records must be maintained for a period of three years from the date of submission of the Year-End Report. *See* 2 CFR § 200.333(b).

Retention policies for client records must comply with all applicable IRS and state record retention requirements. State bars and other professional licensing organizations may impose additional recordkeeping requirements for case files.

Name Change Requests Must Be Submitted in Writing

Requests to approve name or organizational status changes must be submitted to SAM.gov in advance of the effective dates of proposed changes with sufficient time to afford program evaluation and legal review.

Ask Clients How You Can Better Assist Them

LITCs should solicit client comments regarding services provided and use such observations to improve clinic services. Clinics should create a method of soliciting these assessments that is appropriate, depending on the services provided to the client. Clients should be advised that their participation in surveys is voluntary.

V. STANDARDS FOR PROVIDING TAXPAYER SERVICES

A. REPRESENTATION

LITCs represent low income taxpayers in controversies with the IRS. In addition, they may represent low income taxpayers in controversies with state or local tax authorities when the clinic is representing the taxpayer in a related federal tax matter. The representation may take place at any stage, including, but not limited to:

- Account adjustments;
- Exam;
- Collection;
- Appeals; or
- Litigation.

LITCs may also represent taxpayers in other IRS disputes such as trust fund recovery penalty assessments, tax identity theft, worker classification determinations, or the tax provisions of the Affordable Care Act, to name a few. LITCs may also represent taxpayers in certain civil actions arising under the Code, for example those arising under IRC §§ 7431–7435. One exception to the definition of "controversy" involves federal criminal tax matters; a "controversy" with the IRS does not include a federal criminal tax matter. Although an LITC may not represent a taxpayer in a federal criminal tax matter, an LITC has discretion to represent a taxpayer in the same or related state or local tax matter. For example, in some instances, the 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 continue the representation to resolve the state or local matter. If the tax controversy is classified as a criminal matter under federal law and state or local law, the LITC may not provide representation.

Services Provided by a Qualified Representative

Representation services must be provided by an attorney, certified public accountant, enrolled agent, an individual currently authorized to practice before the IRS pursuant to § 10.7(d) of Circular 230 (*e.g.*, student, law graduate, tribal court advocate, or other individual for whom the IRS has issued a special appearance authorization), or individual authorized to appear before the applicable court where the controversy with the IRS will be adjudicated.

Use an Engagement Letter When Opening a New Case

LITC representatives are strongly encouraged to use an engagement letter or retainer agreement to document the determination to open a case. An engagement letter or retainer agreement defines the specific matters for which the LITC will provide representation and protects both the representative and the taxpayer by informing both parties as to the agreement of assigned responsibilities over the course of the professional relationship. 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.

LITCs must respect the attorney-client (or tax practitioner-client) relationship that is formed when an LITC agrees to provide representation. A representative must provide competent representation to a client, act with

diligence and promptness regarding a client's legal concerns, and keep a client informed of the proceedings in his or her case. A representative who fails to fulfill these duties may be subject to punitive actions from the organization responsible for issuing the representative's license to practice.

Assisting Taxpayer Through Consultations

Many of the interactions a clinic will have with a taxpayer seeking assistance will be in the form of a consultation. A consultation is a discussion with a taxpayer designed to provide advice or counsel about a specific tax matter that does not result in representation of the taxpayer. For purposes of the interim and year-end reporting, consultations are counted and reported separately from controversy cases. For additional information on reporting consultations, see Form 13424-A, *Low Income Taxpayer Clinic (LITC) General Information Report*, and for additional guidance on distinguishing consultations from cases for reporting purposes, see Form 13424-K, *Low Income Taxpayer Clinic (LITC) Case Information Report*.

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

Low Income Taxpayers and the 90/250 Rule

According to the rule in IRC § 7526(b)(1)(B)(i), at least 90 percent of taxpayers represented by an LITC must have incomes that do not exceed 250 percent of the poverty level according to criteria established by the Director of the Office of Management and Budget (OMB) (as defined below). 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. *See*, *e.g.*, 81 Fed. Reg. 8831-32 (Jan. 31, 2017).

What If a Taxpayer's Financial Status Changes?

The determination of a taxpayer's income for purpose of applying the 90/250 rule is made at the time the taxpayer seeks the clinic's assistance. A change in a taxpayer's financial status during representation does not disqualify the taxpayer from continuing to receive clinic representation.

Use an Intake Form

LITCs must record the taxpayer's income information on an intake form (or similar form). LITCs must solicit income information from taxpayers seeking assistance in a manner that promotes the development of trust between qualified representative and client. If there is substantial reason to doubt the accuracy of the financial eligibility information provided by a potential client, the LITC must make appropriate inquiry to verify the information, in a manner consistent with the attorney-client relationship.

LITC Income Guidelines

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

> Grantees must adopt the new income guidelines within 30 days of the date of publication of the HHS Federal Poverty Guidelines in the *Federal Register* (generally in late January).

Based on the Federal Poverty Guidelines published at 81 Fed. Reg. 8831-32 (January 31, 2017), the current LITC income guidelines for controversy representation are as follows:

Figure 6, LITC Income Guidelines (250 percent of Federal Poverty Guidelines)

Size of Family Unit	48 Contiguous States, D.C., and Puerto Rico	Alaska	Hawaii
1	$30,150	$37,650	$34,650
2	$40,600	$50,725	$46,675
3	$51,050	$63,800	$58,700
4	$61,500	$76,875	$70,725
5	$71,950	$89,950	$82,750
6	$82,400	$103,025	$94,775
7	$92,850	$116,100	$106,800
8	$103,300	$129,175	$118,825
For each additional person, add	$10,450	$13,075	$12,025

Income for Purposes of the 90/250 Test

"Income" is defined in accordance with the definition used by the U.S. Bureau of the Census. See www.census.gov/topics/income-poverty/income/about.html for a more detailed discussion of items classified as income.

Income includes total annual cash receipts before taxes, subject to the exceptions provided below. 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 (including stocks, bonds, a house, a car);
- Withdrawals from a bank account;
- Tax refunds;
- Gifts;
- Loans;
- Lump sum inheritances;
- Insurance payments; or
- Noncash benefits (*e.g.*, employer-paid or union-paid portion(s) of employee fringe benefits).

The definition of income for purposes of the 90/250 rule is not the definition of gross income under IRC § 61, but rather is more closely aligned with the definition of income used by the United States Census Bureau.

Determining Annual Income

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

Example 1: Determining a Taxpayer's Annual Income

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

Example 2: Determining a Taxpayer's Annual Income

A taxpayer seeking assistance works seasonally for eight months each year, and cares for family members during the remainder of the year. The taxpayer earns no other income. The clinic should use the amount earned over the eight month period as the taxpayer's annual income to determine if the taxpayer meets the LITC income guidelines.

Apply the 90/250 Rule Only to New Cases Opened

The 90/250 rule applies only to taxpayers who the LITC has agreed to represent in controversy cases and does not apply to consultations or other LITC activities. 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 when measuring the 90/250 rule. The case is counted when measuring the 90/250 rules even if the taxpayer discontinues the relationship before advocacy occurs.

LITCs apply the 90/250 rule 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 rule.

LITCs apply the 90/250 test by comparing the number of cases opened during the reporting period to represent a taxpayer whose income does not exceed 250 percent of the Federal Poverty Guidelines to the total number of cases opened during the reporting period. At least ninety percent of the cases opened during a reporting period must be for the purpose of providing representation to taxpayers whose incomes do not exceed 250 percent of the Federal Poverty Guidelines.

Apply the 90/250 Test to the Number of Cases Opened

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 rule. An LITC satisfies the 90/250 rule if no more than 10 percent of the taxpayers represented had incomes that exceed 250 percent of the applicable Federal Poverty Guidelines, based on the taxpayer's family unit size and location.

Example: Satisfying the 90/250 Rule

During the reporting period, LITC opened 120 new representation cases and provided 92 consultations to taxpayers which did not develop into a case (*i.e.*, no representation agreement). The 90/250 rule applies only to the 120 representation cases and does not apply to the 92 interactions with taxpayers that were

mere consultations. Thus, at least 108 of the 120 cases (90 percent) represented must have taxpayers whose incomes which do not exceed 250 percent of the applicable Federal Poverty Guidelines, based on the taxpayer's location and family size.

LITCs have discretion to choose when to represent a taxpayer whose income exceeds 250 percent of the applicable Federal Poverty Guidelines, based on the taxpayer's family unit size and location, provided that the number of such cases is no more than 10 percent of the new cases opened during the reporting period. The grantee must disclose the number of such cases on its Interim and Year-End reports on Form 13424-K, *Low Income Taxpayer Clinic (LITC) Case Information Report*. The criteria used to select cases where the taxpayer's income is in excess of 250 percent of the applicable Federal Poverty Guidelines should be reasonable and consistent, and support the overall goals of the LITC Program; to provide representation, education, and advocacy to low income and ESL taxpayers.

Definition of 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, or adoption who live together. However, if related individuals live together, but the person seeking assistance from the LITC is financially independent, then that person may be treated as a family unit, distinct from relatives in the household. If two unrelated individuals live together, they constitute two family units.

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

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 or not 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 taxpayer's income for purposes of applying the 90/250 test. If the foster children are treated as a separate family unit, those support payments would be excluded from the taxpayer's income computation.

Amount in Controversy Limit

The amount in controversy for any taxable year generally should not exceed the amount specified in IRC § 7463 (currently $50,000). The amount in controversy is determined by the amount of the tax liability for which the taxpayer is seeking assistance. The taxpayer may be trying to resolve the liability by challenging the IRS's determination, or the taxpayer may be trying to resolve the liability by paying a balance due or offering a collection alternative. Regardless of whether the taxpayer is disputing that he or she owes the amount, 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, the amount in controversy should be viewed as the amount that the taxpayer wants resolved. In some disputes with the IRS, however, the taxpayer may not be disputing the amount owed, but rather is challenging the IRS's actions; for example, the taxpayer may be alleging that the IRS's collection action was unauthorized (see IRC § 7433). In such a situation, the amount which gave rise to the IRS's actions which the taxpayer is challenging is the amount in controversy

Is Interest Included in 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, in the notice of deficiency context, if the taxpayer disputes an issue involving tax or penalties, the corresponding interest is not included in calculating the amount in controversy; the amount of interest is not being disputed independently, as the amount of interest (if any) will be established once the controversy is finally resolved by either the IRS or the courts; the interest is a function of the amount of the liability.

Similarly, in the refund context, the taxpayer is seeking to collect an overpayment, and may be entitled to interest under IRC § 6611; however, the amount of interest is not being independently disputed because the amount of interest is tied directly to the amount of the overpayment, and once the IRS or the courts determine the amount of the overpayment, the amount of interest will flow therefrom. In contrast, if the controversy involves a claim for refund of interest already paid, the interest is included in the amount in controversy.

In the collection or transferee liability context, the issue being disputed may relate to payment of the balance due, which includes accrued interest of the taxpayer or transferor. Therefore, interest is included in the amount in controversy. In addition, if the taxpayer disputes the amount of interest independently from the associated tax liability (such as a claim for interest abatement or interest suspension under IRC § 6404), then the amount in controversy includes interest.

The amount reflected in a statutory notice of deficiency (*see* IRC § 6212) or a notice of determination (*see* IRC § 6320 and IRC § 6330) and the amount that the taxpayer places in dispute need not be the same. 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.

May I Represent a Taxpayer With More Than $50,000 in Controversy?

A clinic may represent a taxpayer in a case in which the amount in controversy for a given taxable year exceeds $50,000. However, the grantee must disclose the number of such cases on its Interim and Year-End reports on Form 13424-K, *Low Income Taxpayer Clinic (LITC) Case Information Report*, and an explanation of why each case was accepted for representation on Form 13424-N, *Low Income Taxpayer Clinic (LITC) Program Narrative Report*.

Example 1: Calculation of the Amount in Controversy — Notice of Deficiency

Taxpayer A receives a Notice of Deficiency showing additional tax due of $49,000 and penalties of $3,000 for a particular tax year. Taxpayer A disputes the entire penalty amount, but only $42,000 of the tax set forth in the Notice of Deficiency. Thus, the amount in controversy is $45,000 ($42,000 + $3,000).

Example 2: Calculation of the Amount in Controversy — Interest
Taxpayer B files a request for interest abatement under IRC § 6404 for $12,000 in interest that had accrued with respect to tax due in one tax year. The tax liability has already been resolved. Only the interest is separately in dispute and is therefore included in the amount in controversy. Thus, the amount in controversy is $12,000.

Example 3: Calculation of the Amount in Controversy — Notice of Determination Under IRC § 6330
Taxpayer C receives a notice of determination concerning a proposed levy action pursuant to IRC § 6330. 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. The liabilities for each tax year include tax, penalties, and interest. Although Taxpayer C is disputing the entire $90,000 liability ($40,000 + $30,000 + $20,000), the amount in controversy is determined separately for each tax year. Thus, 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 4: Calculation of the Amount in Controversy — Balance Due
Taxpayer D receives a bill from the IRS for $55,000 for a single Tax Year. The bill is composed of $40,000 tax, $6,000 penalties, and $9,000 interest. Taxpayer D wants to submit an offer-in-compromise under IRC § 7122 in the amount of $4,000, which represents D's reasonable collection potential. The amount of the offer-in-compromise is not taken into account in determining the amount in controversy. Taxpayer D is seeking to resolve the balance due, which includes interest. Thus, the amount in controversy is $55,000.

Example 5: Calculation of the Amount in Controversy — Lien Withdrawal
The IRS filed a Notice of Federal Tax Lien under IRC § 6323 when Taxpayer E failed to pay a liability for Tax Year 1. Taxpayer E wants a clinic to represent him in obtaining a lien withdrawal under § 6323(j). The withdrawal removes the public Notice of Federal Tax Lien, but Taxpayer E will remain liable for any unpaid amount, including any additional penalties or interest that accrued since the filing of the Notice. At the time the LITC agrees to provide the representation, Taxpayer E owes $35,000 for Tax Year 1. Even though Taxpayer E is requesting the IRS take a particular action and is not challenging the amount due, the $35,000 balance due is the amount in controversy because it is the amount associated with the IRS action that the taxpayer is challenging.

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 wants a clinic to represent him in a refund suit in a United States district court. The interest is not independently disputed, as the amount of interest will be determined solely by the disposition of the taxpayer's refund claim. Therefore, interest is not included in the amount in controversy of $12,000.

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 § 6672 and imposed a penalty on Taxpayer G 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 1), $18,000 (quarter 2), $10,000 (quarter 3), and $12,000 (quarter 4). The amount in controversy is $55,000 because the four quarters relate to a single tax year.

Participation in the United States Tax Court Clinical Program

LITCs are strongly encouraged to participate in the United States Tax Court Clinical Program and submission of an application to participate may be a condition of receiving an LITC grant award. Procedures for requesting to participate in the United States Tax Court Clinical Program can be found at ustaxcourt.gov/clinics.htm. There are two different components to the U.S. Tax Court program: the clinic stuffer program and the calendar call program.

Once the Tax Court approves a clinic to participate in the clinical program, the clinic may submit a "stuffer notice" to the Court requesting that the clinic's contact information be included in Tax Court mailings to local petitioners who indicated they did not have representation. The court provides a sample notice with suggested language and format. If there is more than one clinical program covering a U.S. Tax Court city, the clinics must submit a joint stuffer.

Participating clinics may also attend Tax Court calendar call sessions, which are generally held one to two times per year, although they can occur more frequently, depending on local need. If an LITC participates in or coordinates a calendar call program, there are additional requirements for participation.

Participation in the United States Tax Court Clinical Program generates case work and collaboration with the Tax Court accomplishes outreach through Court mailings to petitioners. If a clinic identifies a petitioner eligible for LITC representation, the clinic can choose whether to provide informal assistance or agree to take on the case and provide continued assistance to the petitioner in an effort to resolve his or her federal tax controversy.

What Is the United States Tax Court Calendar Call?

When the Tax Court grants a taxpayer's petition for a hearing, the Tax Court sends a notice of trial to each of the petitioners scheduled for that day, as well as to the Commissioner of Internal Revenue (respondent), approximately five months in advance of the intended trial 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."

Representation by Students and Law Graduates

Students and law graduates working at an LITC may be authorized to represent taxpayers before the IRS. The LITC must obtain a special appearance authorization for those students and law graduates from the LITC Program Office. Information about how to request a special appearance authorization can be found on the LITC Toolkit. The special appearance authorization is limited to practice before the IRS. Practice by students and law graduates before courts and local tax agencies is governed by the procedural rules of the applicable court or agency with jurisdiction over the matter.

Obtaining a Special Appearance Authorization

Practice under a special appearance authorization issued by the Director of the LITC Program Office 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. A student is an individual enrolled in an accredited law, business, or accounting program. A law graduate is an individual who has graduated from law school but it has been one (1) year or less since graduation and such individual 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 taken a bar examination during that one year period and been unsuccessful, or who has applied for admission to a bar during that one year period but has been denied admission for any reason, is not eligible for special appearance authorization.

Submitting Form 2848 With Student/Law Graduate Representatives

In order for a student or law graduate to represent a taxpayer before the IRS, the taxpayer must sign a Form 2848, *Power of Attorney and Declaration of Representative* which lists the student or law graduate and the supervisory representative. The special appearance authorization letter issued by the LITC Program Office must accompany any Form 2848 submitted to the IRS listing a student or law graduate as a representative.

Authorization Automatically Expires

The appointment of a student as a taxpayer's representative lasts for 130 days from the day the taxpayer signs Form 2848, *Power of Attorney and Declaration of Representative,* and expires thereafter. The supervisory representative listed on Form 2848 is not subject to any limitations of authority by virtue of the special appearance authorization letter and thus retains authority as the taxpayer's representative until the Form 2848 is withdrawn or revoked.

Clinics should not submit a notice withdrawing 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 as a representative may result in the IRS removing all representatives listed on the relevant Form 2848, including the supervisory representative.

Substitution of Representatives

If a taxpayer checks the box on line 5 of Form 2848 delegating authority to the representative to substitute or add representatives, 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. Each time a student or law graduate representative is substituted for an existing representative, the clinic should send in a copy of the original Form 2848 signed by the taxpayer (with box 5 checked), along with a new Form 2848 listing the substituted representative. The new Form 2848 listing the substituted representative does not require the taxpayer's signature.

LITCs may apply for a Special Appearance Authorization Letter by faxing an Application for Special Appearance Authorization and Information Chart to the LITC Program Office at 212-298-2079. For more detailed instructions, please refer to the LITC Toolkit website.

If a grantee encounters difficulty with getting Forms 2848 processed or with getting IRS personnel to recognize students or law graduates operating under a special appearance authorization, please contact Susan Kideckel in the LITC Program Office at (212) 298-2295 (not a toll-free call), or the grantee's assigned advocacy analyst.

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

B. EDUCATION

In addition to representing low income taxpayers in disputes with the IRS, LITCs are required to educate low income taxpayers and taxpayers who speak English as a second language about their taxpayer rights and responsibilities. Educational activities may be conducted directly to low income and ESL taxpayers, or indirectly by educating staff of other organizations that assist low income or ESL taxpayers. Providing tax education to low income and ESL taxpayers serves multiple purposes including:

- Helping taxpayers to understand their taxpayer rights and obligations;
- Publicizing the clinic and its services; and
- Generating controversy representation cases.

Educational activities should address tax issues of particular significance to low income and ESL taxpayers in the local community, including:

- Tax recordkeeping;
- Filing requirements and due dates;
- The Taxpayer Bill of Rights;

- Eligibility for various deductions and credits;
- Tax provisions of the Affordable Care Act;
- Worker classification;
- Identity theft;
- Innocent spouse relief;
- The audit and appeals process; or
- Collection alternatives.

Educational activities may be offered in a variety of formats; however LITCs are encouraged to offer face-to-face educational activities whenever possible. 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, worker classification, or tax provisions of the Affordable Care Act at a public library in a community where a significant portion of the residents are low income or ESL;
- Conducting a workshop for low income workers about how to properly complete a Form W-4 for income tax withholding;
- Holding a training for the staff of an immigrant rights organization about how to apply for and use an Individual Taxpayer Identification Number (ITIN); or
- Leading a weekly discussion series at a community center where a significant portion of the local residents are low income or ESL to educate taxpayers on such topics as: choosing a competent tax return preparer, tax recordkeeping, filing status, dependency exemptions, the Earned Income Tax Credit, the Child Tax Credit, and the American Opportunities Tax Credit.

LITCs are responsible for creating, printing, and distributing the materials used to educate taxpayers. Materials should be prepared in languages appropriate for ESL taxpayers. The QTE is responsible for reviewing all educational materials for accuracy before distribution.

Offering tax education to low income and ESL taxpayers is a primary function of LITCs. Clinics may also offer education to staff and volunteers as a form of training and as a tool to recruit local qualified representatives as members of the clinic's *pro bono* panel. Clinics may be able to award Continuing Professional Education (CPE) or Continuing Legal Education (CLE) credits for educational activities about sophisticated tax issues impacting low income taxpayers. For additional information about education as training, see section IV.B, *Infrastructure and Resources.* To report this type of activity, use Form 13424-A, *Low Income Taxpayer Clinic General Information Report,* lines 16-17 (see Appendix C, pages 127–131).

C. 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;
- 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.

To report these types of activities, use Form 13424-C, *Low Income Taxpayer Clinic Advocacy Information Report*, or Form 13424-N, *Low Income Taxpayer Clinic Advocacy Program Narrative Report*. Grantees must ensure that advocacy efforts do not rise to the level of certain lobbying actions which are prohibited as a use of federal grant funds. For additional information, see section VI.C, *Lobbying Restrictions*.

D. PREPARING TAX RETURNS AND ITIN APPLICATIONS

Generally, if low income taxpayers require assistance with tax return preparation or an application for Individual Taxpayer Identification Number (ITIN), they should be referred to a Volunteer Income Tax Assistance (VITA) program, a Tax Counseling for the Elderly (TCE) site, or other free tax return preparation service. Some IRS Taxpayer Assistance Centers will accept ITIN applications and verify taxpayer documents, but they will not prepare tax returns. For a list of locations where in-person document review is provided, see www.irs.gov/uac/tac-locations-where-in-person-document-verification-is-provided. Grant funds awarded to an LITC must be used for the LITC activities authorized in the grant agreement and cannot be used to fund VITA or TCE activities or staff.

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 dispute with the IRS or is an ancillary part of the LITC's ESL education. The clinic may not charge a fee (even if it is a nominal fee) for the preparation of a tax return or a claim for refund. An LITC or an individual associated with an LITC that adheres to this policy is specifically excluded from the definition of a "Tax Return Preparer" as set forth in Treas. Reg. § 301.7701-15(f).

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 IV.D, *Publicizing LITC Services* for more information.

Example 1: Permissible Tax Return Preparation — Controversy Resolution

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

Example 2: Impermissible Tax Return Preparation — No Tax Controversy

Assume that the same facts as in Example 1, except the offer-in-compromise 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-in-compromise 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 offer and the IRS defaults the offer. Taxpayer E engages LITC Q to represent her in trying to get the offer-in-compromise reinstated. LITC Q is permitted to assist Taxpayer E in completing the delinquent return because reinstatement into the offer-in-compromise program is a controversy matter and filing the return is necessary to resolution of the controversy.

Example 4: Permissible Tax Return Preparation — Ancillary to ESL Education

LITC R is conducting a program to educate taxpayers about required record keeping for tax filing purposes. LITC R did not advertise return preparation as a service available to taxpayers who attend the educational event. Nonetheless, at the conclusion of the event, one of the attendees, Taxpayer F, asks an employee of LITC R to "take a 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 a number of errors. The employee of LITC R may assist in correcting the return because the assistance offered to Taxpayer F is ancillary to ESL education and outreach.

Example 5: Impermissible Tax Return Preparation — Ancillary to ESL Education

LITC S holds a monthly workshop about the Earned Income Tax Credit (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's preparation of tax returns under these circumstances is not permitted because attendees have not indicated that there is a controversy for which the returns are required to resolve.

VI. COMPLIANCE REQUIREMENTS

A. UNIFORM ADMINISTRATIVE REQUIREMENTS

Grant award administrative requirements are set forth in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200. 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 grantees must spend complying with administrative requirements. *See* 78 Fed. Reg. 78590-78608 (Dec. 26, 2013).

The electronic CFR is updated daily and is located at www.ecfr.gov. The uniform guidance can be found at 2 CFR Part 200, and the Treasury Department's implementation of the uniform guidance can be found at 2 CFR Part 1000, both of which are available at www.ecfr.gov. All applicable OMB guidance is incorporated into these program requirements and into all LITC grant awards made by the IRS to clinics.

B. CIVIL RIGHTS PROTECTION RESPONSIBILITIES

This section describes the data collection and reporting obligations required of LITC grant applicants by the IRS to meet its 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.

All applicants for Federal funding must provide information necessary to comply with:

- **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; and
- **Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency**, which sets forth the compliance standards that recipients of Federal financial assistance must follow to ensure that their programs and activities normally provided in English are accessible to those with limited English proficiency, including through oral and written translation when necessary.

All Low Income Taxpayer Clinics are required to display Publication 4053, *Civil Rights Poster*.

Protection Against Reprisal

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

Civil rights reporting information is mandatory and required of every applicant or current grantee submitting a request for continued funding annually. Applicants provide civil rights information on Form 13424-M, *Low Income Taxpayer Clinic (LITC) Application Narrative*; multi-year grantees provide civil rights information in the Project Abstract of their continuation request.

When responding to the five Civil Rights questions on Form 13424-M or in the Project Abstract, a response of "Not Applicable" or "N/A" is not appropriate. Responses must include a "Yes" or "No," along with an explanation, if necessary.

C. 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 general 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.

Grantees are prohibited from using federal grant funds and matching funds to:

- Visit or send letters to members of Congress or state or local legislators, urging them to favor or oppose specific legislation pending under their jurisdiction;

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

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

Grantees are permitted to use federal grant funds and matching funds to:

- Educate the public or constituents on legislative issues, so long as the education is not part of a broader effort to directly or indirectly (grassroots lobbying) influence legislators on a specific piece of legislation or legislative issue;
- Respond to documented requests from members of Congress, state legislatures or other officials;
- 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 impact low income and ESL taxpayers;
- Partner with professional organizations in efforts to identify and propose solutions for issues impacting low income and ESL taxpayers (however, such efforts may not attempt to influence the introduction, enactment, or modification or 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 or the state legislature on an actual or potential specific piece of legislation.

Disclosure Requirements

Grantees 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), grantees 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 details the main sources of authority that regulate lobbying by LITCs.

Figure 7, Sources of Guidance on Lobbying Activities

Source of Restriction	2 CFR Part 200	Byrd Amendment 31 USC § 1352	Publicity and Propaganda/ Appropriations Laws Restrictions
Type of Funds Affected by Restriction	Federal grant funds and matching funds	Restriction applies to Federal grant funds and matching funds. Although the restriction does not apply to funds that are neither federal grant funds nor matching funds, contacts with members of Congress may need to be disclosed.	Federal grant funds and matching funds
Lobbying topics covered by Restriction	All subject matters	Limited to lobbying regarding the making or awarding of a grant; it does not appear to apply to lobbying on general program legislation (*i.e.*, to expand the subject matter of the program, as opposed to the amount of money awarded for program purposes which may increase the award to the grantee).	All subject matters
Stage of legislation covered by restriction	All stages, including before introduction	All stages, including before introduction.	Legislation pending before Congress
Applies 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.
Applies to advocating at the state level?	Yes, prohibition applies to state level activities.	No, prohibition does not apply to state level activities.	No, prohibition does not apply to state level activities.
Exception 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 lobbying 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. For additional information, see Publication 4221-PC, *Compliance Guide for 501(c)(3) Public Charities*, available at www.irs.gov/pub/irs-pdf/p4221pc.pdf.

Example: Lobbying Restrictions

A grantee may send an email to the American Bar Association sponsored LITC listserv to gather support or opposition for legislation. Although such an email is an attempt to influence legislation, so long as neither federal grant funds nor matching funds are used, the grantee has not violated Title 31 or Title 18. If the

grantee 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 grantee likely should not have substantial expenditures or have expended substantial time in connection with the sending of a single email. Keep in mind that if a grantee 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 grantee may choose to make a lobbying election under IRC § 501(h). IRC § 501(h) measures the permitted/prohibited level of lobbying solely by expenses.

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*.

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

The LITC Program recognizes that this list of prohibited and permitted activities will not answer every situation that arises. Accordingly, if a grantee has any question as to whether an anticipated activity could be implicated under these rules, it should contact the LITC Program Office prior to engaging in such activity.

D. SPENDING LITC GRANT FUNDS AND MATCHING FUNDS

Cost Principles of 2 CFR Part 200

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;
- 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 grantee;
- Be accorded consistent treatment by the grantee;

- Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in the cost principles;
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period; and
- Be adequately documented.

Grantees should refer to 2 CFR Part 200 for detailed rules regarding allowable and unallowable expenses or contact the grantee's assigned advocacy analyst with questions. Generally, the same rules apply to expenditures made using federal grant funds or 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.

Figure 8 lists examples of common expenditures for an LITC. The left-hand column lists items that are an allowable use of federal grant funds or matching funds, and the right-hand column lists items that are not an allowable use of federal grant funds or matching funds.

Figure 8, Allowable and Unallowable Expenses

Allowable Expenses	Unallowable Expenses
Salaries, wages, and fringe benefits for services rendered by LITC employees	Purchase, construction, repair, or rehabilitation of any building or any portion thereof
Reasonable office supplies and equipment costs necessary to provide LITC services	Expenses incurred that do not support or benefit the LITC program or which are unnecessary in carrying out LITC activities
Rent, utilities, and custodial services for LITC office space	Certain advertising and public relations costs as described in 2 CFR § 200.421
Non-alcoholic refreshments for educational activities or community outreach events	Alcoholic beverages
Refreshments to volunteers, provided the costs are reasonable	Refreshments for employees, unless their workload requires those employees to work outside the normal hours of clinic operation
Continuing education courses for employees, if such courses will increase their vocational effectiveness	Professional licensing fees for employees (*e.g.*, bar association fees for the QTE)
Pens, mugs, and other small items of memorabilia for pro bono representatives working with the clinic, provided the cost is reasonable and consistent with market prices	Pens, t-shirts, mugs, or other memorabilia to promote its services to taxpayers or for the personal use of employees
Printing, postage, insurance costs incurred for LITC activities	Lobbyist registration fees
A reasonably proportionate share of the cost of audit services	Costs of goods or services for personal use (as opposed to business use) of LITC staff
Publicity and training costs directly associated with the LITC program	Costs incurred outside the performance period of the award, unless specifically excepted by the LITC Program Office
Installation of telephone lines, including a toll-free line, necessary to provide LITC services to taxpayers	Application fee to become an Attorney, CPA, or enrolled agent

Allowable Expenses	Unallowable Expenses
Travel performed by program staff to conduct LITC business	License renewal fees for attorneys, CPAs, or enrolled agents
Costs incurred for two individuals to attend the Annual LITC Grantee Conference	Fundraising costs
Interpreter services for hearing-impaired or non-English speaking taxpayers	Entertainment costs
Legal research and reference materials including the IRC and Treasury Regulations	Fines and penalties
Indirect costs as a use of federal funds	Indirect costs as a use of matching funds

Indirect Expenses

A reasonable portion of LITC grant funds may be used to pay for indirect expenses, however indirect costs paid using any other funds may not be included when calculating matching funds required under the LITC grant. There are two acceptable methodologies for calculating federal funds allocable to indirect costs:

i. Indirect Cost Rate Agreement
   - Must be approved in advance;
   - Agreement must set forth cost items included in the rate; and
   - The clinic may not charge items included in the rate as separate expense items.

ii. *De Minimis* 10 percent rate
   - Rules are set forth in 2 CFR Part 200;
   - Clinics that elect to use the *de minimis* rate are prohibited from charging administrative or facility costs as separate expense items.

For example, if a clinic is part of a larger organization that has an Indirect Cost Rate Agreement and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual expense category. Similarly, if the clinic elects to use the 10 percent *de minimis* rate to charge indirect costs on all of its federal awards, no facilities and administration costs may be charged as direct costs.

If a clinic charges indirect costs based on an approved Indirect Cost Rate Agreement, a copy of the agreement must be submitted along with Form 13424-J, *Detailed Budget Worksheet and Narrative*. For additional information, see Section III.B, *Completion and Submission of the LITC Grant Application Package*, and III.C. *Completion and Submission of a Non-Compete Continuation (NCC) request*.

E. MEETING THE MATCHING FUNDS REQUIREMENT

Grantees must provide matching funds on a dollar-for-dollar basis for all federal grant funds received. In general, 2 CFR Part 200 provides that all contributions, including cash and third-party in-kind, can be accepted as matching funds when such contributions are:

- Verifiable from the grantee's records;
- Not used as a match or contribution for any other federal award;
- Necessary and reasonable for accomplishment of LITC program objectives;
- Allowable under the applicable cost principles;
- Not paid by the federal government under another award, except when authorized by federal statute;
- Provided for in the grantee's approved budget; and
- In conformity with other applicable provisions of 2 CFR Part 200.

Valuation of Matching Funds

Contributions of goods and services provided by a grantee 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; or
- Fair market value.

Third-party in-kind contributions, which represent the value of non-cash contributions provided by parties other than the recipient or the federal government must be valued in accordance with the principles stated in 2 CFR § 200.306 (except for contributions of certain volunteer services by a qualified representative which are governed by 2 CFR § 1000.306). Third-party in-kind contributions include the value of goods, space, or volunteer services donated to the LITC.

If an individual on the LITC staff receives an award or fellowship from a nonfederal source (*e.g.*, the American Bar Association 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.

How Should I Value Volunteer Services?

The rates for volunteer in-kind services, other than certain volunteer services provided by a qualified representative as explained in the next section, must be determined consistent with the principles stated in 2 CFR § 200.306. In general, the rates used to value volunteer in-kind services must be consistent with those paid for similar work in the applicant's organization and may include a reasonable amount for fringe benefits.

When the applicant does not have staff performing similar work, the rates used must be consistent with those paid for similar work in the labor market in which the applicant competes for the kind of services involved. One source of wage rates by geographic area can be found on the Bureau of Labor Statistics (BLS) at www.bls.gov/bls/blswage.htm. However, note that the BLS data represents a wage rate only and can be adjusted upward by a reasonable fringe benefits amount in determining a volunteer in-kind valuation rate.

If a third-party employer 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 skill set for which the employee is normally paid.

An employee of the grantee may not be treated as a volunteer for purposes of valuing in-kind services. For example, if an employee works at the LITC five days a week, the grantee may not deem the services provided three days per week to be paid services and the services provided two days a week to be volunteer services. If an employee is paid for services, the total value of all services he or she provides to the LITC is the amount paid.

Volunteer Services of a Qualified Representative

In accordance with 2 CFR § 1000.306, grantees may use the rate found in IRC § 7430 to value certain services donated by qualified representatives. 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 § 7430 are satisfied. The rate at which to value those services is adjusted periodically for inflation. For 2017, the maximum rate is $200 per hour, as prescribed in Revenue Procedure 2016-55, 2016-45 I.R.B. 707, unless the representative can establish that a special factor, as described in IRC § 7430(c)(1)(B)(iii), applies.

When the Treasury Department implemented the cost principles of 2 CFR § 200.306 (see 2 CFR § 1000.306), Treasury provided that notwithstanding the general rule prescribed in § 200.306(e), LITC grantees may use the rate found in IRC § 7430 to value volunteer in-kind services if the following conditions are met:

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

Unless all of the above criteria are met, grantees should apply the standard cost principles from 2 CFR § 200.306 as described above in section VI.E, *Meeting the Matching Funds Requirement*.

Grantees should keep careful records of the services provided by volunteers. Detailed records are required under LITC standards of operation, and are necessary to pursue a claim for attorneys' fees under IRC § 7430. See section IV.J, *Recordkeeping and File Management* for additional details about recordkeeping.

Valuation Is Also Dependent on the Type of the Services

Grantees 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. For example, if a volunteer is an attorney providing advice to taxpayers at an educational event or during an intake consultation and the interaction does not result in representation to the taxpayer, then the work performed by the volunteer must be valued using the standard OMB cost principles in 2 CFR § 200.306 rather than the IRC § 7430 rate. Even though the volunteer is an attorney and meets the definition of qualified representative, the volunteer was not acting in a representative capacity.

The LITC Program Office encourages applicants with questions about how to value volunteer services to contact the Program Office for assistance; current grantees should contact their assigned advocacy analyst.

Documenting the Sources of Matching Funds

Grantees must maintain adequate records to substantiate the source of all matching funds. For example, if the clinic is counting services provided by a volunteer as matching funds, the clinic must track the amount of time the volunteer spends working on LITC activities (*e.g.*, a clinic can use sign-in sheets, timesheets, or a similar method to track the time).

Grants may be awarded based on good faith estimates of matching funds, including verifiable pledge commitments or other likely sources of funding. However grantees 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 grantee to repay federal funds received in excess of the documented match.

Qualified matching funds can be derived from multiple sources and in a various forms, such as cash, services provided by volunteers, and income from program activities. Figure 9 shows examples of qualified and ineligible sources of matching funds.

Figure 9, Qualified and Ineligible Matching Funds

Qualified Matching Funds include (but are not limited to):	
Cash	Legal Services Corporation funds
	Salaries, including fringe benefits, of clinic staff
	Equipment and supplies used in the clinic
	Other costs necessary to the operation of the program
Third-party in-kind contributions	The value of volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor
	The fair market value of donated equipment and supplies
	The fair rental value of donated space
Program Income from activities directly related to the LITC's objectives	Nominal fees charged
	Awards of attorney's fees
Ineligible Matching Funds include (but are not limited to):	
Construction	Expenses incurred for the purchase, construction, repair, or rehabilitation of any building or any portion thereof
Third-party in-kind contributions	Services provided by students that are not furnished on a volunteer basis, such as in exchange for academic credit
Other Federal Funds	Federal work-study funds
	Funds from other federal grants unless specifically authorized by statute (*See* 2 CFR § 200.306(a))
Expenses that do not support or benefit LITC activities	Indirect costs, including general overhead of the institution sponsoring the LITC

Disallowed Costs

If a grantee fails to comply with the Federal statutes, regulations, or the terms and conditions in the notice of award, the LITC Program Office may impose additional conditions, as described in 2 CFR § 200.207. If the LITC Program Office determines that noncompliance cannot be remedied by imposing additional conditions, the LITC Program Office may disallow matching funds or improper grant fund expenditures supporting the activity or action that is not in compliance and seek recovery of improperly spent funds.

OMB Audit Requirement

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

A grantee that expends $750,000 or more in federal awards during a fiscal year must provide the IRS with a copy of the results of an audit performed in compliance with 2 CFR Part 200. Grantees 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. A reasonably proportionate share of the costs of an audit performed in compliance with 2 CFR Part 200 is an allowable LITC grant expense.

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

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

Financial records, supporting documents, statistical records, and all other records pertinent to an award must be retained for a period of three years from the date of submission of the Year-End report for the grant year, subject to certain exceptions set forth in 2 CFR § 200.333.

Obtaining Grant Payment History for an OMB Audit

OMB audits often require historical grant payment information. This information is not available from the LITC Program Office. Those seeking information pertaining to payment or transaction history from the Payment Management System should visit the HHS Division of Payment Management Services (PMS) website at www.dpm.psc.gov/grant_recipient/audit_confirmation_procedures.aspx.

VII. POST-AWARD REQUIREMENTS OF GRANTEES

General Compliance

By accepting funds under this grant, the grantee 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;
- Assurances and Certifications contained in Standard Form 424;
- Any requirements, prohibitions or restrictions imposed by the legislation appropriating federal funds for this award;
- Other guidance issued by the Office of Management and Budget after the application or NCC has been received by the LITC Program Office; and
- Any additional specific conditions listed in the notice of award.

Grantees 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. Grantees are responsible for performing in accordance with the standards of operation, meeting all compliance requirements, proper expenditure and accounting for Federal and matching funds, and complete, timely, and accurate reporting of grant activities and finances.

If a grantee fails to comply with the terms of the award, the LITC Program Office may impose additional conditions on the award. If the noncompliance cannot be remedied by imposing additional conditions, the Program Office may take one or more of the following actions:

- Restrict the use of grant funds;
- Disallow the use of grant funds or matching funds for all or part of the cost of the activity or action not in compliance;
- Suspend or terminate the award in whole or in part, as explained in Section VIII.F, *Suspension or Termination of a Grant*;
- Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and Federal awarding agency regulations;
- Withhold further awards for the program; or
- Take other remedies that may be legally available.

Before the IRS terminates an LITC grant award, the IRS will provide the grantee with notice and a reasonable amount of time to correct the noncompliance.

Complete the Application Amendment Package

All grantees must complete an application amendment package through www.grantsolutions.gov after receiving a final Notice of Award letters. The LITC Program Office will determine final award amounts after Congress appropriates funding for fiscal year 2018. If the grant amount awarded is less than the amount of grant funds

requested, the grantee must submit a revised budget through www.grantsolutions.gov. If the difference in funding amount affects the clinic's proposed activities, a revised program performance plan also must be submitted.

All grantees must complete an initial application amendment package through www.grantsolutions.gov, even if the conditions do not arise that require an amendment to the budget or program performance plan.

A. EVENTS REQUIRING NOTIFICATION TO THE LITC PROGRAM OFFICE

Grantees are required to notify the LITC Program Office if an event occurs that may significantly impact clinic operations. Grantees should contact their assigned advocacy analyst via email, including a copy to LITCProgramOffice@irs.gov. The advocacy analyst will respond to discuss the matter with the grantee. For items that require the grantee to amend its application package (*e.g.*, changes in LITC contact information or changes in a program plan or budget), the advocacy analyst will forward the amendment package to the grantee via grantsolutions.gov and schedule a due date for resubmission of the package.

Significant Changes in Clinic Operations

Grantees must notify the LITC Program Office in the case of problems, delays, or adverse conditions that significantly affect operations of the clinic or materially impair its ability to meet the objectives of the award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation. Failure to notify the LITC Program Office may result in restriction of funds, suspension, or termination of the grant. For additional information, see Section VIII.F, *Suspension or Termination of a Grant.*

Changes in Clinic Contact Information

Grantees are required to immediately notify the LITC Program Office about proposed changes in the following:

- Key personnel, including the Clinic Director, QTE, or QBA, as well as any changes in their contact information (telephone number and email address);
- The clinic address (both the physical address and the mailing address), telephone number, or fax number;
- The days and hours of operation; and
- The beginning and ending dates clinic services will be provided.

These notifications ensure that the LITC Program Office has the most up-to-date information on each clinic.

Changes in Program Plan or Budget

Grantees are expected to spend grant funds and matching funds in accordance with the program plan and budget submitted with its application or as later revised and approved. Grantees 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;
- Key personnel or time devoted to the LITC by key personnel;
- Budgeted cost categories exceeding 10 percent of the federal grant award; and
- The amount or composition of matching funds (cash or third-party in-kind match).

What If I Do Not Use All of My LITC Grant Funds?

Grantees 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 grantee determines that it will not spend its entire award, the grantee should immediately notify the LITC Program Office. 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 grantee anticipates a permanent reduction in its future funding needs).

A grantee that does not expect to use its entire grant award must contact the LITC Program Office immediately so that the Program Office will have sufficient time to reobligate the funds to another clinic on or before September 30, the end of the federal government's fiscal year.

Withdrawal From the LITC Program

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

If a grantee withdraws from the LITC Program, a final financial report and program narrative must be submitted within 90 days of final clinic activity or withdrawal from the program, whichever is later. A grantee that withdraws from the program must comply with its ongoing professional responsibilities discussed in Section V. A, *Representation.*

B. MANAGING GRANT FUNDS

How Do I Access My Grant Funds?

Grant funds are paid through the Payment Management System (PMS) maintained by the Department of Health and Human Services Division of Payment Management (DPM). PMS allows a grantee to make an online request for payment of federal funds. After a request is processed and approved, funds are directly deposited into the grantee's bank account through a process called Electronic Funds Transfer (EFT). Funds are generally available within one business day of the request.

What Expenses Are Eligible for Reimbursement?

Grantees may request funds to reimburse for allowable expenses already paid or that will be paid within three business days of receipt. If requesting funds to pay expenses, grantees 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 grantee for direct program or project costs and the proportionate share of any allowable indirect costs.

How Do I Access PMS?

Grantees must obtain a username and password to use the system. Grantees must also complete a form to set up direct deposit of funds into the grantee's bank account. Information regarding the EFT procedure is available on the DPM segment of the HHS website at www.dpm.psc.gov. For details about seeking historical payment information, see section VI.E, *Meeting the Matching Funds Requirement*.

The DPM has an online tutorial for those who are not familiar with the system. Grantees are encouraged to visit the DPM website (www.dpm.psc.gov) to view the tutorial and training. Grantees that experience problems accessing funds should contact the help desk at 877-614-5533 or send an email to PMSSupport@psc.gov.

Amounts Available for Disbursement

Grantees are encouraged to draw down all obligated funds as soon as possible. Questions regarding upcoming disbursements should be directed to the grantee's assigned advocacy analyst.

Grant Funds Must Be Held in FDIC Insured Account

Grantees 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 grantee receives less than $120,000 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; or
- The depository would require an average or minimum balance so high that an interest-bearing account would not be feasible, given the grantee's expected federal and nonfederal cash resources.

Interest Earned on Grant Funds

Grantees must annually remit to the federal government any interest in excess of $500 per year earned on advances of federal grant funds. A grantee may keep up to $500 of interest earned per year for administrative expense. Interest remittances should be made to the Department of Health and Human Services, Payment Management System through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. *See* 2 CFR § 200.305.

C. REPORTING RESPONSIBILITIES

How Do I Submit Reports and Other Documents?

Grantee Interim and Year-End reports are submitted online through Grant Solutions at www.grantsolutions.gov. Grant Solutions is a comprehensive grant management system operated by the Grants Center of Excellence. Grantees use Grant Solutions to take all actions regarding their grant (except for drawing down funds, which is done in the Payment Management System). This includes accepting the notice of award, submitting an application amendment, providing a revised budget, reporting changes in the program plan or key clinic staff, filing Interim and Year-End reports, and submitting non-compete continuation (NCC) requests for funding. The LITC Program Office provides annual training to grantees on using Grant Solutions.

Why Am I Required to Submit Reports on Grant Activities?

The LITC Program 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 grantee's progress in meeting its 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 grantees support the three prongs of the LITC mission statement and the related performance measures. The IRS also compiles and analyzes data from the reports to assess the overall success of the LITC Program. Thus, it is important that grantees provide accurate and complete reports.

What If I Am Unable to Submit My Report by the Due Date?

In certain instances, grantees may request an extension of time to submit the Interim or Year-End report. However, a report will still be considered late if submitted after the due date, notwithstanding any extension that may be granted. The request must be submitted in writing to the LITC Program Office prior to the due date of the report, and must include an explanation justifying the extension. Grantees should contact their assigned advocacy analyst via email, including a copy to LITCProgramOffice@irs.gov to submit an extension request.

Failure to timely submit required reports to the LITC Program Office may result in any or all of the following:

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

Submitting The Interim Report

An Interim report must be submitted online through www.grantsolutions.gov by **July 30, 2018.** The Interim report covers the first half of the grant year (January 1, 2018 through June 30, 2018) and consists of the following items, prepared in accordance with the relevant instructions.

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

For reference purposes, copies of all required reporting forms and instructions are included in Appendix C, page 112. However, grantees must complete and submit reporting forms in Grant Solutions.

Submitting The Year-End Report

A Year-End report must be submitted online through www.grantsolutions.gov by **April 1, 2019**. The Year-End report covers the entire grant year (January 1, 2018 through December 31, 2018). When preparing the program narrative, information may be incorporated by reference from the Interim Report program narrative, as appropriate. A complete Year-End report consists of the following items, prepared in accordance with the relevant instructions.

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

For reference purposes, copies of all required reporting forms and instructions are included in Appendix C. However, grantees must complete and submit reporting forms in Grant Solutions.

Subject to OMB approval, the LITC Program Office may require additional reporting information from LITC grantees. Please refer to the LITC Toolkit prior to submitting your report for updates to reporting requirements.

VIII. LITC PROGRAM OFFICE RESPONSIBILITIES

The LITC Program Office is responsible for managing and administering the LITC grant program in a manner so as to ensure that 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:

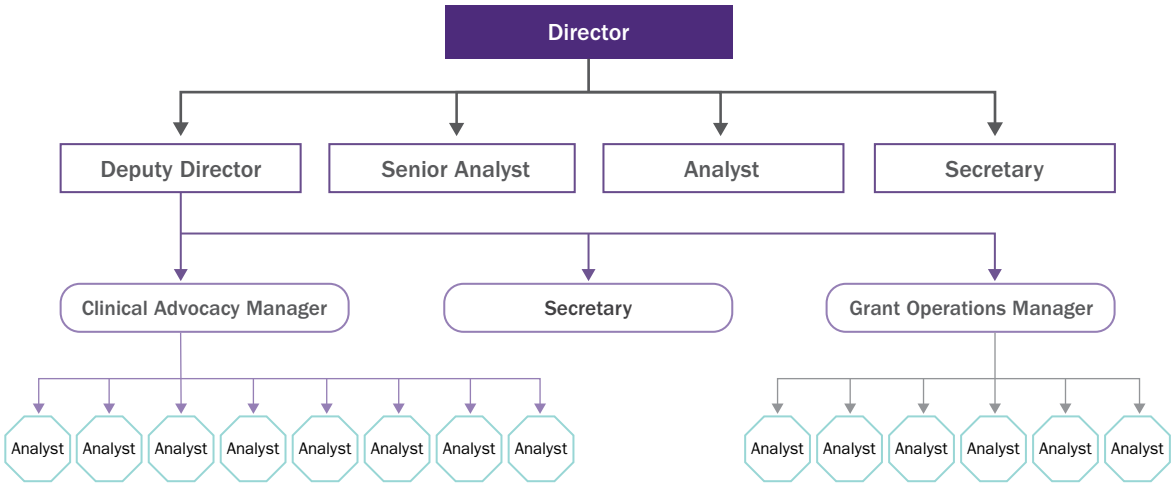
- Administering the award and payment of grant funds;
- Providing assistance and guidance to grantees; and
- Monitoring the performance of grantees.

A. STRUCTURE

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

- Headquarters staff that report to the Director and the Deputy Director of the LITC Program including managers, program analysts, and an attorney-advisor;
- Grant administration and operations staff including operations and support staff responsible for processing grant applications, awards, reports, and payments; and
- Advocacy analysts responsible for reviewing and analyzing budgets and reports, conducting site assistance visits, and serving as the primary liaison between grantees the LITC Program Office.

Figure 10, LITC Program Office Staffing Chart



B. ADMINISTRATION

The LITC Program Office administers the grant by:

- Processing LITC grant applications and making awards to successful applicants;
- Revising and issuing annually Publication 3319, *LITC Grant Application Package and Guidelines*;
- Maintaining the LITC Toolkit, a website which is used to disseminate program guidance to grantees and provide resources to assist clinics in serving low income and ESL taxpayers;
- Maintaining Publication 4134, *Low Income Taxpayer Clinic List,* a list of all federally funded LITCs, and ensuring that the publication is included in appropriate IRS mailings and referenced in appropriate IRS publications and notices;
- 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 grantees to identify trends and recognize best practices.

C. ASSISTANCE

The LITC Program Office assists grantees and applicants by:

- Providing technical assistance and guidance to grantees and potential applicants;
- Informing the public about the availability of LITCs, as appropriate and to the extent permitted by law, including references on the IRS website at www.irs.gov;
- Sponsoring and organizing the Annual LITC Grantee Conference that delivers instruction and continuing education to all grantees and provides an opportunity for attendees to meet face-to-face with colleagues from clinics throughout the country to share ideas and strategies to better assist low income and ESL taxpayers;
- Conducting orientation visits to familiarize new grantees 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 grantees and Local Taxpayer Advocate (LTA) offices by facilitating annual LTA site assistance visits;
- 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; and
- Coordinating access for LITCs to e-services products offered by the IRS.

D. OVERSIGHT

The LITC Program Office conducts oversight of grantees by:

- Processing Interim and Year-End reports to assess progress in meeting program goals, identify emerging issues, and collect, review, and validate performance data submitted by grantees;
- Reviewing budgets and financial reports submitted by grantees to ensure that Federal funds are properly expended and that matching funds are properly sourced, spent, and valued; and
- Conducting operational site assistance visits to interview clinic personnel, observe facilities, review procedures and internal controls, corroborate report information, and evaluate operations.

E. SIGHT ASSISTANCE VISITS

The LITC Program Office or the Local Taxpayer Advocate Office conducts a site assistance visit to each grantee every year. There are three types of site assistance visits:

- Orientation visit;
- Operational review visit; and
- Local Taxpayer Advocate (LTA) visit.

What Is the Purpose of an Orientation Visit?

The LITC Program Office conducts an orientation visit to each grantee that did not receive a grant in the previous 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 grantee 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 grantee may need to create systems or improve processes to meet the requirements of the LITC Program.

What Is the Purpose of an Operational Review Visit?

The LITC Program Office conducts operational review visits periodically with each grantee. The purpose of an operational review visit is to evaluate a clinic's overall operations and to provide technical assistance to help the grantee maintain compliance with the terms and conditions of the LITC grant. During an operational review visit, an LITC Program 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.

What Is the Purpose on an LTA Visit?

The LTA is required to visit each clinic in his or her state or territory at least once a year. In a year when the LTA does not accompany the LITC Program Office on an orientation visit or an operational review, the LTA must conduct an LTA visit. The purpose of the LTA visit is to foster the relationship between the LTA Office and the clinic.

F. SUSPENSION OR TERMINATION OF A GRANT

The IRS may suspend or terminate a grant in whole or in part if the grantee fails to comply with the terms and conditions of the award. A grant award may also be terminated with the consent of the grantee, in which case the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated. Notwithstanding that a multi-year grant has been awarded under IRC § 7526(c)(3), the IRS may terminate a grant during the multi-year period.

Actions that may lead to suspension or termination include:

- Failure to comply with federal tax obligations;
- 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 recipient of a material provision of IRC § 7526 or other applicable law or regulation (including 2 CFR Part 200);
- A violation by the recipient of a material provision of Publication 3319, (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*.

Remedies for Noncompliance

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

- Temporarily restricting 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;
- Wholly or partly suspend or terminate the grant;
- Initiate suspension or disbarment proceedings as authorized under 2 CFR Part 180;

- Withhold future award amount; or
- Take other remedies that may be legally available.

How Will I Be Notified If My Grant Is Suspended or Terminated?

Suspension or termination of a grant award will be handled in accordance with 2 CFR Part 200. The LITC Program Office will notify the grantee in writing of any suspension or termination action, setting forth the reasons for such action and the effective date. The notification will advise the grantee 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.

What If I Want to Challenge a Suspension or Termination?

If a grantee wishes to challenge the IRS's decision to suspend or terminate a grant, the grantee must send a written request to the LITC Program Director for reconsideration of the suspension or termination decision. The grantee may provide information and documentation that the Program Office can consider during the reconsideration. The Director will review the submission and make a recommendation to the National Taxpayer Advocate who has final decision 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) is final.

Post-Termination Responsibilities

If the IRS terminates a grant, the grantee 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 grantee withdraws from the LITC Program, a final Year-End report must be submitted within 90 days of final clinic activity or withdrawal from the program.

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 American Bar Association (ABA) has model rules of professional conduct that are applicable when a lawyer is terminating representation. In this regard, ABA Model Rule 1.16 provides that upon terminating representation of a client, a lawyer must take reasonable steps to protect a client's interests, which includes giving notice to the client, allowing the client time to find other representation, and returning papers and property to the client. The state bar may have a similar rule of professional responsibility that provides guidance for terminating representation. Courts, such as the United States 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 United States Tax Court Clinical Program, the clinic must notify the Tax Court so that the Tax Court will cease referring taxpayers to that clinic. Once an organization is no longer a grantee, the clinic should not use "LITC" as part of its name. Circular 230 prohibits practitioners from providing misleading or deceptive statements or claims. *See* 31 CFR § 10.30(a)(1). If the organization will

continue to exist but will not be receiving grant funds, it may be misleading for the organization to call itself an LITC. In appropriate circumstances, the LITC Program Office may need to refer the matter to the Office of Professional Responsibility.

G. GRANT CLOSE OUT

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

- Submission by the grantee of all required Interim and Year-End reports;
- Liquidation by the grantee of all obligations incurred under the award;
- Draw down by the grantee of payment for all allowable reimbursable costs;
- Repayment by the grantee of any balances of unobligated cash drawn down by the grantee;
- Settlement of any adjustments to the grant award to account for any shortfall in the dollar-for-dollar matching funds requirement.

Close out actions should occur within one year after receipt and acceptance of all required final reports.

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APPENDIX A

INFORMATION FORMS FOR LITC GRANT APPLICATIONS AND CONTINUATION REQUESTS

GENERAL INFORMATION FORMS

All organizations requesting LITC funding and continuations of multi-year awards must submit the following two general information forms each year funding is requested:

- IRS Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information*; and
- Standard Form 424, *Application for Federal Assistance*.

Applications should also include:

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

Funding continuation requests should not resubmit Form 13424-M, but instead should complete and submit a Project Abstract through grantsolutions.gov which updates the following information from the original application narrative:

- Numerical goals;
- Changes to the Program Plan; and
- Civil Rights Statement.

Failure to provide this information will result in non-consideration of the application or continuation request.

The forms contained in this Publication are provided for reference purposes only. All applications and continuation requests must be submitted electronically via www.grants.gov or www.grantsolutions.gov, respectively. The cost of preparing and submitting an application or continuation request is the responsibility of each applicant.

If you have questions about the LITC Program or grant application process, please contact the LITC Program Office at 202-317-4700 (not a toll-free call) or by email at LITCProgramOffice@irs.gov.

Form **13424** (April 2016)	Department of the Treasury - Internal Revenue Service **Low Income Taxpayer Clinic (LITC) Application Information**	OMB Number 1545-1648

Grant Period Request *(Check one)*

New application ☐ Single year ☐ Multi-year

Non-Competitive continuation ☐ Second year ☐ Third year

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

Applicant Information

Legal name of sponsoring organization

Prefix	Last name	First name	Middle initial	Suffix

Title

Phone number	FAX number	Email address

Applicant's Mailing Address

Street

Street address line 2

City	State	ZIP + 4 code

Clinic Information

Name of clinic

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

Website address *(if applicable)*

Languages served in addition to English

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

Clinic Director Information

Prefix	Last name	First name	Middle initial	Suffix

Telephone number	Email address

Licenses/Certifications *(Check all that apply)*

☐ Attorney ☐ CPA ☐ Enrolled Agent ☐ Other _____

Qualified Tax Expert (QTE)

Prefix	Last name	First name	Middle initial	Suffix

Telephone number	Email address

Licenses/Certifications *(Check all that apply)*

☐ Attorney ☐ CPA ☐ Enrolled Agent ☐ Other _____

Qualified Business Administrator (QBA)

Prefix	Last name	First name	Middle initial	Suffix

Telephone number	Email address

Tax Compliance Officer

Prefix	Last name	First name	Middle initial	Suffix

Title

Telephone number	Email address

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

NOTE: Application forms, including this form (Form 13424), may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these forms after appropriate redactions to ensure confidentiality of taxpayer information.

Purpose
This form is used to report basic information about the applicant, including the amount and period of the grant requested, basic contact information about the clinic, and key staff members. The Program Office uses the information reported on this form to send correspondence to the clinics and also to share with taxpayers through various IRS publications. Please be careful to follow the instructions for this form and to report all information completely and accurately. A complete response means an entry must be provided for each field.

Who Must Complete This Form
All organizations submitting an Application for an LITC grant or a Non-Competitive Continuation (NCC) request must complete this form. See Publication 3319 for additional information.

Specific Instructions

Grant Period Request
Complete this section by checking the appropriate box. Organizations submitting a New Application must indicate whether a single or multi-year grant is requested. Under IRC § 7526, the LITC Program Office is authorized to issue grants for a period of up to three years. Applicants that have never been awarded an LITC grant may only apply for a single year grant.

Current grantees submitting a Non-Competitive Continuation request must check the box indicating whether the request is for the second or third year of a multi-year grant.

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

Applicant Information
Enter the contact information for the organization applying for the grant. If a grant is awarded, the award will be payable to the organization listed in this section. Please provide a complete response, including zip plus-four code, for Applicant's Mailing Address. Phone numbers should be formatted as 123-456-7890 x.111.

Clinic Information
Enter information in this section relating to the clinic that will be providing services to taxpayers. For clinics awarded a grant, the information entered in this section will be used *exactly as entered* to prepare IRS Publication 4134, *Low Income Taxpayer Clinic List*. Publication 4134 is the primary tool for many low income and ESL taxpayers to locate LITC services. **Thus, the clinic name entered should be the same name you will use to publicize LITC services to taxpayers and the public**.

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

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

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

All applicants are required to identify a Clinic Director, Qualified Expert (QTE), and Qualified Business Administrator (QBA) at the time of application. For more information on these positions, see Publication 3319, *LITC Grant Application and Guidelines*. For the clinic director and QTE, list any applicable licenses and certifications. All applicants are required to identify the sponsoring organization's Tax Compliance Officer. The Tax Compliance Officer is the individual authorized to speak with the IRS about federal tax compliance matters involving the sponsoring organization.

Instructions for SF-424, *Application for Federal Assistance*

Note: Application forms, including this form (SF-424), may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these forms after appropriate redactions to ensure confidentiality of taxpayer information.

Purpose

This is a standard form required to be submitted with all applications and Non-Compete Continuation (NCC) requests for an LITC matching grant. This form is used to report information about the applicant, including the amount and period of the grant requested, the counties and Congressional districts where the applicant will provide assistance.

Signing the *Application for Federal Assistance* certifies that the applicant:

- Has provided true, complete, and accurate information;
- Has provided the required assurances, found on pages 86–87 of this appendix; and
- Upon acceptance of an award, agrees to comply with the terms of this Publication and any additional terms contained in the Notice of Award issued by the LITC Program Office.

Note: Some information collected on this form is not required to apply for an LITC grant; however, in order to ensure successful processing of this form, a response must be entered for each field. The instructions found on pages 81–85 of this appendix indicate the fields in which to enter a response of ***N/A***. The instructions for completing SF-424, *Application for Federal Assistance,* are intended as a guide for submitting LITC grant applications and continuing funding requests.

Standard instructions are available, however the standard instructions are written to accommodate all applications for Federal funds, and do not contain any instructions specific to the LITC grant. Standard instructions are available at www.grants.gov/web/grants/form-instructions/sf-424-instructions.html.

Requirements

All organizations submitting an application or continuation request must complete this form. See Publication 3319 for additional information.

Specific Instructions

Item	Field Name	Information

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

Application for Federal Assistance SF-424

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

1.	**Type of Submission:**	(Required) Select the box labeled ***Application***.
2.	**Type of Application:**	(Required) Select one type of application: • New - An application that is being submitted for a single-year grant or an application that is being submitted for the first year of a multi-year grant. • Continuation – A request that is being submitted for the second or third year of a multi-year grant that was awarded in 2016 or 2017. • Revision – Do not select this box when applying for a grant.

* 3. Date Received:	4. Applicant Identifier:

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

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

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

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

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

8. APPLICANT INFORMATION:

* a. Legal Name:

8.	**Applicant Information:**	Enter the following in accordance with the instructions:
	a. Legal Name:	(Required) Enter the legal name of applicant's organization. Do not use an acronym unless it is the legal name. This is the organization that has registered with the SAM. Information on registering with SAM is available in Publication 3319.

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

	b. Employer/Taxpayer Number (EIN/TIN):	(Required) Enter the employer or taxpayer identification number (EIN or TIN) as assigned by the Internal Revenue Service. Do not enter a Social Security number. This number will be used to conduct a federal tax compliance check.
	c. Organizational DUNS:	(Required) Enter the organization's DUNS or DUNS+4 number received from Dun and Bradstreet. Information on obtaining a DUNS number is available in Publication 3319.

Item	Field Name	Information

d. Address:

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

d. Address:	Enter applicant's physical address where services will be provided: Street 1 (Required); City (Required); County/Parish, State (Required if country is U.S.), Province, Country (Required), 9-digit zip/postal code (Required).

e. Organizational Unit:

Department Name:	Division Name:

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

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

Prefix:		* First Name:	
Middle Name:			
* Last Name:			
Suffix:			

Title:

Organizational Affiliation:

* Telephone Number:		Fax Number:	

* Email:

f. Name and contact information of person to be contacted on matters involving this application:	Enter the first and last name (Required); prefix, middle name, suffix, and title. Telephone number and email (Required); fax number. Please provide the best possible contact information for LITC Program Office staff to be able to reach the appropriate individual to resolve issues with the application.

*** 9. Type of Applicant 1: Select Applicant Type:**

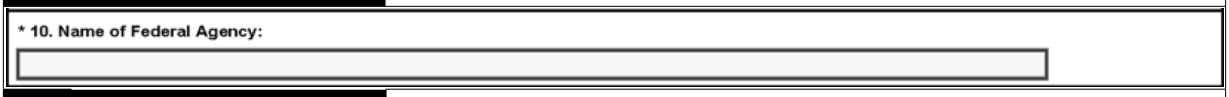
Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

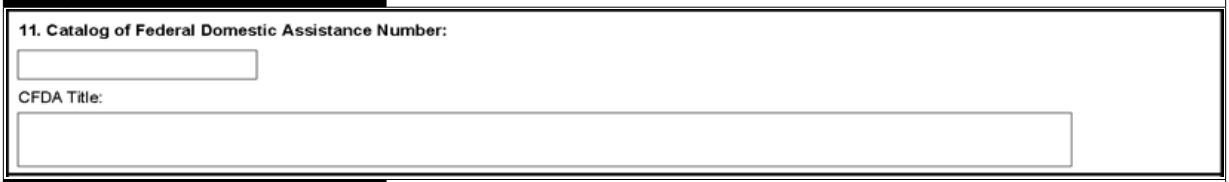
* Other (specify):

9.	**Type of Applicant: (Required) Select up to three applicant type(s).**	A. State Government B. County Government C. City or Township Government D. Special District Government E. Regional Organization F. U.S. Territory or Possession G. Independent School District

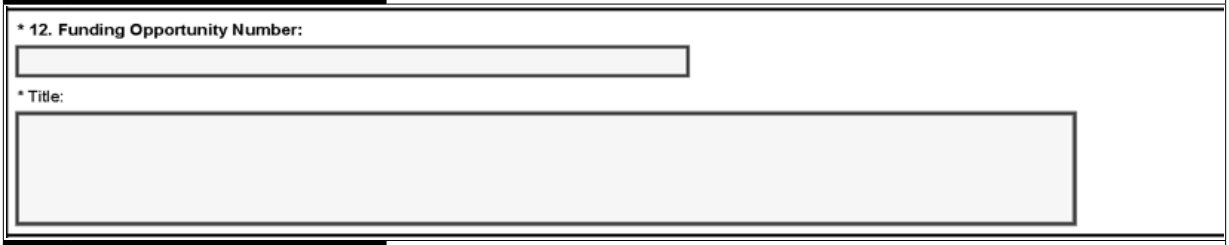
Item	Field Name	Information
9.	**Type of Applicant: (Required) Select up to three applicant type(s).** *(continued)*	H. Public/State Controlled Institution of Higher Education I. Indian/Native American Tribal Government (Federally Recognized) J. Indian/Native American Tribal Government (Other than Federally Recognized) K. Indian/Native American Tribally Designated Organization L. Public/Indian Housing M. Nonprofit with 501(c) status N. Nonprofit without 501(c) status O. Private Institution of Higher Education P. Individual Q. For-Profit Organization (Other than Small Business) R. Small Business S. Hispanic-serving Institution T. Historically Black Colleges and Universities (HBCUs) U. Tribally Controlled Colleges and Universities (TCCUs) V. Alaska Native and Native Hawaiian Serving Institutions W. Non-U.S. Entity X. Other (specify)



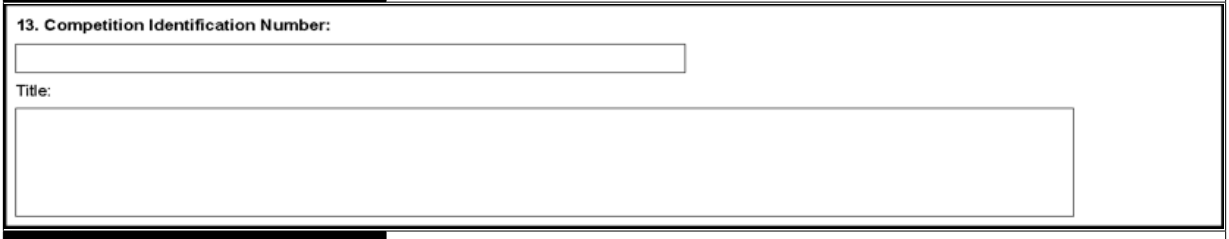
10.	**Name Of Federal Agency:**	(Required) Enter ***Internal Revenue Service***.



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



12.	**Funding Opportunity Number/ Title:**	(Required) Enter ***TREAS-GRANTS-052018-001*** as the Funding Opportunity Number and ***Low Income Taxpayer Clinic*** as the title.



13.	**Competition Identification Number/Title:**	Enter ***TREAS-GRANTS-052018-001*** as the competition identification number.

Item	Field Name	Information
	14. Areas Affected by Project (Cities, Counties, States, etc.): [ ] Add Attachment Delete Attachment View Attachment	
14.	**Areas Affected By Project:**	Enter the county where services will be provided. If multiple counties, list each individually. Only list counties, not cities or regions (*e.g.*, northwest region of state). If the clinic serves the entire state, enter the state name and note ***All Counties***. If necessary, attach a list of counties.
	* 15. Descriptive Title of Applicant's Project: [ ] Attach supporting documents as specified in agency instructions. Add Attachments Delete Attachments View Attachments	
15.	**Descriptive Title of Applicant's Project:**	(Required) Enter ***Low Income Taxpayer Clinic***. No attachments are required.
	16. Congressional Districts Of: * a. Applicant [ ] * b. Program/Project [ ] Attach an additional list of Program/Project Congressional Districts if needed. [ ] Add Attachment Delete Attachment View Attachment	
16.	**Congressional Districts Of:**	16a. (Required) Enter the congressional district in which the applicant organization is located. 16b. Enter all district(s) where the project provides or will provide assistance. Enter in the format: 2 characters state abbreviation - 2 characters district number, *e.g.*, CA-05 for California's 5th district, NC-10 for North Carolina's 10th district. If all congressional districts in a state are affected, enter "all" for the district number, *e.g.*, MD-all for all congressional districts in Maryland. If necessary, attach a list of congressional districts.
	17. Proposed Project: * a. Start Date: [ ] * b. End Date: [ ]	
17.	**Proposed Project Start and End Dates:**	(Required) Enter ***1/1/2018*** as the proposed start date. Applicants seeking a single year grant should enter ***12/31/2018***. Applicants seeking a multi-year grant should enter ***12/31/2019*** or ***12/31/2020***, as applicable.
	18. Estimated Funding ($): * a. Federal [ ] * b. Applicant [ ] * c. State [ ] * d. Local [ ] * e. Other [ ] * f. Program Income [ ] * g. TOTAL [ ]	
18.	**Estimated Funding:**	(Required) 18a. Enter the amount of federal grant funds requested for 2018, regardless of whether the applicant is applying for a single-year or multi-year grant. This amount cannot exceed $100,000. 18b-e. Enter the amount of all matching funds by source. 18f. Enter any income the organization expects to generate from the program.
		Note: The total from lines b-f must equal or exceed the amount entered on line 18a to show that applicant can provide a dollar-for-dollar match. 18g. Enter the sum of the amounts in 18a through 18f.

Item	Field Name	Information
* 19. Is Application Subject to Review By State Under Executive Order 12372 Process? ☐ a. This application was made available to the State under the Executive Order 12372 Process for review on ____. ☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review. ☐ c. Program is not covered by E.O. 12372.		
19.	**Is Application Subject to Review by State Under Executive Order 12372 Process?**	(Required) Select "c. Program is not covered by E.O. 12372."
* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.) ☐ Yes ☐ No If "Yes", provide explanation and attach Add Attachment / Delete Attachment / View Attachment		
20.	**Is the Applicant Delinquent on any Federal Debt?**	(Required) Select the appropriate box. This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of federal debt include, but, may not be limited to: delinquent audit disallowances, loans and taxes. If yes, include an explanation in an attachment.
21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001) ☐ ** I AGREE ** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.		
Authorized Representative: Prefix: / * First Name: Middle Name: * Last Name: Suffix: * Title: * Telephone Number: / Fax Number: * Email: * Signature of Authorized Representative: / * Date Signed:		
21.	**Assurances and Certifications and Authorized Representative:**	Check the box marked "I agree" after reviewing the Assurances and Certifications in Publication 3319. To be signed and dated by the authorized representative of the applicant organization. Enter the first and last name (Required); prefix, middle name, suffix. Enter title, telephone number, email (Required), and fax number. A copy of the governing body's authorization for you to sign this application as the official representative must be on file in the applicant's office. **Note:** Signing this form (SF-424) certifies that the applicant will comply with the Assurances and Certifications listed in Publication 3319. Please carefully review the Assurances and Certifications before signing this form.

OMB Number: 4040-0007
Expiration Date: 01/31/2019

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.

2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.

3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.

5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).

6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C.§§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U. S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee- 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.

8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

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9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.

10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more.

11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).

12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).

14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.

15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.

16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

19. Will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. 7104) which prohibits grant award recipients or a sub-recipient from (1) Engaging in severe forms of trafficking in persons during the period of time that the award is in effect (2) Procuring a commercial sex act during the period of time that the award is in effect or (3) Using forced labor in the performance of the award or subawards under the award.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE
APPLICANT ORGANIZATION	DATE SUBMITTED

Standard Form 424B (Rev. 7-97) Back

Form **13424-M** (August 2014)	Department of the Treasury - Internal Revenue Service **Low Income Taxpayer Clinic (LITC) Application Narrative**	OMB Number 1545-1648

Applicant Organization name

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

Background Information

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

I. Experience

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

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

C. Describe the applicant's experience in supervising staff, students, and volunteers and providing technical assistance to other organizations.

D. Describe the applicant's experience networking with other community-based organizations with which it can work to reach taxpayers.

II. Financial Responsibility

E. Describe the applicant's ability to properly spend and account for program funds. Include examples of experience in managing federal grants, if any, and a description of the organization's existing accounting system and accounting support staff. Include copies of relevant internal accounting procedures and other pertinent information.

1. Describe accounting procedures.

2. Describe the method for ensuring that LITC grant funds and matching funds are used solely for qualifying LITC activities. If the applicant also operates a VITA or TCE program, specifically identify how LITC funds are kept separate from those activities.

3. Describe the plans for audits and controls.

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

☐ Unaudited ☐ Audited

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

ii. Indicate whether the auditor provided a: ☐ Unqualified opinion ☐ Qualified opinion ☐ No opinion

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

5. Describe the qualifications and relevant expertise of the Qualified Business Administrator (QBA) with business administration and managing federal grants.

Program Performance Plan

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

I. Program Staff

A. Describe the qualifications and specific tax expertise of the:

1. The Qualified Tax Expert (QTE); and

2. The Clinic Director.

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

C. If students will be used to provide clinic services, indicate the number and type of students *(law students, graduate accounting students, etc.)*, and

1. Whether the clinic will obtain a special appearance authorizing students to represent taxpayers before the IRS; and	☐ Yes	☐ No
2. Whether permission will be obtained from the United States Tax Court for students to practice before the Court.	☐ Yes	☐ No

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

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

F. Indicate the amount of time that clinic staff and students devote to clinic activities. Detail the method used to track staff and student time.

II. Taxpayer Services

Describe the proposed program plan for the period for which the grant is requested.

G. Describe the type of representation services to be provided.

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

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

3. Briefly describe the procedure for intake, assignment, and monitoring of representation cases.

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

I. Describe the educational activities to be provided, including educational topics to be addressed, and how they will be made available to taxpayers.

J. Describe the identified population for ESL representation, education, and outreach and identify the methods and media that the clinic will use to reach low income and ESL taxpayers.

III. Clinic Operations

K. Describe plans for tracking the delivery of services to low income and ESL taxpayers.

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

M. Describe the clinic's publicity plan, including potential venues for outreach to low income taxpayers.

N. Identify geographic area(s) the clinic will serve. Provide demographic information including the total population, number of low income residents, and number of ESL residents.

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

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

IV. Volunteers

Q. Describe the applicant's pro bono panel and how panel members will be identified and recruited.

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

S. Detail the method used to track volunteer time.

V. Training and Resources

T. Describe the training to be provided to clinic staff, students, and volunteers.

U. Identify the continuing professional education (CPE) activities of the clinic staff and volunteers.

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

VI. Program Monitoring, Evaluation, and Reporting

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

X. Indicate how the clinic intends to measure client satisfaction.

VII. Program Numerical Goals

Y. If the program goals extend beyond one year, state goals in annual increments of up to three years. Project numerical goals for	First Year	Second Year *(if applicable)*	Third Year *(if applicable)*
1. New representation cases;			
2. Consultations with low income taxpayers;			
3. Educational activities; and			
4. Taxpayers to be reached in educational activities.			

Civil Rights Review

This information is mandatory and required of every applicant annually. Responses to these civil rights questions must be directly related to the clinic and not the sponsoring organization. If the clinic does not have any information to report on these questions, a negative response is required. The applicant must provide the following information as a condition of eligibility under the LITC Program.

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

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

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

Non-Compete Continuation Requests do not need to include Form 13424-M, but must include a Project Abstract to update program information supplied in the application.

COMPLETING THE PROJECT ABSTRACT IN GRANT SOLUTIONS

Purpose

The Project Abstract allows grantees that have been awarded a multi-year grant to update information reported on the original Form 13424-M, *Low Income Taxpayer Clinic (LITC) Application Narrative*. The Project Abstract is used to report numerical goals, material changes to the Program Plan, and to provide the civil rights statement, which is required annually.

Reporting Requirements

Only grantees submitting a Non-Compete Continuation (NCC) request must complete and submit a Project Abstract through www.grantsolutions.gov. The LITC Program Office provides annual training on using the Grant Solutions system. The Project Abstract must contain the following information in regard to the grant year for which the NCC request is being submitted:

I. Numerical Goals

List separately numerical goals for each of the following a-d:

a. New representation cases;

b. Consultations;

c. Educational activities to be conducted; and

d. Taxpayers to be reached in educational activities.

V. Changes to the Program Plan

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

VI. Civil Rights Statement

This information is mandatory and required of every applicant annually. You must answer yes or no for each subparts a-c. For each affirmative answer, provide the detail requested for that subpart. Responses to these civil rights questions must be directly related to the clinic and not the sponsoring organization. If the clinic does not have any information to report on these questions, a negative response is required. The applicant must provide the following information as a condition of eligibility under the LITC Program.

i. A list of active lawsuits or complaints naming the applicant which allege discrimination on the basis of race, color, national origin, age, sex, or disability with respect to service or benefits being provided. The list should include the date the lawsuit or complaint was filed; a summary of the

allegation; and the status of the lawsuit or complaint, including whether the parties to a lawsuit have entered into a consent decree.

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

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

iv. A statement that the applicant agrees to display Publication 4053, *Civil Rights Poster* (provided to by the Internal Revenue Service).

v. A signed and dated Standard Form 424, with box 21 checked (see page 85) agreeing to the statement of assurances concerning civil rights compliance.

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APPENDIX B

BUDGET FORMS FOR LITC GRANT APPLICATIONS AND CONTINUATION REQUESTS

BUDGET AND FINANCIAL INFORMATION

All organizations submitting an application or Non-Compete Continuation request must submit the following budget and financial information:

- SF-424A, *Budget Information – Non-Construction Programs*. This form is used to provide a budget for the grant year. Detailed instructions for completing the form are provided in this appendix.
- Form 13424-J, *Detailed Budget Worksheet*. This worksheet and accompanying narrative provides a breakdown of budgeted expense items in accordance with the budget categories listed in section B of Standard Form-424A. Detailed instructions for completing the worksheet and narrative, including examples, are provided in this appendix.
- Copy of the applicant's most recent audited or unaudited financial statements. If the applicant expends more than $750,000 in federal funds this must be a single audit or program-specific audit as defined in 2 CFR §200.501; an applicant that does not have audited financial statements must submit unaudited statements for its most recent fiscal year and a statement as to why audited financial statements are not available.
- A copy of the applicant's indirect cost rate agreement, if applicable.

Failure to provide this information will result in non-consideration of the application or continuation request.

Things to note:

- Each budget item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds requested.
- Federal funds are those funds the applicant is seeking from the IRS in support of the LITC Program.
- Non-federal funds are funds from other sources that the applicant has or will have available to spend on the LITC Program. These are considered matching funds.
- 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* provides guidance about allowable and unallowable expenses. Also, see Section VI. D, *Spending LITC Grant Funds and Matching Funds*, for a list of common expenses that are allowable or unallowable.
- Please round figures to whole dollars only.
- Budgets should only include funding requested for grant year 2018, even if an applicant is applying for a multi-year grant.

Instructions for SF-424A, *Budget Information for Non-Construction Programs*

Purpose

This form is used to summarize the proposed budget for the LITC grant, including how federal grant funds and matching funds will be spent during the grant period. All budgeted amounts must be reasonable, necessary, and allocable to this grant. In preparing the budget, adhere to existing guidelines in 2 CFR Part 200, 2 CFR Part 1000, and Publication 3319 which explain how budgeted amounts should be reported. See Publication 3319, 2 CFR §200.306, and 2 CFR § 1000.306 for guidance on matching funds.

Note: The instructions for completing SF-424A, *Budget Information – Non-Construction Programs* contained in this Publication (Publication 3319) are intended as a guide for submitting LITC grant applications and continuing funding requests. Standard instructions are available, however the standard instructions are written to accommodate all applications for federal funds, and do not contain any instructions specific to the LITC grant. Standard instructions are available at www.grants.gov/web/grants/form-instructions/sf-424a-instructions.html.

Requirements

Standard Form 424A, *Budget Information – Non-Construction Programs*, is required for each application or continuation request. See Publication 3319 for additional information.

Budget information must also be reported on Form 13424-J, *Detailed Budget Worksheet*.

For purposes of the LITC Program, the term "non-federal funds" has the same meaning as the term "matching funds."

Note: Application forms, including this form (SF-424A), may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these forms after appropriate redactions to ensure confidentiality of taxpayer information.

Specific Instructions

Item	Information
General Instructions	This form is designed so that application can be made for LITC grant funds. Sections A, B, C, and D should include budget estimates for year 2018 only. If applying for a multi-year grant or continuation request, Section E should present the need for Federal assistance in the subsequent grant years. All applications should contain a breakdown by the categories shown in lines a-k of Section B.

BUDGET INFORMATION - Non-Construction Programs

OMB Number: 4040-0006
Expiration Date: 01/31/2019

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.		$	$	$	$	$

Section A.	Budget Summary
Line 1, Columns (a) and (b).	Enter ***LITC*** in Column (a) and ***21.008*** (the Federal Domestic Assistance Catalog number) in Column (b).
Line 1, Columns (c) through (g).	Leave Column (c) and (d) blank. Enter in Column (e) the amount of LITC grant funds requested for grant year 2018. This amount may not exceed $100,000. Enter in Column (f) the amount of matching funds to be provided for grant year 2018. LITC grant funds require a dollar-for-dollar match. Thus, the amount in Column (f) must be equal to or greater than the amount entered in Column (e). Enter in Column (g) the sum of the amounts entered in Columns (e) and (f). The amount in Column (g) should represent the total funds needed to support the LITC program for 2018.
Lines 2-4.	Leave lines 2 through 4 blank.
Line 5.	Show the total for all columns used. The amount on line 5(e) of this form (SF-424A) should equal the amount on SF-424, *Application for Federal Assistance*, line 18(a). The amount on line 5(f) of this form (SF-424A) should equal the sum of the amounts on SF-424, *Application for Federal Assistance*, lines 18(b)-(f). The amount on line 5(g) of this form (SF-424A) should equal the amount on SF-424, *Application for Federal Assistance*, line 18(g).

Section B.	Budget Categories
In Column (1) enter the total budgeted funds (both federal and non-federal) by the object class categories listed on rows a through j. Leave Columns (2) through (4) blank.	
Line 6a. Personnel	This expense category is used to report salaries and wages that will be paid to LITC staff. Do not include fringe benefits in this category (fringe benefits should be accounted for on Line 6b). Volunteer in-kind services should not be included under the Personnel category; they should be included on Line 6h.
Line 6b. Fringe Benefits	This expense category is used to report fringe benefits that will be paid on behalf of LITC staff whose wages and salaries are reported in Category A, Personnel.
Line 6c. Travel	This expense category is used to report budgeted travel costs, including costs associated with attendance at the annual LITC conference and other travel expenses directly related to conducting LITC business or activities.
Line 6d. Equipment	This expense category is used to report the budgeted cost of equipment that will be purchased by the applicant and used in operating an LITC program. Donated equipment may be included as matching funds and must be valued at the fair market value of the property at the time of the donation. Report equipment purchases less than $5,000 on Line 6e (2 CFR § 200.94). Report leased equipment on Line 6f and equipment maintenance expense on Line 6h.

6. Object Class Categories	(1)
a. Personnel	$
b. Fringe Benefits	
c. Travel	
d. Equipment	
e. Supplies	
f. Contractual	
g. Construction	
h. Other	
i. Total Direct Charges (sum of 6a-6h)	
j. Indirect Charges	
k. TOTALS (sum of 6i and 6j)	$
7. Program Income	$

Line 6e. Supplies	This expense category is used to report the cost of supplies and equipment costing less than $5,000 that will be used in operating the LITC. Donated supplies may be included as matching funds and are valued at the fair market value of the property at the time of the donation.
Line 6f. Contractual	This expense category is used to report the budgeted cost of rent, utilities, and other contracted items or services that will be used in operating an LITC program. Donated space may be included as matching funds and the value assigned may not exceed the fair rental value of comparable space. If a contracted item or service pertains to other programs in addition to LITC activities, only the portion directly attributable to LITC activities may be allocated to the LITC program.
Line 6g.	This category is not applicable to this grant. No expenses are allowed.
Line 6h. Other Expenses	This expense category is used to report all other direct costs that will be incurred in operating the LITC program that are not properly included in categories a. through g. The value of volunteer in-kind services is included in this category as matching funds. See Publication 3319 for more information.
Line 6i.	The total of the direct charges is the sum of lines (a) through (h) for each column.
Line 6j.	This section is used to report indirect costs not directly related to the LITC program, but incurred as part of the general overhead and administration of the sponsoring organization. A reasonable portion of LITC grant funds may be used to pay for indirect expenses, however indirect costs paid using any other funds may not be included when calculating matching funds required under the LITC grant. There are two acceptable methodologies for calculating federal funds allocable to indirect costs: i. Indirect Cost Rate Agreement ✓ Must be approved in advance; ✓ Agreement must set forth cost items included in the rate; and ✓ The clinic may not charge items included in the rate as separate expense items. *ii. De Minimis* 10 percent rate ✓ Rules are set forth in 2 CFR Part 200; ✓ Clinics that elect to use the *de minimis* rate are prohibited from charging administrative or facility costs as separate expense items. For example, if a clinic is part of a larger organization that has an Indirect Cost Rate Agreement and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual expense category. Similarly, if the clinic elects to use the 10 percent *de minimis* rate to charge indirect costs on all of its federal awards, no facilities and administration costs may be charged as direct costs.
Line 6k.	Enter the total of amounts on Lines 6(i) and 6(j). For all applications and continuation requests the total amount in Column (5), Line 6(k), should be the same as the total amount shown in Section A, Column (g), Line 5. The amounts entered in Section B, column (5) must equal the totals in each category on Form 13424-J, *Detailed Budget Worksheet*.
Line 7.	If the LITC charges a nominal fee for services, enter the program income in column (1). Program income may be counted as matching funds.

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.	$	$	$	$
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)	$	$	$	$

Section C.	**Non-Federal Resources**
Lines 8.	Enter amounts of non-Federal resources that will be used on the grant. The information entered in Section C indicates the amount matching funds to be provided by source.
Column (a).	Enter ***LITC***.
Column (b).	Enter the amount of matching funds that will come directly from the applicant's organization.
Column (c).	Enter the amount of the State's cash and in-kind contribution if the applicant is not a State or State agency. Applicants which are a State or State agencies should leave this column blank.
Column (d).	Enter the amount of cash and in-kind contributions to be made from all other sources.
Column (e).	Enter totals of Columns (b), (c), and (d).

Lines 9-11.	Leave lines 9 through 11 blank.
Line 12.	Enter the total for each of Columns (b) through (e). The amount in Column (e) should be equal to the amount on Line 5, Column (f), Section A. All cash and in-kind contributions must be explained in narrative form on Form 13424-J, *Detailed Budget Worksheet*. An explanation of the sources and amounts of matching funds to be provided, as well as an explanation of the methods used to value in-kind contributions must be included in the narrative.

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	$	$	$	$	$
14. Non-Federal	$				
15. TOTAL (sum of lines 13 and 14)	$	$	$	$	$

Section D.	**Forecasted Cash Needs**
Line 13.	Enter the amount of LITC grant funds needed by quarter during 2018.
Line 14.	Enter the amount of cash matching funds from all other sources needed by quarter during 2018. Do not include the value of any in-kind matching funds.
Line 15.	Enter the totals of amounts on Lines 13 and 14.

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (YEARS) (b)First	(c) Second	(d) Third	(e) Fourth
16.	$	$	$	$
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)	$	$	$	$

Section E.	Budget Estimates of Federal Funds Needed for Balance of the Project
Line 16.	This section should only be completed by applicants requesting a multi-year grant or grantees submitting a continuation request. Applicants requesting a single year grant for 2018 should leave Lines 16 through 23 blank. Enter ***LITC*** in Column (a). For new applications and continuation requests, enter in Column (b) the amount of LITC funds requested for 2019, and in Column (c) the amount of LITC funds requested for 2020, if applicable. Leave Columns (d) and (e) blank.
Lines 17-19.	Leave Lines 17 through 19 blank.
Line 20.	Enter the total for each of the Columns (b)-(e).

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:	22. Indirect Charges:
23. Remarks:	

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Section F.	**Other Budget Information**
Lines 21-23.	Leave Lines 21 through 23 blank.

FULL-TIME EQUIVALENT (FTE) CALCULATION

The definition of FTE (Full-Time Equivalent) is the number of working hours that represents one full-time employee during a fixed time period, such as one month or one year. When applying this formula for purposes of the LITC grant, first determine the portion of each employee's time that is devoted activities funded by the LITC grant. For any staff position, the number is calculated based on the sum of hours actually spent on LITC activities over 26 bi-weekly pay periods and divided by a constant number, which represents the total number of hours required of a full-time employee working in that position. For example, if a clinic director working full-time is required to work 80 hours per pay period, the constant would be 2,080 hours (26 pp x 80 hours); if a clinic director working full-time is required to work 75 hours per pay period, the constant would be 1,950 hours (26 pp x 75 hours). The result is the employee's FTE percentage, for LITC grant purposes. The FTE percentage represents the maximum portion of the employee's wages that can be allocated to the LITC grant, using grant funds (federal funds), matching funds, or a combination of both.

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

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

Clinic Director/QTE – John Fordham, Esq.

John works full-time at ABC Legal Services. He spends 32 hours per week on LITC grant activities, for an annual total of 1,664 hours. For purposes of the LITC grant, he is a 0.80 FTE (1,664/2,080). John's annual salary is $89,000. Since John's time spent on LITC grant activities is equivalent to 0.80 FTE, he will receive $71,200 of his total salary ($89,000) for his work in the LITC. This is calculated by multiplying his FTE annual salary of $89,000 by 0.80 for a total of $71,200 ($89,000 x 0.80 = $71,200). John's compensation is funded using $70,000 of grant funds and $19,000 operating funds. From the $71,200 in compensation for work on LITC activities, $70,000 will be paid from LITC grant funds (federal funds), and $1,200 from operating funds. Thus, a maximum of $1,200 may be classified as matching funds.

The FTE can also be utilized to determine the appropriate amount of John's fringe benefits allocable to the grant. If the total cost of his fringe benefits is $10,000 ($10,000 x 0.80=$8,000) then $8,000 can properly be attributed to the LITC grant.

Paralegal – Alice Gonzaga

Alice works part-time for ABC Legal Services, for a total of 1,040 hours. Annually she spends a total of 900 hours on LITC grant activities. For purposes of the LITC grant, she is a 0.43 FTE (900/2,080). Alice is paid at an hourly rate of $22.00. In total, her compensation for working at ABC Legal Services is $22,880; because she is part time, to calculate the proper amount of salary allocable to the LITC, her LITC hours are divided by her total hours (900/1040=0.87). Because Alice is paid by the hour in lieu of salary, to arrive at the exact amount of pay attributable to her work for the LITC, multiply her hours by her pay rate. Thus, 87% of her total pay is compensation for her work in the LITC, which equates to $19,800. Alice's compensation for work in the LITC clinic is funded from a mix of federal funds and other contributions from XYZ Private Foundation. The $22,880 in compensation paid to Alice is comprised of $10,000 paid from LITC grant funds (federal funds), and $12,880 paid from XYZ Private Foundation funds. Thus, a maximum of $9,800 may be classified as matching funds.

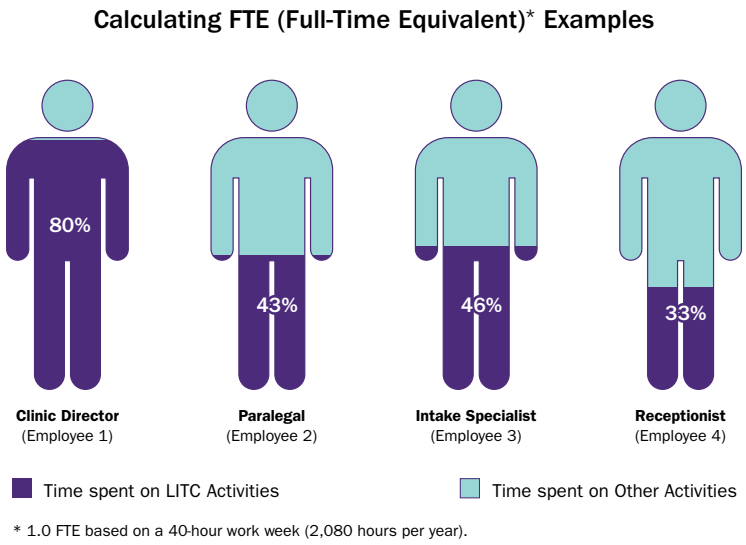
Intake – Ruth Washington

Ruth works full-time at ABC Legal Services. She spends 18.4 hours per week on LITC grant activities, for an annual total of 957 hours, making Ruth a 0.46 FTE (957/2,080) for purposes of the LITC grant. Ruth is paid $15 per hour. She receives total annual compensation of $31,200 ($15 x 2,080 hours = $31,200). The portion of her compensation attributable to LITC activity is computed by multiplying her total compensation by her FTE fraction, for a result of $14,352. Her compensation is comprised of $14,352 paid from LITC grant funds (federal funds), and $16,848 paid from operating funds. None of Ruth's compensation may be classified as matching funds, because all of her time spent on LITC grant activities is compensated using LITC grant funds.

Receptionist – Debra Chapman

Debra works full-time at ABC Legal Services. She provides administrative and clerical support to 3 programs including the LITC program. Debra's annual salary is $30,000. Since Debra spends a third of her time on LITC activities, she is a 0.33 FTE for purposes of the LITC grant, meaning $10,000 of her annual salary is allocable to LITC activities. The $10,000 allocable portion is paid using $6,000 from LITC grant funds (federal funds), and $4,000 paid from private cash contributions. Thus, a maximum of $4,000 may be classified as matching funds.

Figure 11, Calculating FTE (Full-Time Equivalent)



Form **13424-J**
(April 2016)

Department of the Treasury - Internal Revenue Service

Detailed Budget Worksheet

OMB Number
1545-1648

Name of Low Income Taxpayer Clinic
ABC Legal Services LITC

Grant Period
From 01/01/2018 To 12/31/2018

Expense Categories	Federal	Match	Total
A. Personnel	80,355	35,000	115,355
B. Fringe Benefits	1,625	21,446	23,071
C. Travel	900	1,265	2,165
D. Equipment	0	0	0
E. Supplies	0	1,845	1,845
F. Contractual	0	11,814	11,814
G. Construction			
H. Other Expenses	0	27,253	27,253
I. Total Direct Charges	82,880	98,623	181,503
J. Indirect Charges	7,120		7,120
K. Totals	90,000	98,623	188,623

EXAMPLE

Detailed Budget Narrative Explanations

A. Personnel

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

Clinic Director/QTE – John Fordham, Attorney - .80 FTE Annual Salary $89,000 x 0.80 = $71,200. Source of funds will be $50,000 paid from federal funds, $20,000 paid from Legal Service Corporation (LSC), and $1,200 paid from private contributions.

Paralegal – Alice Gonzaga - .43 FTE - $22/hr x 900 hrs = $19,800. Source of funds will be $10,000 paid from federal funds and $9,800 paid from XYZ Private Foundation funds.

Intake – Ruth Washington - .46 FTE - $15/hr x 957 hrs = $14,355. Source of funds will be $14,355 paid from federal funds.

Receptionist – Debra Chapman – .33 FTE – Annual Salary $30,000 x 0.33 = $10,000. Debra will provide administrative and clerical support to 3 programs including the LITC program. Her time is allocated as 1/3 to each program. Source of funds will be $6,000 paid from federal funds and $4,000 paid from private cash contributions.

B. Fringe Benefits

Fringe benefits are calculated as 20% of wages, $115,355 x .20 = $23,071.
Fringe benefits represent the cost of Social Security and Medicare taxes, State Unemployment taxes, health insurance premiums, life insurance, and employer pension plan contribution.
Source of funds will be $1,625 paid from federal funds and $21,446 paid from XYZ Private Foundation funds.

C. Travel

$1,800 for Clinic Director John Fordham to attend the LITC Conference.
Local travel to conduct educational and outreach activities. $60 parking and $305 mileage (570 miles at $.535 per mile).
Source of funds will be $900 paid from federal funds and $1,265 paid from XYZ Private Foundation funds.

D. Equipment

N/A

E. Supplies

ABC Legal Services uses a full-time equivalent (FTE) method to allocate certain direct shared expenses, including Supplies, Telephone and Internet, and 2 CFR § 200.501 Audit Cost. Under this method, the allocation percentage is determined by dividing the FTEs of employee time devoted to the LITC program by the total FTEs available in the ABC Legal Services organization. The LITC program staffing will be 2.02 FTEs (.80 FTE for John Fordham + .43 FTE for Alice Gonzaga + .46 FTE for Ruth Washington + .33 FTE for Debra Chapman = 2.02 FTEs). Total FTEs in the ABC Legal Services organization is 40 FTEs. The ratio of shared expenses is estimated at 5.0% (2.02 / 40).
Total cost of supplies for the organization is estimated to be $36,900 and will include the cost of laptop computers, printers, copy paper, toner, pens, pencils, envelopes, postage, etc.
$36,900 x 5.0% = $1,845.
Source of funds will be from XYZ Private Foundation funds.

F. Contractual

Rent – Facilities costs are generally included in the Indirect Cost Rate Agreement. However, the organization will be renting off-site space at Neighborhood Drop-in, a community based organization, solely to conduct weekly intake. The cost of the space is $500 per month.
$500 x 12 mo = $6,000.
Source of funds will be from XYZ Private Foundation funds.

Telephone and Internet – These costs are shared expenses and are charged to the LITC using the FTE allocation methodology explained above.

EXAMPLE

The organization's total telephone and internet cost is estimated to be $35,880.
$35,880 x 5.0% = $1,794.
Source of funds will be from XYZ Private Foundation funds.

2 CFR § 200.501 Audit – This cost is a shared expense and is charged to the LITC using the FTE allocation methodology explained above.
The organization's total 2 CFR § 200.501 audit cost is estimated to be $20,400.
$20,400 x 5.0% = $1,020.
Source of funds will be paid from private cash contributions.

Advertising costs – These costs will be incurred solely to publicize the LITC program and are not a shared expense.
Planned advertising for LITC representation and education services are estimated to be $3,000.
Source of funds will be paid from private cash contributions.

G. Construction

H. Other Expenses

Third-party in-kind contributions:

Representation services: $200/hr x 95 hrs = $19,000.

Non-representation services:
Volunteer attorneys will contribute services including research, consultations, and review of educational materials. Valuation rate is the same as pay rate for staff attorney John Fordham. ($42.79/hr + $8.56/hr fringe) = $51.35/hr x 95 hrs = $4,878.

A bilingual Enrolled Agent will provide services including ESL consultations and review of educational materials. Valuation rate is consistent with those paid for similar work in the labor market and were determined using BLS information for the locality plus reasonable fringe. ($22.50/hr + $4.50/hr fringe) = $27/hr x 75 hrs = $2,025.

Law students will represent taxpayers before the IRS pursuant to a special appearance authorization. Valuation rate is $18/hr which represents 35% of the staff attorney's pay rate, including fringe. (Note: students are not permitted to use the $200/hr rate available to other qualified representatives.)
$18/hr x 75 hrs = $1,350.

I. Total Direct Charges

J. Indirect Costs

The organization has an approved Indirect Cost Rate Agreement of 20% of direct salaries. However, the organization has agreed to charge the LITC program a reduced rate of 10%.
$71,200 x 10% = $7,120

Matching Funds

Total matching funds will be $98,623 from the following sources:
• $20,000 cash from Legal Service Corporation funding.
• $42,150 cash from XYZ Private Foundation.
• $9,220 cash from private contributions.
• $27,253 third-party in-kind contributions of services donated by volunteers.

EXAMPLE

Instructions for Form 13424-J, Detailed Budget Worksheet

Purpose

This form is used to report how the applicant plans to spend federal grant funds and matching funds during the grant period. This form is also used to report a narrative explanation of how each budgeted amount was calculated and the sources and valuation of matching funds. All budgeted amounts must be reasonable, necessary, and allocable to this grant. See Publication 3319 and 2 CFR Part 200 for guidance on costs and matching funds.

Note: Grant budget amounts must also be reported on SF 424A.

Who Must Complete This Form

All organizations submitting an application or continuation request must complete this form. See Publication 3319 for additional information.

Specific Instructions

Important:

1. Each letter of the Budget Narrative corresponds to an expense category in the Detailed Budget Worksheet. The information provided in the narrative should be sufficiently detailed so that a reviewer can arrive at the same amounts listed on the Budget by expense and by category (federal or match).
2. Each line item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds expended.

A. Personnel

Report salaries and wages that will be paid to LITC staff. Do not include fringe benefits in this category (fringe benefits should be accounted for in category B). In the explanation, list each staff member's name or "to be hired," position, rate of pay, and time to be devoted to clinic activities (hourly wage and number of hours of service, or annual salary and percentage of annual salary). State the portion of each staff member's budgeted salary or wages to be paid from federal and matching funds, as well as the source of the matching funds. Volunteer in-kind services should not be included in the Personnel category. They should be included in H, Other Expenses. The total amount for Personnel must equal the amount entered on line 6(a) of SF 424A.

1. **State the Full-Time Equivalent (FTE)**. List number of hours worked by a full-time employee in a single week. Determine the number of FTE hours in the reporting period *(Number of weeks in period multiplied by hours worked by a full-time employee in one week (e.g., 26 weeks x 37.5=975 hours))*.
2. **Calculate the FTE for each clinic employee**. Determine each clinic staff member's full-time equivalent. Take the staff member's total expected hours worked for the clinic and divide it by total hours in the reporting period. For staff assigned to LITC activities on a percent of total working hours, convert the applicable percentage into a decimal.

   Note: If a staff member is full-time with the organization but only a partial FTE for the clinic, multiply the FTE times the full-time salary to arrive at the proper amount to include as a personnel expense.

3. **Calculate the personnel expense for each staff member**. Personnel expense can be calculated as a percent of total time/FTE multiplied by salary, or by multiplying the number of hours worked by the applicable hourly rate.
4. **Determine and list out the dollar amount attributable to federal and match**.
5. **List sources of match**.

B. Fringe Benefits

Report fringe benefits that will be paid on behalf of LITC staff whose wages and salaries are reported in category A, Personnel. In the explanation state the fringe benefits rate(s), the items that constitute the fringe benefits, what portion will be paid by federal funds and matching funds, and the source of matching funds. Identify the rate applicable to each staff position if varying rates apply by position. The total amount for Fringe Benefits must equal the amount entered on line 6(b) of SF 424A.

1. Show the formula (methodology) for calculating fringe benefits for each position listed in Category A.
2. State what items are included in fringe benefits.
3. Provide the dollar amount attributable to federal and match.
4. Source of matching funds

C. Travel

Report budgeted travel costs, including costs associated with attendance at the annual LITC conference and other travel expenses directly related to conducting LITC business or activities. In the explanation, identify the travel costs to be incurred, whether the costs will be paid with federal or matching funds, and the source of the matching funds. If using a mileage rate, show the computation. The total amount for Travel must equal the amount entered on line 6(c) of SF 424A.

D. Equipment

Report the budgeted cost of equipment that will be purchased by the applicant and used in operating an LITC program. Donated equipment may be included as matching funds and must be valued at the fair market value of the property at the time of the donation. In the explanation, identify the equipment that will be purchased or donated, whether the associated costs will be paid using federal or matching funds, and the source of the matching funds. If there will be third-party in-kind contributions of equipment, identify the equipment, the donor, and how the valuation was determined. The total amount for Equipment must equal the amount entered on line 6(d) of SF 424A. Only equipment costing $5,000 or more is included in the category; equipment costing less is included in category E.

Note: Report equipment purchases less than $5,000 under Supplies (2CFR § 200.94). Report leased equipment in category F, Contractual; report equipment maintenance expense in category H, Other Expenses.

E. Supplies

Report the budgeted cost of supplies and equipment costing less than $5,000 that will be used in operating the LITC. Donated supplies may be included as matching funds and are valued at the fair market value of the property at the time of the donation. In the explanation, identify:

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

If there will be third-party in-kind contributions of supplies, explain the amount of the supplies contributed and how the valuation was determined, as well as the anticipated source of the donation. The total amount for Supplies must equal the amount entered on line 6(e) of SF 424A.

F. Contractual

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

- Nature of the expense;
- Whether the associated costs will be paid using federal or matching funds; and
- Source of the matching funds.

If a contracted item or service pertains to other programs in addition to LITC activities, only the portion directly attributable to LITC activities may be allocated to the LITC program. The narrative must explain the methodology used to apportion costs between the LITC activities and other programs. The total amount for Contractual must equal the amount entered on line 6(f) of SF 424A.

There are two acceptable methodologies for calculating federal funds allocable to indirect costs:

1. Indirect Cost Rate Agreement
   a. Must be approved in advance;
   b. Agreement must set forth cost items included in the rate; and
   c. The clinic may not charge items included in the rate as separate expense items.
2. *De Minimis* 10 percent rate
   a. Rules are set forth in 2 CFR Part 200;
   b. Clinics that elect to use the *de minimis* rate are prohibited from charging administrative or facility costs as separate expense items.

For example, if a clinic is part of a larger organization that has an Indirect Cost Rate Agreement and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual expense category. Similarly, if the clinic elects to use the 10 percent *de minimis* rate to charge indirect costs on all of its federal awards, no facilities and administration costs may be charged as direct costs.

G. Construction

Not applicable to this grant. No expenses are allowed.

H. Other Expenses

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

- The type of expense;
- Whether the cost was paid using federal or matching funds; and
- Source of the matching funds.

The explanation must also disclose the rate or rates that will be used to value volunteer in-kind services and the number of volunteer hours that will be provided, categorized by the type of service or volunteer, as appropriate. See Publication 3319 for more information. The total amount for other Expenses must equal the amount entered on line 6(h) of SF 24A.

I. Total Direct Charges

The total of the direct charges is the sum of lines A through H for each column. The total amount for Total Direct Charges must equal the amount entered on line 6(i) of SF 424A.

J. Indirect Charges

Report indirect costs not directly related to the LITC program, but incurred as part of the general overhead and administration of the sponsoring organization. Indirect charges may be charged as a use of federal funds based upon an approved Indirect Cost Rate Agreement or the 10% *de minimis* rate allowed under 2 CFR Part 200. However, indirect charges may not be counted as matching funds and the rate may only be applied to the base paid with federal funds. The narrative explanation should identify the indirect cost rate, the base to which the rate will be applied, and the computation for the indirect charges amount. The total amount for Indirect Charges must equal the amount entered on line 6(j) of SF 424A. Briefly summarize the expenses included in the indirect cost rate agreement.

Note: If indirect costs will be charged to the LITC grant, no items that are included in the indirect cost rate or the *de minimis* rate may be charged as direct expenses. For example, if a clinic is part of a larger organization that has an Indirect Cost Rate Agreement and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual expense category. Similarly, if the clinic elects to use the 10% *de minimis* rate to charge indirect costs on all of its federal awards, no facilities and administration costs may be charged as direct costs. See Publication 3319 or 2 CFR Part 200 for guidance on indirect charges.

Matching Funds

Complete this section by providing a narrative that includes an explanation of the sources and amounts of matching funds. The clinic must state explicitly that matching funds provided to the LITC program (1) will not be used as matching funds for any other federal program and (2) will not be funds received from any other federal grant unless specifically authorized by statute to be eligible as matching funds.

1. List Amount of Match by Source
2. List total of all Match Funding

Note: Application forms, including this form (Form 13424-J), may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these forms after appropriate redactions to ensure confidentiality of taxpayer information.

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APPENDIX C

FORMS FOR REPORTING LITC GRANTEE ACTIVITIES

LITC REPORTING FORMS

LITC Grant Award recipients are required to submit the following forms twice per grant year, as an Interim and Year-End report:

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

This appendix contains an example of a completed Standard Form 425, *Federal Financial Report* and Form 13424-L, *Statement of Grant Expenditures*.

Instructions for SF-425, *Federal Financial Report*

Purpose

This form is used to report the amount of federal grant funds received and spent during the grant period and the amount of matching funds spent during the grant period. In preparing this form, adhere to existing guidelines in 2 CFR Part 200 and Publication 3319 which explain allowable costs. See Publication 3319, 2 CFR § 200.306, and 2 CFR § 1000.306 for guidance on matching funds.

Note: The instructions for completing SF-425, *Federal Financial Report,* contained in this Publication (Publication 3319) are intended as a guide for submitting LITC grant reports. Standard instructions are available, however the standard instructions are written to accommodate all recipients Federal funds, and do not contain any instructions specific to the LITC grant. Standard instructions are available at www.whitehouse.gov/sites/default/files/omb/grants/standard_forms/ffr_instructions.pdf.

Reporting Requirements

Grantees are required to submit Standard Form 425, *Federal Financial Report*, as part of the Interim and Year-End report. See Publication 3319 for additional information.

Note: These instructions relate only to preparation of SF-425 as part of the Interim and Year-end reports. For instructions on preparing quarterly submissions of SF-425 in the Division of Payment Management (DPM), visit www.dpm.psc.gov.

Note: Grant expenditures must also be reported on Form 13424-L, *Statement of Grant Expenditures*.

Note: For purposes of the LITC Program, the term "recipient share" has the same meaning as the term "matching funds."

Note: Reporting forms, including this form (SF-425), may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

Specific Instructions

Item	Information

Federal Financial Report
(Follow form Instructions)

OMB Number: 4040-0014
Expiration Date: 01/31/2019

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)

Line 1 **Federal Agency and Organizational Element to Which Report is Submitted**	Enter ***Internal Revenue Service***.
Line 2 **Federal Grant or Other Identifying Number Assigned by Federal Agency**	Enter the grant award number found on your Notice of Award for grant year 2018.

3. Recipient Organization (Name and complete address including zip code)

Recipient Organization Name:
Street1:
Street2:
City: County:
State: Province:
Country: USA: UNITED STATES ZIP / Postal Code:

Line 3 **Recipient Organization**	Enter the name and complete address of the recipient organization including zip code.

4a. DUNS Number	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)

Line 4a **DUNS Number**	Enter the recipient organization's Data Universal Numbering System (DUNS) number.
Line 4b **EIN**	Enter the recipient organization's Employer Identification Number (EIN).
Line 5 **Recipient Account Number or Identifying Number**	Enter ***N/A***.

6. Report Type	7. Basis of Accounting	8. Project/Grant Period	9. Reporting Period End Date
☐ Quarterly ☐ Semi-Annual ☐ Annual ☐ Final	☐ Cash ☐ Accrual	From: To:	

Line 6 **Report Type**	Mark Semi-Annual for the Interim Report or Annual for the Year-End Report.
Line 7 **Basis of Accounting (Cash/Accrual)**	Specify whether a cash or accrual basis was used for recording transactions related to the award(s) and for preparing this FFR. Accrual basis of accounting refers to the accounting method in which expenses are recorded when incurred. For cash basis accounting, expenses are recorded when they are paid.
Line 8 **Project/Grant Period, From/To (Month, Day, Year)**	Enter ***01/01/2018*** to ***12/31/2018***.
Line 9 **Reporting Period End Date, From: (Month, Day, Year)**	Enter ***06/30/2018*** for the Interim Report or ***12/31/2018*** for the Year-End Report.

10. **Transactions**	Cumulative
(Use lines a-c for single or multiple grant reporting)	
Federal Cash (To report multiple grants, also use FFR attachment):	
a. Cash Receipts	0.00
b. Cash Disbursements	0.00
c. Cash on Hand (line a minus b)	0.00
(Use lines d-o for single grant reporting)	
Federal Expenditures and Unobligated Balance:	
d. Total Federal funds authorized	0.00
e. Federal share of expenditures	0.00
f. Federal share of unliquidated obligations	0.00
g. Total Federal share (sum of lines e and f)	0.00
h. Unobligated balance of Federal Funds (line d minus g)	0.00
Recipient Share:	
i. Total recipient share required	0.00
j. Recipient share of expenditures	0.00
k. Remaining recipient share to be provided (line i minus j)	0.00
Program Income:	
l. Total Federal program income earned	0.00
m. Program Income expended in accordance with the deduction alternative	0.00
n. Program Income expended in accordance with the addition alternative	0.00
o. Unexpended program income (line l minus line m or line n)	0.00

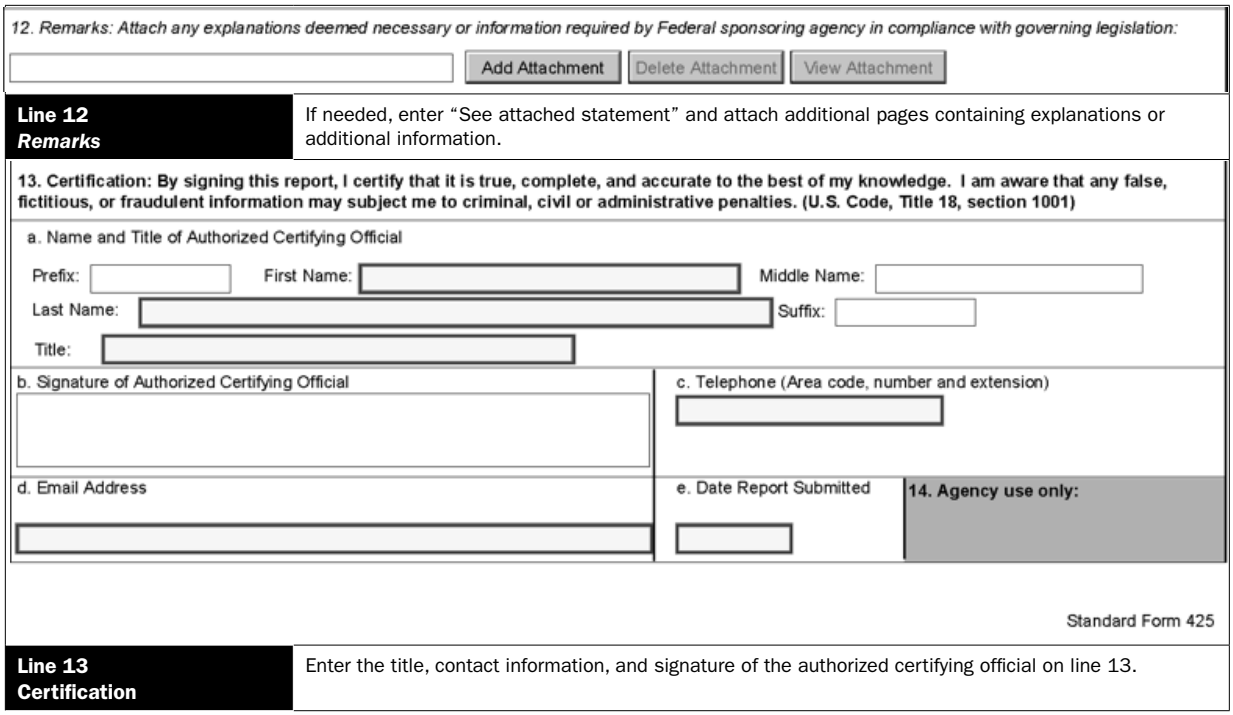
Line 10 Transactions	Enter cumulative amounts from date of the inception of the award through the end date of the reporting period specified in line 9. Use Lines 10a through 10o.
Federal Cash	
Line 10a Cash Receipts	Enter the amount of federal cash that the grantee has drawn down from the 2018 grant award in the DPM account during the reporting period.
Line 10b Cash Disbursements	Enter the amount of federal cash reported on Line 10a that has been disbursed to pay or reimburse LITC expenses during the reporting period.
Line 10c Cash On Hand (Line 10a minus Line 10b)	Enter the amount of Line 10a minus Line 10b. **Note:** Line 10c cannot be a negative number because a grantee cannot have disbursed more federal cash than it has drawn down.
Federal Expenditures and Unobligated Balance	
Line 10d Total Federal funds authorized	Enter the total amount of LITC grant funds awarded for 2018.
Line 10e Federal share of expenditures	Enter the amount of federal funds expended during the reporting period. Cash basis reporters generally expend funds when an expense is paid; accrual basis reporters generally expend funds when an expense is incurred.
Line 10f Federal share of unliquidated obligations	Enter the amount of Federal funds that represent expenses incurred but not yet paid as of the end of the reporting period, if not reported on Line 10e. Cash basis reporters may need to enter an amount on this line; for accrual basis reporters the amount on this line will likely be zero.
Line 10g Total Federal share (sum of Lines 10e and 10f)	Enter the sum of Lines 10e and 10f.
Line 10h Unobligated balance of Federal funds (Lines 10d minus 10g)	Enter the amount of Line 10d minus Line 10g. **Note:** On the Year-End Report, the amount shown on this line represents unspent grant funds and must be explained in the narrative on Form 13424-L, *Statement of Grant Expenditures*.

Recipient Share	
Line 10i Total recipient share required	Enter the amount of matching funds required for grant year 2018. This amount should be the same as Line 10d because the LITC grant requires a dollar-for-dollar match.
Line 10j Recipient share of expenditures	Enter the amount of matching funds expended during the reporting period specified on line 9, including the value of all third party in-kind contributions.
Line 10k Remaining recipient share to be provided (Line 10i minus Line10j)	Enter the amount of Line 10i minus Line 10j. If recipient share in Line 10j is greater than the required match amount in Line 10i, enter zero.
Program Income	
Line 10l Total Federal program income earned	Enter the amount of any nominal fees or other program income earned during the reporting period. Do not report any program income here that is being allocated as part of the recipient's cost sharing amount included in Line 10j.
Line 10m Program income expended in accordance with the deduction alternative	Enter ***0***.
Line 10n Program income expended in accordance with the addition alternative	Enter the amount of program income that was added to funds committed to the total project costs and expended to further eligible project or program activities.
Line 10o Unexpended program income (Line 10l minus Line 10m or Line 10n)	Enter the amount of Line 10l minus Line 10m and Line 10n. This amount equals the program income that has been earned but not expended, as of the reporting period end date.

11. Indirect Expense

a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
			g. Totals:			

Line 11 Indirect Expense	**Only grantees using an indirect cost rate should complete this section.** Enter cumulative amounts from date of the inception of the award through the end date of the reporting period specified on line 9. **Otherwise, skip to line 12.**
Line 11a Type of rate	State whether indirect cost rate is Provisional, Predetermined, Final, Fixed, or *de minimis*.
Line 11b Rate	Enter the indirect cost rate in effect during the reporting period.
Line 11c Period From; Period To	Enter the beginning and ending effective dates for the rate.
Line 11d Base	Enter the amount of the base against which the rate(s) was applied.
Line 11e Amount Charged	Enter the amount of indirect costs charged during the time period specified. (Multiply 11b. x 11d.)
Line 11f Federal Share	Enter the amount of grant funds awarded for the reporting period which were allocated to indirect costs.
Line 11g Totals	Enter the totals for columns 11d, 11e, and 11f.


12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:

Add Attachment | Delete Attachment | View Attachment

13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil or administrative penalties. (U.S. Code, Title 18, section 1001)

a. Name and Title of Authorized Certifying Official

Prefix: First Name: Middle Name:

Last Name: Suffix:

Title:

b. Signature of Authorized Certifying Official

c. Telephone (Area code, number and extension)

d. Email Address

e. Date Report Submitted

14. Agency use only:

Standard Form 425

Line 12 ***Remarks***	If needed, enter "See attached statement" and attach additional pages containing explanations or additional information.
Line 13 **Certification**	Enter the title, contact information, and signature of the authorized certifying official on line 13.

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)	Page	of
Internal Revenue Service	18LITCxxxx	1	1 pages

3. Recipient Organization (Name and complete address including Zip code)
ABC Legal Services LITC, 324 Georgia Blvd., Anytown, CA 99999-1234

4a. DUNS Number	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)	6. Report Type	7. Basis of Accounting
98-765-4321	12-3456789	18LITC99999	○ Quarterly ○ Semi-Annual ◉ Annual ○ Final	☐ Cash ☒ Accrual

8. Project/Grant Period From: (Month, Day, Year)	To: (Month, Day, Year)	9. Reporting Period End Date (Month, Day, Year)
01/01/2018	12/31/2018	12/31/2018

10. **Transactions**	Cumulative
(Use lines a-c for single or multiple grant reporting)	
Federal Cash (To report multiple grants, also use FFR Attachment):	
a. Cash Receipts	90,000
b. Cash Disbursements	90,000
c. Cash on Hand (line a minus b)	0
(Use lines d-o for single grant reporting)	
Federal Expenditures and Unobligated Balance:	
d. Total Federal funds authorized	90,000
e. Federal share of expenditures	90,000
f. Federal share of unliquidated obligations	0
g. Total Federal share (sum of lines e and f)	90,000
h. Unobligated balance of Federal funds (line d minus g)	0
Recipient Share:	
i. Total recipient share required	90,000
j. Recipient share of expenditures	102,749
k. Remaining recipient share to be provided (line i minus j)	0
Program Income:	
l. Total Federal program income earned	0
m. Program income expended in accordance with the deduction alternative	0
n. Program income expended in accordance with the addition alternative	0
o. Unexpended program income (line l minus line m or line n)	0

11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
	Predetermined	10%	01/01/2018	12/31/2018	77,642	7,764	7,764
				g. Totals:	77,642	7,764	7,764

12. *Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:*

13. Certification: By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and intent set forth in the award documents. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)

a. Typed or Printed Name and Title of Authorized Certifying Official	c. Telephone (Area code, number and extension)
	d. Email address
b. Signature of Authorized Certifying Official	e. Date Report Submitted (Month, Day, Year)
	14. Agency use only:

Standard Form 425 - Revised 6/28/2010
OMB Approval Number: 0348-0061
Expiration Date: 10/31/2011

Paperwork Burden Statement
According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0061), Washington, DC 20503.

EXAMPLE

Form **13424-L** (Arpil 2016)	Department of the Treasury - Internal Revenue Service **Statement of Grant Expenditures**	OMB Number 1545-1648

Name of Low Income Taxpayer Clinic
ABC Legal Services LITC

Grant Period
From 01/01/2018 **To** 12/31/2018

Expense Categories	Federal	Match	Total
A. Personnel	80,355	35,000	115,355
B. Fringe Benefits	1,525	21,546	23,071
C. Travel	1,000	1,287	2,287
D. Equipment	0	0	0
E. Supplies	0	1,856	1,856
F. Contractual	0	11,590	11,590
G. Construction			
H. Other Expenses	0	29,522	29,522
I. Total Direct Charges	82,880	100,801	183,681
J. Indirect Charges	7,120		7,120
K. Totals	90,000	100,801	190,801

EXAMPLE

Grant Expenditures Narrative Explanations

A. Personnel

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

Clinic Director/QTE – John Fordham, Attorney - .80 FTE Annual Salary $89,000 x 0.80 = $71,200. Source of funds expended: $50,000 paid from federal funds, $20,000 paid from Legal Service Corporation (LSC), and $1,200 paid from private contributions.

Paralegal – Alice Gonzaga - .43 FTE - $22.00/hr x 900 hrs = $19,800. Source of funds expended: $10,000 paid from federal funds and $9,800 paid from XYZ Private Foundation funds.

Intake – Ruth Washington - .46 FTE - $15.00/hr x 957 hrs = $14,355. Source of funds expended: $14,355 paid from federal funds.

Receptionist – Debra Chapman – .33 FTE – Annual Salary $30,000 x 0.33 = $10,000. Debra provided administrative and clerical support to 3 programs including the LITC program. Her time was allocated as 1/3 to each program. Source of funds expended: $6,000 paid from federal funds and $4,000 paid from private cash contributions.

B. Fringe Benefits

Fringe benefits are calculated as 20% of wages, $115,355 x .20 = $23,071.
Fringe benefits represent the cost of Social Security and Medicare taxes, State Unemployment taxes, health insurance premiums, life insurance, and employer pension plan contribution.
Source of funds expended: $1,525 paid from federal funds and $21,546 paid from XYZ Private Foundation funds.

C. Travel

$1,915 for Clinic Director John Fordham to attend the LITC Conference.
Local travel to conduct educational and outreach activities. $45 parking and $327 mileage (611 miles at $.535 per mile).
Source of funds expended: $1,000 paid from federal funds and $1,287 paid from XYZ Private Foundation funds.

D. Equipment

N/A

E. Supplies

ABC Legal Services uses a full-time equivalent (FTE) method to allocate certain direct shared expenses, including Supplies, Telephone and Internet, and 2 CFR § 200.501 Audit Cost. Under this method, the allocation percentage is determined by dividing the FTEs of employee time devoted to the LITC program by the total FTEs available in the ABC Legal Services organization. The LITC program staffing was 2.02 FTEs (.80 FTE for John Fordham + .43 FTE for Alice Gonzaga + .46 FTE for Ruth Washington + .33 FTE for Debra Chapman = 2.02 FTEs). Total FTEs in the ABC Legal Services organization is 40 FTEs. The ratio of shared expenses is 5.0% (2.02 / 40).

Total cost expended on supplies for the organization was $37,112 and included the cost of laptop computers, printers, copy paper, toner, pens, pencils, envelopes, postage, etc.
$37,112 x 5.0% = $1,856.
Source of funds expended: $1,856 from XYZ Private Foundation funds.

F. Contractual

Rent - Facilities costs are generally included in the Indirect Cost Rate Agreement. However, the organization rented off-site space at Neighborhood Drop-In, a community based organization, solely to conduct weekly intake. The cost of the space was $500 per month.
$500/mo x 12 mos = $6,000.
Source of funds expended: $6,000 XYZ Private Foundation funds.

Telephone and Internet – These costs are shared expenses and are charged to the LITC using the FTE allocation methodology explained above.
The organization's total telephone and internet cost was $36,020.
$36,020 x 5.0% = $1,801.

FAX PDF

Source of funds expended: $1,801 XYZ Private Foundation funds.

2 CFR § 200.501 Audit – This cost is a shared expense and is charged to the LITC using the FTE allocation methodology explained above.
The organization's total A-133 audit cost was $21,000.
$21,000 x 5.0% = $1,050.
Source of funds expended: $1,050 private cash contributions.

Advertising costs – These costs were incurred solely to publicize the LITC program and were not a shared expense.
Advertising for LITC representation and education services costs were $2,739.
• Source of funds expended: $2,739 private cash contributions.

G. Construction

H. Other Expenses
Third-party in-kind contributions:

Representation services: $200/hr x 103 hrs = $20,600.
Non-representation services:
Volunteer attorneys contributed services including research, consultations, and review of educational materials. Valuation rate is the same as pay rate for staff attorney John Fordham. ($43.27/hr + $8.65/hr fringe) = $51.92/hr x 111 hrs = $5,763.
A bilingual Enrolled Agent provided services including ESL consultations and review of educational materials. Valuation rate is consistent with those paid for similar work in the labor market and were determined using BLS information for the locality plus reasonable fringe. ($22.50/hr + $4.50/hr fringe) = $27/hr x 80 hrs = $2,160.
Law students assisted by representing taxpayers before the IRS pursuant to a special appearance authorization. Valuation rate is $18.17/hr which represents 35% of the staff attorney's pay rate, including fringe. (Note: students are not permitted to use the $200/hr rate available to other qualified representatives.) $18.17/hr x 55/hrs = $999.

I. Total Direct Charges

J. Indirect Costs
The organization has an approved Indirect Cost Rate Agreement of 20% of direct salaries. However, the organization has agreed to charge the LITC program a reduced rate of 10%.
• $77,642 x 10% = $7,764.

Matching Funds
• Total matching funds were $100,801 from the following sources:
• $20,000 cash from Legal Services Corporation funding.
• $42,290 cash from XYZ Private Foundation.
• $8,989 cash from private contributions.
• $29,522 third-party in-kind contributions of services donated by volunteers.

Unused Grant Funds
None

EXAMPLE

Additional Funding Request *(Interim Report ONLY)*
Year-End report. N/A

EXAMPLE

Instructions for Form 13424-L, Statement of Grant Expenditures

Purpose

This form is used to report how federal grant funds and matching funds were spent by the clinic during the reporting period. This form is also used to report a narrative explanation of how each expense amount was calculated and the sources and valuation of matching funds. All expenses must be reasonable, necessary, and allocable to this grant. See Publication 3319 or 2 CFR Part 200 for guidance on costs and matching funds.

Note: Grant expenditure amounts must also be reported on SF 425.

Reporting Requirements

All clinics must complete this form. See Publication 3319 for additional information.

Reporting Period

Clinics are required to report on LITC activities twice for each grant year. The grant year is January 1 through December 31 for the year in which a grant award is received. An Interim Report is required to report expenditures incurred for the period from January 1 through June 30; a Year-End Report is required to report expenditures incurred for the entire grant year, the period from January 1 through December 31.

Specific Instructions

Important:

1. Each letter of the Grant Expenditures Narrative corresponds to an expense category in the Statement of Grant Expenditures. The information provided in the narrative should be sufficiently detailed so that a reviewer can arrive at the same amounts listed on the Statement of Grant Expenditures by expense and by category (federal or match).
2. Each line item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds expended.
3. The total amount reported on this form for expenditure of Federal funds (line K, Federal column) must be the amount of federal funds spent during the reporting period; do not include any amounts drawn from the award using the Payment Management System (PMS), but not spent. The PMS is operated by the Department of Health and Human Services, Division of Payment Management.

A. Personnel

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

1. **State the Full-Time Equivalent (FTE)**. List number of hours worked by a full-time employee in a single week. Determine the number of FTE hours in the reporting period *(Number of weeks in period multiplied by hours worked by a full-time employee in one week (e.g., 26 weeks x 37.5=975 hours))*.
2. **Calculate the FTE for each clinic employee**. Determine each clinic staff member’s full-time equivalent. Take the staff member’s total hours worked for the clinic and divide it by total hours in the reporting period. For staff assigned to LITC activities on a percent of total working hours, convert the applicable percentage into a decimal.

Note: If a staff member is full-time with the organization but only a partial FTE for the clinic, multiply the FTE times the full-time salary to arrive at the proper amount to include as a personnel expense.

3. **Calculate the personnel expense for each staff member**. Personnel expense can be calculated as a percent of total time/FTE multiplied by salary, or by multiplying the number of hours worked by the applicable hourly rate.
4. **Determine and list out the dollar amount attributable to federal and match**.
5. **List sources of match**.

B. Fringe Benefits

Report fringe benefits that were paid on behalf of LITC staff whose wages and salaries are reported in personnel costs (category A above). In the explanation state the fringe benefits rate(s), the items that constitute the fringe benefits, what portion was paid by federal funds and matching funds, and the source of matching funds. Identify the rate applicable to each staff position if varying rates apply by position.

1. Show the formula (methodology) for calculating fringe benefits for each position listed in Category A.
2. State what items are included in fringe benefits.
3. Provide the dollar amount attributable to federal and match.
4. Source of matching funds

C. Travel

Report travel costs, including costs associated with attendance at the annual LITC conference and other travel expenses directly related to conducting LITC business or activities. In the explanation, identify the travel costs listed, whether the costs were paid with federal or matching funds, and the source of the matching funds. If using a mileage rate, show the computation.

D. Equipment

Report the cost of equipment that was purchased by the clinic and used in operating an LITC program. Donated equipment may be included as matching funds and must be valued at the fair market value of the property at the time of the donation. In the explanation, identify the equipment purchased or donated, whether the associated costs were paid using federal or matching funds, and the source of the matching funds. If there were third-party in-kind contributions of equipment, identify the equipment, the donor, and how the valuation was determined. Only equipment costing $5,000 or more is included in the category; equipment costing less is included in category E.

E. Supplies

Report the cost of supplies and equipment costing less than $5,000 that were used in operating the LITC. Donated supplies may be included as matching funds and must be valued at the fair market value of the property at the time of the donation. In the explanation, identify:

- The value of supplies used;
- Whether the associated costs were paid using federal or matching funds; and
- Source of the matching funds.

If there are third-party in-kind contributions of supplies, explain the amount of the supplies contributed and how the valuation was determined, as well as the source of the donation.

F. Contractual

Report the cost of rent, utilities, and other contracted items or services that were used in operating an LITC program. Donated space may be included as matching funds and the value assigned may not exceed the fair rental value of comparable space. The explanation should identify:

- Nature of the expense;
- Whether the associated costs were paid using federal or matching funds; and
- Source of the matching funds.

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

There are two acceptable methodologies for calculating federal funds allocable to indirect costs:

1. Indirect Cost Rate Agreement
   a. Must be approved in advance;
   b. Agreement must set forth cost items included in the rate; and
   c. The clinic may not charge items included in the rate as separate expense items.
2. *De Minimis* 10 percent rate
   a. Rules are set forth in 2 CFR Part 200;
   b. Clinics that elect to use the *de minimis* rate are prohibited from charging administrative or facility costs as separate expense items.

For example, if a clinic is part of a larger organization that has an Indirect Cost Rate Agreement and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual expense category. Similarly, if the clinic elects to use the 10 percent *de minimis* rate to charge indirect costs on all of its federal awards, no facilities and administration costs may be charged as direct costs.

G. Construction

Not applicable to this grant. No expenses are allowed.

H. Other Expenses

Report all other direct costs that were incurred in operating an LITC program that are not properly included in categories A through G. The value of volunteer inkind services is included in this category as matching funds. The explanation should identify:

- The type of expense;
- Whether the cost was paid using federal or matching funds; and
- Source of the matching funds.

The explanation must also disclose the rate or rates that were used to value volunteer in-kind services and the number of volunteer hours that were provided, categorized by type of service or volunteer, as appropriate. See Publication 3319 for more information.

I. Total Direct Charges

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

J. Indirect Charges

Report indirect costs not directly related to the LITC program, but incurred as part of the general overhead and administration of the grantee. Indirect charges may be charged as a use of federal funds based upon an approved Indirect Cost Rate Agreement or the 10% *de minimis* rate allowed under 2 CFR Part 200. However, indirect charges may not be counted as matching funds and the rate may only be applied to the base paid with federal funds. The narrative explanation should identify the indirect cost rate, the base to which the rate was applied, and the computation for the indirect charges amount. Briefly summarize the expenses included in the indirect cost rate agreement.

Note: If indirect costs were charged to the LITC grant, no items that are included in the indirect cost rate or the *de minimis* rate may be charged as direct expenses. For example, if a clinic is part of a larger organization that has an Indirect Cost Rate Agreement and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual expense category. Similarly, if the clinic elects to use the 10% *de minimis* rate to charge indirect costs on all of its federal awards, no facilities and administration costs may be charged as direct costs, See Publication 3319 or 2 CFR Part 200 for guidance on indirect charges.

Matching Funds

Complete this section by providing a narrative that includes an explanation of the sources and amounts of matching funds. The clinic must state explicitly that matching funds provided to the LITC program (1) were not used as matching funds for any other federal program and (2) were not funds received from any other federal grant unless specifically authorized by statute to be used as matching funds.

1. List Amount of Match by Source
2. List total of all Match Funding

Unused Grant Funds

Complete this section for the Interim Report by providing a statement as to whether the clinic will spend its entire LITC grant award by the end of the grant year. In the event the clinic anticipates that it will not spend its entire award, the clinic must contact the LITC Program Office immediately so the funds can be redistributed to other grantees.

Complete this section for the Year-End Report if the amount of unused grant funds at the end of the grant year exceeds $500. Include the reason(s) why excess grant funds were not expended or made available for redistribution to other grantees and whether this was due to a one-time occurrence or an ongoing issue.

Additional Funding Request (Interim Report ONLY)

If you wish to request additional LITC grant funds for the current grant year (to be used before December 31), and your LITC grant award is less than $100,000, indicate the amount of additional funds requested, the expense category or categories where the funds will be spent, and the amount and source of matching funds that will be provided if the additional funding is awarded. The total funds requested for the grant year may not exceed $100,000. See IRC § 7526(c)(2).

Hint: After entering amounts into the Grant Expenditures Narrative, verify that the sum of the amounts listed under each expense type and each category (federal/match) are consistent with the amounts listed on the Statement of Grant Expenditures.

Note: Interim and Year-End Reports, including this form (Form 13424-L) may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

Form **13424-N** (April 2016)	Department of the Treasury - Internal Revenue Service **Low Income Taxpayer Clinic (LITC) Program Narrative Report**	OMB Number 1545-1648

Name of clinic

Grant year

Reporting period

☐ Interim report – January 1 through June 30 ☐ Year-End report – January 1 through December 31

A response is required for each narrative item. If an item is not applicable, state "N/A." Please limit responses to activities conducted during the reporting period indicated above. Year-End reports may contain internal references to Interim reports of the same grant year.

1. Program plan progress

Provide a detailed explanation of the progress made in implementing the program plan during the reporting period. The explanation must address the following:

i. Describe the progress in meeting the proposed goals (including numeric goals) and objectives and the efforts taken to achieve those results.

ii. Describe any impediments to meeting established goals and objectives, and efforts made to overcome them. Order the impediments from most to least significant.

2. Grant requirements

Provide information about the following items:

i. Describe any changes in LITC staff or how staff is deployed, if applicable.

ii. Describe the training provided to clinic staff, students, and volunteers. Include the topics covered during training, the number of training hours, and the training provider.

iii. Describe any mentoring or networking activities conducted. Identify who is being mentored and the frequency of mentoring meetings.

iv. Describe the outreach activities reported on Form 13424-A, line 1d. Identify the intended audience, and include a description of types of outreach activities, including whether each activity was a one-time or ongoing effort.

v. Describe the types of issues and questions addressed in the technical assistance consultations reported on Form 13424-A, line 7.

vi. Describe the reasons for seeking assistance from the Taxpayer Advocate Service (TAS) and the assistance TAS provided in cases reported on Form 13424-A, line 8.

vii. Explain the circumstances surrounding the representation of taxpayers whose amount in controversy exceeds $50,000 as reported on Form 13424-K, line 3. Include the issues creating the tax controversy and an explanation of why an exception was made to the general amount in controversy limitation.

viii. List any changes in days or hours of operation, if applicable.

ix. Describe any advocacy efforts or other activities, not described previously, through which the clinic contributed to ensuring the fairness and integrity of the tax system with regard to low income or ESL taxpayers.

3. Emerging issues

Briefly describe any frequently encountered or ongoing trends identified through the clinic's work on behalf of low income or ESL taxpayers during the reporting period. Order the issues from most to least significant. Do not include specific taxpayer identifying information.

4. Success Stories

Briefly describe any relevant success stories. These may include stories about a particular case or activity; however, do not include specific taxpayer identifying information.

5. Last year in LITC Program *(Year-End reports only)*

If the grantee will not be continuing in the LITC Program for the upcoming grant year, please detail the steps taken to resolve any open cases or obtain new representation for current clients.

Instructions for Form 13424-N, Low Income Taxpayer Clinic (LITC) Program Narrative Report

Note: Interim and Year-End Reports, including this form (Form 13424-N), may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

Purpose

This form is used to report information about certain representation, education, and advocacy work the clinic performed during the reporting period. This form is used to report narrative explanations of the program plan, how the clinic is able to meet the requirements of the grant, trends in the types of cases encountered, and success stories of note that occurred during the reporting period. This form also provides an opportunity to supplement responses from other reporting forms included in the Interim and Year-End Report that relate to representation, education, and advocacy efforts.

This form is also used to report the steps taken to resolve open cases and provide ongoing representation, where appropriate, for clinics that will no longer be participating in the LITC grant program in the next grant period.

The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low income and English as a Second Language (ESL) taxpayers. Please be careful to follow the instructions for this form and to report all information completely and accurately.

Reporting Requirements

All clinics must complete this form. See Publication 3319 for additional information.

Reporting Period

Clinics are required to report on LITC activities twice for each grant year. The grant year is January 1 through December 31 for the year in which a grant award is received. An Interim Report is required to report activities conducted for the period from January 1 through June 30; a Year-End Report is required to report activities conducted for the entire grant year, the period from January 1 through December 31. Check the appropriate box at the beginning of the form indicating for which period the report is being completed.

Specific Instructions

Program Plan Progress

Report the progress made in implementing the program plan during the reporting period in this section. Include the a description of the progress made in meeting the numerical and substantive goals and objectives, respectively, that were detailed in the grant application on Form 13424-M, *Low Income Taxpayer Clinic (LITC) Application Narrative*, or as revised in any amendments or continuing funding requests.

Note: Responses in the Interim Report should not be repeated in the Year-End Report without providing additional information about activities in the second half of the reporting period.

Grant Requirements

Report how certain requirements of the LITC grant are fulfilled in this section. Use line 2.ix to supplement responses from other reporting forms included in the Interim and Year-End Report that relate to representation, education, and advocacy efforts

Note: Responses in the Interim Report should not be repeated in the Year-End Report without providing additional information about activities in the second half of the reporting period.

Emerging Issues

Report frequently encountered trends identified in the types of cases encountered through work on behalf of low income or ESL taxpayers during the reporting period in this section. Do not include any confidential or personally identifiable taxpayer information. See Publication 3319 for additional information about confidentiality.

Note: Responses in the Interim Report should not be repeated in the Year-End Report without providing additional information about activities in the second half of the reporting period.

Success Stories

Report notable stories of achievement of the LITC mission that occurred during the reporting period in this section. The response should describe particular cases or activities but do not include any confidential or personally identifiable taxpayer information. See Publication 3319 for additional information about confidentiality.

Note: For purposes of reporting Success Stories on this form (Form 13424-N), clinics are not required to repeat information included in the Interim Report on the Year-End Report. Report advocacy work performed between January 1 and June 30 on the Interim Report, and report advocacy work performed between July 1 and December 31 on the Year-End Report.

Last Year in LITC Program

Only complete this section if included with a final Year-End Report of a clinic that will not be receiving LITC grant funding in the next grant period. If the clinic will no longer be participating in the LITC grant program, report the steps taken to resolve open cases and provide ongoing representation, where appropriate.

Form **13424-A** (April 2016)	Department of the Treasury - Internal Revenue Service **Low Income Taxpayer Clinic (LITC) General Information Report**	OMB Number 1545-1648

Name of clinic | Grant year

Reporting Period ☐ Interim Report - January 1 through June 30 ☐ Year-End Report - January 1 through December 31

Outreach Activities

For a definition of Outreach Activities, see form instructions.

1	A. Number of outreach activities conducted for ESL taxpayers	
	B. Number of outreach activities conducted for non-ESL taxpayers (do not include activities reported on line A above)	
	C. Number of outreach activities conducted for other organizations that serve ESL or low income taxpayers (do not include activities reported on line A or B above)	
	D. Total outreach activities (add lines 1A through 1C)	

Educational Activities

For a definition of Educational Activities, see form instructions.

2	A. Number of educational activities conducted for ESL taxpayers	
	B. Number of educational activities conducted for non-ESL taxpayers (do not include activities reported on line A above)	
	C. Number of educational activities conducted for other organizations that serve ESL or low income taxpayers (do not include activities reported on line A or B above)	
	D. Total number of educational activities (add lines 2A through 2C)	
3	A. For the educational activities reported on line 2A, enter the total number of attendees	
	B. For the educational activities reported on line 2B, enter the total number of attendees	
	C. For the educational activities reported on line 2C, enter the total number of attendees	
	D. Total number of attendees at educational activities (add lines 3A through 3C)	

4 List the topics that were covered during the educational activities reported on line 2. Do not repeat topics on multiple lines.

A.		H.	
B.		I.	
C.		J.	
D.		K.	
E.		L.	
F.		M.	
G.		N.	

5 List the languages, other than English, in which educational activities were conducted

A.		E.	
B.		F.	
C.		G.	
D.		H.	

Name of clinic

Consultations

For a definition of Consultation, see form instructions.

6	A. Number of consultations conducted with ESL taxpayers	
	B. Number of consultations conducted with non-ESL taxpayers	
	C. Total number of consultations (add lines 6A and 6B)	
7	Number of technical assistance consultations conducted	

TAS Assistance

8	Number of cases from Form 13424-K, line 1C where TAS provided assistance	

Tax Returns and Other Documents

9	A. Number of tax returns prepared ancillary to ESL activities	
	B. Number of tax returns prepared to resolve a controversy	
	C. Total number of tax returns prepared (add lines 9A and 9B)	
10	Number of Individual Taxpayer Identification Number (ITIN) applications prepared	

Volunteer Activities

11	Does the organization have a *pro bono* panel ☐ Yes ☐ No	
12	Number of volunteers that provided service to the clinic during the reporting period who are:	
	A. Attorneys	
	B. Certified Public Accountants	
	C. Enrolled Agents	
	D. Interpreters / Translators	
	E. Students	
	F. Others	
	G. Total number of volunteers (add lines 12A through 12F)	
13	Total number of hours of service provided by volunteers	

Student Representation

14	Number of students authorized to practice before the IRS	
15	Number of students receiving academic credit for clinic work	

Professional Education Activities

16	Number of professional education (CPE or CLE) credits available through presentations conducted during the reporting period	

17 List the topics covered during CPE or CLE presentations. Do not repeat topics on multiple lines.

A.		F.	
B.		G.	
C.		H.	
D.		I.	
E.		J.	

Instructions for Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report

Note: Interim and Year-End Reports, including this form (Form 13424-A), may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

Purpose

This form is used to report information about certain work the clinic performed during the reporting period. This form is used to report all outreach activities, educational activities, consultations, referrals, tax return and other document preparation, volunteer activities, work performed by students, and professional education activities conducted during the reporting period.

The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low income and English as a Second Language (ESL) taxpayers. Please be careful to follow the instructions for this form and to report all information completely and accurately. If additional room is necessary to provide details about the activities reported on this form, include such details in the Program Narrative on Form 13424-N, where appropriate.

Reporting Requirements

All clinics must complete this form. See Publication 3319 for additional information.

Reporting Period

Clinics are required to report on LITC activities twice for each grant year. The grant year is January 1 through December 31 for the year in which a grant award is received. An Interim Report is required to report activities conducted for the period from January 1 through June 30; a Year-End Report is required to report activities conducted for the entire grant year, the period from January 1 through December 31. Check the appropriate box at the beginning of the form indicating for which period the report is being completed.

Specific Instructions

Outreach Activities

Report all outreach activities conducted during the reporting period in this section. Outreach activities are efforts designed to publicize the clinic and its services. Outreach activities may involve direct communication with taxpayers or be accomplished indirectly through other organizations or groups that assist low income or ESL taxpayers. Examples of outreach activities include a presentation about clinic services made to taxpayers, a campaign to distribute clinic flyers or other marketing materials to local social services organizations, or staffing a table at a community event such as a fair, forum, or meeting to inform the public about clinic services.

LITCs are encouraged to identify particular linguistic populations, geographic service areas, or other segments of the low income taxpayer community in which to focus outreach efforts.

Determine whether to record an outreach activity on line 1A, 1B, or 1C by looking to the primary intended audience of the activity, rather than the actual attendees. Outreach activities primarily intended to reach ESL taxpayers should be reported on line 1A, activities primarily intended to reach non-ESL taxpayers in general should be reported on line 1B, and those intended for other organizations that assist ESL or low income taxpayers should be reported on line 1C. Report each outreach activity only once on line 1A, 1B, or 1C.

Note: A single outreach activity may span multiple days. For example, if a clinic staffs a booth for multiple days at a week-long event, that should be counted as one outreach activity. Additional details about the extent of such efforts can be included in the program narrative.

Note: A campaign that involves sending the same or similar letters to multiple recipients should be counted as a single outreach activity.

Line 1A. Report on this line the number of outreach activities conducted for ESL taxpayers.

Line 1B. Report on this line the number of outreach activities conducted for non-ESL taxpayers.

Line 1C. Report on this line the number of outreach activities conducted for other organizations that assist ESL or low income taxpayers. For example, the clinic meets with board members of a local church in preparation for the church's upcoming clothing drive to benefit the homeless. The clinic requests that the church inform low income and ESL taxpayers about the clinic's services. The clinic would record those efforts as a single outreach activity on line 1C.

Line 1D. Report on this line the total number of outreach activities conducted during the reporting period. The number reported on this line should equal the total of lines 1A, 1B and 1C. A description of the activities must be included in the Program Narrative on Form 13424-N, line 2.iv. See Publication 3319 for additional information.

Educational Activities

Report all educational activities conducted during the reporting period in this section. Educational activities are programs designed to inform ESL or low income taxpayers about their rights and responsibilities as taxpayers, as well as tax issues of particular significance to the intended audience. Educational activities may also be conducted for other organizations that assist low income or ESL taxpayers. In order to be considered an educational activity, information about a specific tax topic or topics must be conveyed to the audience. Examples of educational activities include a presentation about tax collection issues made to ESL taxpayers, a workshop for low income workers about how to properly complete a Form W-4 for withholding, or the distribution to community case workers of a social services organization of written materials about earned income tax credit (EITC) eligibility rules that they can share with their clients.

Determine whether to record an educational activity on line 2A, 2B, or 2C by looking to the primary intended audience of the activity, rather than the actual attendees. Educational activities primarily intended to reach ESL taxpayers should be reported on line 2A, activities primarily intended to reach non-ESL taxpayers in general should be reported on line 2B, and those intended for other organizations that assist ESL or low income taxpayers should be reported on line 2C. Report each educational activity only once on line 2A, 2B, or 2C. Do not include any activities recorded as Outreach on lines 1A through 1D.

Note: Educational activities are intended to have attendees. Do not report the posting of educational materials to a website or the distribution of educational materials via social media as educational activities. These activities are properly reported on Form 13424-C, *Low Income Taxpayer Clinic (LITC) Advocacy Information Report*, Part II, *Published Materials*.

Line 2A. Report on this line the number of educational activities conducted for ESL taxpayers.

Line 2B. Report on this line the number of educational activities conducted for non-ESL taxpayers.

Line 2C. Report on this line the number of educational activities conducted for other organizations that assist ESL or low income taxpayers.

Line 2D. Report on this line the total number of educational activities conducted during the reporting period. The number reported on this line should equal the total of lines 2A, 2B, and 2C.

Line 3A. Report on this line the total number of attendees at all educational activities conducted for ESL taxpayers during the reporting period.

Line 3B. Report on this line the total number of attendees at all educational activities conducted for non-ESL taxpayers during the reporting period.

Line 3C. Report on this line the total number of attendees at all educational activities conducted for service providers during the reporting period.

Line 3D. Report on this line the total number of attendees at all educational activities conducted during the reporting period. The number reported on this line should equal the total of lines 3A, 3B, and 3C.

Line 4. List the topics that were covered during the educational activities reported on lines 2A through 2C. Report each topic on a separate line. Do not repeat the same topic on multiple lines. If a topic was presented at multiple events, you may list the number of times the topic was presented. For example, you may enter “EITC x 4” to indicate you held four presentations on the Earned Income Tax Credit during the reporting period.

Line 5. List the languages, other than English, in which educational activities were conducted. Report each language on a separate line.

Consultations

Report all consultations conducted during the reporting period in this section. A consultation is a discussion with a taxpayer designed to provide advice or counsel about a specific tax matter that does not result in representation of the taxpayer. If a clinic undertakes representation of a taxpayer before a court or the IRS, then that matter should not be reported on this form as a consultation, but rather reported as a case on Form 13424-K, Case Information. A technical assistance consultation is a discussion with a practitioner or other service provider designed to give brief advice about a tax issue. For example, if a clinic staff member addresses a tax-related question for a staff member of another legal services organization, that communication should be counted as a technical assistance consultation.

Line 6A. Report on this line the number of consultations conducted with ESL taxpayers.

Line 6B. Report on this line the number of consultations conducted with non-ESL taxpayers.

Line 6C. Report on this line the total number of consultations conducted with taxpayers during the reporting period. The number reported on this line should equal the total of lines 6A and 6B.

Line 7. Report on this line the number of technical assistance consultations conducted with a practitioner or other service provider during the reporting period. A description of the types of issues and questions addressed in the consultations must be included in the Program Narrative on Form 13424-N, line 2.v. See Publication 3319 for additional information.

Referrals

Line 8. Report on this line the number of cases reported on Form 13424-K, line 1C, for which the Taxpayer Advocate Service (TAS) provided assistance during the reporting period. A description of the reasons for seeking TAS assistance must be included in the Program Narrative on Form 13424-N, line 2.vi. See Publication 3319 for additional information.

Tax Returns and Other Documents

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 dispute with the IRS or is an ancillary part of the LITC's ESL education. The clinic may not charge a fee (even if it is a nominal fee) for the preparation of a tax return. An LITC or an individual associated with an LITC that adheres to this policy is specifically excluded from the definition of a "Tax Return Preparer" as set forth in Treas. Reg. § 301.7701-15(f).

Do not count returns that are prepared but not submitted to the IRS. Do not report any state tax returns that were prepared, only federal returns.

Line 9A. Report on this line the number of tax returns prepared ancillary to ESL activities. Ancillary tax return preparation must be incidental to the clinic's primary mission and the program may only provide such assistance if the request to do so arises from the clinic's primary outreach and educational activities.

Line 9B. Report on this line the number of tax returns prepared to resolve a controversy.

Line 9C. Report on this line the total number of tax returns prepared during the reporting period. The number reported on this line should equal the total of lines 9A and 9B.

Line 10. Report on this line the number of Individual Taxpayer Identification Number (ITIN) applications (Form W-7) prepared during the reporting period.

Volunteer Activities

Line 11. Check the appropriate box to indicate whether the clinic maintains a *pro bono* panel to which taxpayers can be referred for controversy representation.

Lines 12A-F. In this section, report on the number of volunteers who provided service to the clinic during the reporting period. Count each volunteer only once, based on the category of services the volunteer typically provides to the clinic. For example, if an enrolled agent is multilingual and also provides translation services, you may note that in the Program Narrative on Form 13424-N line 2.ix; however the clinic should only count that volunteer as either an enrolled agent or an interpreter/translator, not both. Do not include any individuals receiving compensation from the clinic, or any students receiving academic credit as volunteers.

Line 12G. Report on this line the total number of volunteers. The number reported on this line should equal the total of lines 12A through 12F and should be an accurate count of all individuals who volunteered at the clinic during the reporting period. Only include volunteers who provided service during the reporting period and whose hours are included on the line 13 total.

Line 13. Report on this line the total number of service hours provided by volunteers during the reporting period. Form 13424-F, *Volunteer/Pro Bono Time Reporting*, is available on the LITC Toolkit to assist you in tracking volunteer hours. Form 13424-F is for internal record keeping by the clinic only and should not be submitted to the LITC Program Office. Do not include time spent by any individuals receiving compensation from the clinic or any students receiving academic credit as volunteer service hours.

Note: The total number of volunteer hours reported on line 13 should be the same as the total number of volunteer hours valued as matching funds on Form 13424-L, *Statement of Grant Expenditures*.

Student Representation

Line 14. Report on this line the number of students that worked at the clinic during the reporting period who were authorized to practice before the IRS under a special appearance authorization.

Line 15. Report on this line the number of students that worked at the clinic during the reporting period who received academic credit for their clinic work.

Professional Education Activities

Report on accredited Continuing Professional Education (CPE) or Continuing Legal Education (CLE) presentations conducted during the reporting period in this section.

Note: Report only professional education activities dealing with issues affecting low income or ESL taxpayers.

Line 16. Report on this line the total number of CPE or CLE credits available through presentations held during the reporting period. For example, if during the reporting period the clinic held three lunchtime presentations offering one hour of CLE credit each, and one day-long presentation, offering eight hours of CLE credit, the clinic would enter "11" on this line.

Line 17. Report the topics covered during CPE or CLE presentations. Report each topic on a separate line. Do not repeat topics on multiple lines. If a topic was repeated throughout multiple presentations, you may list the number of times the topic was presented. For example, you may enter "EITC x 4" to indicate you held four CPE or CLE presentations on the Earned Income Tax Credit during the reporting period.

Form **13424-K** (April 2016)	Department of the Treasury - Internal Revenue Service **Low Income Taxpayer Clinic (LITC) Case Information Report**	OMB Number 1545-1648

Name of clinic | Grant year

Reporting Period ☐ Interim Report - January 1 through June 30 ☐ Year-End Report - January 1 through December 31

Case Inventory

1	A. Beginning case inventory *(the number of cases that were worked in the previous year that remained open as of the first day of the reporting period)*	
	B. New cases opened during the reporting period	
	C. Total number of cases worked during the reporting period *(add lines 1A and 1B)*	
	D. Cases closed during the reporting period	
	E. Ending case inventory *(the number of cases that remained open as of the last day of the reporting period (subtract line 1D from line 1C))*	

Cases Worked

2	For the cases reported on line 1C, indicate the IRS function or U.S. court where the controversy is being addressed as of the last day of the reporting period. If the case was closed during the period, indicate the IRS function or U.S. court where the case was handled immediately before closing. Each case should be counted only once per reporting period.	
	Accounts Management	
	A. Return Processing	
	B. Penalty Abatement	
	C. Injured Spouse	
	D. Backup Withholding	
	Exams	
	E. Correspondence Exam	
	F. Office or Field Exam	
	G. Automated Underreporter (AUR)	
	H. Automated Substitute-for-Return (ASFR)	
	I. Audit Reconsideration	
	Collection	
	J. Automated Collection System (ACS)	
	K. Field Collection (RO)	
	L. Offer-In-Compromise (OIC)	
	M. Lien Unit	
	N. Bankruptcy	
	Appeals	
	O. Exam Appeals	
	P. Collection Due Process (CDP)	
	Q. Collection Appeals Process (CAP)	
	R. OIC Appeals	
	S. Penalty Abatement Appeals	
	T. Other Appeals	
	Litigation	
	U. U.S. Tax Court	
	V. Other Federal Courts	
	Miscellaneous	
	W. Identity Protection Specialized Unit (IPSU)	
	X. Innocent Spouse Unit	
	Y. SS-8 Unit	
	Z. ITIN Unit	
	AA. Trust Fund Recovery Penalty	
TOTAL *(add items 2A through 2AA) (Must equal value in line 1C)*		

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For Paperwork Reduction Act Notice, see Publication 3319.

Name of clinic

Additional Case Information

For the cases reported on line 1B, indicate the number of cases where:		
3	The amount in controversy exceeds $50,000 per tax period. *(for cases reported on line 3, include an explanation for each in the Program Narrative, Item 2.vii)*	
4	The taxpayer's income exceeds 250% of the federal poverty guidelines	
For the cases reported on line 1C, indicate the number of cases involving:		
5	Matters worked in more than one IRS function or U.S. court	
6	More than one tax year	
7	Representation of ESL taxpayers	
8	Joint representation of taxpayers	
9	Representation by volunteers	
10	State tax matters	
U.S. Tax Court Activities		
11	Does the clinic participate in the U.S. Tax Court Clinical Program ☐ Yes ☐ No	

List the place(s) of trial location served:

A.		B.	
C.		D.	
E.		F.	

12	Number of U.S. Tax Court cases worked during the reporting period in which an appearance was entered pursuant to Tax Court Rule 24	
13	Number of U.S. Tax Court cases worked during the reporting period in which the clinic represented the taxpayer, but no appearance was entered	
14	Number of informal consultations in the U.S. Tax Court during the reporting period in which the clinic provided advice to a taxpayer, but not representation	
Closed Case Outcomes		
15	For the cases reported on line 1D, indicate the:	
	A. Number of cases in which the taxpayer was brought into filing compliance	
	B. Number of cases in which the taxpayer was brought into collection compliance	
	C. Total amount of dollars refunded in cash to taxpayers	
	D. Total decrease in corrected tax liabilities, penalties, and interest *(but not below zero for any taxpayer)*	

Instructions for Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report

Note: Interim and Year-End Reports, including this form (Form 13424-K), may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

Purpose

This form is used to report information about the work performed by a clinic while representing taxpayers in controversy cases that were open at any time during the reporting period, including cases carried over from the previous grant year. The information reported should relate to all cases reported on line 1C of this form (Form 13424-K), unless otherwise instructed. The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided and the breadth of work done by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low income and English as a Second Language (ESL) taxpayers. Please be careful to follow the instructions for this form and to report all information completely and accurately.

Reporting Requirements

All clinics must complete this form. See Publication 3319 for additional information.

Reporting Period.

Clinics are required to report on LITC activities twice for each grant year. The grant year is January 1 through December 31 for the year in which a grant award is received. An Interim Report is required to report activities conducted for the period from January 1 through June 30; a Year-End Report is required to report activities conducted for the entire grant year, the period from January 1 through December 31. Check the appropriate box at the beginning of the form indicating for which period the report is being completed.

Reporting Case Activities

A case arises from a controversy between an individual and the IRS concerning the determination, collection, or refund of any tax, penalties, additions to tax, or interest under the Internal Revenue Code, and includes any proceeding brought by the taxpayer under Title 26. A controversy includes a dispute related to the tax provisions of the Affordable Care Act. A controversy does not include a Federal criminal tax matter, but may include certain civil actions arising under the Internal Revenue Code, for example those arising under IRC §§ 7431 – 7435.

A case is counted and reported in inventory when a taxpayer retains the clinic to represent him or her in an advocacy capacity before the IRS or Federal a court and the clinic takes steps to begin the case, including developing a plan for advocacy. Case information continues to be counted and reported on this form (Form 13424-K) each period until the case is closed.

Note: Matters involving fact finding or advice only are not cases; these matters are counted and reported as consultations on Form 13424-A, *Low Income Taxpayer Clinic (LITC) General Information Report*.

If a taxpayer's case requires the clinic to advocate to more than one IRS function or court or involves more than one tax year, it is still counted and reported as a single case on Form 13424-K. The clinic can capture the breadth of the work done in the case by including the case in the numbers reported on line 5 (cases involving matters worked in more than one IRS function or court) or line 6 (cases involving more than one tax year) of this form and by reporting all of the relevant tax issues on Form 13424-B, *Low Income Taxpayer Clinic (LITC) Case Issues Report*. Additional information may also be included in the Program Narrative on Form 13424-N, *Low Income Taxpayer Clinic (LITC) Program Narrative Report*, line 2.ix.

Case Inventory

Report in this section the volume of case inventory.

Line 1A. Report on this line the number of cases that were worked in the previous year that remained open as of January 1. (This number should be the same as the ending case inventory reported on Form 13424-K, line 1D, of the Year-End report submitted for the previous grant year.)

Line 1B. Report on this line the number of new cases that were opened during the reporting period.

Line 1C. Report on this line the total number of cases worked during the reporting period. The number reported on this line should equal the total of lines 1A and 1B.

Line 1D. Report on this line the number of cases closed during the reporting period.

Line 1E. Report on this line the number of cases that remained open at the end of the reporting period. The number reported on this line is the result of line 1D subtracted from line 1C.

Cases Worked

Report in this section the IRS function or Federal court where cases are being worked.

Lines 2A-AA. If a case was open at the end of the reporting period, indicate the IRS function or Federal court where the case is being addressed as of the end of the reporting period. If a case was closed during the reporting period, indicate the IRS function or Federal court where the case was handled immediately before closing. Each case should be counted only once during a reporting period; however, a case that remains open beyond a single reporting period may be properly reported as being handled by a different function from one reporting period to the next. Thus, a case may be reported as being handled by a different function in the Year-End report than was reported in the Interim report. If a single case is being addressed by more than one IRS function at the end of a reporting period, report that case where the primary issue is being addressed. The total reported on lines 2A through 2AA must equal the total number of cases worked during the reporting period as reported on line 1C.

Example 1: Clinic A is representing a taxpayer in a dispute involving a proposed deficiency. On May 15, Clinic A submitted correspondence to the IRS's examination unit on behalf of the taxpayer. On August 1, the IRS issued a Notice of Deficiency. On November 20, Clinic A filed a petition in the United States Tax Court. On its Interim report, Clinic A would report the case on line 2E because the case was being addressed in the Correspondence Exam unit as of June 30. On its Year-End report, Clinic A would report the case on line 2U because the case was being addressed in the Tax Court as of December 31.

Example 2: Clinic B is representing a taxpayer in a dispute involving eligibility for the earned income tax credit (EITC) for two tax years. At the close of the reporting period, one tax year is being addressed in the United States Tax Court and the other tax year is being addressed by IRS Examination in an audit reconsideration. The Clinic B may report the case on either line 2I or 2U, but may not report the case on both lines. Clinic B has discretion to decide whether to report the case on line 2I or 2U, taking into account whatever factors it deems important to help the Program Office better understand the status of the casework performed as of the end of the reporting period.

Additional Case Information

Report in this section additional information about cases worked during the reporting period.

Note: Lines 3 and 4 relate to new cases opened during the reporting period, as reported on line 1B. Lines 5 through 8 apply to all cases worked during the reporting period, as reported on line 1C.

Line 3. Report on this line the number of new cases opened during the reporting period in which the amount in controversy exceeds $50,000 for any tax year. A clinic may represent a taxpayer in a case in which the amount in controversy exceeds $50,000. However, the clinic must include an explanation of why each case was accepted for representation on Form 13424-N, *Low Income Taxpayer Clinic (LITC) Program Report*, line 2.vii. See Publication 3319 for additional information.

Line 4. Report on this line the number of new cases opened during the reporting period for taxpayers whose income exceeds 250% of federal poverty guidelines.

Line 5. Report on this line the number of cases worked during the reporting period where the representative advocated to more than one IRS function or Federal court.

***Example 1*:** Clinic A is representing a taxpayer in a collection matter in which the IRS is levying the taxpayer's Social Security benefits. The clinic agrees to represent the taxpayer and contacts Automated Collection System (ACS) to prove financial hardship, get the levy released, and have the taxpayer's account placed in currently not collectible status. The clinic later assists the taxpayer in submitting an offer-in-compromise (OIC). Clinic A should include this case among the number reported on line 5 because the clinic worked the case in both the ACS and OIC units.

***Example 2*:** Clinic B is representing a taxpayer in a dispute involving eligibility for the EITC for two tax years. At the close of the reporting period, one tax year is being addressed in the United States Tax Court and the other tax year is being addressed by IRS Examination in an audit reconsideration. Clinic B should include this case among the number reported on line 5 because the clinic is working the case both in a Federal court and Examination.

Line 6. Report on this line the number of cases worked during the reporting period in which the clinic represented a taxpayer in a dispute involving more than one tax year.

Line 7. Report on this line the number of cases worked during the reporting period in which the clinic represented an ESL taxpayer.

Line 8. Report on this line the number of cases worked during the reporting period in which the clinic represented both the taxpayer and the taxpayer's spouse with regard to a joint tax liability.

Line 9. Report on this line the number of cases worked during the reporting period in which the clinic used a volunteer to represent the taxpayer. Do not count as volunteers any individuals receiving compensation from the clinic or any students receiving academic credit for their work at the clinic.

Line 10. Report on this line the number of cases worked during the reporting period in which the clinic represented a taxpayer on state or local tax matters related to a federal tax controversy.

U.S. Tax Court Activities

Line 11. Check the appropriate box to indicate whether the clinic participates in the United States Tax Court Clinical Program. If the box is checked indicating Yes, list the “place of trial” city or cities served. Report each place of trial location on a separate line.

Line 12. Report on this line the number of cases reported on line 1C for which the clinic entered an appearance to represent the taxpayer in the United States Tax Court, whether through filing an entry of appearance or via a petition submitted by the clinic.

Line 13. Report on this line the number of cases reported on line 1C for which the clinic represented a taxpayer in a case filed in the United States Tax Court, but where no entry of appearance was submitted by the clinic. For example, if a clinic staff attorney represented a client who filed a petition in the United States Tax Court and the attorney negotiated a settlement with the IRS but did not enter an appearance with the Tax Court, include this case among the number reported on line 13.

Line 14. Report on this line the number of informal consultations conducted with taxpayers in the United States Tax Court during the reporting period. Representation of taxpayers reported on lines 12 and 13 should not be reported on this line. For example, if a clinic staff attorney assisted a taxpayer at a United States Tax Court calendar call by providing advice to the taxpayer or acting as a communicator or mediator between the parties, but does not represent the taxpayer, such assistance would be counted as an informal consultation and reported on line 14.

Closed Case Outcomes

Report in this section the outcomes of cases that were closed during the reporting period. Information reported in this section should only relate to cases reported on line 1D. The information reported in this section will help the Program Office better understand the impact of the clinic's casework on taxpayers.

Line 15A. Report on this line the number of cases closed during the period in which the taxpayer was brought into filing compliance during the representation. Cases where a taxpayer was successfully assisted or referred for assistance with return preparation in order to resolve a collection matter can be included here.

Line 15B. Report on this line the number of cases closed during the period in which the taxpayer was brought into collection compliance during the representation. Cases where the taxpayer paid his tax liabilities in full, entered an approved installment payment plan, was placed in currently not collectible status, or obtained an offer-in-compromise can be included here.

Line 15C. Report on this line the total dollars in tax refunds that were paid to taxpayers whose cases were closed during the reporting period. Do not include refunded dollars that were offset against any other outstanding tax liability. This amount may include all refunds issued to the taxpayer during the representation that relate to the tax years in dispute. Include state and local tax refunds if the clinic represented taxpayers before those agencies on a matter related to the Federal tax controversy.

Line 15D. Report on this line the total dollar impact in tax liabilities, penalties, and interest to taxpayers whose cases were closed during the reporting period. Include an abatement of tax, penalties, or interest, a reduction in a proposed deficiency, the amount of innocent spouse relief obtained, the difference between the full amount owed and the total amount to be paid on an accepted offer-in-compromise, and similar items. Do not include amounts placed in currently not collectible status. Include the total dollar impact in state and local tax liabilities, penalties, and interest to taxpayers if the clinic represented taxpayers before those agencies on a matter related to the Federal tax controversy.

***Example 1*:** A clinic represented a taxpayer facing a proposed deficiency of $3,000. After review of the facts, the clinic determined that the IRS failed to credit $4,000 in withholding. The $3,000 liability was abated in full, and the taxpayer received a cash refund of $1,000. The clinic should report $1,000 on line 15C, and $3,000 on line 15D.

Form **13424-B** (April 2016)	Department of the Treasury - Internal Revenue Service **Low Income Taxpayer Clinic (LITC) Case Issues Report**	OMB Number 1545-1648

Name of clinic | Grant year

Reporting Period ☐ Interim Report - January 1 through June 30 ☐ Year-End Report - January 1 through December 31

Case Issues Worked

Income Issues		
1	Wages	
2	Interest / Dividends (Schedule B)	
3	Business Income (Schedule C)	
4	Capital Gain or Loss (Schedule D)	
5	IRA / Pension	
6	Social Security Benefits	
7	Alimony	
8	Rental, Royalty, Partnership, S Corp (Schedule E)	
9	Farming Income (Schedule F)	
10	Unemployment	
11	Gambling Winnings	
12	Cancellation of Debt	
13	Settlement Proceeds	
14	Other	
Deduction Issues		
15	Alimony	
16	Education Expenses (Including student loan interest)	
17	Moving Expenses	
18	IRA Deduction	
19	Medical and Dental Expenses	
20	State and Local Taxes	
21	Home Mortgage Interest	
22	Other Interest Expenses	
23	Charitable Contributions	
24	Casualty and Theft Losses	
25	Unreimbursed Employee Business Expenses	
26	Other Itemized Deductions	
27	Business Expenses (Schedule C)	
Credit Issues		
28	Child and Dependent Care Credit	
29	Education Credits	
30	Child Tax Credit / Additional Child Tax Credit	
31	Earned Income Tax Credit	
32	First-Time Homebuyer Credit	
33	Premium Tax Credit	
34	Other Credits	

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For Paperwork Reduction Act Notice, see Publication 3319.

Name of clinic

Case Issues Worked *(continued)*

Status Issues		
35	SSN / TIN	
36	ITIN	
37	Filing Status	
38	Personal/Dependency Exemptions	
39	Injured Spouse	
40	Innocent Spouse	
41	Employment-Related Identity Theft	
42	Refund-Related Identity Theft	
43	Nonfiler	
44	Worker Classification	
Tax / Refund / Return / Statute of Limitations Issues		
45	Self-Employment Tax	
46	Suspected Return Preparer Fraud	
47	Estimated Tax Payments	
48	Withholdings	
49	Refund	
50	Assessment Statute of Limitations	
51	Collection Statute of Limitations	
52	Refund Statute of Limitations	
Penalty and Addition to Tax Issues		
53	Trust Fund Recovery Penalty	
54	Other Civil Penalties	
55	Additional Tax on Distributions from Qualified Retirement Plans	
56	Individual Shared Responsibility Payment	
Collection Issues		
57	Payments	
58	Installment Payment Agreement (IPA)	
59	Offer-In-Compromise (OIC)	
60	Currently Not Collectible (CNC)	
61	Liens	
62	Levies (Including Federal Payment Levy Program)	
Total Case Issues Worked *(add lines 1 through 62)* The total number of case issues should be greater than or equal to the number reported on Form 13424-K, *Low Income Taxpayer Clinic (LITC) Case Information Report*, line 1C		

Instructions for Form 13424-B, Low Income Taxpayer Clinic (LITC) Case Issues Report

Note: Interim and Year-End Reports, including this form (Form 13424-B), may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

Purpose

This form is used to report issues worked by a clinic while representing taxpayers in controversy cases that were open at any time during the reporting period, including cases carried over from the previous grant year. The issues reported should relate to all cases reported on Form 13424-K, *Low Income Taxpayer Clinic (LITC) Case Information Report*, line 1C. The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to taxpayers who are low income and English as a Second Language (ESL). Be careful to follow the instructions for this form and to report all information completely and accurately.

Reporting Requirements

All clinics must complete this form. See Publication 3319 for additional information.

Reporting period

Clinics are required to report on LITC activities twice for each grant year. The grant year is January 1 through December 31 for the year in which a grant award is received. An Interim Report is required to report activities conducted for the period from January 1 through June 30; a Year-End Report is required to report activities conducted for the entire grant year, the period from January 1 through December 31. Check the appropriate box at the beginning of the form indicating for which period the report is being completed.

Reporting Case Issues

A case arises from a controversy between an individual and the IRS concerning the determination, collection, or refund of any tax, penalties, additions to tax, or interest under the Internal Revenue Code, and includes any proceeding brought by the taxpayer under Title 26. A controversy includes a dispute related to the tax provisions of the Affordable Care Act. A controversy does not include a Federal criminal tax matter, but may include certain civil actions arising under the Internal Revenue Code, for example those arising under IRC §§ 7431 – 7435.

A case may involve more than one issue. An issue is counted only if the clinic undertakes representation on behalf of the taxpayer, the issue is disputed between the taxpayer and the IRS, and the clinic takes steps to resolve the dispute. An issue is counted and reported on this form only once for each case, regardless of the number of tax years involved in the dispute. See Example 2 below. An issue is not counted on this form when the clinic only discusses the issue with the taxpayer and provides advice, but does not take steps to advocate on behalf of the taxpayer to the IRS or a court. See Example 3 below.

Examples

Example 1: Clinic A represented ten taxpayers in Earned Income Tax Credit (EITC) examination cases during the reporting period. Each case has four issues in dispute - head of household filing status, dependency exemptions, child tax credit, and EITC eligibility. Clinic A would enter “10” on lines 30, 31, 37, and 38.

Example 2: Clinic B represented a taxpayer in a collection case involving six tax years. Clinic B advocated for the taxpayer’s accounts to be placed in currently not collectible status. Clinic B would count this case as one currently not collectible issue on line 60, regardless of the number of tax years in dispute.

Example 3: Clinic C represented a taxpayer in a collection case that involved negotiating with the IRS to establish an installment agreement. In the course of the representation, Clinic C discussed with the taxpayer various collection alternatives, including an offer-in-comprise. The installment agreement issue would be counted as an issue and reported on line 58 because Clinic C negotiated the installment agreement on behalf of the taxpayer. The offer-in-compromise discussion would not be counted as an issue and reported on line 59 because Clinic C did not prepare or submit to the IRS an offer-in-compromise on behalf of the taxpayer.

Specific Instructions

Income Issues

Lines 1 through 14. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular income issue. For example, a dispute involving the amount or classification of a taxpayer's wages would be reported on line 1, Wages.

Deduction Issues

Lines 15 through 27. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular deduction issue. For example, a dispute involving the allowability of a deduction for alimony would be reported on line 15, Alimony.

Credit Issues

Lines 28 through 34. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular credit issue. For example, a dispute involving a taxpayer's eligibility for an adoption credit would be reported on line 34, Other Credits.

Status Issues

Lines 35 through 44. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular status issue. For example, a dispute involving the taxpayer's eligibility to claim head of household filing status would be reported on line 37, Filing Status.

Tax / Refund / Return / Statute of Limitations Issues

Lines 45 through 52. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular tax or refund or statute of limitations issue. For example, a dispute involving suspected fraud on the part of a return preparer would be reported on line 46, Suspected Return Preparer Fraud.

Penalty and Addition to Tax Issues

Lines 53 through 56. Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular penalty issue. For example, a dispute involving the assessment of an accuracy-related penalty would be reported on line 54, Other Civil Penalties.

Collection Issues

Lines 57 through 62. *R*eport on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular collection issue. For example, a dispute involving the release of a levy on a taxpayer's Social Security benefits would be reported on line 62, Levies.

Form **13424-C** (April 2016)	Department of the Treasury - Internal Revenue Service **Low Income Taxpayer Clinic (LITC) Advocacy Information Report**	OMB Number 1545-1648

Name of clinic | Grant year

Part I. Systemic Advocacy Submissions

Complete this section to list systemic issues related to low income or ESL taxpayers submitted during the reporting period to the Systemic Advocacy Management System (SAMS) https://www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS

Issue number	Submitter	Date submitted

Brief description of the issue

Issue number	Submitter	Date submitted

Brief description of the issue

Issue number	Submitter	Date submitted

Brief description of the issue

Part II. Published Materials

Complete this section to list written materials published during the reporting period to educate low income or ESL taxpayers about tax issues or to bring awareness to the public about the LITC program or tax issues that affect low income or ESL taxpayers.

Format ☐ Book ☐ Law review ☐ Magazine ☐ Newspaper ☐ Website ☐ Other

Author's name	Date published
Title of article	Publication or website

Brief description of the article

Format ☐ Book ☐ Law review ☐ Magazine ☐ Newspaper ☐ Website ☐ Other

Author's name	Date published
Title of article	Publication or website

Brief description of the article

Format ☐ Book ☐ Law review ☐ Magazine ☐ Newspaper ☐ Website ☐ Other

Author's name	Date published
Title of article	Publication or website

Brief description of the article

Catalog Number 54942J www.irs.gov Form **13424-C** (Rev. 4-2016)
For Paperwork Reduction Act Notice, see Publication 3319.

Part III. Television and Radio Appearances

Complete this section to list television and radio appearances made during the reporting period to educate low income or ESL taxpayers about tax issues or to bring awareness to the public about the LITC program or tax issues that affect low income or ESL taxpayers.

Airing dates of segment	Number of potential listeners or viewers
Discussion topic	Presenter

Brief description of the topic

Airing dates of segment	Number of potential listeners or viewers
Discussion topic	Presenter

Brief description of the topic

Airing dates of segment	Number of potential listeners or viewers
Discussion topic	Presenter

Brief description of the topic

Part IV. Public Service Announcements

Complete this section to list public service announcements aired during the reporting period to educate low income or ESL taxpayers about tax issues or to bring awareness to the public about the LITC program or tax issues that affect low income or ESL taxpayers.

Number of times segment aired	Number of potential listeners or viewers
Discussion topic	Presenter

Brief description of the topic

Number of times segment aired	Number of potential listeners or viewers
Discussion topic	Presenter

Brief description of the topic

Number of times segment aired	Number of potential listeners or viewers
Discussion topic	Presenter

Brief description of the topic

Instructions for Form 13424-C, Low Income Taxpayer Clinic (LITC) Advocacy Information Report

Note: Interim and Year-End Reports, including this form (Form 13424-C), may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

Purpose

This form is used to report information about certain advocacy work the clinic performed during the reporting period. This form is used to report all systemic advocacy issues submitted, written materials published, television and radio appearances made, and public service announcements aired during the reporting period.

The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low income and English as a Second Language (ESL) taxpayers. Please be careful to follow the instructions for this form and to report all information completely and accurately. If additional room is necessary to provide details about the activities reported on this form, include such details in the program narrative.

Reporting Requirements

All clinics must complete this form. See Publication 3319 for additional information.

Reporting Period

Clinics are required to report on LITC activities twice for each grant year. The grant year is January 1 through December 31 for the year in which a grant award is received. An Interim Report is required to report activities conducted for the period from January 1 through June 30; a Year-End Report is required to report activities conducted for the entire grant year, the period from January 1 through December 31. Check the appropriate box at the beginning of the form indicating for which period the report is being completed.

Note: For purposes of this Form 13424-C, clinics are not required to repeat information included in the Interim Report on the Year-End Report. Report advocacy work performed between January 1 and June 30 on the Interim Report, and report advocacy work performed between July 1 and December 31 on the Year-End Report.

Specific Instructions

Systemic Advocacy Submissions

Report in this section all systemic issues that relate to low income or ESL taxpayers that were submitted to the Systemic Advocacy Management System (SAMS) during the reporting period. Include the SAMS issue number, the name of the individual who made the submission, the date of each submission, and a brief description of the issue described in the submission. The SAMS site is available at www.irs.gov/uac/Systemic-Advocacy-Management-System (SAMS).

Published Materials

Report in this section all written materials published during the reporting period to educate low income or ESL taxpayers or to bring awareness to the public about the LITC program or tax issues that affect low income or ESL taxpayers. Include the posting of educational materials to a website or the distribution of educational materials via social media. Check the appropriate box to indicate the format of the publication. If the publication was released in multiple formats (*i.e.,* in a magazine and on a website) check one box and list the other formats in the Program Narrative on Form 13424-N, line 2.ix. Include the author's name, the publication date, the title of the publication or website, the title of the work, and a brief description of the work.

Television and Radio Appearances

Report in this section all television and radio appearances produced by or featuring clinic staff and broadcast during the reporting period to educate low income or ESL taxpayers or to bring awareness to the public about the LITC program or tax issues that affect low income or ESL taxpayers. If the broadcast was released in multiple formats or on multiple channels, list the other formats in the Program Narrative on Form 13424-N, line 2.ix. Include the airing dates of each segment, a reasonable estimate of the number of listeners or viewers, the topic of the discussion or on-air piece, the names of any clinic representatives involved in the appearances, and a brief description of the topic discussed on-air.

Public Service Announcements

Report all public service announcements produced by or featuring clinic staff and broadcast during the reporting period written to educate low income or ESL taxpayers or to bring awareness to the public about the LITC program or tax issues that affect low income or ESL taxpayers. Include the number of times each segment aired, a reasonable estimate of the number of listeners or viewers, the topic of the discussion or on-air piece, the names of any clinic representatives involved in the appearances, and a brief description of the topic discussed on-air.

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COMMONLY USED ACRONYMS

ABA	American Bar Association
ACA	Affordable Care Act
ACS	Automated Collection System
AES	Automated Examination System
AGI	Adjusted Gross Income
AICPA	American Institute of Certified Public Accountants
ALS	Automated Lien System
AMT	Alternative Minimum Tax
AMTAP	Accounts Management Taxpayer Assurance Program
ARC	Annual Report to Congress
ASED	Assessment Statute Expiration Date
ASFR	Automated Substitute for Return
AUR	Automated Under Reporter Program
BALDU	Balance Due
BLS	Bureau of Labor Statistics
BMF	Business Master File
BWH	Backup Withholding
CAA	Certifying Acceptance Agent
CADE2	Customer Account Data Engine 2
CAF	Centralized Authorization File
CAP	Compliance Assurance Process
CAWR	Combined Annual Wage Reporting
CCR	Central Contractor Registration
CDP	Collection Due Process
CFP	Civil Fraud Penalty
CFR	Code of Federal Regulations
CI	Criminal Investigation
CNC	Currently Not Collectable
COB	Close of Business
CODI	Cancellation of Debt Income
COIC	Centralized Offer In Compromise
CPA	Certified Public Accountant
CPE	Continuing Professional Education
CPU	Central Processing Unit
CSED	Collection Statute Expiration Date
CTC	Child Tax Credit
DPM	Division of Payment Management
DUNS	Data Universal Numbering System
EFS	Electronic Filing System

EFT	Electronic Funds Transfer
EITC	Earned Income Tax Credit
EIN	Employer Identification Number
ESL	English as a Second Language
ETA	Effective Tax Administration
F&A	Facilities and Administrative Costs
FBAR	Report of Foreign Bank and Financial Accounts
FDIC	Federal Deposit Insurance Corporation
FEIE	Foreign Earned Income Exclusion
FFR	Federal Financial Report
FFATA	Federal Funding Accountability and Transparency Act
FICA	Federal Insurance Contribution Act
FOA	Funding Opportunity Announcement
FOIA	Freedom of Information Act
FPLP	Federal Payment Levy Program
FY	Fiscal Year
HHS	Department of Health and Human Services
IA	Installment Agreement
IP PIN	Identity Protection Personal Identification Number
IPSU	Identity Protection Specialized Unit
IRA	Individual Retirement Account
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
ITIN	Individual Taxpayer Identification Number
LITC	Low Income Taxpayer Clinic
LB&I	Large Business & International
LSC	Legal Services Corporation
LTA	Local Taxpayer Advocate
MSP	Most Serious Problem
NCC	Non-Compete Continuation
NFTL	Notice of Federal Tax Lien
NOA	Notice of Award
NOPA	Notice of Proposed Adjustment
NTA	National Taxpayer Advocate
OIC	Offer-in-Compromise
OLS	Office of Online Services
OMB	Office of Management and Budget
OVD	Offshore Voluntary Disclosure
PII	Personally Identifiable Information

PIN	Personal Identification Number
PMS	Payment Management System
PSP	Payroll Service Provider
PTIN	Preparer Tax Identification Number
PMS	Payment Management System
POA	Power of Attorney
PY	Processing Year
QBA	Qualified Business Administrator
QRP	Questionable Refund Program
QTE	Qualified Tax Expert
RCP	Reasonable Collection Potential
RA	Revenue Agent
RO	Revenue Officer
ROI	Return on Investment
RRA98	IRS Restructuring and Reform Act of 1998
RSED	Refund Statute Expiration Date
SAM	System for Award Management
SAMS	Systemic Advocacy Management System
SB/SE	Small Business/Self-Employed
SNOD	Statutory Notice of Deficiency
SSN	Social Security Number
TAC	Taxpayer Assistance Center
TAP	Taxpayer Advocacy Panel
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
TCE	Tax Counseling for the Elderly
TDA	Taxpayer Delinquent Account
TAO	Taxpayer Assistance Order
TEFRA	Tax Equity and Fiscal Responsibility Act of 1982
TE/GE	Tax Exempt & Government Entities
TIGTA	Treasury Inspector General for Tax Administration
TY	Tax Year
UDOC	Uniform Definition of Child
URP	Under-Reporter Program
USPS	United States Postal Service
VFTF	Virtual Face to Face
VITA	Volunteer Income Tax Assistance
W&I	Wage & Investment

GLOSSARY

90/250 Income Requirement – at least 90 percent of taxpayers represented by an LITC must have incomes which do not exceed 250 percent of the poverty level or criteria established by the Director of the Office of Management and Budget (OMB). See IRC § 7526(b)(1)(B)(i). The Director of OMB has not established a poverty level or criteria. The Department of Health and Human Services (HHS) publishes annual Federal Poverty Guidelines based on family unit size and geographic location, which are applicable to the LITC Program. For 2016, the Federal Poverty Guidelines were published at 82 Fed.Reg. 8831 (Jan. 31, 2017).

A

Allowable Expenses – expenses chargeable to a grant as a use of federal funds or matching funds in accordance with the cost principles guidance in 2 CFR Part 200 and 2 CFR Part 1000. Generally, for an expense to be allowable, the expense must:

- Be necessary and reasonable for the performance of the federal award and be allocable thereto under the applicable cost principles;
- Conform with any limitations or exclusions set forth in the cost principles or in the Notice of Award;
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the grantee;
- Be accorded consistent treatment by the grantee;
- Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in the cost principles;
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period; and
- Be adequately documented.

Amount in Controversy – the amount in dispute for each tax year for which the LITC is representing the taxpayer. Often the amount in controversy is the amount owed or the refund requested that is in dispute. In some disputes with the IRS, however, the amount in controversy is the amount associated with an action taken by the IRS. The amount includes the tax liability in dispute for a tax year, plus any related penalties imposed. Whether interest is included will depend on the nature of the controversy. Further, the amount in controversy is limited to the amount in dispute, which may be less than the amount specified in a statutory notice of deficiency. If the taxpayer is disputing the amount due in more than one tax year or period, the amount in controversy is the amount in dispute for a single tax year.

Application – a request for LITC grant funding submitted to the LITC Program Office using www.grants.gov on the specified forms and in accordance with LITC instructions. An application is submitted by organizations not currently receiving a grant, organizations requesting funding for a single year, or organizations whose multi-year grant ends at the end of 2017.

Appropriation – a law authorizing federal agencies to obligate funds and make payments from 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 cannot inform grantees of the amount of their funding.

Award – the provision of funds by the LITC Program Office, based on an approved application and budget or continuation request, to an organization to carry out activities in support of the LITC mission.

B

Budget – a request for funds to support an activity, presented by expense category.

C

Case Management System – a system used 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 professional case management software to maintain 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. The General Services Administration maintains the database from which program information is obtained. See www.cfda.gov. The CFDA number for the LITC Program is 21.008.

Clinic – see *Low Income Taxpayer Clinic*.

Clinic Director – a staff member who has overall management responsibility for the clinic. The Clinic Director may also be the QTE or QBA, if qualified. The Clinic Director manages day-to-day clinic operations, prepares or reviews the required clinic reports, and signs reports as the clinic's authorized representative. The Clinic Director serves as the primary contact person for both the LITC Program Office and the Local Taxpayer Advocate (LTA)'s office.

Close Out – procedure to conclude a grant. Program Office staff must ensure all necessary reports have been received, implemented, and documented in compliance with federal records management policy.

Congressional District – an electoral constituency, apportioned by population, which elects a Member of Congress.

Consultation – 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.

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.

Controversy – a dispute arising under the Internal Revenue Code between an individual and the IRS concerning the determination, collection, or refund of any tax, penalties or interest, including any proceeding brought by the taxpayer under Title 26. For example, a controversy includes a dispute related to the tax provisions of the Affordable Care Act and certain civil actions arising under the Internal Revenue Code, for example those arising under IRC §§ 7431 – 7435. While representing a taxpayer in a controversy with the IRS, an LITC may also need to represent the taxpayer in a controversy with a state or local tax agency concerning the same or related tax matter. A controversy does not include a federal criminal tax matter, but may include a state criminal matter. For example, in some instances, the 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 continue the representation to resolve the state or local matter.

D

Data Universal Numbering System (DUNS) Number – a nine-digit unique entity identifier provided by Dun & Bradstreet, Inc. The federal government requires that all applicants for federal grants and cooperative agreements with the exception of individuals other than sole proprietors have a DUNS number. The federal government will use the DUNS number to better identify related organizations that are receiving funding under grants and cooperative agreements, and to provide consistent name and address data for electronic grant application systems. A DUNS number may be obtained by calling 866-705-5711 or applying online at http://fedgov.dnb.com/webform.

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.

Direct Costs – costs that can be identified or allocated specifically with a particular program, such as an LITC, 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

Educational Activities – programs designed to inform ESL or low income taxpayers about their rights and responsibilities as taxpayers, as well as tax issues of particular significance to the intended audience. Educational activities may also be conducted for other organizations that assist low income or ESL taxpayers. In order to be considered an educational activity, information about a specific tax topic or topics must be conveyed to the audience. For additional information, see Publication 3319.

Employer Identification Number (EIN) – a type of Taxpayer Identification Number issued by the IRS to identify a business entity.

Engagement Letter – an engagement letter or retainer agreement defines the specific matters for which the LITC will provide representation and protects both the representative and the taxpayer by informing both parties as to the agreement of assigned responsibilities over the course of the professional relationship. 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.

English as a Second Language (ESL) Taxpayers – ESL taxpayers are those taxpayers who are not proficient in English. This includes taxpayers who speak minimal English, no English at all, and taxpayers who communicate using American Sign Language.

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, or adoption who live together. However, if related individuals live together, but the person seeking assistance from the LITC is financially independent, then that person may be treated as a family unit, distinct from relatives in the household. If two unrelated individuals live together, they constitute two family units.

Federal Register – an official daily publication that provides a uniform system for communicating proposed and final regulations and legal notices issued by federal agencies, including announcements of the availability of funds for financial assistance programs.

Fringe Benefits – allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans. The costs of fringe benefits must be reasonable. For additional information, see 2 CFR § 200.431.

G

Grant – financial assistance mechanism providing money, property, or both to an eligible entity to carry out an approved project or activity.

Grassroots Lobbying – activities supporting the enactment, modification, or adoption of any law, regulation, or policy at any level of government. Grassroots lobbying includes activities that encourage third parties, members of special interest groups or the general 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. For additional information, see 2 CFR § 200.450.

I

Indirect Costs – costs that have been incurred for common or joint objectives with other programs and cannot be readily identified with the LITC Program. After direct costs have been determined and assigned directly where appropriate, indirect costs are those remaining to be allocated to a particular program. Direct cost of minor amounts may be treated as indirect costs under the conditions described in 2 CFR § 200.413(d). A cost may not be allocated to the LITC Program as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to another Federal award as a direct cost. Indirect costs may be charged as a use of federal funds based upon an approved Indirect Cost Rate Agreement or the 10 percent *de minimis* rate allowed under 2 CFR Part 200. Indirect costs are not allowable as matching funds.

Intake – a process used by clinic staff to gather information from a taxpayer seeking assistance to determine eligibility for services. LITCs must record the taxpayer's income information on an intake form (or similar form). LITCs must solicit income information from taxpayers seeking assistance in a manner that promotes the development of trust between qualified representative and client. If there is substantial reason to doubt the accuracy of the financial eligibility information provided by a potential client, the LITC must make appropriate inquiry to verify the information, in a manner consistent with the attorney-client relationship. 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 is issued by the IRS to individuals who are not eligible to obtain a Social Security number (SSN).

L

Low Income Taxpayer – an individual whose income does not exceed 250 percent of the poverty level, as determined in accordance with official guidance published by the federal government. A business or other entity is not a low income taxpayer eligible for LITC representation. An individual trying to resolve the individual's tax liability arising from 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.

Low Income Taxpayer Clinic (LITC) – an organization receiving a grant pursuant to IRC § 7526 that represents low income taxpayers in controversies with the IRS and that operates a program to educate individuals for whom English is a second language about their rights and responsibilities under the Internal Revenue Code. Examples of a clinic include:

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

Local Taxpayer Advocate (LTA) – a delegate of the National Taxpayer Advocate (NTA) who is a manager in a local jurisdiction and reports directly to the NTA. IRC § 7803(c)(2)(D)(i)(I) requires that each state have at least

one LTA who is independent of the local IRS office. Each LTA provides essential guidance and assistance to the LITCs within his or her geographic area.

M

Matching Funds – the portion of program costs not funded by federal funds. Grantees must provide matching funds on a dollar-for-dollar basis for all LITC grant funds received. See IRC § 7526(c)(5). 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 Treasury Department'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 grantee's cost sharing or matching when such contributions:

- Are verifiable from the grantee's records;
- Are not included as contributions for any other federally assisted project or program;
- Are necessary and reasonable for proper and efficient accomplishment of project or program objectives;
- Are allowable under the applicable cost principles;
- Are not paid by the federal government under another award, except where authorized by the federal statute to be used for cost sharing or matching;
- Are provided for in the approved budget when required by the federal awarding agency; and
- Conform to other provisions of 2 CFR Part 200, when applicable.

N

National Taxpayer Advocate (NTA) – the official who supervises and directs the Office of the Taxpayer Advocate. The NTA reports directly to the IRS Commissioner and serves as the voice of the taxpayer within the IRS and before Congress. The NTA is appointed by the Secretary of the Treasury following consultation with the IRS Commissioner and the IRS Oversight Board. Final funding decisions are made by the NTA, unless recused. In recusal situations, final funding decisions are made by the Deputy National Taxpayer Advocate.

Nominal Fee – a fee that is insignificantly small or minimal. A nominal fee is a trivial payment, bearing no relation to the value of the representation provided, taking into account all the facts and circumstances. A nominal fee does not include reimbursement for those costs actually incurred (photocopies, court costs, and expert witness fees, for example).

Non-Compete Continuation (NCC) Request – A request for LITC grant funding submitted to the LITC Program Office by using www.grantsolutions.gov on the specified forms and in accordance with LITC instructions. Organizations already funded with a multi-year LITC grant that ends after December 31, 2017, must submit an NCC request.

O

Office of Management and Budget (OMB) – the White House office that oversees the preparation of the federal budget and supervises its administration in Executive Branch agencies. OMB evaluates the effectiveness of agency programs, policies, and procedures, assesses competing funding demands among agencies, and sets funding priorities. OMB ensures that agency reports, rules, testimony, and proposed legislation are consistent with the President's budget and with administration policies.

OMB Guidance – comprehensive principles issued by the Office of Management and Budget (OMB) that provide guidance relating to 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 the Treasury Department 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 grantees must spend complying with administrative requirements.

Operational Review Visit – a site assistance visit conducted by LITC Program Office staff to evaluate a clinic's overall operations and to provide technical assistance to help the grantee maintain compliance with the terms and conditions of the LITC grant. During an operational review visit, an LITC Program 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 to a grantee 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 grantee 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 grantee may need to create systems or improve processes to meet the requirements of the LITC Program.

Outreach Activities – efforts designed to publicize the clinic and its services to low income and ESL taxpayers. Outreach activities may involve direct communication with taxpayers or be accomplished indirectly through other organizations or groups that assist low income and ESL taxpayers. LITCs are encouraged to identify particular linguistic populations, geographic service areas, or other segments of the low income taxpayer community in which to focus outreach efforts. For new grantees, outreach plans should be completed in advance of the start of the period during which representation and other assistance will be offered.

P

Payment Management System (PMS) – an electronic system maintained by the Department of Health and Human Services Division of Payment Management (DPM) that is used to pay federal funds. Grantees must obtain a username and password to use the system. PMS allows a grantee to make an online request for payment of federal funds. After a request is processed and approved, funds are directly deposited into the grantee's bank account through a process called Electronic Funds Transfer (EFT). Funds are generally available within one business day of the request.

***Pro Bono* Panel** – a group of qualified representatives who do not charge a fee for representing or advising low income or ESL taxpayers to whom low income taxpayers in need of LITC services may be referred.

Program Plan – an outline of a clinic's planned operations, including a description of the particular services to be offered, how the services will be delivered, the intended recipients of the services, and numerical goals.

Program to Educate – the conduct of an activity intended to educate individuals for whom English is a second language (ESL) about their rights and responsibilities under the Internal Revenue Code. For additional information, see Educational Activities.

Publicity – see *Outreach Activities*.

Q

Qualified Business Administrator (QBA) – a staff member with sufficient business administration expertise to oversee the clinic's business operations. If a department, as opposed to a single individual, fulfills this requirement, please provide details 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.

Qualified Representative – an attorney, certified public accountant, or enrolled agent who is authorized to practice before the IRS. The term qualified representative also means an individual authorized to practice before the IRS pursuant to 31 CFR § 10.7(d) (*e.g.*, a student, law graduate, tribal court advocate, or other individual for whom the IRS has issued a special appearance authorization). Thus, a student or law graduate working under the supervision of a qualified representative is a qualified representative if the Director of the LITC Program Office has authorized that student or law graduate to practice before the IRS. See Delegation Order 25-18 (Rev. 2), IRM 1.2.52.19, *Delegations of Authority for Special Topics Activities* (Sept. 9, 2015). In addition, the term qualified representative means an individual authorized to appear before the applicable court where the controversy with the IRS will be adjudicated. An unenrolled return preparer, who can practice before the IRS based upon return preparation, is not a qualified representative for purposes of the LITC program, as such practice, is limited to only certain taxpayers and select functions of the IRS.

Qualified Tax Expert (QTE) – a staff member with sufficient tax law expertise to oversee technical substantive and procedural tax matters. The QTE must be a qualified representative. The QTE is also responsible for reviewing all educational materials for accuracy before distribution.

R

Referral Activity – the referral of low income taxpayers to a *pro bono* panel for representation or consultation.

Representation – acting as an agent of the taxpayer in an advocacy capacity in a matter before the IRS, the United States Tax Court, another federal court, or before a state or local tax authority when the clinic is representing the taxpayer in a related federal controversy. Fact finding or advice alone is not representation.

S

Special Appearance Authorization – a letter issued by LITC Program Office that authorizes students and law graduates working at an LITC to represent taxpayers before the IRS. Practice under a special appearance authorization issued by the Director of the LITC Program Office 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 V.A, *Representation*, in Publication 3319.

Standards of Operation – baseline operational requirements applicable to all clinics developed by the LITC Program Office to ensure that all programs provide consistent and quality service to low income and ESL taxpayers.

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 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 or over who cannot afford professional assistance.

Tax Compliance Officer –the individual authorized to speak with the IRS about federal tax compliance matters involving the sponsoring organization.

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 dispute with the IRS or is an ancillary part of the LITC's ESL education.

Technical Assistance Consultation – a discussion with a practitioner or other service provider designed to give brief advice about a tax issue.

Third-Party In-Kind Contributions – the value of non-cash contributions provided as matching funds by parties other than the federal government or grantee. Third-party in-kind contributions may be in the form of goods, space, or services donated to the LITC by third parties.

U

Unallowable Expenses – expenses for which LITC grant funds may not be used according to restrictions published by OMB, LITC Program Office, appropriations language, or the conditions outlined in the notice of award.

Underserved Area– an identifiable geographic area where the need for LITC services exceeds the capacity available from current grantees.

Unused Funds – the portion of grant funds awarded to clinics that have not been spent, whether or not those funds have been drawn down from the Payment Management System. If a grantee determines that it will not spend its entire award, the grantee 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 for low to moderate income individuals who cannot afford professional assistance.

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