LITC LOW INCOME TAXPAYER CLINICS

Representation • Education • Advocacy

2016 GRANT APPLICATION Package and Guidelines

TAXPAYER ADVOCATE SERVICE

YOUR VOICE AT THE IRS

IMPORTANT CONTACT INFORMATION

GRANT ADMINISTRATION AND ELIGIBILITY INFORMATION

Grant Program Office

Internal Revenue Service
Taxpayer Advocate Service
LITC Program Office
Attention:
TA: LITC, Room 1034
1111 Constitution Ave., NW
Washington, DC 20224

Office: 202-317-6659
Fax: 877-477-3520
Email: LITCProgramOffice@irs.gov
Hours of Operation: 8:00 a.m. – 4:30 p.m. EST

LITC Toolkit (password protected/only available to funded grantees)
www.litctoolkit.com

LITC Grant Program on IRS.gov
www.taxpayeradvocate.irs.gov/Tax-Professionals/Low-Income-Taxpayer-Clinics
Dun and Bradstreet Data Universal Numbering Systems (DUNS) Number fedgov.dnb.com/webform
Helpdesk: 866-705-5711

System for Award Management (SAM)
www.sam.gov

Online Grant Application Submission
www.grants.gov
Helpdesk: 800-518-4726
Email: Support@grants.gov

Non-Competitive Continuation (NCC) Entry
www.grantsolutions.gov
Helpdesk: 949-389-4118

Interim and Year-End Report Submission
www.grantsolutions.gov
Helpdesk: 949-389-4118

Department of Health and Human Services (HHS) Payment Management System
www.dpm.psc.gov

Department of Health and Human Services Poverty Guidelines
aspe.hhs.gov/poverty/index.cfm

Definition of Income per U.S. Bureau of the Census
www.census.gov/cps/about/cpsdef.html

Civil Rights Reporting
www.irs.gov/uac/Your-Civil-Rights-Are-Protected

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards

INTERNAL REVENUE SERVICE INFORMATION

Tax Forms
www.irs.gov/Forms-&-Pubs

Federal Tax Compliance Verification (Internal Revenue Service)
877-8290-5500 (tax exempt and government entity returns)
800-829-4933 (business and specialty tax returns)
866-6990-4096 (excise tax and Form 2290 returns)

IRS Tax Exempt and Government Entities Customer Service Line
www.irs.gov/Charities-&-Non-Profits/Where-Is-My-Exemption-Application
Helpdesk: 877-829-5500

General IRS Information
www.irs.gov
Helpdesk: 800-829-1040

Becoming an IRS Partner to Help in Your Community
www.irs.gov/Individuals/Become-an-IRS-Partner-to-Help-in-Your-Community

Obtaining a Special Order for Student Practice
LITC Program Office: 212-389-2295

TAX TOOLKIT

Taxpayer Advocate Service
http://www.taxpayeradvocate.irs.gov

Smartphone Interactive Scan Here

UNITED STATES TAX COURT CONTACTS

United States Tax Court Clinical Program
http://www.ustaxcourt.gov/clinics.htm
How to Gain Admission to Practice Before the Tax Court
See Tax Court Rule 200, available at *www.ustaxcourt.gov*

MAY 2015

Dear Prospective Low Income Taxpayer Clinic Grant Applicant:

I am pleased to announce the May 1 opening of the 2016 Low Income Taxpayer Clinic (LITC) grant application period, which runs through June 15, 2015. The Taxpayer Advocate Service (TAS) is committed to enhancing the LITC Program's quality and coverage.

LITCs are charged to provide representation, education, and advocacy on behalf of low income taxpayers and taxpayers who speak English as a second language (ESL). The LITC program office facilitates that mission by providing guidance and assistance to grantees and potential applicants.

We continue to use *www.grants.gov* and *www.grantsolutions.gov* for paperless submission of applications, Non-Competitive Continuation (NCC) requests, and grant reports. Our most significant change for the 2016 grant year will be the consolidation of funding to support each grantee's controversy and ESL programs. All LITC grant recipients will be required to operate unified programs that provide direct representation in tax controversies with the IRS on behalf of low income taxpayers and use education and outreach efforts to make representation and consultation services available to ESL taxpayers.

Some of the other changes to the program I would like to highlight include:

- Special Instructions for Preparing Form 13424, *Low Income Taxpayer Clinic (LITC)* Application Information;
- Special Instructions for Preparing Form 13424-J, *Detailed Budget Worksheet*;
- Elimination of Form 13424-I, *LITC Tax Information Authorization*; and
- Elimination of Standard Form LLL, *Disclosure of Lobbying Activities*.

TAS remains committed to achieving maximum access to representation for low income taxpayers under the terms of this grant program. Thus, in awarding 2016 LITC grants, we will continue to work toward the following program goals:

- Ensuring that each state (plus the District of Columbia and Puerto Rico) is served by at least one clinic; and
- Ensuring that grant recipients demonstrate that they are serving geographic areas that have sizable populations eligible for and requiring LITC services.

To that end, the IRS encourages applications from clinics located in the following underserved areas.

Geographic Underserved Areas in Need of LITC Services
Alabama—Birmingham, Mobile, Huntsville
Alaska—Anchorage, Fairbanks
California—Los Angeles, Sacramento
Colorado—Denver, Colorado Springs, Fort Collins
Georgia—Atlanta, Savannah, Columbus
Mississippi—Jackson, Gulfport
North Carolina—Winston-Salem, Wilmington, Raleigh
North Dakota—Bismarck, Fargo
Oklahoma—Tulsa, Oklahoma City, Lawton
South Carolina—Charleston, Columbia
Texas—El Paso, Corpus Christi, Austin
Utah—Salt Lake City
Puerto Rico—San Juan, Ponce, Mayaguez

Notwithstanding the criteria detailed above, applications or NCCs from all areas will receive serious consideration.

This package contains current program guidelines, eligibility criteria for service providers and service recipients, application materials, instructions on how to submit an application or an NCC, and detailed reporting requirements. The cost of preparing and submitting an application or an NCC is the responsibility of each applicant.

To be considered for 2016 LITC Program grant funding, all applications and NCCs must be submitted electronically by June 15, 2015 via *www.grants.gov* or *www.grantsolutions.gov*, respectively.

The LITC Program Office will notify each applicant whether it will be awarded a grant in November 2015.

If you have questions about the LITC Program or grant application/NCC process, please contact the LITC Program Office at 202-317-6659 (not a toll-free call) or by e-mail at *LITCProgramOffice@irs.gov*.

I appreciate your interest in the LITC Program and look forward to working with the 2016 Low Income Taxpayer Clinic grantees to improve the fairness and quality of federal tax administration.

Sincerely,



Nina E. Olson
National Taxpayer Advocate

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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 Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave.NW, IR-6526, Washington, DC 20224. Do not send grant application forms to this address. Grant applications 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

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I INTRODUCTION

A Mission Statement

Low Income Taxpayer Clinics (LITCs) ensure the fairness and integrity of the tax system by providing *pro bono* representation to taxpayers in tax disputes with the IRS, educating low income taxpayers about their rights and responsibilities, conducting outreach and education to taxpayers who speak English as a second language (ESL), and identifying and advocating for issues that impact low income taxpayers.

Important Dates for 2016 LITC Grantees	
Application period	May 1—June 15, 2015
Program Office review and evaluation	June—October 2015
Notification of selection/non-selection	November 2015
LITC Grantee Conference	December 7—December 10, 2015
Grant year	January 1, 2016—December 31, 2016
Interim report due	August 1, 2016
Year-End report due	March 31, 2017

B What is Included in Publication 3319?

Publication 3319 outlines eligibility requirements for Low Income Taxpayer Clinic matching grants and instructions about how to apply for a matching grant under Internal Revenue Code (IRC) § 7526. This publication contains:

- Eligibility requirements, including mandatory assurances and certifications;
- Standards of operation;
- Post-award requirements;
- Application forms and instructions; and
- Reporting forms and instructions.

This publication, including the accompanying Appendices, should be retained for future reference.

C Contacting the Program Office

Potential applicants may direct questions concerning the LITC Program or the application process to the LITC Program Office via:

- Email:
  LITCProgramOffice@irs.gov;
- Phone:
  202-317-6659 (not a toll-free number); or

- Mail:
  Internal Revenue Service
  Taxpayer Advocate Service
  LITC Program Office
  TA:LITC, Room 1034
  1111 Constitution Ave., NW
  Washington, DC 20224.

Current grantees should direct questions about reporting or program requirements directly to their assigned Advocacy Analyst.

Questions regarding use of grantsolutions.gov may be directed to the Program Office via email at *Beard.William@irs.gov*.

D LITC Program Highlights

The staff of the LITC Program Office works diligently to reduce the burden on grantees and allow them to devote more resources to representing, educating, and advocating for low income and ESL taxpayers. Applicants and grantees should be aware of the following changes this year:

- **Providing Controversy and ESL Services under a Single Grant Award**—Beginning in grant year 2016, the LITC Program will no longer award discrete funding amounts to grantees to operate separate Controversy and ESL programs. Instead, all LITC grant recipients will be required to operate unified programs that provide direct representation in tax controversies with the IRS on behalf of low income taxpayers and use education and outreach efforts to make representation and consultation services available to ESL taxpayers.
- **Special Instructions for Preparing Form 13424**—Due to delays with updates to Grantsolutions.gov, applicants must use the version of Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information* (Rev. 8-2014) included in Appendix A and follow the instructions provided therein when preparing and submitting the information sheet as part of an application or Non-Competitive Continuation (NCC) request for grant year 2016. Applicants should enter the total amount of federal funds requested for grant year 2016 in the box marked "Controversy" and leave the box marked "ESL" blank.
- **Special Instructions for Preparing Form 13424-J**—Due to delays with updates to Grantsolutions.gov, applicants must use the version of Form 13424-J, *Detailed Budget Worksheet* (Rev. 5-2013) included in Appendix A and follow the instructions provided therein when preparing and submitting a budget as part of an application or Non-Competitive Continuation (NCC) request for grant year 2016. Applicants must complete the first three columns only, leaving any columns under the ESL category blank.
- **Elimination of Form 13424-I**—Applicants are no longer required to complete and submit Form 13424-I, *LITC Tax Information Authorization*. In lieu of the Form 13424-I, the necessary information will be captured on other forms already included in the application package. See the instructions to Standard Form 424, *Application for Federal Assistance* (specifically the Applicant Federal Debt Delinquency Explanation).

- **Elimination of Standard Form LLL**—Applicants are no longer required to complete and submit Standard Form LLL, *Disclosure of Lobbying Activities*.

E LITC Program Overview

i History of the LITC Program

As part of the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998, Congress authorized funding for the LITC grant program. The program is designed to provide 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, and to educate individuals for whom English is a second language about their rights and responsibilities as taxpayers.

The IRS created the LITC Program Office in 1999 to provide guidance, assistance, and oversight to LITC grantees and prospective applicants. The Director of the LITC Program Office reports directly to the National Taxpayer Advocate.

The IRS is authorized to award grants to provide matching funds for the development, expansion, or continuation of qualified LITCs. In 1999, grants were awarded to 34 grantees. For the 2015 grant year, there are 132 grantees.

ii Overview of IRC § 7526

IRC § 7526 authorizes the Secretary of the Treasury to award matching grants of up to $100,000 per year to qualifying organizations that represent low income taxpayers involved in controversies with the IRS and educate ESL taxpayers about their rights and responsibilities as taxpayers. Representation, education, and advocacy are the primary functions of LITCs.

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 III.B.i.b, *Poverty Guidelines*, of this publication.

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. New applicants and current grantees whose single year or multi-year grant period will end on December 31, 2015, must submit an application via *grants.gov*. Current grantees who will be entering the second or third year of a multi-year grant in 2016 must submit a Non-Competitive Continuation request via *grantsolutions.gov*. See section V, *Application and Selection Processes*, of this publication.

With respect to multi-year grant awards, the second and third years will be funded subject to satisfactory performance, compliance with grant terms, and availability of appropriated funds. All grant funds awarded to a grantee must be used for the program specifically authorized in the notice of award.

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.

II QUALIFICATIONS FOR FUNDING

A Basic Eligibility Requirements

To receive an LITC grant, an organization must represent low income taxpayers in controversies with the IRS and educate 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).

NOTE: *Beginning in grant year 2016, all grantees must provide controversy representation services to low income taxpayers. The LITC Program will no longer award grants to organizations that provide only education and outreach to the English as a Second Language (ESL) community.*

At least 90 percent of the taxpayers represented must have incomes that do not exceed 250 percent of the federal poverty level 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 II.B.i.a, *Low Income Taxpayers and the 90/250 Requirement*).

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 state or local tax authority concerning a related tax matter.

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.

NOTE: *Applicants must have a current registration with the System for Award Management, an Employer Identification Number, and a Data Universal Identifier Number. For more information, see IV.D.iv,* System for Award Management, Employer Identification Number, and Unique Entity Identifier Requirements.

B Core Term Definitions

Amount in controversy means the amount at issue for each tax year for which the LITC is representing the taxpayer. The amount includes the tax liability in dispute for a tax year, plus any related additions to the tax, additional amounts, and penalties imposed. Interest is generally excluded from the amount in controversy, unless the amount of interest is disputed independently from the associated tax liability. For example, in the collection context (*e.g.*, notice and demand, notice of determination under IRC § 6330), interest is always in dispute and is therefore included in the amount in 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.

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 inform 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 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. In 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 includes a dispute related to the tax provisions of the Affordable Care Act. A controversy does not include a criminal tax matter, but may include certain civil actions arising under the Internal Revenue Code, for example those arising under IRC §§ 7431—7435.

Low income taxpayer means 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. Net earnings from a sole proprietorship, a single shareholder S-corporation, or a single member LLC are included in income for purposes of determining if a taxpayer is low income. However, a business entity is not a low income taxpayer eligible for LITC representation, even if an owner, partner, shareholder, beneficiary, or member of the business entity is an individual whose income does not exceed 250 percent of the poverty level.

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 (photocopies, court costs, and expert witness fees, for example).

***Pro bono* panel** means a group of qualified representatives who do not charge a fee for representing or advising low income or ESL taxpayers.

Program to inform means 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. These programs may be made available to low income taxpayers as well as ESL taxpayers. Such activities include, but are not limited to, conducting group presentations or workshops describing federal taxpayer rights and responsibilities, publishing and distributing information about federal tax issues and taxpayer rights, and consulting one-on-one with taxpayers.

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 or an individual admitted to practice before the applicable court where the controversy with the IRS will be adjudicated. A student working under the supervision of a qualified representative is a qualified representative if the Director of the LITC Program Office has authorized that student to practice before the IRS pursuant to 31 C.F.R. Part 10 (Treasury Department Circular No. 230) and Delegation Order 25-18 (Rev. 1), or the applicable court has authorized the student to appear pursuant to rules of the court. An unenrolled return preparer who can practice before the IRS based upon return preparation is not a qualified representative.

NOTE: *For more information on student representation of taxpayers, see section III.B.i.g,* Student 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.

C Matching Funds

The LITC Program is a matching grant program. All grantees must provide matching funds on a dollar-for-dollar basis for all federal funds received from the LITC Program. 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 Part 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.

NOTE: *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 IV.F, *Matching Funds Requirement*.

D 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 before received an LITC grant are eligible to receive only a single-year grant award; experienced grantees may be awarded a multi-year grant. Awarding of multi-year grants is at the discretion of the LITC Program Office. Thus, applicants that apply for a multi-year grant may be awarded a single-year grant.

Grantees awarded a multi-year grant must submit a Non-Competitive Continuation (NCC) request in the second and third year of the grant period for continued funding. Multi-year grantees 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. Funding may be increased or decreased at the discretion of the LITC Program Office and is subject to the availability of funds annually appropriated for the LITC Program.

E Start-Up Expenses

Start-up operations qualify for grant funding. An applicant may be awarded an LITC grant for the full grant year although it anticipates it will not begin offering representation services 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. Such applicants still must satisfy the statutory matching funds requirement during the year covered by the grant and must meet all reporting requirements to 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.

F Fees

IRC § 7526 provides that a clinic must not charge more than a nominal fee for its services, although reimbursement of actual costs incurred (*e.g.*, photocopying and court costs) is permitted. If a clinic charges a fee, it must charge that same fee to all taxpayers, regardless of the services being sought. For example, a clinic may not charge a separate or additional fee (even if it is nominal) to prepare a tax return or a collection information statement. 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 served, the goal of the Program is not being achieved and that amount is not nominal.

III OPERATING A CLINIC

A Standards of Operation—General

The LITC Program Office has developed baseline standards of operation for LITC grant recipients. The standards ensure that all LITCs provide consistent and quality service to low income and ESL taxpayers.

i 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, but not limited to:

- internal controls;
- management of federal, state or local grant funding;
- budget administration and 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's (LTA) office.

ii Infrastructure and Resources

a *Taxpayer Representation*

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.

b ***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 selected to receive LITC grant funds.

c ***Access***

To help ensure taxpayers have convenient access to low-cost representation, grantees are strongly encouraged to provide a toll-free number. Grantees may use grant funds to operate a toll-free number.

d ***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. The QTE, QBA, and Clinic Director are encouraged to attend continuing professional education programs sponsored by the IRS and professional organizations.

e ***Tax Library***

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.

f ***Annual LITC Conference***

LITCs awarded funding for the upcoming grant year must attend the annual LITC conference. 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 of part of the conference (see below). The QBA is not required to attend the conference, but may choose to attend.

NOTE: *For all new grantees, the Clinic Director and the QBA must attend a mandatory conference call held prior to 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 December 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.

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

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, however, that grantees may not use LITC grant funds or matching funds to pay the cost of more than two attendees.

NOTE: *For more information on using grant funds to attend the annual LITC conference, see section IV.E, Cost Principles.*

iii Outreach and Community Partnerships

a *Focused Outreach*

LITCs are responsible for developing an outreach plan to effectively publicize the clinic and its services to low income taxpayers and ESL taxpayers. Outreach activities may involve direct communication with taxpayers or be accomplished indirectly through other organizations or groups that serve 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. Outreach plans should be completed in advance of the start of the period during which representation and other assistance will be offered.

Grantees must identify an audience to whom educational and outreach activities will be directed. LITCs should advertise and promote themselves as providing education and information to help ESL individuals understand the federal tax system. For example, an LITC could advertise and conduct a community meeting to acquaint ESL individuals with their rights and responsibilities under the federal tax system.

b *Publicity Materials*

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 in their geographic area.

BEST PRACTICE: *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.

Core services in federal tax controversy cases include representing taxpayers in examinations, appeals, collection matters, and litigation. 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.

Core services to educate taxpayers consist of presentations for ESL taxpayers about their taxpayer rights and responsibilities, and identification of topics that clinic staff can address during a presentation such as:

- tax recordkeeping,
- how to choose a tax return preparer, or
- collection alternatives.

All publicity materials should mention that the LITC can provide consultations or advice to individual taxpayers.

Publicity materials may not advertise tax return preparation services or ITIN preparation assistance. LITCs are permitted to provide tax preparation services only in two limited contexts:

i if necessary to resolve a controversy:

ii as an ancillary part of ESL education,

See section III.B.v, *Preparing Tax Returns and ITIN Applications*.

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

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

i Although the grantee receives funding from the IRS, the clinic, its employees, and volunteers are not affiliated with the IRS; and

ii 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 logo or LITC 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 or accountants 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*.

c *Community Partnerships*

LITCs should develop and maintain relationships with other community-based organizations that serve 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 networks within the community or organizations with which it can work to reach its identified audience.

d *Identifying Successful Outreach Strategies*

LITCs should also implement a process that tracks how taxpayers seeking services learn about the program 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 seminar. The sign-in sheet also allows the clinic to keep track of the number of attendees served, without requiring individual names or signatures.

iv Networking and Mentoring

a *Networking*

LITCs are encouraged to actively participate in 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 get training on federal tax practice and procedure. Networks can identify best practices and submit them to the LITC Program Office for sharing with other clinics to improve the overall quality of the LITC Program.

b ***Mentoring***

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.

c ***Technical Assistance***

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*.

v Confidentiality

a ***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 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.

b ***Training Materials***

Client information must be removed 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.

c *Media Requests*

If a news reporter approaches clinic personnel to prepare a story about a taxpayer represented by the clinic, clinic personnel should, as a general rule, decline to participate 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. A newspaper or other media reporter does not have a "need to know" taxpayer information.

In those rare instances in which a client approaches clinic personnel 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 possible ramifications that could occur from disclosing taxpayer information.

In terms of a client discussing with the media the particulars of his or her case, there is nothing in the LITC Program Guidelines that would prohibit such an interview. However, this is an area in which clinics should proceed cautiously. Although a publicized interview may be an effective way to advertise the clinic's services, this goal cannot outweigh the best interests of the client.

By suggesting a potential interview to a client, the client may misunderstand and think the clinic is encouraging him or her to participate in the interview or that he or she is under an obligation to participate as a way of recompensing the clinic for the services provided. Clinic staff should communicate to the client explicitly that he or she is under no obligation to be interviewed. Make sure the client fully understands the possible ramifications that could occur from disclosing personal information to a reporter. The client may be dealing with other nontax issues (*e.g.*, custody or support battles, other creditors, immigration) that could be brought to light as a result of the media coverage.

In summary, any time a clinic receives a request from the media for an article about a client, clinic staff must act, first and foremost, in the best interests of the client. If the client chooses to participate in the interview, 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 to share any details of a taxpayer's case with the media, the client must give voluntary, informed consent in writing.

BEST PRACTICE: *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.*

vi Volunteers

a *Quality Assurance Process*

LITCs should create written position descriptions for volunteers and a process to determine the qualification of volunteers, such as licensing, training, educational background, and other qualifications relevant to the services offered by the clinic.

b *Pro Bono Panel*

To expand clinic coverage, LITCs are encouraged to maintain a *pro bono* panel to which they may refer low income and ESL taxpayers in need of assistance. A *pro bono* panel is a group of qualified representatives who have agreed to provide representation or advice to taxpayers for free.

Examples of *pro bono* panels to which taxpayers may be referred include:

- A panel of qualified representatives maintained by the clinic to whom the clinic refers matters and whose members agree to provide *pro bono* representation or advice to low income and ESL taxpayers; and
- A panel maintained by a state or local bar association or society of accountants that makes referrals, for free or for a nominal fee, to qualified representatives who have agreed to provide *pro bono* representation.

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

c *Referrals of Taxpayers to Volunteers*

LITCs are expected to have adequate procedures and a monitoring system in place to ensure that referrals are handled expeditiously and that the actual representation is, in fact, *pro bono*. *Pro bono* representatives may not charge any fees for services (other than reimbursement of expenses such as photocopying and court filing fees).

An LITC may only refer cases to other *pro bono* organizations, including a panel maintained by a state bar association or a state or local society of accountants. Even if a taxpayer does not meet the LITC's eligibility requirements, an LITC cannot 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* referrals. If that *pro bono* organization ends up referring the taxpayer to a representative who charges a fee, the LITC has still made an appropriate referral.

Generally, no person associated with the grantee should provide representation in a case the grantee declined to accept. Additionally, no one employed by the grantee or who serves as a volunteer should continue providing representation for a fee in an accepted case or represent a client of the grantee in a subsequent, separate matter on a fee-for-service basis. For example, an LITC holds an educational activity where an accountant who is the QTE for the

clinic serves as a speaker. A taxpayer who attended the educational activity later seeks to engage the accountant on a fee-for-service basis. Although the taxpayer did not approach the LITC for representation, the accountant must decline to represent the taxpayer unless the accountant is willing to represent the taxpayer on a *pro bono* basis.

vii Recordkeeping and File Management

LITCs must maintain both adequate financial records and adequate client records.

a *Grant Expenditure Records*

LITCs must create written procedures explaining the process for approving expenditures from grant funds to ensure compliance with the applicable cost principles in 2 CFR Part 200 Subpart E 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.

LITCs must have written procedures to track their fixed assets and tangible personal property.

b *Client Records*

Case records should be sufficiently detailed to allow an LITC to substantiate a claim for an attorneys' fee award. 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 the situation arises, the clinic has adequate records to support an award for attorneys' fees. The records must identify the date on which the services were performed and must describe the nature of those services in detail.

Records should include all time spent by employees, volunteers, and students of the grantee. The records should describe what work was performed by each individual, the position of the individual (*e.g.*, paralegal, attorney, student), and the amount of time spent on each task. 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 by multiple clinic personnel. The use of classifications to describe the services is strongly encouraged. Suggested classifications include:

- Initial client interview;
- Follow-up interviews and consultations with client (identify subject matter);
- Research (describe issue);
- Fact-finding and investigation of underlying facts (describe subject matter and information sought);
- Preparation of pleadings or other court documents;
- Preparation of letter (identify recipient and subject matter);

- Analysis of taxpayer or third-party records (identify records);
- Consultation with tax return preparer (identify preparer);
- Consultation with or interview of third-party (identify the person); and
- Telephone conversations (identify the parties and the subject matter).

c ***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.

d ***Recommended Back-Up File System***

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.

e ***Security***

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.

f ***Records Retention***

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 apply additional recordkeeping requirements for case files.

viii Tax Compliance and Federal Debts

An applicant must be in full compliance with its federal tax responsibilities when applying for an LITC grant and also throughout the grant year. To facilitate the resolution of any potential tax compliance issues, use Standard Form 424, *Application for Federal Assistance* (specifically the Applicant Federal Debt Delinquency Explanation) to provide contact information for the individual responsible for handling the organization's federal tax matters. Failure to provide an appropriate contact could result in a delay in the processing of an application or in the receipt of grant funds.

Funds will not be awarded to an organization that has any undisputed outstanding federal tax debt. An outstanding federal tax debt is any unpaid federal tax liability that has been assessed, and for which all judicial and administrative remedies have been exhausted or have lapsed. An applicant or grantee that has entered into and remains current with respect to an installment agreement or other payment arrangement with the federal government to satisfy any outstanding federal tax debt will be considered in tax compliance and eligible for funding.

Standard Form 424 (in Appendix A) 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 *http://donotpay.treas.gov* for more information.

ix Name or Organizational Status Changes

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

x Client Satisfaction

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.

B Standards of Operation—Taxpayer Services

i 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.

Representation services must be provided by an attorney, certified public accountant, enrolled agent or student currently authorized to practice before the IRS or before the applicable court.

LITCs must respect the attorney-client relationship that is formed when an LITC agrees to provide representation. A representative must provide competent representation to a client, to act with diligence and promptness regarding a client's legal concerns, or to 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.

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 reporting purposes, consultations are counted and reported separately from controversy cases.

a *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, as defined below, which do not exceed 250 percent of the Federal Poverty Level or criteria established by the Director of the Office of Management and Budget (OMB). 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.

The determination of a taxpayer's income for purposes of the LITC Program funding is made at the time the taxpayer seeks the clinic's assistance. LITCs must record the taxpayer's income information on an intake form (or similar form). Changes in financial status during representation do not disqualify clients from continuing to receive clinic representation.

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.

The 90/250 rule applies only to taxpayers represented in controversy cases and does not apply to consultations or other LITC activities. LITCs apply the 90/250 rule by comparing the number of cases opened during the reporting period for taxpayers 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.

For purposes of the 90/250 rule, each case is treated as a single taxpayer. Thus, 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 less than ten percent of the clients represented had incomes that exceed 250 percent of the applicable Federal Poverty Guidelines, based on the client's family unit size and location.

Example 1: Satisfying the 90/250 Rule. LITC opened 120 new representation cases and conducted 92 consultations during the grant year, thereby assisting 212 taxpayers. The 90/250 rule does not apply to taxpayers given a consultation only, only to taxpayers represented. Thus, at least 108 of the 120 taxpayers (90 percent) represented must have incomes below 250 percent of the applicable poverty level, based on each client's location and family size. The 92 taxpayers who were given a consultation but not represented are excluded from the application of the 90/250 rule.

b ***Poverty Guidelines***

The LITC Program Office updates the income eligibility guidelines for the LITC Program annually in accordance with HHS's publication of the updated Federal Poverty Guidelines each year. Grantees must adopt the new income guidelines for determining LITC low income representation eligibility within 30 days from 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 80 F.R. 3236-37 on January 22, 2015, the current LITC income ceilings for controversy representation are as follows:

LITC Income Guidelines *(250% of Federal Poverty Guidelines)*			
Size of Family Unit	**48 Contiguous States, D.C., and Puerto Rico**	**Alaska**	**Hawaii**
1	$29,425	$36,800	$33,875
2	39,825	49,800	45,825
3	50,225	62,800	57,775
4	60,625	75,800	69,725
5	71,025	88,800	81,675
6	81,425	101,800	93,625
7	91,825	114,800	105,575
8	102,225	127,800	117,525
For each additional person, add	10,400	13,000	11,950

c ***Definition of Income for Purposes of the 90/250 Requirement***

"Income" is defined in accordance with the definition used by the U.S. Bureau of the Census. See *http://www.census.gov/cps/about/cpsdef.html* for the complete list of items included in the definition of 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).

NOTE: *The definition of income for purposes of the 90/250 rule is not the same as 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.*

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.

d ***Definition of Family Unit***

For purposes of this grant program, 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. Income of any dependents included in a family unit must be included in the computation of the taxpayer's income for purposes of determining eligibility for representation.

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 care 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 determining LITC income eligibility. If the foster children are treated as a separate family unit, those support payments would be excluded from the taxpayer's income computation.

e ***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 includes additions to tax, and penalties, but does not include interest unless the amount of the interest is separately disputed. In the collection context, however, (*e.g.*, notice and demand, notice of determination under IRC § 6330), interest is always in dispute and is therefore included in the amount 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 and an explanation of why each case was accepted for representation in its Interim and Year-End reports.

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. 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 but had not been paid. 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 collection actions 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 for which Taxpayer D is seeking assistance is $55,000. Thus, the amount in controversy is $55,000.

f ***Participation in the United States Tax Court Clinical Program***

LITCs are strongly encouraged to participate in the United States Tax Court Clinical Program.

The Court recognizes that clinics provide important advice and assistance to many otherwise unrepresented taxpayers in disputes with the IRS. The Court permits approved participating clinics to submit a letter containing the clinic's contact information which will be included in Tax Court mailings. Procedures for requesting to participate in the United States Tax Court Clinical Program can be found at *http://ustaxcourt.gov/clinics.htm*.

Participating clinics 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. Much of the assistance LITCs provide at the calendar calls is in the form of consultations and advice, although clinics may offer to represent otherwise eligible taxpayers.

g *Student Representation*

LITCs intending to use students to represent taxpayers before the IRS must obtain authorization for a special appearance for those students. The LITC Program Office handles requests for special appearance authorizations. Information and forms to request an authorization for a special appearance can be found on the LITC Toolkit. The special appearance authorization is limited to practice before the IRS. With respect to practice before any court, the court itself handles requests to authorize student representation.

The appointment of a student as a taxpayer's representative under a special appearance authorization lasts for 130 days from the time the taxpayer signs Form 2848, *Power of Attorney and Declaration of Representative*, after which it automatically expires as to the student, but not as to the student's supervisor (usually the Clinic Director or QTE) who must also sign the Form 2848. Only the student's authority to act as a representative is subject to the 130 day limit; the power of attorney remains in force with regard to the supervisor until withdrawn or revoked.

If a case remains open for longer than 130 days and representation of the taxpayer by the LITC continues from one semester to the next, the LITC should let the student's appointment as representative naturally expire unless the representation must be ended for some reason other than the passing of 130 days. Sending a withdrawal notice to the Centralized Authorization File (CAF) unit as to the student is not necessary and doing so runs the risk of the supervisor being removed as appointed representative as well.

After the expiration of the 130 period, the supervisor's appointment as the taxpayer's representative should remain in force pursuant to the original Form 2848 signed by the taxpayer unless the supervisor submits a copy of the original Form 2848 specifically withdrawing as the taxpayer's representative.

Some tax controversies may take several months or longer to resolve, meaning the case may remain open longer than the duration of a student's participation in the LITC. In such cases, the LITC may wish to substitute student representatives, but must obtain the taxpayer's written permission to do so. If the taxpayer permits, the supervising representative can substitute student representatives listed on Form 2848. A taxpayer may elect to grant the supervising representative authority to substitute or add representatives by checking the box on line 5 of Form 2848. In such cases, the supervisor should submit to the IRS the following:

(i) a copy of the original Form 2848 signed by the taxpayer;

(ii) a copy of the Student Practice Authorization (issued by the LITC Program Office); and

(iii) a copy of the new Form 2848, listing the names of the representatives remaining after the substitution.

If the taxpayer checked the box on line 5 granting substitution authority, the new Form 2848 can be submitted without the taxpayer's signature.

NOTE: *LITCs may apply for a Special Appearance Authorization for students to represent taxpayers before the IRS by faxing an* Application for Student Pratice Authorization *and the applicable* Student Information Chart *to the LITC Program Office at 1-877-477-3520.*

Forms and detailed instructions are available at the LITC Toolkit.

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

BEST PRACTICE: *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 authorized to practice before the IRS are treated as lawyers for purposes of analyzing ethics issues. Thus, students participating in an LITC who plan to seek employment with the IRS should be wary of a potential conflict of interest. A student has an obligation to inform clients that he or she is seeking employment with the IRS. Clients may consent to have the student continue the representation. If a client does not consent to having the student continue the representation, the student must withdraw the employment application, or the Clinic Director must assign a different student to the case who does not have a conflict of interest.*

ii Education

LITCs are required to offer tax education to low income taxpayers and taxpayers who speak English as a second language (ESL). Educational activities should address taxpayer rights and responsibilities as well as tax issues of particular significance to the intended audience. Whenever possible, LITCs are urged to use face-to-face contact (whether in consultations or in a group workshop), as it is an excellent method for educating taxpayers.

Clinics may address a wide range of substantive tax issues in their educational programs and materials, 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.

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 for ESL taxpayers on collection alternatives, identity theft, worker classification, or tax provisions of the Affordable Care Act;
- Setting up a booth or staffing a table at a community event and handing out clinic brochures and educational materials about various tax issues, and then answering questions and scheduling appointments for interested taxpayers; or
- Holding a weekly discussion series at a community center during the filing season to educate ESL taxpayers about choosing a competent tax return preparer, family and education credits, refund anticipation loans, Individual Taxpayer Identification Numbers (ITINs), and other related issues.

LITCs are responsible for creating, printing, and distributing the materials used to educate taxpayers. Materials should be prepared in languages appropriate for ESL taxpayers.

LITCs are also encouraged to provide education to staff, volunteers, and other tax practitioners on issues impacting low income taxpayers. Offering presentations that award Continuing Professional Education (CPE) or Continuing Legal Education (CLE) credits can be a valuable tool for recruiting clinic volunteers.

iii Advocacy

One of the stated purposes of the LITC mission is to identify and advocate for resolution of issues that impact low income 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, authoring articles or publications, appearing on television or radio, producing public service announcements, or submitting suggestions to the Taxpayer Advocate Service Systemic Advocacy Management System (SAMS), available through the IRS website *www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS*. The use of grant funds to perform certain lobbying efforts is prohibited in regard to legislation or potential legislation. See section IV.B, *Lobbying Restrictions*.

iv 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 (including a co-located independently funded 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. 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. 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).

Additionally, the clinic is prohibited from including tax return or ITIN application preparation among a list of services provided in any advertising materials. See section III.A.iii.b, *Publicity Materials* for more information.

Example 1: Permissible Tax Return Preparation—Controversy Resolution. LITC Q is representing Taxpayer E with an offer in compromise. Before the IRS can consider Taxpayer E's offer, he must be current with all tax return filing requirements. LITC Q may prepare any of Taxpayer E's tax returns needed to process Taxpayer E's offer in compromise request. If the offer is accepted, Taxpayer E will have an obligation to timely file returns for the five-year period beginning with the date of acceptance of the offer. LITC Q cannot prepare any of Taxpayer E's returns due in that five-year period after the offer is accepted, as those returns are not necessary to resolve the current controversy. If, however, Taxpayer E fails to file a return in that five-year period, LITC Q could prepare the delinquent return; in order to be eligible for reinstatement, Taxpayer E must be current with all tax return filing requirements. The delinquent return is necessary for LITC Q to get the offer reinstated.

Example 2: Permissible Tax Return Preparation—Ancillary to ESL Education. LITC S is conducting an educational event to inform taxpayers about required recordkeeping for tax return filing purposes. At the conclusion of the event, one of the attendees, Taxpayer F, asks LITC S to review her self-prepared tax return for accuracy. Taxpayer F brought all of her supporting documents with her to the educational event. After reviewing the return and all the supporting documents, LITC S determines that Taxpayer F made a number of errors in calculating her tax liability. LITC S may correct the return for Taxpayer F because the return preparation is ancillary to LITC S's purpose of informing Taxpayer F about required record keeping.

Example 3: Impermissible Tax Return Preparation—Ancillary to ESL Education. LITC T holds a monthly workshop about the Earned Income Tax Credit (EITC). At the end of each workshop, LITC T personnel offer to prepare a tax return for attendees eligible to claim the EITC. LITC T cannot prepare the returns under these circumstances, as preparing a return is not incidental to the purpose of the workshop. LITC T's resources should be dedicated to education, not return preparation.

IV 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.[1]

The electronic CFR is updated regularly and is located at *http://ecfr.gpoaccess.gov*. In addition, the uniform guidance can be found at *https://federalregister.gov/a/2013-30465*, and the Treasury Department's implementation of the uniform guidance can be found at *https://www.federalregister.gov/articles/2014/12/19*. All applicable Office of Management and Budget (OMB) guidance is incorporated into these program requirements and into all LITC grant awards made by the IRS to clinics.

B Lobbying Restrictions

Lobbying activities: 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.

General rule: 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.

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

1 See 78 Fed. Reg. 78590-78608 (Dec. 26, 2013).

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.

NOTE: *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;
- Expend non-federal funds (i.e., neither federal grant nor matching grant funds) on lobbying activities. However, under the Byrd Amendment (31 U.S.C. § 1352), grantees may still be required to disclose lobbying activities conducted with non-federal funds 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;
- 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 effort 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.

Sources of guidance on lobbying activities: The table below details the main sources of authority that regulate lobbying by LITCs:

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 Grant Funds. Although the restriction does not apply to non-federal grant 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

NOTE: *This chart 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: www.irs.gov/pub/irs-pdf/p4221pc.pdf.*

Examples of activities with possible lobbying implications:

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 appropriated grant funds are not 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*.

NOTE: *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.*

NOTE: *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.*

C Civil Rights Compliance

This section describes the data collection and reporting obligations required of LITC grant applicants by the IRS to meet their responsibilities under these laws. This information is required pursuant to the civil rights statutes and the regulations of the Department of Justice and the Department of the Treasury.

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; and
- the **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.

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 or because the individual has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing.

NOTE: *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 in the Application Narrative (Form 13424-M); multi-year grantees provide civil rights information in the Project Abstract of their NCC request (See Appendix A).*

i 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 served 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 unable to speak or understand English;
- 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 Civil Rights Division staff member will review each grant application and NCC request for compliance with civil rights reporting requirements. Upon completion, the Civil Rights Division will forward a preliminary civil rights determination based on the information in the grant application or NCC 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 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.

NOTE: *Each Low Income Taxpayer Clinic is required to display the Civil Rights Poster, Publication 4053.*

ii Civil Rights Division Contact Information

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

Operations Director, Civil Rights Division
Internal Revenue Service, Room 2413
1111 Constitution Avenue NW
Washington, DC 20224

D Other Assurances and Certifications

i Trafficking Victims Protection Act of 2000

The Trafficking Victims Protection Act 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 C.F.R. § 175.15.

The IRS may terminate the award, without penalty, if the grantee or any subgrantee engages in, or uses labor recruiters, brokers, or other agents who engage in:

a Severe forms of trafficking in persons during the period of time that the award is in effect;
b The procurement of a commercial sex act during the period of time that the award is in effect;
c The use of forced labor in the performance of the award; or
d 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 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.

ii Federal Funding Accountability and Transparency Act (FFATA) (2 CFR Part 170)

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. OMB has issued guidance to establish requirements for grantees to report information about executive compensation in certain circumstances. See 2 CFR Part 170.

iii Certain Criminal Law Violations

Federal law currently prohibits the award of grant funds to any corporation that was convicted or had an officer or agent of such corporation acting on behalf of the corporation convicted of a felony criminal violation under any federal law within the preceding 24 months, where the IRS is aware of the conviction, unless the IRS has considered suspension or disbarment of the corporation, officer, or agent and made a determination that denial of the grant is not necessary to protect the interests of the government. If necessary, the LITC Program Office will advise grantees of any changes in this prohibition for fiscal year 2016.

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 suspension or debarment. See 2 CFR § 200.113.

iv System for Award Management, Employer Identification Number, and Unique Entity Identifier Requirements

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.

Registration in the SAM database typically takes from seven to ten business days but may take up to two weeks. If the applicant already has an Employer Identification Number (EIN), the applicant's SAM registration will take seven to ten business days to process.

If the applicant does not have an EIN, then the applicant should allow two weeks for obtaining the information from IRS when requesting an EIN via phone, fax, mail, or online. Please take this time into account when preparing LITC grant applications.

To remain active in the SAM database after the initial 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*.

Applicants are also required to provide a Data Universal Numbering System (DUNS) number with each application. For more information, see 2 CFR Part 25. DUNS 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 (for applicants in Alaska and Puerto Rico, 800-234-3867) or applying online at *http://fedgov.dnb.com/webform*.

v 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. This prohibition may be lifted by next fiscal year. Contact the LITC Program Office for up-to-date information about this prohibition.

vi Other Applicable Laws and Regulations

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

- Restrictions on political activities at 18 U.S.C. §§ 595, 598, 600-603;
- The preservation requirements in the National Historic Preservation Act (16 U.S.C. § 470 et seq.) and the Archeological and Historic Preservation Act of l966 (16 U.S.C. § 469a-1 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 government-wide 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. A list of assurances and certifications is included in Appendix A.

E Cost Principles

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

- Reasonable;
- Incurred to benefit the program; and
- Consistent with market prices.

Grantees should refer to 2 CFR Part 200 for detailed rules regarding allowable and unallowable expenses or contact the grantee's assigned analyst with questions regarding expenses. Below is a table that lists examples of some common 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
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
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

***NOTE:** *The LITC Program Office permits returning clinics to use grant funds awarded for the current grant year to attend the following year's grantee conference* (e.g.*, a clinic may use funds awarded for the 2015 grant year to attend the 2016 annual LITC conference, which will be held in December 2015).*

TIPS ON DETERMINING ALLOWABLE VERSUS UNALLOWABLE EXPENSES

Refreshments

- A clinic may use grant funds for providing refreshments to volunteers so long as the costs are reasonable. However, a clinic generally may not use grant funds to buy refreshments for its employees, unless their workload requires those employees to work outside the normal hours of clinic operation.

Continuing Professional Education

- While maintaining professional credentials is generally a personal expense and therefore unallowable, a clinic may nonetheless use grant funds to pay for continuing education courses if such courses will increase the vocational effectiveness of employees. See 2 CFR Part 200.472.

Pens, Mugs, and Other Promotional Items

- A grantee cannot spend grant funds on pens, t-shirts, mugs, or other memorabilia to promote its services to taxpayers or for the personal use of employees. Grantees can purchase pens and other office supplies for the business use of clinic staff.
- Grantees may use federal funds to acquire 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.

Tips for Treatment of Indirect Expenses

- While indirect expenses are an allowable expenditure of grant funds, IRC § 7526(c)(5) prohibits clinics from counting donated indirect costs as matching funds.
- A grantee must include a copy of its indirect cost rate agreement with its budget. See Section V.A, *Completion and Submission of the LITC Program Grant Application Package*, and V.B. *Completion and Submission of a Non-Competitive Continuation (NCC) Request*.
- Unallowable expenses may not be included in the indirect cost rate.
- Inquiries about obtaining an indirect cost agreement should be directed to the LITC Program Office.

F Matching Funds Requirement

Grantees must provide matching funds on a dollar-for-dollar basis for all LITC Program funds received under this grant. 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 for any other federally-assisted project or program;

- Necessary and reasonable for proper and efficient accomplishment of the program;
- 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 provisions of 2 CFR Part 200.

i 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 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). Third-party in-kind contributions include the value of goods, space, or volunteer services donated to the LITC by third parties.

NOTE: *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.*

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ii Volunteer Services Generally

The rates for volunteer in-kind services, other than certain volunteer services provided by a qualified representative as explained in IV.F.iii, *Volunteer Services of a Qualified Representative*, must be determined consistent with the principles stated in 2 CFR § 200.306 (except for contributions of certain volunteer services by a qualified represenative). 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) website *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 benefits but excluding

overhead costs), 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.

iii Volunteer Services of a Qualified Representative

Grantees may use the rate found in IRC § 7430 to value certain donated services from qualified representatives. IRC § 7430 provides for an award of costs and fees in suits against the United States under certain situations for services provided by qualified representatives. The rate at which to value those services is adjusted periodically for inflation. For 2015, the applicable rate is $200 per hour, as prescribed in Revenue Procedure 2014-61, 2014-47 I.R.B. 860.

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

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

Unless all of the above criteria are met, grantees must apply the standard cost principles from 2 CFR § 200.306 as described above in section IV.F.ii, *Volunteer Services Generally*.

Grantees must keep careful records of the services provided by volunteers. Such record keeping is required for LITC reporting purposes, and is also necessary should a clinic pursue a claim for attorneys' fees under IRC § 7430. An example form for tracking volunteer time can be found on the LITC Toolkit. The form is for internal use only and does not need to be included in Interim and Year-End reports to the LITC Program Office.

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, then the work performed by the volunteer must be valued using the standard OMB cost principles 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.

NOTE: *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.*

iv Documentation of Matching Funds Sources

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 drawn down in excess of the documented match.

Qualified Matching Funds include (but are not limited to):

- Cash contributions, including Legal Services Corporation funds;
- Grantee contributions, including payments for:
  - Salaries, including fringe benefits, paid to clinic staff;
  - Equipment and supplies used in the clinic;
  - Rent and utilities costs for clinic space; and
  - Other costs necessary to the operation of the program;
- Third-party in-kind contributions, including:
  - The value of volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor, as explained above;
  - The fair market value of donated equipment and supplies; and
  - The fair rental value of donated space.
- Program income, including nominal fees charged, from activities that are directly related to the LITC's objectives.

Ineligible Matching Funds include (but are not limited to):

- Expenses incurred for the purchase, construction, repair, or rehabilitation of any building or any portion thereof;
- Expenses incurred that do not support or benefit the program;
- Services provided by students in exchange for academic credit;
- Federal work-study funds;

- Funds from other federal grants unless specifically authorized by statute (See 2 CFR § 200.306(a)); and
- Indirect costs, including general overhead of the institution sponsoring the LITC.

G OMB Audit Requirement

Pursuant to 2 CFR Part 200, Subpart F, a grantee that expends more than **$750,000 a year in total federal awards** is subject to the audit requirements established by OMB. See 2 CFR § 200.501. The $750,000 floor applies to audits of fiscal years beginning on or after December 26, 2014. See 2 CFR 200.111. For fiscal years beginning before December 26, 2014, an OMB audit is required if the grantee expends at least $500,000 in federal funds a year. 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. See 2 CFR § 200.501. The IRS, however, 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 a year in federal awards must provide the IRS with a copy of the results of an audit performed in compliance with 2 CFR Part 200. Such grantees 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 OMB Circular 2 CFR Part 200 is an allowable LITC grant expense.

An audit under 2 CFR Part 200 is organizationwide. The auditor must determine whether:

- The grantee's financial statements present fairly its financial position and the results of its operations in accordance with generally accepted accounting principles;
- An internal control structure exists to provide reasonable assurance that the grantee is managing federal awards in compliance with applicable laws and regulations and to ensure compliance with the laws and regulations that could have a material impact on the financial statements; and
- The grantee has 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.

REQUESTING PAYMENT HISTORY INFORMATION 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*.

For recipients unable to access PMS inquiries online, payment history requests may be faxed to 301-443-3586, Attention: Sheila Swedenburg. You may also email requests to: *Sheila.Swedenburg@PSC.HHS.gov*.

V APPLICATION AND SELECTION PROCESSES

A Completion and Submission of the LITC Grant Application Package

New applicants and current grantees whose single year or multi-year grant period will end on December 31, 2015, must complete and submit an LITC Grant Application. To be considered for 2016 LITC Program grant funding, all applications must be submitted **by June 15, 2015**.

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 2016 LITC grant application is TREAS-GRANTS-052016-001.

Currently funded grantees applying for funding for the second or third year of a multi-year grant must submit a Non-Competitive Continuation request. See **section V.B, *Completion and Submission of a Non-Competitive Continuation (NCC) Request*.**

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 submitted by fax to 877-477-3520.

TIPS FOR PREPARING THE LITC PROGRAM GRANT APPLICATION PACKAGE

NOTE: *Any current grantee whose single-year or multi-year period will end on December 31, 2015 must submit an LITC Grant Application for grant year 2016 (or new multi-year period beginning in 2016) via www.grants.gov.*

NOTE: *A current grantee seeking funding for the second or third year of a multi-year LITC grant should not submit an application via www.grants.gov, but rather should submit an Non-Competitive Continuation request via www.grantsolutions.gov.*

NOTE: *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.*

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 forms can be found in Appendix A and budget forms and examples can be found in Appendix 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, *Application Information Sheet* (see Appendix A);
b Standard Form 424, *Application for Federal Assistance*, (see Appendix A);
c IRS Form 13424-M, *Application Narrative* (see Appendix A);
d Standard Form 424A, *Budget Information—Non-Construction Programs*, (see Appendix B);
e IRS Form 13424-J, *Detailed Budget Worksheet and Narrative*, (see Appendix B);
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 more than $750,000 in federal funds this must be a single audit or program-specific audit as defined in 2 C.F.R. §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 (downloadable from *www.grants.gov*).

B Completion and Submission of a Non-Competitive Continuation (NCC) Request

Currently funded grantees entering the second or third year of a multi-year grant must submit a Non-Competitive Continuation (NCC) request. General information and forms can be found in Appendix A and budget forms and examples can be found in Appendix B. To be considered for 2016 LITC Program grant funding, all NCCs must be submitted **by June 15, 2015**.

All NCCs 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 NCCs via *www.grants.gov*. The LITC Program Office will provide instruction to grantees periodically during the grant year on how to use the grantsolutions.gov website to submit reports and NCCs. Additional questions regarding use may be directed to the Program Office at *Beard.William@irs.gov*. The Funding Opportunity Number for the 2016 LITC grant is TREASGRANTS-052016-001.

Applicants seeking a single year grant or new multi-year grant request must submit an LITC Grant Application. See section V.A, *Completion and Submission of the LITC Program Grant Application Package*.

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 NCC consists of the following items, submitted through *www.grantsolutions.gov* and prepared in accordance with the relevant instructions.

a IRS Form 13424, *Application Information Sheet* (see Appendix A);

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

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

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

e Project Abstract, which includes the following information (see Appendix A):

  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 more than $750,000 in federal funds this must be a single audit or program-specific audit as defined in 2 C.F.R. §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 the Attachments Form (downloadable from *www.grants.gov*).

C Evaluation and Screening

The IRS may award grants with one-year to three-year project periods to qualified applicants. Organizations awarded a multi-year grant based on the 2016 selection and award process 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 LITC Program Office, 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 LITC Program Office.

All LITC Grant Applications will undergo a preliminary eligibility screening. Applications that do not meet all eligibility screening criteria will be eliminated from the award process. Applications that pass the eligibility screening will then be evaluated based on their technical merit, the amount of funding requested, and other considerations.

i Eligibility Screening

Applications will be reviewed to determine that:

- The application package is complete and includes all required items;
- The applicant has requested a single year grant or a multi-year grant of up to three years;
- The applicant has requested no more than $100,000 in grant funding;
- The applicant's budget provides for dollar-for-dollar matching funds; and
- The applicant has an active SAM registration.

If the LITC Program Office determines that an applicant's package is lacking any of the above items, the applicant will be notified and provided an opportunity to correct the problem.

ii 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.

a *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.

NOTE: *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 scoring.*

Points will be assigned as follows:

Experience

- Experience in operating a low income taxpayer clinic or delivering services to low income and ESL taxpayers. **(Maximum 10 points)**.

Financial Responsibility

- Quality of grant administration and internal accounting procedures. **(Maximum 10 points)**.

Program Performance Plan

- 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 the dates and days and hours of clinic operation. **(Maximum 75 points)**.

Program Coverage

- Number of low income or ESL taxpayers in geographic area(s), proposed efforts to reach these taxpayers, and the number of taxpayers to be served. **(Maximum 5 points)**.

b ***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.

- **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.
- **Current Grantees Submitting an NCC Request.** The LITC Program Office will perform a general review of the request, 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:
  1. Timeliness, accuracy, and completeness of Interim and Year-End reports;
  2. Any significant concerns identified by site assistance visits and how the grantee addressed those concerns;
  3. Whether the grantee's activities match its program plan;
  4. Grantee's involvement with other tax clinics, community groups, the Taxpayer Advocate Service, and the LITC Program Office;
  5. Whether the grantee has a history of not drawing down funds in a timely manner; and
  6. Whether the grantee has failed to use all funds awarded in prior years.

All applications undergo a civil rights review by the Civil Rights Division of the IRS. The LITC Program Office will also conduct a review of the applicant's federal tax compliance status, federal nontax obligations, and suspension and debarment status. In order to be eligible for an LITC grant, an applicant must:

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

NOTE: *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.*

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 debarred from receiving a federal grant award.

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:

- 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 served, 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 serve 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 existence of other clinics serving the same population.
- Appropriateness of funds sought for the quantity and quality of services to be offered.
- 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.

D Selection of Grant Recipients

In making grant award decisions, the IRS seeks to fund qualified organizations, including academic institutions and nonprofit organizations to provide representation, education, and advocacy on behalf of low income and ESL taxpayers. The IRS may, at its discretion, award grant funds to achieve the goals of the LITC Program.

NOTE: *Beginning in grant year 2016, the LITC Program will no longer award discrete funding amounts to grantees to operate separate Controversy and ESL programs. Instead, all LITC grant recipients will be required to operate unified programs that provide direct representation in tax controversies with the IRS on behalf of low income taxpayers and use education and outreach efforts to make representation and consultation services available to ESL taxpayers.*

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. To that end, the IRS encourages applications from clinics located in the underserved areas shown in the chart below:

Geographic Underserved Areas in Need of LITC Services
Alabama—Birmingham, Mobile, Huntsville
Alaska—Anchorage, Fairbanks
California—Los Angeles, Sacramento
Colorado—Denver, Colorado Springs, Fort Collins
Georgia—Atlanta, Savannah, Columbus
Mississippi—Jackson, Gulfport
North Carolina—Winston-Salem, Wilmington, Raleigh
North Dakota—Bismarck, Fargo
Oklahoma—Tulsa, Oklahoma City, Lawton
South Carolina—Charleston, Columbia
Texas—El Paso, Corpus Christi, Austin
Utah—Salt Lake City
Puerto Rico—San Juan, Ponce, Mayaguez

Notwithstanding the criteria detailed above, all applications for clinics from all areas will receive serious consideration.

E Notice of Award

The LITC Program Office will notify all applicants no later than November 2015 whether or not they have been selected to receive a 2016 grant award. However, no specific award amount information will be available until after Congress appropriates funding for fiscal year 2016.

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 available for the grant year, the grant period, and incorporates by reference the requirements specified in this publication. In addition, the notice of award 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.

F Application Amendment Package

The LITC Program Office will determine final award amounts after Congress appropriates funding for fiscal year 2016. 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.

VI POST-AWARD REQUIREMENTS OF GRANTEES

A 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:

1. 26 U.S.C. § 7526;
2. the terms and conditions contained in this Publication;
3. Assurances and Certifications contained in Standard Form 424;
4. any requirements, prohibitions or restrictions imposed by the legislation appropriating federal funds for this award;
5. other guidance that is effective for grant year 2016 issued by the Office of Management and Budget after the date of this Publication; and
6. 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 VII.C, 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.

B Notification Requirements

Events may occur during the grant period that significantly impact clinic operations. In such cases, the grantee must inform the LITC Program Office as soon as the condition becomes known.

Grantees should contact their assigned advocacy analyst via email including a copy to *LITCProgramOffice@irs.gov*. The advocacy analyst will follow up to discuss the matter with the grantee. For items that require the grantee to make revisions to its application amendment 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 deadline for resubmission of the package.

i Significant Changes in LITC Program Activities

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 or suspension or termination of the grant.

ii Changes in LITC 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.

iii 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 in the scope or objective of the program;
- a change in key personnel or time devoted to the LITC by key personnel;
- changes among budgeted cost categories exceeding 10% of the federal grant award; and
- a change in the amount or composition of matching funds (both cash and third-party in-kind match).

iv Non-Use of 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 situation, or the grantee anticipates that its future funding needs will be permanently reduced).

NOTE: *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.*

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v Withdrawal from LITC Program

Grantees that wish 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 C.F.R. § 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 clinic 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 VII.C.iv, *Post-Termination Responsibilities*.

C Managing Grant Funds

i Accessing 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). 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.

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.

Information regarding the EFT procedure is available on the Division of Payment Management segment of the HHS website at *www.dpm.psc.gov*. Questions regarding upcoming disbursements should be directed to the grantee's assigned analyst. For information about seeking historical payment information, see section IV.G, OMB Audit Requirement.

The DPM has an online tutorial for those who are not familiar with the system. Grantees are encouraged to visit the DPM website at *www.dpm.psc.gov* to view the tutorial and training. Grantees that experience problems accessing funds should contact the help desk at 1-877-614-5533 or send an email to *PMSSupport@psc.gov*.

ii Maintaining Funds in an FDIC Insured Bank

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 $250,000 in federal awards per year;
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of $500 per year on federal cash balances; 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 non-federal cash resources.

iii Interest on Advances of 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. Interest remittances should be made via to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852, which acts as the government-wide agent for collection.

D Reporting Responsibilities

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 fulfill the 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.

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 future award amount; or**
- **Suspension or termination of grant.**

i Interim Reports

Interim reports must be submitted online through *www.grantsolutions.gov* by August 1, 2016. The Interim report covers the first half of the grant year (January 1, 2016 through June 30, 2016) 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, *Program Narrative Report*;
- Form 13424-A, *General Information Report*;
- Form 13424-K, *Case Information Report*;
- Form 13424-B, *Controversy Issues*; and
- Form 13424-C, *Systemic Advocacy Information*.

NOTE: *For informational 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.*

ii Year-End Reports

Year-End reports must be submitted online through *www.grantsolutions.gov* by March 31, 2017. The Year-End report covers the entire grant year (January 1, 2016 through December 31, 2016) and consists of a Year-End financial report and a Year-End program narrative. 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, *Program Narrative Report*;
- Form 13424-A, *General Information Report*;
- Form 13424-K, *Case Information Report*;
- Form 13424-B, *Controversy Issues*; and
- Form 13424-C, *Systemic Advocacy Information*.

NOTE: *For informational 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.*

NOTE: *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 information reporting requirements.*

LITC PROGRAM OFFICE RESPONSIBILITIES

A General 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.

B 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 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 and the LITC Program Office.

C 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.

D 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 serve 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 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.

E Oversight

The LITC Program 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.

F Site 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
- LTA 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 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.

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 be mindful of the clinic's duty to protect confidential information, and will not seek to 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.

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.

G Suspension or Termination of a Grant

i Grounds for Suspension or Termination

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 this 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*.

ii Notification to Grantee

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.

iii Reconsideration Request

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 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.

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 is final.

iv Post-Termination Responsibilities

If the IRS terminates a grant, the grantee must submit a final financial report and program narrative 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 prepared in accordance with the instructions in VI.D.ii above 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 include giving notice to the client, allowing the client time to find other representation, and returning papers/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 C.F.R. § 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.

- **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; and
- 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.

APPENDIX A

APPLICATION AND NCC REQUEST GENERAL INFORMATION FORMS

Low Income Taxpayer Clinic (LITC) Application Information

OMB Number 1545-1648

Grant Period Request *(Check one)*

☐ Single year request

☐ Multi-year request ☐ 1st of 3 years ☐ 2nd of 3 years ☐ 3rd of 3 years

Grant Amount Requested

Controversy	ESL	Total

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

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

Each grant application and non-competitive continuation (NCC) request must include Form 13424, *Application Information.*

LITC Grant Applications may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release this application after appropriate redactions to ensure confidentiality of taxpayer information.

Note

Beginning in grant year 2016, the LITC Program will no longer award discrete funding amounts to grantees to operate separate Controversy and ESL programs. Instead, all LITC grant recipients will be required to operate unified programs that provide direct representation in tax controversies with the IRS on behalf of low income taxpayers and use education and outreach efforts to make representation and consultation services available to ESL taxpayers.

Due to delays with updates to the online submission process, this form contains an obsolete entry relating to separate funding requests for Controversy and ESL programs. When completing this form, be sure to follow the specific instructions below for Grant Amount Requested.

Purpose

This form is used to report basic information about the grant, including the amount and period of the grant requested, basic contact information for 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.

Specific Instructions

Grant Period Request

Under IRC § 7526, the LITC Program Office is authorized to issue grants for a period of up to three years. Check the appropriate box for single or multi-year request. If multi-year request is selected, indicate whether the request for funding relates to the first, second, or third year of the multi-year grant. Applicants that have never been awarded an LITC grant may only apply for a single year grant.

Grant Amount Requested

Enter the total amount, rounded to whole dollars, of funding requested for the grant year in the box labeled *Controversy*. Leave the box labeled *ESL* blank. The maximum funding that may be requested by an applicant 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 an LITC 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.**

Please provide a complete response, including zip plus-four code, for Applicant's Mailing Address, 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 Tax 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.

OMB Number: 4040-0004
Expiration Date: 04/31/2012

Application for Federal Assistance SF-424

Version 02

9. Type of Applicant 1: Select Applicant Type: - Select One -

Type of Applicant 2: Select Applicant Type: - Select One -

Type of Applicant 3: Select Applicant Type: - Select One -

*Other (specify):

*10. Name of Federal Agency:

11. Catalog of Federal Domestic Assistance Number:

CFDA Title:

*12. Funding Opportunity Number:

*Title:

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

*15. Descriptive Title of Applicant's Project:

Attach supporting documents as specified in agency instructions.

OMB Number: 4040-0004
Expiration Date: 04/31/2012

Application for Federal Assistance SF-424

Version 02

9. Type of Applicant 1: Select Applicant Type: - Select One -

Type of Applicant 2: Select Applicant Type: - Select One -

Type of Applicant 3: Select Applicant Type: - Select One -

*Other (specify):

*10. Name of Federal Agency:

11. Catalog of Federal Domestic Assistance Number:

CFDA Title:

*12. Funding Opportunity Number:

*Title:

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

*15. Descriptive Title of Applicant's Project:

Attach supporting documents as specified in agency instructions.

OMB Number: 4040-0004
Expiration Date: 04/31/2012

Application for Federal Assistance SF-424

Version 02

16. Congressional Districts Of:

*a. Applicant *b. Program/Project:

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

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

18. Estimated Funding ($):

*a. Federal
*b. Applicant
*c. State
*d. Local
*e. Other
*f. Program Income
*g. TOTAL $0.00

***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

*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)
☐ Yes ☐ No

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:

Midd le N ame:

*Last Name:

Suffix:

*Title:

*Telephone Number: Fax Number:

*Email:

*Signature of Authorized Representative: Date Signed:

OMB Number: 4040-0004
Expiration Date: 04/31/2012

Application for Federal Assistance SF-424

Version 02

*Applicant Federal Debt Delinquency Explanation

The following field should contain an explanation if the Applicant organization is delinquent on any Federal Debt. Maximum number of characters that can be entered is 4,000. Try and avoid extra spaces and carriage returns to maximize the availability of space.

INSTRUCTIONS FOR THE SF-424

Public reporting burden for this collection of information is estimated to average 60 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 (0348-0043), 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.

This is a standard form (including the continuation sheet) required for use as a cover sheet for submission of preapplications and applications and related information under discretionary programs. Some of the items are required and some are optional at the discretion of the applicant or the Federal agency (agency). Required items are identified with an asterisk on the form and are specified in the instructions below. In addition to the instructions provided below, applicants must consult agency instructions to determine specific requirements.

Item	Entry:	Item	Entry:
1.	**Type of Submission:** (Required): Select one type of submission in accordance with agency instructions. • Preapplication • Application • Changed/Corrected Application – If requested by the agency, check if this submission is to change or correct a previously submitted application. Unless requested by the agency, applicants may not use this to submit changes after the closing date.	10.	**Name Of Federal Agency**: (Required) Enter the name of the Federal agency from which assistance is being requested with this application.
		11.	**Catalog Of Federal Domestic Assistance Number/Title:** Enter the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested, as found in the program announcement, if applicable.
2.	**Type of Application**: (Required) Select one type of application in accordance with agency instructions. • New – An application that is being submitted to an agency for the first time. • Continuation - An extension for an additional funding/budget period for a project with a projected completion date. This can include renewals. • Revision - Any change in the Federal Government's financial obligation or contingent liability from an existing obligation. If a revision, enter the appropriate letter(s). More than one may be selected. If "Other" is selected, please specify in text box provided. A. Increase Award B. Decrease Award C. Increase Duration D. Decrease Duration E. Other (specify)	12.	**Funding Opportunity Number/Title:** (Required) Enter the Funding Opportunity Number and title of the opportunity under which assistance is requested, as found in the program announcement.
		13.	**Competition Identification Number/Title:** Enter the Competition Identification Number and title of the competition under which assistance is requested, if applicable.
		14.	**Areas Affected By Project:** List the areas or entities using the categories (e.g., cities, counties, states, etc.) specified in agency instructions. Use the continuation sheet to enter additional areas, if needed.
3.	**Date Received:** Leave this field blank. This date will be assigned by the Federal agency.	15.	**Descriptive Title of Applicant's Project:** (Required) Enter a brief descriptive title of the project. If appropriate, attach a map showing project location (e.g., construction or real property projects). For preapplications, attach a summary description of the project.
4.	**Applicant Identifier**: Enter the entity identifier assigned by the Federal agency, if any, or applicant's control number, if applicable.		
5a	**Federal Entity Identifier**: Enter the number assigned to your organization by the Federal Agency, if any.	16.	**Congressional Districts Of**: (Required) 16a. Enter the applicant's Congressional District, and 16b. Enter all District(s) affected by the program or project. Enter in the format: 2 characters State Abbreviation – 3 characters District Number, e.g., CA-005 for California 5th district, CA-012 for California 12th district, NC-103 for North Carolina's 103rd 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 nationwide, i.e. all districts within all states are affected, enter US-all. • If the program/project is outside the US, enter 00-000.
5b.	**Federal Award Identifier**: For new applications leave blank. For a continuation or revision to an existing award, enter the previously assigned Federal award identifier number. If a changed/corrected application, enter the Federal Identifier in accordance with agency instructions.		
6.	**Date Received by State:** Leave this field blank. This date will be assigned by the State, if applicable.		
7.	**State Application Identifier:** Leave this field blank. This identifier will be assigned by the State, if applicable.		
8.	**Applicant Information**: Enter the following in accordance with agency instructions: **a. Legal Name**: (Required): Enter the legal name of applicant that will undertake the assistance activity. This is the name that the organization has registered with the Central Contractor Registry. Information on registering with CCR may be obtained by visiting the Grants.gov website.	17.	**Proposed Project Start and End Dates**: (Required) Enter the proposed start date and end date of the project.
	b. Employer/Taxpayer Number (EIN/TIN): (Required): Enter the Employer or Taxpayer Identification Number (EIN or TIN) as assigned by the Internal Revenue Service. If your organization is not in the US, enter 44-4444444.	18.	**Estimated Funding:** (Required) Enter the amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines, as applicable. If the action will result in a dollar change to an existing award, indicate only the amount of the change. For decreases, enclose the amounts in parentheses.
	c. Organizational DUNS: (Required) Enter the organization's DUNS or DUNS+4 number received from Dun and Bradstreet. Information on obtaining a DUNS number may be obtained by visiting the Grants.gov website.		
	d. Address: Enter the complete address as follows: Street address (Line 1 required), City (Required), County, State (Required, if country is US), Province, Country (Required), Zip/Postal Code (Required, if country is US).	19.	**Is Application Subject to Review by State Under Executive Order 12372 Process?** Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the
	e. Organizational Unit: Enter the name of the primary organizational unit (and department or division, if applicable**)** that will undertake the		

<table>
<tr><td></td><td>assistance activity, if applicable.
f. Name and contact information of person to be contacted on matters involving this application: Enter the name (First and last name required), organizational affiliation (if affiliated with an organization other than the applicant organization), telephone number (Required), fax number, and email address (Required) of the person to contact on matters related to this application.</td><td></td><td>State intergovernmental review process. Select the appropriate box. If “a.” is selected, enter the date the application was submitted to the State</td></tr>
<tr><td></td><td></td><td>20.</td><td>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 debt include delinquent audit disallowances, loans and taxes.

If yes, include an explanation on the continuation sheet.</td></tr>
<tr><td>9.</td><td>Type of Applicant: (Required)
Select up to three applicant type(s) in accordance with agency instructions.
A. State Government
B. County Government
C. City or Township Government
D. Special District Government
E. Regional Organization
F. U.S. Territory or Possession
G. Independent School District
H. Public/State Controlled Institution of Higher Education
I. Indian/Native American Tribal Government (Federally Recognized)
J. Indian/Native American Tribal Government (Other than Federally Recognized)
K. Indian/Native American Tribally Designated Organization
L. Public/Indian Housing Authority
M. Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education)
N. Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education)
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-domestic (non-US) Entity
X. Other (specify)</td><td>21.</td><td>Authorized Representative: (Required) To be signed and dated by the authorized representative of the applicant organization. Enter the name (First and last name required) title (Required), telephone number (Required), fax number, and email address (Required) of the person authorized to sign for the applicant.
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. (Certain Federal agencies may require that this authorization be submitted as part of the application.)</td></tr>
</table>

ASSURANCES AND CERTIFICATIONS

Signing the certification on SF 424 certifies that the Applicant will comply with the Assurances and Certifications listed below if an award is made. Certain of these Assurances and Certifications may not be applicable to the Applicant. An Applicant may not modify any of the Assurances and Certifications.

A. Standard Form 424B: Assurances -- Non-Construction Programs

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 costs) 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 (activities in Application) 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 nineteen statutes or regulations specifies in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 CFR 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, 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) Sections 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 statutes 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 with the provisions of the Hatch Act (5 U.S.C.1501-1508 & 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
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 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. 1451et seq.); (f) conformity of Federal actions to State Implementation Plans under Section 176(c) of the Clear 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 of 1984.
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations and policies governing this program.

B. Additional Certifications

In addition to the assurances and certifications provided by the Applicant pursuant to OMB Standard Form 424B, the Applicant hereby assures and certifies that:

1. It is duly organized and validly existing under the laws of the jurisdiction in which it was incorporated or otherwise established, and is (or within 30 days will be) authorized to do business in any jurisdiction in which it proposes to undertake activities specified in this Application;
2. Its Board of Directors (or similar governing body) has by proper resolution or similar action authorized the filing of this Application, including all understandings and assurances contained herein, and directed and authorized the person identified as the authorized representative of the Applicant to act in connection with this Application and to provide such additional information as may be required;
3. It will comply, as applicable and appropriate, with the requirements of OMB Circulars (e.g., A-110 and A-133) and any regulations and circulars which are later promulgated to supplement or replace them, including standards for fund control and accountability;
4. It has not knowingly and willfully made or used a document or writing containing any false, fictitious or fraudulent statement or entry as part of this Application or any related document, correspondence or communication. (The Applicant and its authorized representative should be aware that, under 18 U.S.C. 1001, whoever knowingly and willfully makes or uses such document or writing shall be fined or imprisoned for not more than five years, or both); and
5. The information in this Application, and in these assurances and certifications in support of the Application, is true and correct to the best of the Applicant's knowledge and belief and the filing of this Application has been duly authorized.

C. Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions: Instructions for Certification

1. By signing and submitting this Application, the prospective primary participant (the Applicant) is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in the denial of participation in this covered transaction. The prospective Applicant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the Fund's determination whether to enter into this transaction (approval and funding of the Application). However, failure of the Applicant to

furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. This certification is a material representation of fact upon which reliance is placed when the Fund determines to enter into this transaction. If it is later determined that the Applicant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the Fund may terminate this transaction for cause or default.
4. The Applicant shall provide immediate written notice to the Fund if at any time the Applicant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transactions," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal", and "voluntarily excluded," as used in this clause (certification), have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the Fund for assistance in obtaining a copy of those regulations (31 CFR part 19).
6. The Applicant agrees by submitting this Application that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Fund.
7. The Applicant further agrees by submitting this Application that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," to be provided by the Fund, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions (see 31 CFR part 19, Appendix B).
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the Fund may terminate this transaction for cause or default.

D. Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions

1. The prospective primary participant (the Applicant) certifies to the best of its knowledge and belief, that it and its principals:
   (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
   (b) have not within a three-year period preceding this Application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
   (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
   (d) Have not within a three-year period preceding this Application had one or more public transactions (Federal, State or local) terminated for cause or default.
2. Where the Applicant is unable to certify to any of the statements in this certification, such Applicant shall attach an explanation to this proposal.

E. Certification Regarding Drug-Free Workplace Requirements

1. The Applicant certifies that it will provide a drug-free workplace by:
   (a) publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employee for violations of such prohibition;
   (b) establishing a drug-free awareness program to inform employees about:
      (i) the dangers of drug abuse in the workplace;
      (ii) the Applicant's policy of maintaining a drug-free workplace;
      (iii) any available drug counseling, rehabilitation, and employee assistance program;
      (iv) the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace
   (c) making it a requirement that each employee to be engaged in the performance of the award be given a copy of the statement required by subparagraph (a);
   (d) notifying the employee in the statement required by subparagraph (a) that, as a condition of employment in such grant, the employee will:
      (i) abide by the terms of the statement; and
      (ii) notify the employer of any criminal drug use statute conviction for a violation occurring in the workplace no later than five calendar days after such conviction;
   (e) notifying the granting agency in writing, within ten calendar days after receiving notice of a conviction under subparagraph (d) (ii) from an employee or otherwise receiving actual notice of such conviction;
   (f) taking one of the following actions, within 30 days of receiving notice under subparagraph (d)(ii), with respect to any employee who is so convicted:
      (i) taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
      (ii) requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency; and
   (g) making a good faith effort to continue to maintain a drug-free workplace through implementation of subparagraphs (a), (b), (c), (d), (e), and (f).
2. The Applicant may insert in the space provided below the site(s) for the performance of work (activities carried out by the Applicant) to be done in connection with the award (Place of Performance (Street Address, City, County, State and zip Code)):

Not Applicable

F. Certification Regarding Lobbying

1. The Applicant certifies, to the best of its knowledge and belief, that:
   (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Applicant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
   (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Application, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying, " in accordance with its instructions; and
   (c) The Applicant shall require that the language of this certification be included in the award documents for all subawards of all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
2. This certification is a material representation of fact upon which reliance is placed when this transaction is made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Instructions for Completing SF 424 to Apply for an LITC Grant

Who must complete this form?
All applicants

Things to note:
- The EIN and DUNS number should be reviewed for accuracy.
- The contact information should be reviewed for accuracy.

This form is required for all grant applications. Applicants must provide a DUNS number and EIN. If the applicant does not have an EIN, then the applicant should allow two weeks to obtain the information from IRS when requesting an EIN via phone, fax, mail, or online. Please take this time into account when preparing LITC grant applications.

NOTE: 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 it has an active federal award or an application under consideration. SAM is a web-enabled government wide application that collects, validates, stores, and disseminates business information about the federal government's trading partners in support of the contract award, grants, and electronic payment processes. See section IV.D.iv, *System for Award Management, Employer Identification Number, and Unique Entity Identifier Requirements.*

The following instructions are provided to assist in the proper completion of Form SF-424 for the LITC Grant.

Block	Title	Comments
1.	Type of Submission	Check the box labeled ***Application***.
2.	Type of Application	Check ***New*** when applying for a single-year grant or year one of a multi-year grant. Check ***Continuation*** if the applicant was awarded a multi-year grant in 2014 or 2015 and is applying for year 2 or 3 of a multi-year grant.
3.	Date Received	Mark as ***N/A***.
4.	Applicant Identifier	Mark as ***N/A***.
5a.	Federal Entity Identifier	Mark as ***N/A***.
5b.	Federal Award Identifier	Mark as ***N/A***.
6.	Date Received by State	Mark as ***N/A***.
7.	State Application Number	Mark as ***N/A***.
8a.	Legal Name	Enter the legal name of the applicant's organization. Do not use an acronym unless it is the legal name. This should be the name used on the SAM.gov registration.
8b.	Employer Identification Number	Enter the applicant's EIN assigned by the IRS. Do not enter a Social Security number. This number will be used to conduct a federal tax compliance check.
8c.	Organizational DUNS	Enter the identification number assigned by the Dun & Bradstreet organization. All organizations that receive federal grant funds are required to obtain a DUNS number. The link to the website to apply for a DUNS number is: http://fedgov.dnb.com/webform.
8d.	Address	Enter the applicant's physical address.
8e.	Organizational Unit	Mark as ***N/A***.

8f.	Name and Contact Information	Enter the name and contact information of a person who is knowledgeable about matters involving the application. Provide a phone number and email address at which this person is readily accessible in the event that the LITC Program Office has questions about the application. The phone number provided can be a cell, home, or office number.
9.	Type of Applicant	Refer to the general instructions provided with SF-424 in Appendix A to identify the appropriate code.
10.	Name of Federal Agency	Enter ***Low Income Taxpayer Clinic (LITC)***.
11	Catalog of Federal Domestic Assistance Number	Enter **21.008** in the CFDA Number box and ***Low Income Taxpayer Clinic*** in the CFDA Title box.
12	Funding Opportunity Number	Enter ***TREAS-GRANTS-052016-001*** in the Funding Opportunity Number box and ***Low Income Taxpayer Clinic*** in the Title box.
13	Competition Identification Number	Enter ***TREAS-GRANTS-052016-001***.
14	Areas Affected by Project	Provide 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 services the entire state, enter the state name and note ***All Counties***. If more space is required, attach an additional sheet.
15	Descriptive Title of Applicant's Project	Enter ***Low Income Taxpayer Clinic***.
16	Congressional Districts	Enter the congressional district of the applicant on line 16a, and the congressional districts to be served by the clinic on line 16b. Enter in the following format: two-character state abbreviation – two-character district number, *e.g.*, CA-05 for California's fifth district or NC-10 for North Carolina's tenth 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 more space is required, continue on an additional sheet and attach.
17	Proposed Project	For all applicants, enter ***1/1/2016*** *as the start date.* The end date should be entered as ***12/31/2016*** or the end of the multi-year grant period, if later (*i.e.*, ***12/31/2017*** or ***12/31/2018*** as applicable).
18a-f	Estimated Funding	18a. Enter the amount of federal grant funds requested for 2016 (if the applicant is a multi-year grantee, remember to only list the amount requested for 2016). This amount cannot exceed $100,000. 18b-e. Enter the amount of matching funds to be provided for 2016 by source. 18f. Enter any program income the organization expects to receive.
18g	Total	Enter the sum of the amounts in 18a through 18f. This amount must equal or exceed the amount on line 18a to

		show that applicant can provide a dollar-for-dollar match.
19	Is Applicant Subject to Review by State Under Executive Order 12372 Process?	Mark ***C. Program Is not covered by E.O. 12372***.
20	Is the Applicant Delinquent on any Federal Debt?	Check ***Yes*** or ***No***. If Yes, provide an explanation. **Note for 2016 applications: All applicants must provide the name, title, and contact information for the individual with whom the LITC Program Office can speak about federal tax compliance matters. The contact information must be for an individual who is responsible for handling federal tax matters involving the applicant. Failure to provide this information will result in a delay in processing the application.**
21	Certification and Assurance and Authorized Representative	This section covers agreement to the certifications and assurances required as part of this package. Check ***I Agree*** after reviewing the certification section of the application notice. Complete this section with the name, title, contact information, and signature of the individual authorized to submit a federal grant application on behalf of the applicant.

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.

Instructions For Completing the Project Abstract

Reporting Requirements

Only grantees submitting an NCC request must complete a Project Abstract in grantsolutions.gov, which must include the following information in regard to grant year named in the NCC request:

A. Numerical Goals

Include Project numerical goals for:

i. New representation cases;
ii. Consultations;
iii. Educational activities to be conducted; and
iv. ESL taxpayers to be reached.

B. Changes to the Program Plan

Include any materials changes to the Program Plan described in the grant application.

C. Civil Rights Statement

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.

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.

APPENDIX B

APPLICATION AND NCC REQUEST BUDGET FORMS

Budget and Financial Information Required for an LITC Grant Application or NCC Request

This section is designed to solicit information concerning the budget and financial information for a grant application or non-competitive continuation (NCC). All applicants must submit the following budget and financial information:

a. Standard Form 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 Appendix B.

b. *Detailed Budget Worksheet* (Form 13424-J) and Narrative. 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 are provided in Appendix B. An example of a properly prepared worksheet and narrative is provided in Appendix B.

c. 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 C.F.R. §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.

d. 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 non-competitive 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 IV.E, *Cost Principles*, 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 2016, even if an applicant is applying for a multi-year grant.**

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 0348-0044

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.		$	$	$	$	$ 0
2.						0
3.						0
4.						0
5. Totals		$ 0	$ 0	$ 0	$ 0	$ 0

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total
	(1)	(2)	(3)	(4)	(5)
a. Personnel	$	$	$	$	$ 0
b. Fringe Benefits					0
c. Travel					0
d. Equipment					0
e. Supplies					0
f. Contractual					0
g. Construction					0
h. Other					0
i. Total Direct Charges *(sum of 6a-6h)*	0	0	0	0	0
j. Indirect Charges					0
k. TOTALS *(sum of 6i and 6j)*	$ 0	$ 0	$ 0	$ 0	$ 0
7. Program Income	$	$	$	$	$

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Standard Form 424A (Rev. 7-97)
Prescribed by OMB Circular A-102

Previous Edition Usable

SECTION C - NON-FEDERAL RESOURCES				
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.	$	$	$	$ 0
9.				0
10.				0
11.				
12. TOTAL *(sum of lines 8-11)*	$	$	$ 0	$ 0

SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
13. Federal	$ 0	$	$	$	$
14. Non-Federal	0				
15. TOTAL *(sum of lines 13 and 14)*	$ 0	$ 0	$ 0	$ 0	$ 0

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)*	$ 0	$ 0	$ 0	$ 0

SECTION F - OTHER BUDGET INFORMATION	
21. Direct Charges:	22. Indirect Charges:
23. Remarks:	

INSTRUCTIONS FOR THE SF-424A

Public reporting burden for this collection of information is estimated to average 180 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 (0348-0044), 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.

General Instructions

This form is designed so that application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing Federal grantor agency guidelines which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, grantor agencies may require budgets to be separately shown by function or activity. For other programs, grantor agencies may require a breakdown by function or activity. Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal authorization in annual or other funding period increments. In the latter case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. All applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.

Section A. Budget Summary Lines 1-4 Columns (a) and (b)

For applications pertaining to a *single* Federal grant program (Federal Domestic Assistance Catalog number) and *not requiring* a functional or activity breakdown, enter on Line 1 under Column (a) the Catalog program title and the Catalog number in Column (b).

For applications pertaining to a *single* program *requiring* budget amounts by multiple functions or activities, enter the name of each activity or function on each line in Column (a), and enter the Catalog number in Column (b). For applications pertaining to multiple programs where none of the programs require a breakdown by function or activity, enter the Catalog program title on each line in *Column* (a) and the respective Catalog number on each line in Column (b).

For applications pertaining to *multiple* programs where one or more programs *require* a breakdown by function or activity, prepare a separate sheet for each program requiring the breakdown. Additional sheets should be used when one form does not provide adequate space for all breakdown of data required. However, when more than one sheet is used, the first page should provide the summary totals by programs.

Lines 1-4, Columns (c) through (g)

For new applications, leave Column (c) and (d) blank. For each line entry in Columns (a) and (b), enter in Columns (e), (f), and (g) the appropriate amounts of funds needed to support the project for the first funding period (usually a year).

For continuing grant program applications, submit these forms before the end of each funding period as required by the grantor agency. Enter in Columns (c) and (d) the estimated amounts of funds which will remain unobligated at the end of the grant funding period only if the Federal grantor agency instructions provide for this. Otherwise, leave these columns blank. Enter in columns (e) and (f) the amounts of funds needed for the upcoming period. The amount(s) in Column (g) should be the sum of amounts in Columns (e) and (f).

For supplemental grants and changes to existing grants, do not use Columns (c) and (d). Enter in Column (e) the amount of the increase or decrease of Federal funds and enter in Column (f) the amount of the increase or decrease of non-Federal funds. In Column (g) enter the new total budgeted amount (Federal and non-Federal) which includes the total previous authorized budgeted amounts plus or minus, as appropriate, the amounts shown in Columns (e) and (f). The amount(s) in Column (g) should not equal the sum of amounts in Columns (e) and (f).

Line 5 - Show the totals for all columns used.

Section B Budget Categories

In the column headings (1) through (4), enter the titles of the same programs, functions, and activities shown on Lines 1-4, Column (a), Section A. When additional sheets are prepared for Section A, provide similar column headings on each sheet. For each program, function or activity, fill in the total requirements for funds (both Federal and non-Federal) by object class categories.

Line 6a-i - Show the totals of Lines 6a to 6h in each column.

Line 6j - Show the amount of indirect cost.

Line 6k - Enter the total of amounts on Lines 6i and 6j. For all applications for new grants and continuation grants the total amount in column (5), Line 6k, should be the same as the total amount shown in Section A, Column (g), Line 5. For supplemental grants and changes to grants, the total amount of the increase or decrease as shown in Columns (1)-(4), Line 6k should be the same as the sum of the amounts in Section A, Columns (e) and (f) on Line 5.

Line 7 - Enter the estimated amount of income, if any, expected to be generated from this project. Do not add or subtract this amount from the total project amount, Show under the program

narrative statement the nature and source of income. The estimated amount of program income may be considered by the Federal grantor agency in determining the total amount of the grant.

Section C. Non-Federal Resources

Lines 8-11 Enter amounts of non-Federal resources that will be used on the grant. If in-kind contributions are included, provide a brief explanation on a separate sheet.

Column (a) - Enter the program titles identical to Column (a), Section A. A breakdown by function or activity is not necessary.

Column (b) - Enter the contribution to be made by the applicant.

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).

Line 12 - Enter the total for each of Columns (b)-(e). The amount in Column (e) should be equal to the amount on Line 5, Column (f), Section A.

Section D. Forecasted Cash Needs

Line 13 - Enter the amount of cash needed by quarter from the grantor agency during the first year.

Line 14 - Enter the amount of cash from all other sources needed by quarter during the first year.

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

Lines 16-19 - Enter in Column (a) the same grant program titles shown in Column (a), Section A. A breakdown by function or activity is not necessary. For new applications and continuation grant applications, enter in the proper columns amounts of Federal funds which will be needed to complete the program or project over the succeeding funding periods (usually in years). This section need not be completed for revisions (amendments, changes, or supplements) to funds for the current year of existing grants.

If more than four lines are needed to list the program titles, submit additional schedules as necessary.

Line 20 - Enter the total for each of the Columns (b)-(e). When additional schedules are prepared for this Section, annotate accordingly and show the overall totals on this line.

Section F. Other Budget Information

Line 21 - Use this space to explain amounts for individual direct object class cost categories that may appear to be out of the ordinary or to explain the details as required by the Federal grantor agency.

Line 22 - Enter the type of indirect rate (provisional, predetermined, final or fixed) that will be in effect during the funding period, the estimated amount of the base to which the rate is applied, and the total indirect expense.

Line 23 - Provide any other explanations or comments deemed necessary.

Instructions for Completing SF-424A to Apply for an LITC Grant

A Standard Form 424A, *Budget Information – Non-Construction Programs*, is required for each application or non-competitive continuation (NCC) request. The term "non-federal funds" is used interchangeably with "matching funds." The following table provides information on how to complete the SF 424A. Applicants should also review the instructions provided with SF 424A in Appendix B.

Section A – Budget Summary	
SF 424A Title	**Explanation**
Line 1(a): Grant Program Function or Activity	Enter ***LITC.***
Line 1(b): Catalog of Federal Domestic Assistance Number	Enter ***21.008***. .
Lines 1(c) – (d): Estimated Unobligated Funds: Federal and Non-Federal	No entry required. Leave blank.
Line 1(e): New or Revised Budget: Federal	Enter the amount of federal funds requested from IRS for grant year 2016. This amount may not exceed $100,000.
Line 1(f): New or Revised Budget: Non-Federal	Enter the amount of matching funds to be provided for grant year 2016. This grant requires a dollar-for-dollar match. Thus, the amount on line 1(f) must be equal to or greater than the amount on line 1(e).
Line 1(g): New or Revised Budget: Total	This is the sum of lines 1(e) and (f).
Lines 2 – 4.	No entry required. Leave blank.
Line 5: Totals	Enter the totals for each column (c) – (g).
TIP: The amounts on line 5(e) - (g) of the SF 424A should agree with amounts in section 18 on the SF 424, as follows: ➢ **The amount on SF 424A, line 5(e) should equal the amount on SF 424, block 18(a);** ➢ **The amount on SF 424A, line 5(f) should equal the sum of SF 424, blocks 18(b)-(e); and** ➢ **The amount on SF 424A, line 5(g) should equal the amount on SF 424, block 18(g).**	

Section B – Budget Categories	
SF 424A Title	**Explanation**
The amounts entered in section B, column (1) must correspond with the totals shown by program in the *Detailed Budget Worksheet* (Form 13424-J). NOTE: The data captured in this section also corresponds to line (1) entered in section A, *Budget Summary*. ➢ *The data that is entered in column (1) in section B corresponds to the total amount entered on line (1) of section A (e.g., section B, column (1), item 6(k) should equal section A, item 1(g)).*	
Line 6: Object Class Categories	Enter the combined federal and non-federal funds from section A by object class category in column (1).

	Columns (2) - (4) should be blank. Reminder: Review the allowable and unallowable expenses in this publication and applicable OMB Circulars before completing this application.
a. Personnel	This category is used to report salaries and wages that will be paid to LITC staff. Do not include fringe benefits on this line.
b. Fringe Benefits	This category is used to report the fringe benefits for LITC staff whose wages and salaries are reported in the Personnel category.
c. Travel	This category is used to report travel costs, including costs associated with mandatory attendance at the annual LITC conference and other travel expenses directly related to conducting LITC business or activities. Travel unrelated to the LITC mission may not be included in the budget as a use of federal or matching funds.
d. Equipment	This category is used to report the cost of equipment costing more than $5,000 that will be purchased and used in operating the LITC. The value of equipment donated may be included as matching funds. Donated equipment is valued at the fair market value of the property at the time of the donation. Report equipment purchases less than $5,000 under Supplies (2 CFR § 200.94). Report leased equipment leased under Contractual (line 6(f)) and equipment maintenance expense under Other (line 6(h).
e. Supplies	This category is used to report the cost of supplies and equipment costing less than $5,000 that will be used in operating the LITC. The value of donated property may be included as matching funds. Donated property is valued at the fair market value of the property at the time of the donation.
f. Contractual	This category is used to report the cost of rent, utilities, and other contracted items or services that will be used in operating the LITC. The value of donated space or loaned equipment may be included as matching funds. Donated space or loaned equipment is valued at fair rental value. If a contracted item or service pertains to other programs in addition to LITC activities, only the portion directly attributable to the LITC activities may be included in the budget, and the narrative must explain the methodology used to apportion costs between the LITC activities and other programs.
g. Construction	Enter zero. This category is not applicable to this grant. No federal or matching funds may be spent on this category.
h. Other	This 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 f. The value of volunteer in-kind services should be reported in this category as matching funds.
i. Total Direct Charges (sum of 6a - 6h)	Total direct charges from lines 6(a) through 6(h).
j. Indirect Charges	Enter indirect charges. Indirect charges may be budgeted as a use of federal funds based upon an approved Indirect Cost Rate

	Agreement. However, IRC § 7526(c)(5) prohibits indirect charges to be counted as matching funds.
k. TOTALS (sum of 6i and 6j)	Total both direct and indirect charges.
Line 7. Program Income	If the LITC charges a nominal fee for services, program income would be entered in column (1). Program income may be counted as matching funds.

Section C – Non-Federal Resources	
SF 424A Title	**Explanation**
The information entered in Section C indicates the amount matching funds to be provided by source.	
Line 8(a): Grant Program	Enter ***LITC***.
Line 8(b): Applicant	Enter the amount of cash matching funds that will come directly from the applicant.
Line 8(c): State	Enter the amount of cash and in-kind contribution received from the state if the applicant is not a state or state agency.
Line 8(d): Other Sources	Enter the amount of cash and in-kind contributions to be received from all other sources.
Line 8(e): TOTALS	Total the amount on line 8, columns (b) – (d). This amount must match the amount on line 1(f) Non-Federal in section A.
Lines 9-11	No entries required. Leave blank.
Line 12: TOTAL (sum of lines 8-11)	Total columns (b) – (e).
TIP: All cash and in-kind contributions must be addressed in the Detailed Budget Worksheet and Narrative. 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	
Line 13: Federal	Enter the amount of federal funds needed by quarter during the grant year. Total should equal section A line 5(e).
Line 14: Non-Federal	Enter the amount of **cash matching funds** from all sources needed by quarter during the grant year. Enter cash needs only. **Do not** include the value of any in-kind matching funds.
Line 15: TOTAL (sum of lines 13 and 14)	Enter the total of lines 13 and 14.

Section E – Budget Estimates of Federal Funds Needed for Balance of the Project	
The section is only required if the applicant organization has applied for a multi-year grant.	
SF 424A Title	**Explanation**
Line 16(a): Grant Program	Enter ***LITC***.
Line 16(b): First Future Funding Period	Enter the amount of federal funds needed for 2017.
Line 16(c): Second Funding Period	Enter the amount of federal funds needed for 2018.
Lines 16(d) – 16(e) Third and Fourth	Leave blank.

Funding Periods	
Lines 17 - 19	Leave blank.
Line 20: TOTAL (sum of lines 16-19)	Enter the total amounts for the First 16(b) and Second 16(c) future funding periods.

Section F – Other Budget Information	
SF 424A Title	**Explanation**
Line 21. Direct Charges	Leave blank.
Line 22. Indirect Charges	Leave blank.
Line 23. Remarks	Leave blank.
NOTE: The *Detailed Budget Worksheet* (Form 13424-J) and Narrative that is required to be submitted with the grant application or NCC request will include all explanations of direct and indirect charges. Instructions and an example of a properly completed Detailed Budget Worksheet and Narrative follow.	

Detailed Budget Worksheet

OMB Number
1545-1648

Name of Low Income Taxpayer Clinic

Grant Period
From To

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

EXAMPLE

Detailed Budget Narrative Explanations

A. Personnel

B. Fringe Benefits

C. Travel

D. Equipment

E. Supplies

EXAMPLE

Instructions for Completing the Detailed Budget Worksheet and Narrative

Each LITC grant application and non-competitive continuation (NCC) request must include Form 13424-J, *Detailed Budget Worksheet* and accompanying Narrative Explanation.

Note

Beginning in grant year 2016, the LITC Program will no longer award discrete funding amounts to grantees to operate separate Controversy and ESL programs. Instead, all LITC grant recipients will be required to operate unified programs that provide direct representation in tax controversies with the IRS on behalf of low income taxpayers and use education and outreach efforts to make representation and consultation services available to ESL taxpayers.

Due to delays with updates to the online submission process, this form contains obsolete columns relating to separate funding requests for Controversy and ESL programs. When completing this form, enter amounts only in the first two columns labeled Federal and Match. The form will automatically compute totals and auto-fill the last three columns on the right. .

Purpose

This form is used to report how the applicant plans to spend federal grant funds, if awarded, and the corresponding matching funds. An example Detailed Budget Worksheet and Narrative Explanation can be found in Appendix B. When completing the narrative section, you must include an explanation for each expense category shown on the Detailed Budget Worksheet to explain how the expenses are calculated, and to identify the amount and sources of matching funds.

All budgeted expenses must be reasonable, necessary, and allocable to this grant. If the cost for an item or service pertains to non-LITC activities in addition to LITC activities, only the portion directly attributable to LITC activities may be included as a budgeted use of federal or matching funds. Applicants must provide the formula for allocating costs between LITC activities and non-LITC.

Each expense category does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds requested. Grant applicants should refer to 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Part II.C, *Matching Funds* of this Publication for guidance on costs and matching funds.

A. 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 in category B).

In the narrative, list each staff member's position, name or "to be hired," anticipated time to be devoted to clinic activities expressed as a full-time equivalent (FTE), and budgeted pay computation based on hourly wage or percentage of annual salary.

State the number of hours that the applicant organization considers to be a 1.0 FTE (e.g., 40 hours per week, 37.5 hours per week, etc.).

Indicate the portion of each staff member's salary or wages to be paid from federal and matching funds, as well as the source of the matching funds.

Volunteer in-kind services should *not* be included under the Personnel category. They should be included under category H, Other. Only paid personnel should be included in category A.

The total reported for Personnel should equal the total reported on line 6(a) of Standard Form 424A.

B. 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 Personnel (category A above).

In the narrative, state the following:

- computation of budgeted fringe benefits using applicable fringe benefits rate(s);
- the items that constitute the fringe benefits;
- the portion that will be paid by federal funds and matching funds; and
- the source of matching funds.

If the amount of fringe benefits is calculated using more than one rate, identify the rate applicable to each staff position.

The total reported for Fringe Benefits should equal the total reported on line 6(b) of Standard Form 424A.

C. Travel

This expense category is used to report travel costs that will be incurred, including costs associated with mandatory attendance at the annual LITC conference and other travel expenses directly related to conducting LITC business or activities.

In the narrative, state the following:

- budgeted travel costs and computation, if necessary;
- the portion that will be paid by federal funds and matching funds; and
- the source of matching funds.

The total reported for Travel should equal the total reported on line 6(c) of Standard Form 424A.

D. Equipment

This expense category is used to report the cost of equipment costing more than $5,000 that will be purchased and used in operating the LITC. The value of equipment donated may be included as matching funds. Donated equipment is valued at the fair market value of the property at the time of the donation.

In the narrative, state the following:

- identify the equipment to be purchased, leased, donated, or loaned;
- the portion that will be paid for using federal funds and matching funds; and
- the source of matching funds.

For any equipment donated that is included in matching funds, identify the equipment, the donor, and how the valuation was determined.

Report equipment purchases less than $5,000 under Supplies (2 CFR § 200.94). Report leased equipment under category F and equipment maintenance expense under category H.

The total reported for Equipment should equal the total reported on line 6(d) of Standard Form 424A.

E. Supplies

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

In the narrative, state the following:

- identify the supplies to be used;
- the portion that will be paid for using federal funds and matching funds; and
- the source of matching funds.

For any donated supplies, explain the type and amount of the supplies contributed, how the valuation was determined, and the identity of the donor.

The total reported for Supplies should equal the total reported on line 6(e) of Standard Form 424A.

F. Contractual

This expense category is used to report the cost of rent, utilities, and other contracted items or services that will be used in operating the LITC. The value of donated space or loaned equipment may be included as matching funds. Donated space or loaned equipment is valued at its fair rental value.

In the narrative, state the following:

- identify the nature of the expense;
- the portion that will be paid for using federal funds and matching funds; and
- the source of matching funds.

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

The total reported for Contractual should equal the total reported on line 6(f) of Standard Form 424A.

G. Construction

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

H. Other

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 F. The value of volunteer in-kind services should be reported in this category as matching funds.

In the narrative, state the following:

- identify the nature of the expense;
- the portion that will be paid for using federal funds and matching funds; and
- the source of matching funds.

The narrative must also state:

- the types of volunteer in-kind services donated;
- the rate or rates that will be used to value volunteer services; and
- the number of volunteer hours estimated to be provided (categorized by type of service or volunteer, as appropriate).

The rules for valuing volunteer in-kind services are found in 2 CFR § 200.306. Notwithstanding 2 CFR § 200.306(e), representation services offered by volunteers may qualify for a higher valuation using the rate for attorneys' fees under IRC § 7430 (as adjusted for inflation). See 2 CFR § 1000.306 and section IV.F, *Matching Funds Requirement*, for more information.

The total reported for Other should equal the total reported on line 6(h) of Standard Form 424A.

I. Total Direct Charges

The total of the direct charges is the sum of lines 6(a) through 6(h) on Standard Form 424A.

J. Indirect Charges

Indirect charges are costs not directly related to the LITC program, but incurred as part of the general overhead and administration of the applicant. Indirect charges may be budgeted as a use of federal funds based upon an approved Indirect Cost Rate Agreement. However, IRC § 7526(c)(5) prohibits indirect costs to be counted as matching funds.

The narrative should identify the indirect cost rate and the base that will be used to allocate indirect costs. If the applicant has an approved Indirect Cost Rate Agreement, a copy must be submitted as an attachment.

The total reported for Indirect Charges should equal the total reported on line 6(j) of Standard Form 424A.

Matching Funds

The narrative must include an explanation of the sources and amounts of matching funds. If the sponsoring organization plans to provide matching funds, the applicant must explicitly state that such funds:

1. are not used as matching funds for any other federal program; and
2. are not paid by the federal government under another award unless specifically authorized by statute to be used as matching funds.

Detailed Budget Worksheet and Narrative Example

An example Form 13424-J, *Detailed Budget Worksheet* and accompanying Narrative Explanations can be found in Appendix B. Applicants should follow the example in preparing and submitting the Detailed Budget Worksheet and Narrative Explanations.

In the example, ABC Low Income Taxpayer Clinic is requesting a grant in the amount of $90,000 for calendar year 2016. The applicant plans to provide $100,000 in matching funds (which exceeds the $90,000 dollar-for-dollar match required under the terms of the grant).

Detailed Budget Worksheet

OMB Number
1545-1648

Name of Low Income Taxpayer Clinic
Legal Services LITC

Grant Period
From 1/1/2016 To 12/31/2016

Expense Categories	Controversy Program			ESL Program			Totals		
	Federal	Match	Total	Federal	Match	Total	Federal	Match	Total
A. Personnel	78,067	36,348	114,415				78,067	36,348	114,415
B. Fringe Benefits	3,226	19,659	22,885				3,226	19,659	22,885
C. Travel	900	1,280	2,180				900	1,280	2,180
D. Equipment	0	0	0				0	0	0
E. Supplies	0	1,745	1,745				0	1,745	1,745
F. Contractual	0	13,814	13,814				0	13,814	13,814
G. Construction									
H. Other Expenses	0	27,253	27,253				0	27,253	27,253
I. Total Direct Charges	82,193	100,099	182,292				82,193	100,099	182,292
J. Indirect Charges	7,807		7,807				7,807		7,807
K. Totals	90,000	100,099	190,099				90,000	100,099	190,099

Detailed Budget Narrative Explanations

The purpose of this example is to demonstrate the depth of information required to explain the intended use of grant funds and the source and use of matching funds. This allows the Program Office to understand how grant funds and matching funds will be used to deliver the program outlined in the Performance Plan (Form 13424-M). Information provided in this narrative will be considered in making future funding decisions.

A. Personnel

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 cash contributions.

Paralegal – Alice Gonzaga - .43 FTE - $21.63/hr x 900 hrs = $19,467.
• Source of funds will be $7,397 paid from federal funds and $12,070 paid from ABC Private Foundation funds.

Intake – Ruth Washington - .46 FTE - $15/hr x 950 hrs = $14,250.
• Source of funds will be $14,250 paid from federal funds.

Receptionist – Debra Chapman – .33 FTE – Annual Salary $28,788 x 0.33 = $9,500.
• 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 $6,422 paid from federal funds and $3,078 paid from private cash contributions.

B. Fringe Benefits

• Fringe benefits are calculated at 20% of salary $114,417 x .20 = $22,883.
• 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 $3,224 paid from federal funds and $19,659 paid from ABC Private Foundation funds.

EXAMPLE

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 $320 mileage (571 miles at $.56 per mile).
• Source of funds will be $900 paid from federal funds and $1,280 paid from ABC Private Foundation funds.

D. Equipment

N/A

E. Supplies

Methodology for allocating certain direct shared organizational expenses such as Supplies, Telephone and Internet, and A-133 Audit cost:
The following non-personnel expenses are computed using a full-time employee equivalent (FTE) allocation method. 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 Legal Service organization.
• The LITC program planned 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 Legal Service organization is 40 FTEs.
• The ratio of shared expenses is estimated at 5.0% (2.02 / 40). Non-personnel shared expenses are allocated to the LITC program for this reporting period using this ratio.

• 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 ABC 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 XYZ, 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 ABC 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 is estimated to be $35,880.
• $35,880 x 5.0% = $1,794.
• Source of funds will be from ABC Private Foundation funds.

A-133 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 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 $5,000.
• Source of funds will be paid from private cash contributions.

EXAMPLE

G. Construction
N/A

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 assist in the controversy program and 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.)
• 75/hrs x $18/hr = $1,350.

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%.
• $78,067 x 10% = $7,807.

Matching Funds

• Total matching funds will be $100,456 from the following sources:
• $20,000 cash from Legal Service Corporation funding.
• $42,648 cash from ABC Private Foundation.
• $10,298 cash from private contributions.
• $27,510 third-party in-kind contributions of services donated by volunteers.

EXAMPLE

APPENDIX C

GRANTEE ACTIVITY REPORTING FORMS

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 1	of pages

3. Recipient Organization (Name and complete address including Zip code)				
4a. DUNS Number	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)	6. Report Type ☐ Quarterly ☐ Semi-Annual ☐ Annual ☐ Final	7. Basis of Accounting ☐ Cash ☐ Accrual

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

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

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

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.

Instructions for Completing SF-425 to Apply for an LITC Grant

Detailed Instructions for Completing *Standard Form 425, Federal Financial Report*	
SF 425 Title	**Explanation**
NOTE: Only one Form 425 should be completed per reporting period. If a grantee has been funded for both ESL and Controversy programs, total the amounts in each category below and enter the result on the form.	
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 Grant Award for grant year 2016.**
Line 3: Recipient Organization	**Enter the name and address of the sponsoring organization.**
Line 4a: DUNS Number	**Enter the organization's DUNS number.**
Line 4b: EIN	**Enter the organization's Employer Identification Number.**
Line 5: Recipient Account Number of Identifying Number	**Mark as N/A.**
Line 6: Report Type	**Select Semi-Annual for the Interim Report, Annual for the Year-End Report, or Quarterly for quarterly submissions of Form 425 to DPM.**
Line 7: Basis of Accounting	**Select the option that describes the organization's basis of accounting.**
Line 8: Project/Grant Period	**Enter 01/01/2016 to 12/31/2016.**
Line 9: Reporting Period End Date	**Enter 06/30/2016 for the Interim Report or 12/31/2016 for the Year-End Report.**
Transactions:	
Line 10, Federal Cash:	
NOTE: All boxes on line 10 must be filled in.	
Line 10a: Cash Receipts	**Enter the amount of federal cash that the grantee has drawn down from the 2016 grant award in the DPM account during the reporting period.**
Line 10b: Cash Disbursements	**Enter the amount of federal cash reported in line 10a that has been disbursed to pay or reimburse LITC expenses during the reporting period.**

Line 10c: Cash on Hand	**Subtract the amount on line 10b from the amount on line 10a. 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 the LITC grant awarded for grant year 2014.**
Line 10e: Federal share of expenditures	**Enter the amount of federal funds expended during the reporting period. Note: 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. Note: 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	**Add the amounts on line 10e and line 10f.**
Line 10h: Unobligated balance of Federal funds	**Subtract the amount on line 10g from the amount on line 10d. Note: On the Year-End Report, the amount shown on this line represents unspent grant funds and must be explained in the financial narrative.**
Recipient Share:	
Line 10i: Total recipient share required	**Enter the total matching funds for grant year 2016. This amount must equal the amount on 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, including the value of third party in-kind contributions.**
Line 10k: Remaining recipient share to be provided	**Subtract the amount on line 10j from the amount on line 10i.**
Program Income:	
Line 10l: Total Federal program income earned	**Enter the total amount of any nominal fees or other program income earned during the reporting period, unless the income has been included as matching funds on line 10i.**
Line 10m: Program income expended in accordance with the deduction alternative	**Enter zero.**

Line 10 n: Program income expended in accordance with the addition alternative	**Enter the amount of program income reported on line 10l that was expended to further program activities.**
Line 10o: Unexpended program income	**Subtract the amounts on lines 10m and 10n from the amount on line 10l. This amount represents program income earned but not expended for program activities.**
Indirect Expenses: Line 11 Note: Only grantees using an indirect cost rate should complete this section. Otherwise, skip to line 12.	
Line 11a: Type	**State whether the indirect cost rate used is *Provisional, Predetermined, Final,* or *Fixed*.**
Line 11b: Rate	**Enter the indirect cost rate in effect during the reporting period.**
Line 11c: Period From/To	**Enter the beginning and ending effective dates for the rate.**
Line 11d: Base	**Enter the amount of the base against which the rate was applied.**
Line 11e: Amount Charged	**Multiply the rate on line 11b times the amount on line 11d. This amount should represent the indirect costs charged during the reporting period.**
Line 11f: Federal Share	**Enter the amount of grant funds awarded for 2016 that were allocated to indirect costs during the reporting period.**
Line 11g: Totals	**Add the amounts in columns 11d, 11e, and 11f.**
Remarks, Certification, and Agency Use Only	
Line 12: Remarks	**If needed, enter "See attached statement" and attach additional pages containing explanations or additional information.**
Line 13a-d: 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	16LITCXXXX	1	pages

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

Legal Service 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
12-345-2331	12-3456789	12345678/12345678	☐ 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)
01/01/2016	12/31/2016	12/31/2016

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	
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	102,068
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	10.00%	01/01/2016	12/31/2016	$81,818	$8,182	$8,182
				g. Totals:	$81,818	$8,182	$8,182

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** (April 2015)	Department of the Treasury - Internal Revenue Service **Statement of Grant Expenditures**	OMB Number 1545-1648

Name of Low Income Taxpayer Clinic

Grant Period
From **To**

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

EXAMPLE

For Paperwork Reduction Act Notice, see Publication 3319.

Grant Expenditures Narrative Explanations

A. Personnel

B. Fringe Benefits

C. Travel

D. Equipment

E. Supplies

F. Contractual

G. Construction

EXAMPLE

Grant Expenditures Narrative Explanations

A. Personnel

B. Fringe Benefits

C. Travel

D. Equipment

E. Supplies

F. Contractual

G. Construction

EXAMPLE

H. Other Expenses

I. Total Direct Charges

J. Indirect Costs

Matching Funds

Unused Grant Funds

Additional Funding Request *(Interim Report ONLY)*

EXAMPLE

Instructions for Form 13424-L, Statement of Grant Expenditures

Note: Interim and Year-End Reports (including this report form) 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

In addition to the SF 425, this form must be submitted as part of the Interim and Year-End report to explain how federal grant funds and matching funds were spent by the program. A narrative explanation of all expense categories from this form must be included to explain how the expense amounts were calculated and the amount and sources of matching funds. All expenses must be reasonable, necessary, and allocable to this grant. Grantees should refer to Publication 3319 or 2 CFR Part 200 for guidance on matching funds.

Note: 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.

Note: The total amount shown on this statement is the amount spent by the end of the reporting period, not the amount drawn down from the Department of Health and Human Services Division of Payment Management's Payment Management System.

Specific Instructions

A. Personnel

This expense category is used to report salaries and wages that were paid to LITC staff. Do not include fringe benefits in this category (fringe benefits should be accounted for in category B).

In the explanation, list each staff member's name, position, rate of pay and time devoted to clinic activities (hourly wage and number of hours of service, or annual salary and percentage of annual salary). State the portion of each staff member's salary or wages paid from federal and matching funds, as well as the source of the matching funds.

Volunteer in-kind services should not be included under the Personnel category. They should be included under category H, Other Expenses.

B. Fringe Benefits

This expense category is used to 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.

C. Travel

This expense category covers 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.

D. Equipment

This expense category covers the cost of equipment that was purchased or leased by the applicant and used in operating an LITC program. Donated equipment may be included as matching funds and is valued at the fair market value of the property at the time of the donation.

In the narrative explanation, identify the equipment purchased, leased 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.

E. Supplies

This expense category includes the cost of supplies that were 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 supplies used, whether the associated costs were paid using federal or matching funds, and the source of the matching funds. If there are third-party in-kind contributions of supplies, explain the amount of the supplies contributed and how the valuation was determined, as well as the source of the donation.

F. Contractual

This expense category includes 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 the nature of the expense, whether the associated costs were paid using federal or matching funds, and the source of the matching funds.

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

EXAMPLE

Form **13424-L**
(April 2015)

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 1/1/2016 To 12/31/2016

Expense Categories	Federal	Match	Total
A. Personnel	74,165	42,012	116,177
B. Fringe Benefits	6,653	16,582	23,235
C. Travel	1,765	546	2,311
D. Equipment	0	0	0
E. Supplies	0	1,821	1,821
F. Contractual	0	12,890	12,890
G. Construction			
H. Other Expenses	0	29,810	29,810
I. Total Direct Charges	82,583	103,661	186,244
J. Indirect Charges	7,417		7,417
K. Totals	90,000	103,661	193,661

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 cash contributions.

Paralegal – Alice Gonzaga - .43 FTE - $21.63/hr x 967 hrs = $20,912.
• Source of funds expended: $7,000 paid from federal funds and $13,912 paid from XYZ Private Foundation funds.

Intake – Ruth Washington - .46 FTE - $15/hr x 971 hrs = $14,565.
• Source of funds expended: $14,565 paid from federal funds.

Receptionist – Debra Chapman – .33 FTE – Annual Salary $28,788 x 0.33 = $9,500.
• 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: $2,600 paid from federal funds and $6,900 paid from private cash contributions.

B. Fringe Benefits

• Fringe benefits are calculated at 20% of salary $116,177 x .20 = $23,235.
• 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: $6,653 paid from federal funds and $16,582 paid from XYZ Private Foundation funds.

C. Travel

• $1,912 for Clinic Director John Fordham to attend the LITC Conference.
• Local travel to conduct educational and outreach activities. $45 parking and $454 mileage (789 miles at $.575 per mile).
• Source of funds expended: $1,765 paid from federal funds and $546 paid from XYZ Private Foundation funds.

D. Equipment

N/A

E. Supplies

Methodology for allocating certain direct shared organizational expenses such as Supplies, Telephone and Internet, and A-133 Audit cost:
The following non-personnel expenses are computed using a full-time employee equivalent (FTE) allocation method. 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 estimated at 5.0% (2.02 / 40). Non-personnel shared expenses was allocated to the LITC program for this reporting period using this ratio.

• Total cost expended on supplies for the organization was $36,900 and included the cost of laptop computers, printers, copy paper, toner, pens, pencils, envelopes, postage, etc.
• $36,420 x 5.0% = $1,821.
• Source of funds expended: $1,821 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

EXAMPLE

Drop-In, a community based organization, solely to conduct weekly intake. The cost of the space was $500 per month.
• $500 x 12 mo = $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 $35,880.
• $36,020 x 5.0% = $1,801.
• Source of funds expended: $1,801 XYZ Private Foundation funds.

A-133 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 $21,800.
• $21,800 x 5.0% = $1,090.
• Source of funds expended: $1,090 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 $3,999.
• Source of funds expended: $3,999 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.
• ($42.79/hr + $8.56/hr fringe) = $51.35/hr x 111 hrs = $5,700.

• 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/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.)
• 75/hrs x $18/hr = $1,350.

I. Total Direct Charges

Total direct charges for the LITC Program were $186,244.

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%.
• $74,165 x 10% = $7,417.

Matching Funds

• Total matching funds were $104,326 from the following sources:
• $20,000 cash from Legal Services Corporation funding.

EXAMPLE

• $40,662 cash from XYZ Private Foundation.
• $13,189 cash from private contributions.
• $29,810 third-party in-kind contributions of services donated by volunteers.

49,810

Unused Grant Funds
None

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

EXAMPLE

Instructions for Form 13424-L, Statement of Grant Expenditures

Note: Interim and Year-End Reports (including this report form) 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

In addition to the SF 425, this form must be submitted as part of the Interim and Year-End report to explain how federal grant funds and matching funds were spent by the program. A narrative explanation of all expense categories from this form must be included to explain how the expense amounts were calculated and the amount and sources of matching funds. All expenses must be reasonable, necessary, and allocable to this grant. Grantees should refer to Publication 3319 or 2 CFR Part 200 for guidance on matching funds.

Note: 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.

Note: The total amount shown on this statement is the amount spent by the end of the reporting period, not the amount drawn down from the Department of Health and Human Services Division of Payment Management's Payment Management System.

Specific Instructions

A. Personnel

This expense category is used to report salaries and wages that were paid to LITC staff. Do not include fringe benefits in this category (fringe benefits should be accounted for in category B).

In the explanation, list each staff member's name, position, rate of pay and time devoted to clinic activities (hourly wage and number of hours of service, or annual salary and percentage of annual salary). State the portion of each staff member's salary or wages paid from federal and matching funds, as well as the source of the matching funds.

Volunteer in-kind services should not be included under the Personnel category. They should be included under category H, Other Expenses.

B. Fringe Benefits

This expense category is used to 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.

C. Travel

This expense category covers 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.

D. Equipment

This expense category covers the cost of equipment that was purchased or leased by the applicant and used in operating an LITC program. Donated equipment may be included as matching funds and is valued at the fair market value of the property at the time of the donation.

In the narrative explanation, identify the equipment purchased, leased 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.

E. Supplies

This expense category includes the cost of supplies that were 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 supplies used, whether the associated costs were paid using federal or matching funds, and the source of the matching funds. If there are third-party in-kind contributions of supplies, explain the amount of the supplies contributed and how the valuation was determined, as well as the source of the donation.

F. Contractual

This expense category includes 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 the nature of the expense, whether the associated costs were paid using federal or matching funds, and the source of the matching funds.

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

EXAMPLE

G. Construction

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

H. Other Expenses

This expense category includes all other direct costs that were incurred in operating an LITC program that are not properly included in categories A through G. The value of volunteer in-kind services is included in this category as matching funds.

The explanation should identify the type of expense, whether the cost was paid using federal or matching funds, and the source of the matching funds. The explanation must also disclose the rate or rates that were used to value volunteer in-kind services and the number of volunteer hours that were provided by type of volunteer.

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 Costs

Indirect costs are charges 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. However, indirect charges may not be used as matching funds.

The narrative explanation should identify the indirect cost rate and the base that was used to allocate indirect costs.

Matching Funds

The narrative must include an explanation of the sources and amounts of matching funds. If the sponsoring organization has provided matching funds, the grantee must state explicitly that such funds (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.

Unused Grant Funds

The clinic must state whether it intends to spend its entire grant award before 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. If the amount is over $500, include the reason(s) and whether this was due to a one-time occurrence or an ongoing issue.

Additional Funding Request (Interim Report ONLY)

If a clinic wishes to request additional funding for the current grant year, indicate the amount of additional funds being requested and how these funds will be spent. The clinic's initial grant award and the amount of additional funding requested for the grant year may not exceed $100,000. See IRC § 7526(c)(2).

EXAMPLE

Form **13424-N** (April 2015)	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

The program narrative must contain the following information, numbered in accordance with the information requested below. 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

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

iii. Describe any mentoring or networking activities conducted

iv. Describe the outreach activities reported on Form 13424-A, line 1d

v. Describe the types of issues addressed in the technical assistance consultations reported on Form 13424-A, line 7

vi. Describe the types of cases referred to the Taxpayer Advocate Service reported on Form 13424-A, line 9

vii. Explain the circumstances surrounding the representation of taxpayers whose amount in controversy exceeds $50,000 as reported on Form 13424-K, line 3

viii. List any changes in days or hours of operation, if applicable

ix. Describe any 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 emerging tax issues or trends identified through the clinic's work on behalf of low income or ESL taxpayers during the reporting period. 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

Form **13424-A** (April 2015)	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 low income 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 low income 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.

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

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 low income taxpayers	
	C. Total number of consultations (add lines 6A and 6B)	
7	Number of technical assistance consultations conducted	

Referrals

8	Number of cases where Taxpayer Advocate Service (TAS) assistance was requested	

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.

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 report form) 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 designed to capture 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.

Reporting Requirements

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

Reporting Period

Clinics are required to report on clinic 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.

Specific Instructions

Outreach Activities

Report all outreach activities in this section. Outreach activities are efforts designed to provide information to the public about the clinic and its services. The information may be provided directly to taxpayers or may be provided to taxpayers indirectly through other organizations or groups that serve ESL or low income 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.

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 low income taxpayers in general should be reported on line 1B, and those intended for other organizations that service 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 outreach activities conducted for ESL taxpayers.

Line 1B. Report on this line the number outreach activities conducted for low income taxpayers.

Line 1C. Report on this line the number outreach activities conducted for other organizations that serve 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.

Educational Activities

Report all educational activities in this section. Educational activities are activities designed to provide information to taxpayers about their rights and responsibilities as U.S. taxpayers, including technical tax topics. Educational activities may also be conducted for other organizations that serve 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 taxpayers, a workshop on how to properly complete a Form W-4 for withholding, or the distribution to taxpayers of written materials about earned income tax credit (EITC) eligibility rules.

Determine whether to record an educational activity as conducted for ESL taxpayers, low income taxpayers, or taxpayer service providers 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 low income taxpayers should be reported on line 2B, and those directed towards service providers should be reported on line 2C. Record each educational activity only once on line 2A, 2B, or 2C. Do not include any activities recorded as Outreach on lines 1A through 1D.

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 low income taxpayers.

Line 2C. Report on this line the number of educational activities conducted for other organizations that serve 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 low income 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 through 3C.

Line 4. List the topics that were covered during the educational activities reported on line 2A through 2C. Do not repeat topics on multiple lines. If a topic was repeated throughout 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 any educational activities were conducted.

Consultations

Report all consultations in this section. A consultation is a discussion with a taxpayer designed to provide brief advice 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 taxpayer 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 low income 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 6Bb.

Line 7. Report on this line the number of technical assistance consultations conducted with a tax practitioner or other service provider during the reporting period.

Referrals

Line 8. Report on this line the number of taxpayers for whom Taxpayer Advocate Service (TAS) assistance was requested during the reporting period.

Tax Returns and Other Documents

Clinics may prepare tax returns in two limited situations: when ancillary to ESL outreach and educational activities, or to resolve a tax controversy. Taxpayers who need current year tax return preparation services should be referred to a Volunteer Income Tax Assistance (VITA) site, Tax Compliance for the Elderly (TCE) site, or other free tax preparation service. 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 with educational 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 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. If a tax practitioner is multilingual and also provides translation services, you may note that in the program narrative; however only count each volunteer once in this section. Do not include any individuals receiving compensation from the clinic, or any students receiving academic credit.

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 any individuals receiving compensation from the clinic, or any students receiving academic credit.

Student Representation

Line 14. Report on this line the number of students working at the clinic during the reporting period who are authorized to practice before the IRS under a special authorization.

Line 15. Report on this line the number of students working at the clinic during the reporting period and receiving credit from an academic institution for 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 ESL or low income 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 line 16.

Line 17. Report the topics covered during CPE or CLE presentations. 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 2015)	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 controversy 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)*		

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:

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 report form) 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 certain information about the work performed by a clinic while representing taxpayers in controversy cases.

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 clinic 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.

Definition of a controversy case

A controversy is a dispute 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. In order for a client relationship to qualify as a controversy case, the services provided by the clinic must include advocacy and not merely fact finding or advice. Matters involving fact finding or advice only are properly counted and reported as consultations on Form 13424-A. If a taxpayer retains the clinic to represent him, and the clinic takes steps to begin a case, including developing a plan for advocacy, the clinic may count that interaction as a case, even if the taxpayer thereafter discontinues the relationship. If a taxpayer (or jointly filing taxpayers) has multiple years at issue and the different years are being handled by different IRS units, this would be counted as a single case. Multiple tax issues arising from a single case may be properly reported on Form 13424-B.

Specific Instructions

Case Inventory

Report on the volume of case inventory in this section.

Line 1A. Report on this line the number of controversy cases that were worked in the previous year that remained open as of January 1.

Line 1B. Report on this line the number of new controversy cases that were opened during the reporting period.

Line 1C. Report on this line the total number of controversy 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 controversy 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 on controversy cases worked during the reporting period in this section. The information reported in this section should provide the Program Office with a snapshot of what types of controversy cases the clinic worked during the reporting period.

Lines 2A-AA. If the case was open at the end of the reporting period, then indicate the IRS function or U.S. court where the controversy is being addressed as of the end of the reporting period. If the case was closed during the reporting period, indicate the IRS function or U.S. 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 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 tax years 2008 and 2009. At the close of the reporting period, tax year 2009 is being addressed in the United States Tax Court and tax year 2008 is being addressed in an audit reconsideration. The clinic 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 controversy cases. Note that lines 3 and 4 relate to new cases opened during the reporting period, as reported on line 1b. Note that 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. The amount in controversy includes penalties, but does not include interest. 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 in its Interim and Year-End report Program Narratives, Item 2.vii (sections III.B.i and III.B.ii, respectively, of Publication 3319).

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 that involved matters being worked in 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 (CNC) status. The clinic later assists the taxpayer in submitting an Offer in Compromise. Clinic A should report this case on line 5.

Example 2: Clinic B is representing a taxpayer in a dispute involving eligibility for the earned income tax credit (EITC) for tax years 2007 and 2008. At the close of the reporting period, tax year 2009 is being addressed in the United States Tax Court and tax year 2008 is being addressed in an audit reconsideration. Clinic B should report this case on line 5.

Line 6. Report on this line the number of cases worked during the reporting period in which the clinic is representing 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 is representing an ESL taxpayer.

Line 8. Report on this line the number of cases worked during the reporting period in which the clinic is representing 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 is using 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 is representing 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.

Line 12. Report on this line the number of appearances entered to represent taxpayers in the United States Tax Court during the reporting period, whether through an entry of appearance or via a petition submitted by the clinic.

Line 13. Report on this line the number of cases worked in the United States Tax Court during the reporting period, where negotiations were conducted with the IRS on behalf of the taxpayer, but where no entry of appearance was submitted by the clinic. For example, if a clinic staff attorney is representing a client who filed a petition in the United States Tax Court and the attorney negotiates a settlement with the IRS but does not enter an appearance with the Tax Court, it would be counted 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 line 13 should not be reported on this line. For example, if a clinic staff member encounters a taxpayer at a United States Tax Court calendar call and provides advice to the taxpayer or acts as a communicator or mediator between the parties, but does not represent the taxpayer, it would be counted 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 controversy 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 is 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 is placed on an approved installment plan or where the taxpayer was placed in currently not collectible status 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 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 dollars in tax liabilities, penalties, and interest avoided by 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. Include total dollars in state and local tax liabilities, penalties, and interest avoided by 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 2015)	Department of the Treasury - Internal Revenue Service **Low Income Taxpayer Clinic (LITC)** **Interim and Year-End Report** **Case Issues**	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	

Name of clinic

Case Issues Worked *(continued)*

Status Issues

33	Other Credits	
34	SSN / TIN	
35	ITIN	
36	Filing Status	
37	Personal/Dependency Exemptions	
38	Injured Spouse	
39	Innocent Spouse	
40	Employment-Related Identity Theft	
41	Refund-Related Identity Theft	
42	Nonfiler	
43	Worker Classification	

Tax / Refund / Return / Statute of Limitations Issues

44	Self-Employment Tax	
45	Suspected Return Preparer Fraud	
46	Estimated Tax Payments	
47	Withholdings	
48	Refund	
49	Assessment Statute of Limitations	
50	Collection Statute of Limitations	
51	Refund Statute of Limitations	

Penalty Issues

52	Trust Fund Recovery Penalty	
53	Other Civil Penalties	
54	Additional Tax on Distributions from Qualified Retirement Plans	
55	Premium Tax Credit	
56	Individual Shared Responsibility Penalty	

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)*		

Instructions for Form 13424-B, Low Income Taxpayer Clinic (LITC) Interim and Year-End Report Controversy Issues

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. The issues reported should relate to all cases reported on Form 13424-K, line 1C.

The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low income and English as a Second Language (ESL) taxpayers. Be careful to follow the instructions for this form and to report all information completely and accurately.

Reporting Requirements

Reporting period

Clinics are required to report on clinic 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.

The reports capture all controversy issues arising from all 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, line 1C for the same reporting period.

Definition of a controversy issue

A controversy arises from representation of a taxpayer in a dispute with the IRS concerning the determination, collection, or refund of any tax, additions to tax, additional amounts, penalties, or interest. A controversy issue is counted and reported when the clinic advocates on behalf of a taxpayer to the IRS or a court to resolve a dispute related to that issue. An issue is not counted on this form when the clinic only discusses the issue with the taxpayer. See Example 3 below. Instead, advice is reported as a consultation on Form 13424-A.

A case may involve more than one issue and each issue that the clinic actively works on a case should be reported separately. An issue is counted only once for each case, regardless of the number of tax years involved. See Example 2 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 - head of household filing status, dependency exemptions, child tax credit, and EITC eligibility. To complete this form, Clinic A would enter “10” on lines 28, 31, 36, and 37.

Example 2: Clinic B represented a taxpayer in a collection case that involved having six tax periods classified as currently not collectible. Clinic B would count this as one currently not collectible issue, regardless of the number of tax periods involved.

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 the possibility of making an offer-in-comprise. The installment agreement issue would be counted as an issue, but the offer-in-compromise (OIC) issue would not be counted as an issue because the OIC was discussed but not worked.

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 33. 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 33, Other Credits.

Status Issues

Lines 34 through 43. 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 36, Filing status.

Tax / Refund / Return / Statute of Limitations Issues

Lines 44 through 51. 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 45, Suspected Return Preparer Fraud.

Penalty Issues

Lines 52 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 53, 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 2015)	Department of the Treasury - Internal Revenue Service **Low Income Taxpayer Clinic (LITC) Advocacy Information**	OMB Number 1545-1648

Name of clinic | Grant year

Part I. Systemic Advocacy Submissions

Complete the following section to identify issues submitted to educate or advocate for low income or ESL taxpayers on the Systemic Advocacy Management System (SAMS) www.irs.gov/uac/Systemic-Advocacy-Management-System-(SAMS) *(Attach additional pages as necessary)*

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 the following section to identify articles written to educate or advocate for low income or ESL taxpayers. *(Attach additional pages as necessary)*

Source ☐ Book ☐ Law review ☐ Magazine ☐ Newspaper ☐ Website ☐ Other

Author's name	Date published
Title of article	Publication or website

Brief description of the article

Source ☐ Book ☐ Law review ☐ Magazine ☐ Newspaper ☐ Website ☐ Other

Author's name	Date published
Title of article	Publication or website

Brief description of the article

Source ☐ Book ☐ Law review ☐ Magazine ☐ Newspaper ☐ Website ☐ Other

Author's name	Date published
Title of article	Publication or website

Brief description of the article

Part III. Television and Radio Appearances

Complete the following section to identify television and radio appearances that educated or advocated for low income or ESL taxpayers. *(Attach additional pages as necessary)*

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 the following section to identify public service announcements that educated or advocated for low income or ESL taxpayers. *(Attach additional pages as necessary)*

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

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
CSED	Collection Statute Expiration Date
CFP	Civil Fraud Penalty
CID	Criminal Investigation Division
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
CTC	Child Tax Credit
CSED	Collection Statute Expiration Date
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
FBAR	Report of Foreign Bank and Financial Accounts
FDIC	Federal Deposit Insurance Corporation
FEIE	Foreign Earned Income Exclusion
FFATA	Federal Funding Accountability and Transparency Act
FICA	Federal Insurance Contribution Act
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
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
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
RO	Revenue Officer
ROI	Return on Investment
RRA98	IRS Restructuring and Reform Act of 1998
RSED	Refund Statute Expiration Date
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
TCE	Tax Counseling for the Elderly
TDA	Taxpayer Delinquent Account
TOA	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 OF LITC TERMS

90/250 Income Requirement – according to IRC § 7526(b)(1)(B)(i), at least 90 percent of taxpayers represented by an LITC must have incomes, as defined below, which do not exceed 250 percent of the Federal Poverty level or criteria established by the Director of the Office of Management and Budget (OMB). 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.

Allowable Expenses – expenses chargeable to an LITC grant in accordance with the cost principles guidance in 2 CFR Part 200. Generally, for an expense to be allowable, the expense must be reasonable, incurred to benefit the program, and consistent with market prices.

Amount in Controversy – the amount at issue for each tax year for which the LITC is representing the taxpayer. The amount includes the tax liability in dispute for a tax year, plus any related additions to the tax, additional amounts, and penalties imposed. Interest is generally excluded from the amount in controversy, unless the amount of interest is disputed independently from the associated tax liability. For example, in the collection context (e.g., notice and demand, notice of determination under IRC § 6330), interest is always in dispute and is therefore included in the amount in 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.

Ancillary Tax Return Preparation – tax return preparation that is incidental to an LITC's ESL outreach and education efforts.

Case Tracking – the process or method used to control assignment and progress of cases by LITC personnel, students, and volunteers.

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

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. A technical assistance consultation is a discussion with a practitioner or other service provider designed to give brief advice about a tax issue.

Continuing Legal Education (CLE) – an accredited professional educational program for attorneys. CLE requirements vary among jurisdictions, and accreditation is granted on a jurisdiction-by-jurisdiction basis.

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 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. In 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 includes a dispute related to the tax provisions of the Affordable Care Act. A controversy does not include a criminal tax matter, but may include certain civil actions arising under the Internal Revenue Code, for example those arising under IRC §§ 7431—7435.

Data Universal Numbering System (DUNS) – 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.

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 specifically with a particular award or other direct activity of an organization. However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstance, has been allocated to an award as an indirect cost.

Direct Lobbying – 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.

Educational Activities – programs designed to address taxpayer rights and responsibilities as well as tax issues of particular significance to the intended audience.

Employer Identification Number (EIN) – a permanent number issued by the IRS to identify a business entity; also known as a Federal Tax Identification Number

ESL Taxpayers – taxpayers who speak English as a second language.

Family Unit – 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.

Fringe Benefits – a form of non-wage compensation for the performance of services. Examples of fringe benefits include the employer's share of Social Security and Medicare taxes, Federal and State unemployment taxes, health and life insurance premiums, and pension contributions. Federal funds and matching funds may be used to pay fringe benefits that are reasonable, allowable, and allocable to clinic operations.

Grassroots Lobbying – 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.

Indirect Costs – costs not directly related to the LITC program, but incurred as part of the general overhead and administration of the grantee. A cost may not be allocated to an award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to an award as a direct cost. Indirect costs may be budgeted as a use of federal funds based upon an approved Indirect Cost Rate Agreement. However, 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.

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).

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. Net earnings from a sole proprietorship, a single shareholder S-corporation, or a single member LLC are included in income for purposes of determining if a taxpayer is low income. However, a business entity is not a low income taxpayer eligible for LITC representation, even if an owner, partner, shareholder, beneficiary, or member of the business entity is an individual whose income does not exceed 250 percent of the poverty level.

Low Income Taxpayer Clinic (LITC) – an organization that represents low income taxpayers in controversies with the IRS and operates programs to inform individuals for whom English is a second language about their taxpayer rights and responsibilities for free or for a nominal charge.

Local Taxpayer Advocate (LTA) – IRC §7803(c)(2)(D)(i)(I) requires that each state have at least one LTA. An LTA is a manager who reports to the National Taxpayer Advocate. Each LTA provides essential guidance and assistance to the LITCs within his or her geographic area.

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.

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 advocate for taxpayers within the IRS and before Congress. The NTA is appointed by the Secretary of the Treasury following consultations with the IRS Commissioner and the IRS Oversight Board.

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 fee does not include reimbursement for actual costs incurred (photocopies, court costs, and expert witness fees, for example).

Office of Professional Responsibility (OPR) – the office that establishes and enforces consistent standards of competence, integrity and conduct for tax professionals authorized to practice before the IRS.

Office of Management and Budget (OMB) – the 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 "Supercircular" – comprehensive priniciples issued by the Office of Management and Budget (OMB) that provide guidance relating to administration of federal grant awards, including the following which are relevant for the LITC program: Grant award administrative requirements are set forth in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200. Also known as the "Supercircular."

Operational Review Visit – a site visit conducted by LITC Program Office staff to observe and evaluate a grantee's program activities and services, and discuss with clinic personnel the progress made in achieving program goals and objectives.

Orientation Visit – a site visit conducted within the first 120 days of a new grantee's initial funding year to familiarize the grantee with LITC program requirements and to measure the progress of its start-up activities.

Outreach Activities – efforts designed to publicize the clinic and its services directly to low income and ESL. Outreach activities may involve direct communication with taxpayers or be accomplished indirectly through other organizations or groups that serve 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. Outreach plans should be completed in advance of the start of the period during which representation and other assistance will be offered.

Payment Management System (PMS) – an electronic system maintained by the Department of Health and Human Services Division of Payment Management that allows grantees to review grant award and disbursement records and submit requests for payment of federal funds.

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 Inform – means 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. These programs may be made available to low income taxpayers as well as ESL taxpayers. Such activities include, but are not limited to, conducting group presentations or workshops describing federal taxpayer rights and responsibilities, publishing and distributing information about federal tax issues and taxpayer rights, and consulting one-on-one with taxpayers.

Publicity – see Outreach Activities.

Qualified Representative – an attorney, certified public accountant, or enrolled agent who is authorized to practice before the IRS with unlimited practice rights or an individual admitted to practice before the applicable court where the controversy with the IRS will be adjudicated.

Referral Activity – a referral of a low income taxpayer to a pro bono panel member who provides representation for free or for a nominal fee.

Representation – 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.

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. The standards of operation are an integral part of the LITC Program's performance measures.

Systemic Advocacy – identifying and advocating for issues that impact low income and ESL taxpayers utilizing such methods as: participating in advocacy projects with professional organizations, commenting on proposed IRS regulations and guidance, authoring articles or publications, appearing on television or radio, producing public service announcements, or submissions to the Systemic Advocacy Management System (SAMS).

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.

Third Party In-Kind Contributions – the value of non-cash contributions provided 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.

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.

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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