



## 2019 Grant Application Package and Guidelines



YOUR VOICE AT THE IRS



## DEAR PROSPECTIVE LOW INCOME TAXPAYER CLINIC GRANT APPLICANT:

I am pleased to announce the opening of the 2019 Low Income Taxpayer Clinic (LITC) grant application period, which runs from May 16 through June 27, 2018.

Under Internal Revenue Code (IRC) § 7526, the IRS provides matching grants of up to \$100,000 per year to qualifying organizations to represent low income taxpayers in disputes with the IRS and to educate persons who speak English as a second language (ESL) about their rights and responsibilities as U.S. taxpayers. LITC services must be provided for free or for no more than a nominal fee. If you would like to know more about the activities and accomplishments of organizations that have been awarded LITC funding in prior years, see Publication 5066, *LITC Program Report*.

This publication outlines eligibility requirements for LITC matching grants and provides instructions about how to apply for a matching grant. Topics include:

- Award eligibility requirements;
- Other eligibility and compliance requirements;
- Application and selection process;
- Standards for operating a Low Income Taxpayer Clinic operation;
- Reporting responsibilities;
- LITC Program Office responsibilities;
- Application forms and instructions; and
- Reporting forms and instructions.

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

The IRS remains committed to achieving maximum access to representation for low income taxpayers under the terms of this grant program. Thus, in awarding 2019 LITC grants, we will continue to work toward the following program goals:

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

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

To be considered for 2019 LITC Program grant funding, all Full Grant Applications and Non-Competing Continuation (NCC) Requests must be submitted electronically by **11:59pm (EST) on June 27, 2018**, via [www.grants.gov](http://www.grants.gov) or [www.grantsolutions.gov](http://www.grantsolutions.gov), respectively. The cost of preparing and submitting applications is the responsibility of each applicant.

Starting with Full Grant Applications in 2019, applicants must receive a minimum score during the technical evaluation to be considered further. Additional information about this change is found in Section V.A, *Technical Evaluation of Full Grant Applications and Scoring Criteria*.

The LITC Program Office will notify each applicant in November 2018 about whether it was selected to receive a matching grant for 2019. Applicants notified they have been selected to receive a 2019 grant award must attend the Annual LITC Grantee Conference in December 2018, held in Washington, D.C.

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

I appreciate your interest in the LITC Program and look forward to working with the 2019 LITC grantees to ensure the fairness and integrity of federal tax administration.

Sincerely,

A handwritten signature in black ink, appearing to read "Nina E. Olson", with a long horizontal flourish extending to the right.

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 Forms and Publication Division, 1111 Constitution Ave. NW, Washington, DC 20224. Do not send grant application forms to this address. Grant applications must be submitted through [www.grants.gov](http://www.grants.gov) and continuation requests must be submitted through [www.grantsolutions.gov](http://www.grantsolutions.gov). Comments about this application package should be sent to: Internal Revenue Service, Taxpayer Advocate Service, LITC Program Office, TA: LITC, Room 1034, 1111 Constitution Ave., NW, Washington, DC 20224.

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

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# I. LITC PROGRAM DESCRIPTION

## A. LITC GRANT PROGRAM PRIORITIES

### LITCs Provide Representation, Education, and Advocacy

The mission of the Low Income Taxpayer Clinic (LITC) Program is to ensure the fairness and integrity of the federal tax system for all taxpayers, particularly those like low income individuals and taxpayers for whom English is a second language (ESL).

#### LITC grantees must:

- Represent individual low income taxpayers in controversies with the IRS;
- Educate low income and ESL taxpayers about their rights and responsibilities as U.S. taxpayers;
- Identify and advocate for issues that impact low income taxpayers;
- Provide dollar-for-dollar matching funds; and
- Offer LITC services for free or for no more than a nominal fee.

In December 2015, Congress enacted the Taxpayer Bill of Rights (TBOR)<sup>1</sup> in Internal Revenue Code (IRC) § 7803(a)(3), which requires the IRS Commissioner to ensure that employees of the IRS are familiar, and act in accordance, with taxpayer rights. The TBOR also educates taxpayers that they have rights; that knowledge, in turn, empowers taxpayers to assert those rights during their interactions with the IRS. One of the ten fundamental rights taxpayers have when dealing with the IRS is the *right to retain representation*,<sup>2</sup> meaning taxpayers have the right to retain an authorized representative of their choice to represent them in their interactions with the IRS. A taxpayer who cannot afford to hire a representative has the right to be informed about their potential eligibility for assistance from an LITC. The LITC Program protects taxpayers' rights by providing access to representation for low income taxpayers, so that achieving a correct outcome in an IRS dispute does not depend on the taxpayer's ability to pay for representation.

Helping a taxpayer avoid a controversy through education and outreach is another essential function of LITCs. LITCs are required to educate taxpayers on their rights and responsibilities to help them understand the U.S. tax system, exercise their rights as taxpayers, and comply with their tax responsibilities. Learning is enhanced by providing an opportunity for taxpayers to ask questions and interact with clinic staff. Outreach activities may involve direct communication with taxpayers or be accomplished indirectly through other organizations or groups that assist low income and ESL taxpayers.

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

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

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

The IRS remains committed to achieving maximum access to representation for low income taxpayers under the terms of this grant program. Thus, in awarding 2019 LITC grants, we will continue striving to provide services to low income and ESL taxpayers in every state, the District of Columbia, and Puerto Rico.

<b>Areas of Special Consideration</b>	
Hawaii, North Dakota, Puerto Rico, mid-Florida, northeast Arizona, northern Pennsylvania, and southeast New York (not including boroughs of New York City).	
<b>Important Dates for 2019 LITC Grant Program</b>	
Application period	May 16 – June 27, 2018
Application review and evaluation	June – October 2018
Notification of selection/non-selection	November 2018
Annual LITC Grantee Conference	Early December 2018
Grant year	January 1, 2019 – December 31, 2019
Interim report due	July 30, 2019
Year-End report due	April 1, 2020

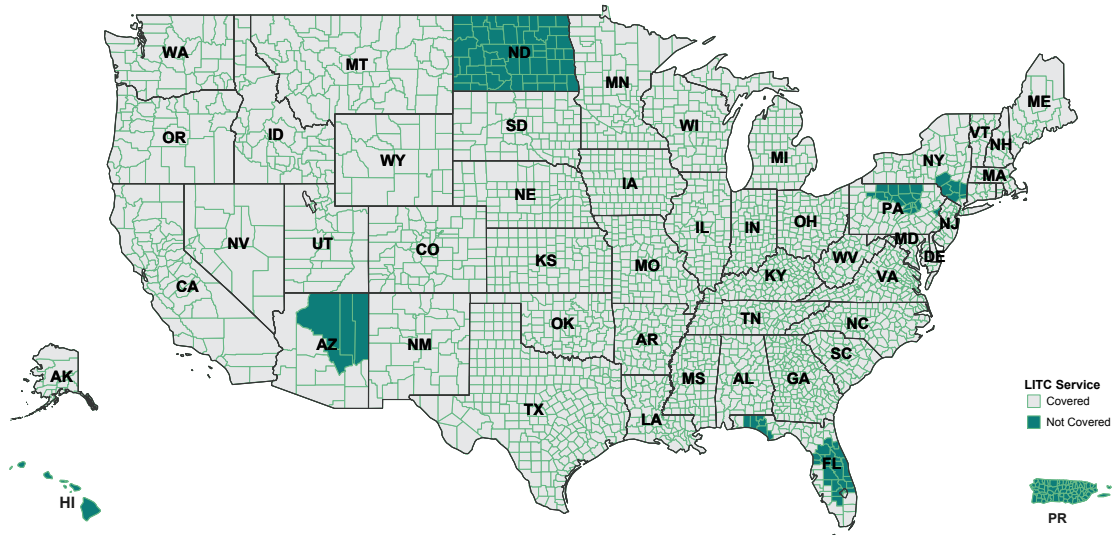
## **B. HISTORY OF THE LITC PROGRAM**

As part of the Internal Revenue Service Restructuring and Reform Act of 1998<sup>3</sup> (RRA 98), Congress enacted IRC § 7526 to authorize funding for the LITC grant program. The IRS created the LITC Program Office in 1999 to provide guidance, assistance, and oversight to LITC grantees and prospective applicants. The LITC Program Office is part of the Office of the Taxpayer Advocate (commonly referred to as the Taxpayer Advocate Service (TAS)).

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<sup>3</sup> See Public Law 105-206, § 3601, 112 Stat. 685, 774 (July 22, 1998).

Figure 1, 2018 LITC Coverage by County



In 1999, the IRS awarded grants totaling less than \$1.5 million to 34 entities located in 18 states and the District of Columbia. The LITC Program Office's history of recruiting efforts coupled with sound judgment in selecting federal grant recipients has fostered the growth of a nationwide network of independent organizations working towards a common purpose in their local communities. In 2018, the IRS awarded over \$11,800,000 in grants to 134 grantees located in 48 states and the District of Columbia.

The maximum statutory award amount of \$100,000 per grantee has remained constant since the creation of the program. Despite this limitation, our grantees have consistently delivered tremendous results. Twenty-two of the 34 organizations that received an award in the first year of the LITC Program are still with the program today; however, new organizations apply for and are awarded LITC grants annually.

## C. STATUTORY AUTHORITY TO FUND LITCs

The authority to create low income taxpayer clinics is derived from IRC § 7526. The text of IRC § 7526 is reprinted in full below:

### Section 7526. Low-income taxpayer clinics.

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

(b) *Definitions.* For purposes of this section—

(1) *Qualified low-income taxpayer clinic.*

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

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

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

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

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

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

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

(2) *Clinic.* The term “clinic” includes—

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

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

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

(c) *Special rules and limitations.*

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

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

- (3) *Multi-year grants.* Upon application of a qualified low-income taxpayer clinic, the Secretary is authorized to award a multi-year grant not to exceed 3 years.
- (4) *Criteria for awards.* In determining whether to make a grant under this section, the Secretary shall consider—
- (A) *the numbers of taxpayers who will be served by the clinic, including the number of taxpayers in the geographical area for whom English is a second language;*
  - (B) *the existence of other low-income taxpayer clinics serving the same population;*
  - (C) *the quality of the program offered by the low-income taxpayer clinic, including the qualifications of its administrators and qualified representatives, and its record, if any, in providing service to low-income taxpayers; and*
  - (D) *alternative funding sources available to the clinic, including amounts received from other grants and contributions, and the endowment and resources of the institution sponsoring the clinic.*
- (5) *Requirement of matching funds.* A low-income taxpayer clinic must provide matching funds on a dollar-for-dollar basis for all grants provided under this section. Matching funds may include—
- (A) *the salary (including fringe benefits) of individuals performing services for the clinic; and*
  - (B) *the cost of equipment used in the clinic.*

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

## D. KEY TERMS AND DEFINITIONS

**Advocacy** means zealously protecting the rights of low income and ESL taxpayers as United States taxpayers. Advocacy can occur on an individual or systemic basis. A substantial portion of LITC work is spent assisting clients with an IRS controversy to explore all possible options for relief, and to assist the clients in making a fully informed decision on how to proceed. Notwithstanding the unique nature of each taxpayer's circumstances, similarly situated taxpayers experience similar problems with tax administration. Advocacy includes identifying systemic-level issues and sharing them with TAS. TAS investigates the submissions, proposes solutions, and works with the IRS to resolve the issue, or elevates the issue to the National Taxpayer Advocate who can communicate those issues and proposed solutions to lawmakers and IRS administration in her Annual Report to Congress.

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



**Cases** are counted and reported in inventory when a taxpayer retains the clinic to act in a representative capacity before the IRS or a federal court in a controversy and the clinic takes steps to address the controversy, including developing a plan for advocacy.

**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 (opening a case). This would include fact gathering and contact with the IRS that does not rise to the level of advocacy.

**Controversy** with the IRS means a proceeding brought by the taxpayer under Title 26 or any dispute between an individual and the IRS concerning the determination, collection, or refund of any tax, penalties, or interest under the IRC. The definition is very broad and encompasses all types of disputes arising under the IRC, except criminal tax matters. For example, a controversy includes a dispute related to the tax provisions of the Affordable Care Act, a revocation or denial of a passport under section 7345, and certain civil actions arising under IRC §§ 7431 to 7435. The dispute may be pending in a federal court or in any tax administration function of the IRS (*e.g.*, Examination, Collection, Appeals, Accounts Management). While representing a taxpayer in a controversy with the IRS, an LITC may also need to represent the taxpayer in a controversy with a state or local tax agency concerning the same or related tax matter. A controversy does not include a federal criminal tax matter, although it may include a state criminal matter. For example, a controversy may be considered a civil matter in the federal context, but a criminal matter under state or local law. If the LITC is already representing the taxpayer in the federal civil matter, it may be appropriate for the LITC to expand the scope of the representation to include the state or local matter.

**Educational activities** are programs designed to inform ESL or low income taxpayers about their rights and responsibilities as taxpayers, as well as tax issues of particular significance to the intended audience and generally delivered in person. Educational activities may also include a workshop or free training for other organizations that assist low income or ESL taxpayers. To be considered an educational activity, information about a specific tax topic or topics must be conveyed to the audience. LITCs should address a wide range of substantive tax issues in their educational programs and materials (*e.g.*, filing requirements, tax recordkeeping, family status issues, refundable credits, the Affordable Care Act, worker classification, identity theft, information about the audit and appeals process, and collection alternatives). LITCs prepare and distribute materials in languages appropriate for the ESL communities they assist. Selecting education topics relevant to community needs and offering the presentations in languages commonly spoken in the community allows LITCs to reach taxpayers who otherwise might experience great difficulty communicating with the IRS.

**English as a Second Language (ESL) taxpayers** are persons for whom English is not the first language. This group may have additional burden understanding taxpayer rights and responsibilities and is a priority for LITC outreach efforts. ESL taxpayers who immigrate to the United States may come from countries where the tax systems operate in a much different fashion, and those arriving from countries with pervasive corruption may bring with them a mistrust of government institutions. They may be completely unfamiliar with the process of filing a tax return or even maintaining a bank account.

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

**Grantsolutions.gov** is a comprehensive grant management system operated by the Grants Center of Excellence. Grantees use Grant Solutions to take all actions regarding their grant (except for drawing down funds).

**Key personnel** are individuals necessary for the successful operation of the LITC. Key personnel are responsible for ensuring that the LITC's day-to-day operations function smoothly, finances are properly administered, and legal arguments are sound. Key personnel include the Clinic Director, Qualified Tax Expert (QTE), and Qualified Business Administrator (QBA). See Section VI.C.i, *Standards for Operating an LITC*.

**Low income taxpayers** are individuals whose income does not exceed 250 percent of the Federal Poverty Guidelines, as determined in accordance with official guidance published by the federal government. 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 VI.C.xi, *Representing Low Income Taxpayers*.

A sole proprietor is considered an individual and may be assisted if otherwise eligible. A business or other entity is not a low income taxpayer eligible for LITC representation. An individual trying to resolve a tax liability arising from personal involvement with a business can be a low income taxpayer. For example, an individual who is personally liable for taxes owed from a business (*e.g.*, a responsible person within the meaning of IRC § 6672) may be a low income taxpayer, provided the individual otherwise meets the definition.

**Low Income Taxpayer Clinic (LITC)** means an organization receiving a grant pursuant to IRC § 7526 that represents low income taxpayers in controversies with the IRS and that operates a program to educate ESL individuals about their rights and responsibilities under the Internal Revenue Code. The term LITC generally includes a clinical program at an accredited law, business, or accounting school in which students assist in the delivery of services, as well as an organization described in IRC § 501(c) and exempt from tax under IRC § 501(a).

**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, considering all the facts and circumstances. A nominal fee must be a flat fee; the fee cannot fluctuate based on an hourly rate or the type of services the LITC is providing. If an LITC charges any taxpayer a nominal fee for services, it must charge the same fee to all taxpayers. A nominal fee does not include reimbursement for actual costs incurred (*e.g.*, photocopies, court costs, and expert witness fees).

**Outreach** means an activity conducted by LITCs that involves effectively publicizing and promoting the clinic's services, including representation, education, and advocacy on behalf of low income taxpayers 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 activities may involve direct communication with taxpayers or be accomplished through contacts with other organizations or groups that assist low income and ESL taxpayers. Additional guidance on effective outreach can be found in Section VI.C.iii, *Developing a Community Outreach Plan*.

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

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

**Program to educate** means an activity intended to educate taxpayers about their rights and responsibilities under the IRC, with a focus on issues impacting low income and ESL taxpayers. See Section VI.C.xii, *Education*.

**Qualified representative** means a person who is:

- An attorney;
- A Certified Public Accountant;
- An Enrolled Agent who is authorized to practice before the IRS;
- An individual authorized to appear before the applicable court where the controversy with the IRS will be adjudicated; or
- An individual authorized to practice before the IRS pursuant to 31 CFR § 10.7(d) (*e.g.*, a student, law graduate, tribal court advocate, or other individual for whom the IRS has issued a special appearance authorization). See Section VI.C.xi., *Representing Low Income Taxpayers, Representation by Students and Law Graduates*.

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

If the Director of the LITC Program Office has authorized a student or law graduate to practice before the IRS, the student or law graduate must be supervised by a qualified representative. See Delegation Order 25-18 (Rev. 2), IRM 1.2.52.19 (Sept. 9, 2015).

**Note:** An unenrolled return preparer who can practice before the IRS based upon return preparation is not a qualified representative for purposes of the LITC Program, because the authority of the unenrolled return preparer to act as a representative is limited to only certain taxpayers and select functions of the IRS.

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

A detailed list of terms and definitions are available in the Glossary.

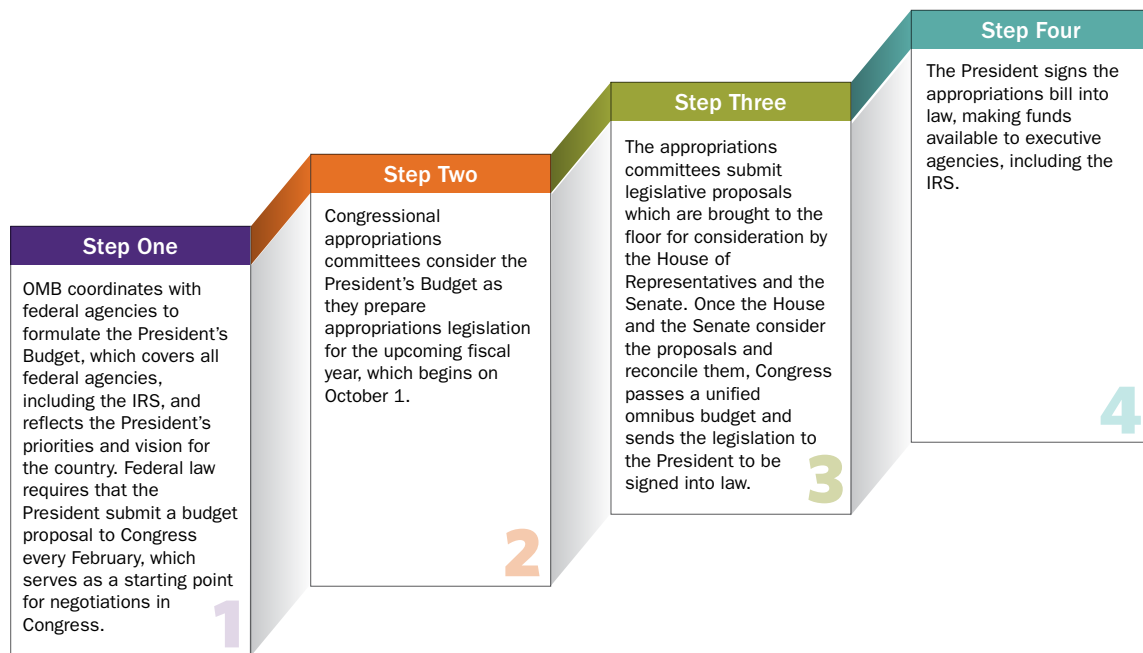
## II. FEDERAL AWARD INFORMATION

### A. AWARDS ARE SUBJECT TO CONGRESSIONAL APPROPRIATIONS

All awards are subject to the availability of appropriated funds. The IRS may award LITC grants of up to \$100,000 per year to qualifying organizations for the development, expansion, or continuation of an LITC. In making grant award decisions, the IRS seeks to fund qualified organizations, including academic institutions and nonprofit organizations throughout the United States, to provide representation, education, and advocacy on behalf of low income and ESL taxpayers. The IRS awards grant funds to achieve the goals of the LITC Program.

Congress appropriated \$12 million for LITC grant awards for 2018, and the IRS awarded over \$11.8 million in grants to 134 entities located in 48 states and the District of Columbia. The average award in 2017 was more than \$86,000, with only the strongest programs receiving the maximum award of \$100,000. Figure 2 explains how the LITC Program receives its funding.

Figure 2, How the LITC Program Receives Its Funding



The matching funds requirement ensures that each LITC grant represents a financial partnership between the grantee and the federal government for the benefit of low income and ESL taxpayers. The commitment of matching funds by the grantee leverages the federal funding investment so that an LITC can assist more taxpayers in need.

The major expenditures incurred by LITCs are personnel costs and fringe benefits paid to provide direct representation, education, and advocacy services to low income and ESL taxpayers. Grantees are prohibited from using matching funds to pay indirect expenses, including general overhead of the grantee.<sup>4</sup> This ensures more program funds are spent on taxpayer representation, education, and advocacy rather than administrative costs.

## **B. AWARD PERFORMANCE PERIOD**

The LITC Program may award grants for up to a three-year period. However, funding is provided for one-year periods (January 1–December 31), subject to the availability of annually appropriated funds. First-time applicants will only be awarded a single-year grant. Multi-year grants will only be awarded to applicants that have successfully completed at least one year under the terms of the LITC grant. Determination of the grant period is at the discretion of the LITC Program Office. Thus, the Program Office may elect to award a single-year grant to applicants that requested a multi-year grant.

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

A new applicant seeking an LITC grant award for the first time, or a returning clinic whose LITC award period has ended, or will end on December 31, 2018, must submit a Full Grant Application. A recipient of an LITC grant entering the second or third year of a multi-year grant in 2019 must submit a Non-Competing Continuation (NCC) Request, in lieu of a Full Grant Application. See Section IV, *Application and Submission Process*.

## **C. SUBGRANTS ARE PROHIBITED**

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

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<sup>4</sup> IRC § 7526(c)(5).

## D. LITC GRANTS ARE NOT COOPERATIVE AGREEMENTS

Funds awarded under IRC § 7526 create grant agreements rather than cooperative agreements between the recipient and the IRS. A cooperative agreement provides for substantial involvement between the federal awarding agency and the grant recipient in carrying out the activity contemplated by the federal award. While the LITC Program Office has numerous responsibilities in administering the grant and providing oversight to grantees, that involvement does not result in the formation of a cooperative agreement. See the definitions of “cooperative agreement” and “grant agreement” in 2 CFR § 200.24 and 2 CFR § 200.51, respectively, for additional details.

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## III. AWARD ELIGIBILITY REQUIREMENTS

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

### A. ELIGIBLE APPLICANTS

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

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

### B. REQUIREMENT TO PROVIDE MATCHING FUNDS EQUAL TO AWARD

IRC § 7526(c)(5) requires grantees to provide matching funds on a dollar-for-dollar basis for all federal funds awarded by the IRS, yet many programs provide matching funds in the form of cash or third-party in-kind contributions (*e.g.*, time worked by volunteers) that far exceed the minimum. Only funds that are used in direct support of the LITC Program qualify as matching funds. See Section IV.E.iii, *Meeting the Matching Funds Requirement*.

### C. OTHER ELIGIBILITY REQUIREMENTS

#### i. Using Grant Funds to Support Other Activities is Prohibited

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

## ii. Charging More Than a Nominal Fee for Services is Prohibited

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

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

## iii. Compliance with Federal Tax and Nontax Requirements

### Federal Tax Debts

The IRS is prohibited from awarding an LITC grant to an applicant that is noncompliant with a federal tax return filing or payment obligation. Consequently, an applicant must be in full compliance with its federal tax responsibilities when applying for an LITC grant and throughout the grant year. As a result, Standard Form 424 (Appendix) asks whether the applicant is delinquent on any federal debt.

IRC § 6103 prohibits the LITC Program Office from disclosing a federal tax compliance issue to anyone who is not authorized to receive the taxpayer's tax information. Therefore, to facilitate the resolution of any potential federal tax compliance issues, Standard Form 424, *Application for Federal Assistance* (specifically the Applicant Federal Debt Delinquency Explanation), and Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information*, require applicants to provide contact information for the individual responsible for handling the organization's federal tax matters. Some applicants are part of a larger organization (*e.g.*, academic institution which operates a clinic), in which case the LITC Program Office must be able to verify that the sponsoring organization does not have a federal tax compliance issue before awarding grant funds. Applicants must also provide documentation (*e.g.*, articles of organization or a Form 2848, *Power of Attorney and Declaration of Representative*) which shows how such individual referred to as a Tax Compliance Officer on Form 13424 is properly authorized to receive tax information to prevent the IRS from making an unauthorized disclosure.

Complying with federal tax obligations is a requirement to receive an LITC grant, so it is imperative that the designated individual be knowledgeable and prepared to promptly address any federal tax issues of the clinic or the sponsoring organization. Failure to provide an appropriate contact could delay application processing in the event the LITC Program Office identifies a federal tax compliance issue of the applicant or its sponsoring organization and needs to discuss the issue further. In addition, if the LITC Program Office is unable to speak with the appropriate contact to ascertain the status of the organization's efforts to address the federal tax compliance issue, no grant funds will be awarded to the applicant. Similarly, even after grant funds have been awarded, the LITC Program Office performs tax compliance checks throughout the grant year. Without an appropriate contact with whom the LITC Program Office can discuss a tax compliance issue, in the event a tax compliance issue arises during the grant year, the LITC Program Office may need to freeze the clinic's funds.



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

### **Federal Nontax Requirements**

In general, the IRS will not award an LITC grant to an applicant that is noncompliant with a federal nontax filing or payment obligation. An outstanding federal nontax obligation is an unpaid federal debt (other than a federal tax obligation) that has been assessed, is not disputed, and for which all administrative and judicial remedies have been exhausted or have lapsed. An applicant or grant recipient will not be treated as noncompliant for purposes of IRC § 7526 (and therefore still eligible for funding) if the applicant or grant recipient is in a dispute with the IRS regarding a federal nontax liability, or has entered into and remains current with an installment agreement or other payment arrangement with the federal government to satisfy any outstanding federal nontax obligations. The LITC Program Office utilizes the System for Award Management (SAM) to determine ineligible grant recipients and prevent improper payments.

#### **iv. Debarment and Suspension**

When applying for a grant, applicants are required to make certain certifications and provide certain assurances. One of these certifications is the *Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Primary Covered Transactions*. Applicants may check this before applying by visiting [SAM.gov](https://sam.gov). If an applicant identifies incorrect information about the organization or individuals within the organization, the applicant should contact the agency that reported the information.

## IV. APPLICATION AND SUBMISSION PROCESS

### A. ACCESSING THE LITC GRANT APPLICATION PACKAGE AND GUIDELINES

A copy of this guide can be downloaded from [www.irs.gov/pub/irs-pdf/p3319.pdf](http://www.irs.gov/pub/irs-pdf/p3319.pdf) or you can request a copy be mailed to you. For information about ordering IRS Publications, including this one, visit [www.irs.gov/forms-pubs/forms-and-publications-by-us-mail](http://www.irs.gov/forms-pubs/forms-and-publications-by-us-mail).

Preparing and submitting your grant application is a major undertaking. Take time to understand and review the process well in advance of the application submission deadline. Prepare and start as early as possible. Completing the required registrations for the first time is a multi-step process that can take more than eight weeks and **MUST** be completed before the application submission deadline. See Section IV.C.i, *System for Award Management* for steps that should be taken as early in the application process as is possible.

### B. REQUIRED CONTENT FOR LITC FULL GRANT APPLICATIONS AND NON-COMPETING CONTINUATION (NCC) REQUESTS

#### i. Determining Type of Application

There are two types of LITC grant applications: LITC Full Grant Applications and NCC Requests.

- A new applicant seeking an LITC grant award for the first time, or a returning clinic whose LITC award period has ended, or will end on December 31, 2018, must submit a **Full Grant Application** to apply for 2019 funding. See Section IV.B.ii, *Completing and Submitting a Full Grant Application Package on Grants.gov*.
- A returning clinic funded with a multi-year LITC grant that ends after December 31, 2018, must submit an **NCC Request** to be considered for 2019 funding. See Section IV.B.iv, *Completing and Submitting an NCC Request on Grantsolutions.gov*.

#### ii. Completing and Submitting a Full Grant Application on Grants.gov

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

The Funding Opportunity Number for the 2019 LITC Grant Application is TREAS-GRANTS-052019-001.

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### iii. Instructions for Completing Full Grant Application Forms

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

A complete Full Grant Application consists of the following items, submitted through [www.grants.gov](http://www.grants.gov) and prepared in accordance with the relevant instructions.

- a. Standard Form 424, *Application for Federal Assistance*;
- b. Standard Form 424A, *Budget Information – Non-Construction Programs*;
- c. IRS Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information*;
- d. IRS Form 13424-J, *Detailed Budget Worksheet and Narrative*;
- e. IRS Form 13424-M, *Low Income Taxpayer Clinic (LITC) Application Narrative*; and
- f. Attachments Form (used to attach the following items):
  - Tax exemption determination letter, if applicable;\*
  - Proof of academic accreditation, if applicable;\*
  - Most recent audited financial statement (if the applicant expends \$750,000 or more in federal funds during the applicant's fiscal year, this must be a single audit or program-specific audit as defined in 2 CFR § 200.501.) If the applicant's most recent audited financial statement is available on the Federal Audit Clearinghouse found at [harvester.census.gov/facweb/](http://harvester.census.gov/facweb/) then in lieu of attaching the audit, please indicate in an attached statement that it is available on the clearinghouse site (See Section IV.E.iv, *OMB Audit Requirement*); \*
  - 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;\*
  - Applicants must also provide documentation (*e.g.*, articles of organization or a Form 2848) which shows that the designated Tax Compliance Officer on Form 13424 is properly authorized to receive tax information; and
  - Indirect cost rate agreement, if applicable.\*

\* Items marked with an asterisk must be submitted via the Attachments Form (which is incorporated into the downloadable PDF from [www.grants.gov](http://www.grants.gov)).

Please note that the current online version of Form 13424-M does not include a place to respond to the following request for Civil Rights Statements:

- A description of how the needs of individuals with limited English proficiency (LEP) or individuals who may need a reasonable accommodation will be addressed in order to access services;
- A statement that all required records will be compiled and maintained, as appropriate, by the applicant according to the agency's guidelines; and

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

Successful applicants will be asked to address the statements in the Application Amendment. Section VI.E, *Reporting Responsibilities, Completing the Application Amendment Package*.

#### iv. Completing and Submitting an NCC Request on Grantsolutions.gov

A returning clinic funded with a multi-year LITC grant that ends after December 31, 2018, must submit an **NCC Request**. All NCC Requests must be submitted via [www.grantsolutions.gov](http://www.grantsolutions.gov). The submission system on [grantsolutions.gov](http://grantsolutions.gov) provides free access to the necessary forms required to complete an NCC and notifies applicants if any fields were left blank where a response is required. NCC Requests will receive an email confirmation from [grantsolutions.gov](http://grantsolutions.gov) that serves as acknowledgement of the NCC Request submission. Do not submit NCC Requests via [www.grants.gov](http://www.grants.gov). The LITC Program Office will provide annual training on how to use [www.grantsolutions.gov](http://www.grantsolutions.gov) to submit reports and NCC Requests. Additional questions regarding the use of [www.grantsolutions.gov](http://www.grantsolutions.gov) may be directed to the Program Office at [Beard.William@irs.gov](mailto:Beard.William@irs.gov).

#### v. Instructions for Completing NCC Request Forms

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

A complete NCC Request consists of the following items, submitted through [www.grantsolutions.gov](http://www.grantsolutions.gov) and prepared in accordance with the relevant instructions.

- a. Standard Form 424, *Application for Federal Assistance*;
- b. Standard Form 424A, *Budget Information – Non-Construction Programs*;
- c. IRS Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information*;
- d. IRS Form 13424-J, *Detailed Budget Worksheet and Narrative*;
- e. Project Abstract, which includes the following information:
  - i. Numerical goals;
  - ii. Changes to the program plan;
  - iii. Civil Rights Statement; and
- f. Attachments Form (used to attach the following items):
  - Most recent audited financial statement (if the applicant expends \$750,000 or more in federal funds during the applicant’s fiscal year, this must be a single audit or program-specific audit as defined in 2 CFR § 200.501). If the applicant’s most recent audited financial statement is available on the Federal Audit Clearinghouse found at [harvester.census.gov/facweb/](http://harvester.census.gov/facweb/) then in lieu of attaching the audit, please indicate in an attached statement that it is available on the clearinghouse site;\*

- 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;\*
- Applicants must also provide documentation (*e.g.*, articles of organization or a Form 2848) which shows that the designated Tax Compliance Officer on Form 13424 is properly authorized to receive tax information;\* and
- Indirect cost rate agreement, if applicable.\*

\* Items marked with an asterisk must be submitted via an attachment. The LITC Program Office provides training to grantees on how to use [www.grantsolutions.gov](http://www.grantsolutions.gov).

#### **vi. Withdrawing Applications after Submission**

LITC grant applications 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 [grants.gov](http://grants.gov) or [grantsolutions.gov](http://grantsolutions.gov). All withdrawals must be faxed or mailed to the LITC Program Office. See Section VII.F, *Contacting the LITC Program Office*.

### **C. SYSTEM FOR AWARD MANAGEMENT (SAM) REGISTRATION REQUIREMENT AND UNIQUE ENTITY IDENTIFIER**

An organization must be registered with SAM to submit a grant application. SAM registration requires the organization to provide an Employer Identification Number (EIN) from the IRS and a Data Universal Numbering System (DUNS) number from Dun & Bradstreet, Inc.

#### **i. System for Award Management (SAM.gov)**

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Register early, as first-time registration with these groups is a multi-step process that can take more than eight weeks and MUST be completed before the application submission deadline.

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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, grant, and electronic payment processes. SAM registration is necessary to submit a grant application and must be maintained with current information while an application for funding is pending and during the performance period of any federal award. To maintain an active registration in the SAM database, an organization must review and update its information in the SAM database at least once every 365 days. More information about the registration and renewal process is available at [www.sam.gov](http://www.sam.gov).

## ii. Employer Identification Number (EIN)

An EIN is a type of federal taxpayer identification number and is used to identify a business entity for employment tax purposes. Applicants that do not have an EIN should submit a Form SS-4, *Application for Employer Identification Number*, to the IRS. It can take several weeks for the IRS to assign a number. The fastest way to get an EIN is online at [www.irs.gov/ein](http://www.irs.gov/ein). There are also options to apply by fax or by mail.

## iii. Data Universal Numbering System (DUNS) Number

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

### Organization Name Change Requests

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

## D. SUBMISSION DUE DATES AND TIMES

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

To be considered for 2019 LITC Program grant funding, all grant applications must be submitted by **11:59pm (ET) on June 27, 2018**. The time and date of the email confirmation from [www.grants.gov](http://www.grants.gov) acknowledging application submission serves as evidence that the Full Grant Application was timely submitted, and should be retained by the applicant. Similarly, the time and date of the email confirmation from [www.grantsolutions.gov](http://www.grantsolutions.gov) acknowledging the submission of the NCC Request serves as evidence that the NCC Request was timely submitted, and should be retained by the applicant.

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

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

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## E. BUDGET CONSIDERATIONS AND FUNDING RESTRICTIONS

### i. Spending LITC Grant Funds and Matching Funds

#### Cost Principles of 2 CFR Part 200 (the Uniform Guidance)

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

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

Grantees should refer to 2 CFR Parts 200 and 1000 for detailed rules regarding allowable and unallowable expenses. Generally, the same rules that apply to expenditures made using federal grant funds apply to expenditures made using matching funds. However, IRC § 7526(c)(5) specifically prohibits indirect expenses, “including general overhead of the institution sponsoring the clinic” from being counted as matching funds.

#### Start-Up Expenses May Be Paid Using LITC Grant Funds

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

## Examples of Allowable Expenses

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

Allowable Expenses	Unallowable Expenses
Salaries, wages, and fringe benefits for services rendered by LITC employees. See 2 CFR § 200.430(a) and § 200.431.	Purchase, construction, repair, or rehabilitation of any building or any portion thereof.
Reasonable office supplies and equipment costs necessary to provide LITC services. See 2 CFR § 200.94.	Expenses incurred that do not support or benefit the LITC program or which are unnecessary in carrying out LITC activities. See 2 CFR § 200.403.
Rent, utilities, and custodial services for LITC office space. See 2 CFR §§ 200.465 and 200.452.	Certain advertising and public relations costs. See 2 CFR § 200.421.
Non-alcoholic refreshments for educational activities or community outreach events. See 2 CFR § 200.432.	Alcoholic beverages. See 2 CFR § 200.423.
Refreshments for volunteers, provided the costs are reasonable. See 2 CFR § 200.432.	Refreshments for employees, unless their workload requires those employees to work outside the normal hours of clinic operation. See 2 CFR § 200.445.
Continuing education courses for employees, if such courses will increase their vocational effectiveness. See 2 CFR § 200.472.	Professional licensing fees for employees or volunteers (e.g., bar association fees for the QTE). See 2 CFR § 200.445.
Pens, mugs, and other small items of memorabilia for pro bono representatives working with the clinic, provided the cost is reasonable and consistent with market prices. See 2 CFR § 200.456.	Pens, t-shirts, mugs, or other memorabilia to promote its services to taxpayers or for the personal use of employees. See 2 CFR §§ 200.421(e)(3) and 200.445.
Printing and publication costs incurred for LITC activities. See 2 CFR § 200.461.	Lobbyist registration fees. See 2 CFR § 200.75.
A reasonably proportionate share of the cost of audit services. See 2 CFR § 200.425.	Costs of goods or services for personal use (as opposed to business use) of LITC staff. See 2 CFR § 200.445.
Publicity and training costs directly associated with the LITC program. See 2 CFR § 200.421.	Costs incurred outside the performance period of the award, unless specifically excepted by the LITC Program Office. See 2 CFR § 200.420.
Installation of telephone lines, including a toll-free line, necessary to provide LITC services to taxpayers. See 2 CFR § 200.48.	Application fee to become an attorney, CPA, or enrolled agent. See 2 CFR § 200.445.
Travel performed by program staff to conduct LITC business. See 2 CFR § 200.474.	Costs determined using an unreasonable method of allocation. See 2 CFR § 200.405(a)(2).
Costs incurred for two individuals to attend the Annual LITC Grantee Conference. See 2 CFR § 200.474.	Fundraising costs. See 2 CFR § 200.421.
Interpreter services for hearing-impaired or non-English speaking taxpayers. See 2 CFR § 459.	Entertainment costs. See 2 CFR § 200.438.
Legal research and reference materials including the IRC and Treasury Regulations. See 2 CFR § 200.454(b).	Fines and penalties. See 2 CFR § 200.441.
Indirect costs paid with federal funds. See 2 CFR § 200.414.	Any expense that the grantee includes in the indirect cost pool. See 2 CFR § 200.412.

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Allowable Expenses	Unallowable Expenses
Attending American Bar Association (ABA) Tax Section meetings. See 2 CFR § 200.472.	
Court costs on behalf of taxpayers if reasonable and necessary. See 2 CFR § 200.403(a).	
Malpractice insurance. See 2 CFR § 200.447.	

## ii. Direct vs. Indirect Expenses

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

The *Uniform Guidance* defines indirect costs as:

[T]hose costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. (2 CFR § 200.56).

Indirect expenses are often commonly referred to as Facilities and Administration (F&A) costs.

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

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

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

### Typical Indirect Expenses May Include:

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

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

### Negotiated Indirect Cost Rate Agreements (ICRAs) and Cognizant Agencies

Obtaining an indirect cost rate agreement (ICRA) is a complex process that requires preparing and submitting an indirect cost rate proposal (including supporting schedules and documentation), and may take several months or even years to establish a final rate. A cognizant agency for indirect costs means the federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under 2 CFR Part 200 on behalf of all federal agencies. See 2 CFR § 200.19. For Institutes of Higher Education (IHEs), cost negotiation cognizance is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies provides more funds to the educational institution for the most recent three years.

For nonprofit organizations, the federal agency that awards the largest dollar value to the organization will be designated as the cognizant agency for indirect costs. This federal agency will negotiate and approve of the indirect cost rates (unless different arrangements are agreed to by the federal agencies concerned), and, where necessary, negotiate and approve other rates such as fringe benefit and computer charge-out rates. See Appendix III of the *Uniform Guidance*, Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs), paragraph C.11.

IRS does not negotiate ICRAs but will accept a negotiated ICRA approved by another federal agency. Organizations that apply an ICRA to determine the portion of indirect costs allocable to a federal award must carefully separate direct costs from costs classified as indirect in the ICRA, and the ICRA must set forth cost items included in the rate. Indirect costs are then calculated by applying the negotiated rate against the direct cost base. Costs accounted for as indirect costs in the ICRA may not be expensed as direct costs (*i.e.*, double-dipping). For example, if a clinic is part of a larger organization that has an ICRA and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual expense category.

### De Minimis Indirect Cost Rate

Under § 200.414(f) of the *Uniform Guidance*, a *de minimis* rate of ten percent of Modified Total Direct Costs (MTDC) is available for organizations that have never had a negotiated ICRA. This is a simple, straightforward option for award recipients without substantial experience managing grant funds. An organization that elects to use the *de minimis* rate must use the rate for all federal awards it receives, and may use such rate indefinitely, or may choose to negotiate an ICRA at any time.

If the clinic elects to use the *de minimis* rate to charge indirect costs on all federal awards, no facilities and administration costs may be charged as direct costs.

### MTDC

MTDC are all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each sub award (regardless of the period of performance of the sub awards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each sub award in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs. See 2 CFR § 200.68.

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If a clinic charges indirect costs based on an approved indirect cost rate agreement, a copy of the agreement must be submitted along with Form 13424-J, *Detailed Budget Worksheet and Narrative*. See Section IV.B.ii, *Completing and Submitting a LITC Full Grant Application on Grants.gov*, and IV.B.iv, *Completing and Submitting an NCC Request in Grantsolution.gov*

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### Expenditures to Support Staff and Volunteers

Please note matching funds must be directly allocable to LITC activities and may not include indirect costs.

### iii. Meeting the Matching Funds Requirement

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

- Verifiable from the grantee's records. See 2 CFR § 200.306(b)(1);
- Not used as a match or contribution for any other federal award. See 2 CFR § 200.306(b)(2);
- Necessary and reasonable for accomplishment of LITC Program objectives. See 2 CFR § 200.306(b)(3);
- Allowable under the applicable cost principles. See 2 CFR § 200.306(b)(4);
- Not paid by the federal government under another award, except when authorized by federal statute. See 2 CFR § 200.306(b)(5);

- Provided for in the grantee's approved budget. See 2 CFR § 200.306(b)(6); and
- In conformity with other applicable provisions of the Uniform Guidance. See 2 CFR § 200.306(b)(7).

Qualified matching funds can be derived from multiple sources and in various forms, such as cash, services provided by volunteers, property, and income from program activities. Grants may be awarded based on good faith estimates of matching funds, including verifiable pledge commitments or other likely sources of funding. However, 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 (plus any applicable interest) received in excess of the documented match.

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

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

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

Contributions of goods and services provided to 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. See 2 CFR § 200.404(b); or
- Fair market value. See 2 CFR § 200.404(c).

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

## Determining the Value of Volunteer Services

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

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

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

## Valuation is Dependent on the Type of Services

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. In the previous example, if the attorney spent ten hours repainting the lobby of the LITC over a weekend instead of performing legal work, the LITC could still count the volunteer's time as matching funds, however it would need to value the attorney's time at the rate for hiring a painter in the local labor market, plus reasonable fringe benefits.

### Services Donated by Employees may not be used as Matching Contributions

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

### Special Rule for Valuing Volunteer Services of a Qualified Representative

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

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

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

IRC § 7430 provides taxpayers a right to an award of costs and fees for services provided by qualified representatives in suits against the United States when the statutory requirements of section 7430 are satisfied. The rate at which to value those services is adjusted periodically for inflation. For 2018, the maximum rate is \$200 per hour, as prescribed in Revenue Procedure 2017-58, 2017-45 I.R.B. 489, unless the representative can establish that a special factor, as described in IRC § 7430(c)(1)(B)(iii), applies.

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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.

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#### iv. OMB Audit Requirement

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

A grantee that expends \$750,000 or more in federal awards during a fiscal year must provide the IRS with a copy of the results of an audit performed in compliance with the *Uniform Guidance*. Grantees subject to the audit requirement must arrange for an audit by an independent auditor in accordance with the Government Auditing Standards developed by the Comptroller General of the United States.

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

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

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

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.

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#### Obtaining Grant Payment History for an OMB Audit

OMB audits often require historical grant payment information. This information is not available from the LITC Program Office. Those seeking information pertaining to payment or transaction history from the Payment Management System (PMS) should visit the PMS website at [www.dpm.psc.gov/grant\\_recipient/audit\\_confirmation\\_procedures.aspx](http://www.dpm.psc.gov/grant_recipient/audit_confirmation_procedures.aspx).

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## V. APPLICATION REVIEW

### A. TECHNICAL EVALUATION OF FULL GRANT APPLICATIONS AND SCORING CRITERIA

#### Technical Evaluation

Full Grant Applications that pass the eligibility screening process will then undergo a technical evaluation by a ranking panel. If the application receives a score of 50 points or more, it will advance to the LITC Program Office evaluation. Applications receiving a score of 49 or lower will not be reviewed by the LITC Program Office and will not receive an award.

During the technical evaluation, each Full Grant 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. Points will be assigned as follows:

#### **Experience (Maximum 13 points)**

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

#### **Financial Responsibility (Maximum 11 points)**

Quality of grant administration and internal accounting procedures.

#### **Program Performance Plan (Maximum 71 points)**

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

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

#### **Program Coverage (Maximum 5 points)**

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

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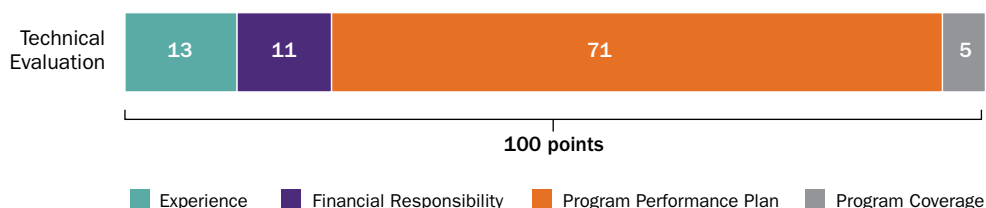


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Only information contained in the application will be considered during the technical evaluation process. Therefore, it is extremely important that a submission contain all required information in order to achieve the maximum score.

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**Figure 3, Grants Evaluation and Scoring Process**



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

### **i. LITC Program Office Evaluation**

Full Grant Applications that earned a score of 50 points or more during the technical evaluation will undergo a secondary review by the LITC Program Office. This evaluation will be based on the information contained in the application, as well as the applicant’s performance history in the LITC Program, as applicable. The LITC Program Office will also review NCC Requests. LITC management officials are subject to recusal if participation in an evaluation would result in a conflict of interest or the appearance of a conflict of interest.

#### **Review of Full Grant Applications**

The LITC Program Office will review all Full Grant Applications that earned a score of 50 points or more during the technical evaluation. Information contained within the application may be subject to verification. The review will consider:

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

## Review of NCC Requests

The LITC Program Office will review all NCC Requests, including clinics' proposed budgets and any anticipated changes to current program plans. The evaluation will also include a more detailed review of the grantee's performance history in the LITC Program. The review will consider:

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

## Additional Considerations

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

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

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.

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

- Providing technical assistance;
- Training and mentoring other LITCs;
- Publishing articles about the LITC Program;

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- 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.

### Final Funding Decision

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.

## ii. Civil Rights Reviews

All Full Grant Applications and NCC Requests undergo a civil rights review by the Civil Rights Unit (CRU) of the IRS to ensure compliance with civil rights laws. For details about the various civil rights laws applicable to federal grantees, see Section VI.D.i, *General Compliance*. To the extent necessary to make a civil rights compliance determination, CRU may request additional data only to the extent that it is readily available or can be compiled in a reasonable manner. Examples of such data and information include, but are not limited to:

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

A CRU staff member will review each Full Grant Application and NCC Request for compliance with civil rights reporting requirements. Upon completion, CRU will forward a preliminary civil rights determination based on the information in the Full Grant Application or NCC Request to the LITC Program Office. No LITC grant funding may be awarded until CRU 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. In addition, a Department of Treasury grant recipient is required to maintain records, provide information, and afford Treasury access to records to the extent Treasury finds it necessary to determine whether the recipient is compliant with the Age Discrimination Act of 1975 and 31 CFR Part 23.

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

The results from the selected site reviews are compiled into a report and provided to TAS.

### Contacting the Civil Rights Unit

For additional information on civil rights requirements, see Publication 4454, *Your Civil Rights are Protected*, or contact the Civil Rights Unit at [edi.civil.rights.division@irs.gov](mailto:edi.civil.rights.division@irs.gov).

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## VI. AWARD ADMINISTRATION

### A. NOTIFICATION OF SELECTION

The LITC Program Office will notify all applicants no later than November 2018 whether they have been selected to receive a 2019 grant award. If Congress has passed final appropriations legislation for the 2019 fiscal year by November 2018, notification of selection will include the amount of the award. If Congress has not passed final appropriations legislation for the 2019 fiscal year by November 2018, notification of selection may not include the amount of the award. In that case, the Program Office will provide the award amount in a subsequent notice.

After notification of the selection, the Clinic Director and the Qualified Business Administrator of first-time LITC grant recipients will be asked to participate in a mandatory orientation call. Applicants not selected to receive an award will be notified through [grantsolutions.gov](http://grantsolutions.gov) application system. Grantees will also be required to attend the Annual LITC Grantee Conference. See Section VI.C.ii, *Annual LITC Grantee Conference*.

### B. NOTICE OF AWARD

The LITC Program Office will issue a Notice of Award to each applicant selected to receive funding for the grant year. In the event the federal government is operating under a Continuing Resolution at the start of the grant year, the Program Office may issue partial awards until a final appropriation is passed.

The Notice of Award states the amount of funding awarded for the grant year, the grant period, and the terms and conditions of the award. In addition, the Notice of Award incorporates by reference the requirements specified in this publication and lists any additional specific conditions of the award, if applicable.

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 who are not receiving maximum funding accompanied by an award amendment stating the revised award amount. The total award amount may not exceed \$100,000.

### C. ADMINISTRATIVE REQUIREMENTS

#### i. Standards for Operating an LITC

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

LITCs are required to fill the following positions:

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

**Clinic Director** is a staff member who has overall management responsibility for the clinic. The Clinic Director may also be the QTE or QBA, if qualified. The Clinic Director manages day-to-day clinic operations, prepares or reviews the required clinic reports, and may sign reports as the clinic's authorized representative. The Clinic Director serves as the primary contact person for both the LITC Program Office and the Local Taxpayer Advocate (LTA) Office.

### Staff Member Must Be Able to Represent Taxpayers

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

### Maintaining a Physical Location

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

### Providing a Toll-Free Number

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

### Training Staff and Volunteers

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. In addition to substantive legal training, clinics should provide staff training regarding grant requirements such as determining the amount in controversy and the 90/250 income requirement.

Clinics are encouraged to develop a training plan for all staff. The Clinic Director is required to ensure that the LITC staff, volunteers, and other program participants receive appropriate training to enhance knowledge and skills. Clinic staff and volunteers are encouraged to attend continuing professional education programs sponsored by the IRS and professional organizations. The clinic should track all activities including topics presented and the number of CLE or Continuing Professional Education (CPE) credits available (where the clinic is the sponsor). Grantees may use grant funds to attend such programs if the subject matter is necessary for the performance of the grant and the cost is reasonable.

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## Maintaining Physical Access to Tax Research Materials

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

## ii. Annual LITC Grantee Conference

Applicants notified they have been selected to receive a 2019 grant award must attend the Annual LITC Grantee Conference in December 2018, held in Washington, D.C., location may change due to conference space availability. The Clinic Director and the QTE are required to attend the conference in its entirety unless the Director of the LITC Program has excused them from attending all or part of the conference. You will be notified of the date of the conference via electronic communication through the grant system.

### Cost of Attendance

The cost of attending the conference (*e.g.*, transportation, hotel, meals) can be paid with grant funds (or can qualify as matching funds if travel expenses are paid using non-federal funds) and should be included in an applicant's budget. For more information, see Section IV.E.i, *Spending LITC Grant Funds and Matching Funds*. Please note that LITC grant funds or matching funds may not be used to pay the cost of more than two attendees.

### More than Two Conference Attendees

If a grantee wishes to send more than two staff members to the conference, the grantee must submit a written request to the Director of the LITC Program no later than two weeks in advance of the conference. The Program Office will grant approval to timely submitted requests for additional registrants, if space is available. There is no charge for attending the conference, however, LITC grant funds and matching funds may only be used to pay for travel expenses related to the attendance of two staff members. Any additional expenses related to the travel of additional attendees are the responsibility of the grantee and must be paid using non-federal funds. Please note that the best method for ensuring timely communication with the Program Office is through email or e-fax. Mail may go through additional screening and therefore, additional time should be allowed to ensure it is received and processed before the start of the conference, see Section VII.F, *Contacting the LITC Program Office*.

### Requesting to Be Excused from Attendance

A request by the Clinic Director or QTE to be excused from attending all or part of the conference must be submitted in writing to the clinic's assigned Advocacy Analyst for review by the Director of the LITC Program and must be postmarked, emailed, or e-faxed no later than two weeks prior to the start of conference. As noted above, email or e-fax is the best way of ensuring timely receipt of your request. The request should identify the critical reason for the exception request, and the name, title, and duties of any other person who will attend the conference on behalf of the grantee. Instructions for submitting requests can also be found on the LITC Toolkit under LITC Grantee Conference Information, Conference Attendance Requirements (site accessible only by grantees).

### iii. Developing a Community Outreach Plan

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

#### Publicizing LITC Services

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

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

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

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

Publicity materials may not advertise tax return preparation services or Individual Taxpayer Identification Number (ITIN) application preparation assistance. LITCs are permitted to prepare returns and ITIN applications only in two limited contexts:

- If necessary to resolve a controversy; or
- Ancillary to ESL education, as discussed in Section VI.C.xiv, *Preparing Tax Returns and ITIN Applications*.

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

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

- Although the grantee receives funding from the IRS, the clinic, its employees, and volunteers are not affiliated with or endorsed by the IRS or its employees; and
- A taxpayer's decision to obtain representation from an LITC will not result in the IRS giving preferential treatment in handling the dispute or problem, and will not affect the taxpayer's rights before the IRS.

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

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

Thus, while LITCs are encouraged to distribute their brochures, flyers, or other clinic information to IRS offices to increase awareness of the LITC Program, LITCs should recognize that the IRS must abide by these ethics rules. Consequently, LITCs should not ask their local IRS office to refer taxpayers to any one specific LITC. Local IRS offices can, however, provide taxpayers with information about all the LITCs in that geographic area, direct the taxpayer to the interactive map on [www.irs.gov](http://www.irs.gov) and can provide taxpayers with a copy of Publication 4134, *Low Income Taxpayer Clinic List*.

### Identifying Effective Outreach Strategies

To enhance efficiency and identify effective strategies, LITCs should implement a process that tracks how taxpayers seeking services learned about the clinic and the services offered. For example, this information could be obtained on the intake or screening form completed by low income taxpayers seeking representation or advice. For educational activities, the clinic could request that attendees indicate on a sign-in sheet how they learned about the event.

## iv. Building Community Partnerships

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

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

## v. Networking with Other LITCs

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

## vi. Mentoring

The LITC Program encourages experienced grantees to become mentors that can provide guidance and technical assistance to other LITCs. The LITC Program Office may ask experienced LITCs to informally assist less experienced clinics by providing them with assistance. That assistance may include: recommendations for developing processes, procedures, or policies, providing samples of substantive education materials for clinical staff or taxpayers, and providing suggestions or other feedback on casework.

## vii. Technical Assistance Consultation

A technical assistance consultation is a discussion with a tax practitioner or other service provider designed to provide brief advice about a federal tax issue. This assistance could be provided to an LITC clinician from another program, a member of the private bar, or colleague, or a local VITA site member. If advice is given to a member of the clinician's sponsoring or co-located organization to provide to a client about a specific tax issue, it is more properly counted as a consultation. Grantees must report the number of technical assistance consultations provided on Form 13424-A, *LITC General Information Report*.

## viii. Maintaining Client Confidentiality

### Avoiding Unauthorized Disclosure

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

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

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

The regulations authorize disclosure or use without consent only in very limited situations, such as pursuant to an order of a court or a federal or state agency, or for purposes of preparation or audit of state or local tax returns. For unauthorized disclosure or use, IRC § 7216 imposes a sanction of up to one year in prison or a \$1,000 fine,

or both, plus the costs of prosecution. In addition, IRC § 6713 imposes a civil penalty of \$250 for each disclosure or use, up to \$10,000 per calendar year.

### **Client Information Must Be Redacted from Training Materials**

Client information must be redacted from materials before being used for training. This includes deletion of names, addresses, taxpayer identification numbers, and any other information that could reasonably lead to identification of the client.

### **Sharing Information with the Media**

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

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

## **ix. Recruiting and Supervising Volunteers**

### **Creating Written Position Descriptions for Volunteers**

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

### **Establishing and Maintaining a *Pro Bono* Panel**

LITCs are encouraged to offer additional taxpayer assistance by recruiting qualified representatives to serve on a *pro bono* panel and who agree to accept cases from the LITC and agree to represent the LITC client at no cost. Alternatively, they may utilize volunteers made available through national, state, or local, bar associations; society of accountants; and enrolled agents networks.

### Monitoring Referrals to LITC Volunteers

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

### Referrals May Only Be Made to Qualified Representatives

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

### Referrals after Declining a Case

Generally, no person associated with the LITC should provide representation in a case the clinic declined to accept. Additionally, employees and volunteers of the LITC may not provide representation for a fee to a client of the LITC in a subsequent, separate tax matter. For example, suppose an LITC agrees to refer a taxpayer in a controversy with the IRS to a member of the LITC's *pro bono* panel. On behalf of the LITC, the *pro bono* representative resolves the dispute. The same taxpayer owns a partnership interest in a family business that is under audit by the IRS and offers to pay the representative to represent the partnership, as the taxpayer understands the LITC can't handle tax matters for entities. The *pro bono* attorney must decline the case. The LITC representative cannot refer the taxpayer to someone else who charges a fee to represent the partnership; instead, the LITC may refer the taxpayer to an organization that provides *pro bono* assistance, and may close the case and stop monitoring activities.

## x. Recordkeeping and File Management

### Maintaining Records of Grant Expenditures

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

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

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

To avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the grantee may seek the prior written approval from the LITC Program Office in advance of incurring special or unusual costs. Prior written approval should include the timeframe or scope of the proposed cost. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically referenced under 2 CFR § 200.407, such as purchases of \$5,000 or more described

in 2 CFR § 200.439(b)(2). Copies of any pre-approvals should be retained for three years from the date of purchase. Purchases in the amount of \$5,000 or more should be noted in the clinic's financial narrative in the year purchased.

### Maintaining Sufficient Detail in Client Records

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

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

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

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

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

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

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

## Using a Professional Case Management System

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

## Backing Up Electronic Files Offsite

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

## Keeping Client Records in a Secure Location

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

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### New Guidance Regarding Data Breaches

The notification regarding a data breach should be both in writing and by telephone and take place as soon as is practicable, but not later than two business days from the time of discovery.

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## Retain Records That Document Compliance

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

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

## Asking for Client Suggestions

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

## xi. Representing Low Income Taxpayers

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

### Intake

An intake or application helps to collect information from a taxpayer to determine whether the taxpayer meets income eligibility, the amount in controversy limit, and helps gather information about the nature of the tax problem. LITCs must record the taxpayer's income information on an intake form, which can be paper or electronic. LITCs must solicit income information from taxpayers seeking assistance in a manner that promotes the development of trust between a 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.

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

### Assisting Taxpayers Through Consultations

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

### Use an Engagement Letter When Opening a New Case

When an LITC representative makes the determination to open a case after speaking with a new client and reviewing the information provided on the intake form, representatives are strongly encouraged to document it using an engagement letter or retainer agreement, signed by the representative and the taxpayer. An engagement

letter or retainer agreement defines the specific matters for which the LITC will provide representation and protects both the representative and the taxpayer by informing both parties as to the agreement of assigned responsibilities over the course of the professional relationship. Clearly defining the scope of the representation protects both the representative and the taxpayer from potential misunderstandings about what assistance the representative will and will not provide, particularly if the taxpayer has additional legal issues unrelated to the tax controversy. Written copies of the engagement letter or retainer agreement signed by both the representative and the taxpayer should be retained by the LITC and a copy should be retained by the taxpayer.

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

### Low Income Taxpayers and the 90/250 Rule

IRC § 7526(b)(1)(B)(i) requires that at least 90 percent of taxpayers represented by an LITC must have incomes that do not exceed 250 percent of the poverty level according to criteria established by the Director of the Office of Management and Budget (OMB) (as defined below). The Director of OMB has not established a poverty level or criteria. The Department of Health and Human Services (HHS) publishes annual Federal Poverty Guidelines based on family unit size and geographic location, which are applicable to the LITC Program. *See, e.g.,* 83 Fed. Reg. 2642-44 (Jan. 18, 2018). The determination of whether a taxpayer is low income is made at the time the LITC agrees to represent the taxpayer. Subsequent changes in income after the LITC has been retained to represent the taxpayer are not taken into account.

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

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### LITC Income Guidelines

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

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

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Based on the Federal Poverty Guidelines published at 83 Fed. Reg. 2642-44 on January 18, 2018, the current LITC income guidelines for controversy representation are as follows:

LITC Income Guidelines (250 percent of Federal Poverty Guidelines)			
Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$ 30,350	\$ 37,950	\$ 34,900
2	\$ 41,150	\$ 51,450	\$ 47,325
3	\$ 51,950	\$ 64,950	\$ 59,750
4	\$ 62,750	\$ 78,450	\$ 72,175
5	\$ 73,550	\$ 91,950	\$ 84,600
6	\$ 84,350	\$ 105,450	\$ 97,025
7	\$ 95,150	\$ 118,950	\$ 109,450
8	\$ 105,950	\$ 132,450	\$ 121,875
For each additional person, add	\$ 10,800	\$ 13,500	\$ 12,425

### 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 [www.census.gov/topics/income-poverty/income/about.html](http://www.census.gov/topics/income-poverty/income/about.html) for a more detailed discussion of items classified as income.

Income includes total annual cash receipts before taxes, subject to the exceptions provided below. For example, income includes:

- Gross salaries before payroll deductions;
- Net earnings from self-employment (gross receipts less business expenses);
- Alimony;
- Child support;
- Federally funded and other public assistance;
- Social security;
- Pensions and retirement income;
- Unemployment benefits;
- Workers compensation;
- Rents;
- Royalties;
- Scholarships;
- Dividends;

- Interest;
- Net gambling winnings; and
- Survivor benefits or annuity payments.

Income does not include:

- Proceeds received from the sale of property (*e.g.*, 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).

### Determining Annual Income

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

#### **Example 1: Determining a Taxpayer's Annual Income**

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

#### **Example 2: Determining a Taxpayer's Annual Income**

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

### Apply the 90/250 Requirement Only to New Cases Opened

The 90/250 requirement applies only to taxpayers who the LITC has agreed to represent in controversy cases and does not apply to consultations or other LITC activities. If the LITC agrees to represent the taxpayer and takes steps to begin resolving the controversy, including developing a plan for advocacy, the case is included in the total number of cases for purposes of meeting the 90/250 requirement. The case is counted in the total number of cases even if the taxpayer discontinues the relationship before advocacy occurs.

LITCs apply the 90/250 requirement to the cases opened during the reporting period. Cases carried over from a prior grant year are not included in the calculation to determine compliance with the 90/250 requirement.

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

### Apply the 90/250 Requirement to the Number of Cases Opened

Spouses represented with respect to a joint liability (*i.e.*, arising from a married-filing-jointly return) are treated as a single case for purposes of applying the 90/250 requirement. An LITC satisfies the 90/250 requirement if no more than ten percent of the taxpayers represented had incomes that exceed 250 percent of the applicable Federal Poverty Guidelines, based on the taxpayer's family unit size and location.

#### **Example: Satisfying the 90/250 Requirement**

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

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

### Definition of Family Unit

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

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

**Example: Determining the Size of a Family Unit**

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

**Changes in a Taxpayer's Financial Status**

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

**Amount in Controversy Limit**

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

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

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

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

The IRS filed a Notice of Federal Tax Lien under section 6323 when Taxpayer A failed to pay a liability for Tax Year 1. Taxpayer A engages an LITC to represent him in obtaining a lien withdrawal under section 6323(j). The withdrawal will remove the Notice of Federal Tax Lien filing from the public record. At the time, the LITC agrees to provide the representation, Taxpayer A owes \$35,000 for Tax Year 1. Even though Taxpayer A is requesting the IRS take a particular action and is not challenging the amount due, the \$35,000 balance due is the amount in controversy because it is the amount associated with the IRS action for Tax Year 1 that Taxpayer A is challenging.

The amount reflected in a statutory notice of deficiency (see IRC § 6212) or a notice of determination (see IRC § 6320 and IRC § 6330) does not always reflect the amount in controversy for purposes of LITC eligibility. For example, the taxpayer may receive a notice of deficiency for \$60,000, consisting of tax liability attributable to three different tax issues. If the taxpayer does not dispute one of the issues, the amount in dispute may be less than the \$60,000 reflected in the notice of deficiency.

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

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

**Interest on the Amount in Controversy**

Interest may be included in the calculation of the amount in controversy, depending on the nature of the controversy. For example, if the taxpayer disputes the validity of a tax liability and related penalties, the interest calculation is a percentage of the amount of the liability and will be established once the controversy is resolved administratively or in litigation. In that case, the LITC should exclude potential interest from the calculation of the amount in controversy.

Where the taxpayer is seeking collection alternatives and not challenging the amount due, the amount in controversy will properly include tax, penalties, and interest.

**Example 3: Calculation of the Amount in Controversy – Interest**

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

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

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

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

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

In the refund context, the taxpayer is seeking to collect an overpayment; the amount of interest to which the taxpayer may be entitled under IRC § 6611 will be established once the controversy is resolved administratively or in litigation so interest is not included in the amount in controversy. The amount of interest is not being independently disputed and the LITC should exclude potential interest from the calculation of the amount in controversy. In contrast, if the controversy involves a claim for refund of interest already paid, or the taxpayer disputes the amount of interest independently from the associated tax liability (*e.g.*, a claim for interest abatement

or interest suspension under IRC § 6404), then the LITC should include potential interest in the calculation of the amount in controversy.

**Example 6: Calculation of the Amount in Controversy – Refund Suit**

Taxpayer F filed a timely refund claim for Tax Year 1 for \$12,000, plus any overpayment interest allowable under section 6611. The IRS disallowed the refund claim. Taxpayer F engages an LITC to represent him in a refund suit in a United States district court. The interest is not independently disputed, as the amount of interest will be determined solely by the disposition of the taxpayer’s refund claim. Therefore, interest is not included in the amount in controversy of \$12,000.

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

**Example 7: Calculation of the Amount in Controversy – Multiple Tax Periods**

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

## Representing a Taxpayer with More Than \$50,000 in Controversy

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

Factors an LITC should consider when determining whether to take a case where the amount in controversy exceeds \$50,000 include: Whether the taxpayer has access to other representation if the LITC declines to take the case; whether the LITC has particular language or cultural competences that make it especially well-suited to represent the taxpayer; whether the issue in the case is of significance to the low income or ESL taxpayer populations; whether the issue in the case is novel; and whether the case would provide educational value for student representatives. No one factor is determinative; rather, all the facts and circumstances of the case must be taken into account when deciding whether to accept a case where the amount in controversy for a tax year exceeds \$50,000.

## Participation in the United States Tax Court Clinical Program

LITCs are strongly encouraged to participate in the United States Tax Court Clinical Program. Submitting an application to participate in the program may be a condition of receiving an LITC grant award. Procedures for participation in the United States Tax Court Clinical Program can be found at [ustaxcourt.gov/clinics.htm](http://ustaxcourt.gov/clinics.htm). Clinics

will receive notification of acceptance into the program from the Clerk of the Court. There are two different components to the program:

- The mailing “stuffer program;” and
- The calendar call program.

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

### **The Tax Court Mailing Stuffer Program**

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

### **Tax Court Calendar Calls**

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

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#### **United States Tax Court Calendar Call**

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

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If a clinic identifies a taxpayer who is eligible for LITC representation, the clinic can choose whether to limit assistance to an informal consultation about the tax issues, offer brief service including negotiating informally with IRS counsel, or agree to enter an appearance and represent that taxpayer in the case before the Tax Court.

### **Representation by Students and Law Graduates**

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

## Eligibility for Special Appearance Authorization for Students and Law Graduates

Practice before the IRS under a special appearance authorization issued by the Director of the LITC Program is limited to students and law graduates at an LITC or Student Tax Clinic Program working under the direct supervision of an individual authorized to practice before the IRS. For other individuals, the Commissioner or a delegate has the authority to grant Special Appearance Authorization to allow practice before the IRS. A student is an individual enrolled in an accredited law, business, or accounting program. A law graduate is an individual who graduated from law school one year ago or less and has not yet been admitted to the bar of any state, territory, or possession of the United States, including a Commonwealth or the District of Columbia. An individual who within one year of graduation has taken a bar examination and been unsuccessful, or who has applied for admission to a bar during that one year period but was denied admission for any reason, is not eligible for a special appearance authorization.

## Submitting Form 2848 with Student/Law Graduate Representatives

For a student or law graduate to represent a taxpayer before the IRS, the taxpayer must sign a Form 2848, *Power of Attorney and Declaration of Representative*, listing the student or law graduate and the supervisory representative. But see, *Substituting a Representative*. Any Form 2848 submitted to the IRS that lists a student or law graduate as a representative must include a special appearance authorization letter issued by the LITC Program Office, or the IRS will not process the Form 2848.

## Special Appearance Authorizations Automatically Expire

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

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

## Substituting a Representative

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



substituted will expire 130 days from when he or she was added/substituted by the supervisory representative, not 130 days from the date the Form 2848 was originally signed by the taxpayer.

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

If an LITC encounters difficulty with the processing or recognition of Forms 2848 accompanied by a special appearance authorization, please contact Susan Kideckel in the LITC Program Office at 212-298-2295 (not a toll-free call), or the clinic's assigned Advocacy Analyst.

### **Conflicts of Interest and Student Representatives**

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

## **xii. Education**

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

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

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

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

- 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;
- IRS audit and appeals process; or
- Collection alternatives.

Educational activities may be offered in a variety of formats; however, LITCs are encouraged to offer face-to-face educational activities whenever possible. Examples of educational activities include but are not limited to:

- Making a presentation about federal taxpayer rights and responsibilities to an ESL class at a local community college;
- Presenting a workshop on collection alternatives, identity theft, worker classification, or tax provisions of the Affordable Care Act at a public library in a community where a significant portion of the residents are low income or ESL;
- Holding a class for low income workers about how to properly complete a Form W-4 for income tax withholding; or
- Leading a weekly discussion series at a community center where a significant portion of the residents are low income or ESL to educate taxpayers on topics such as: choosing a competent tax return preparer, filing status, and claiming credits such as the Child Tax Credit and the Earned Income Tax Credit.

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

### Educational Materials

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

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Many clinics are willing to share their educational materials. When asked, many clinics will allow other clinics to adapt the materials. Collaboration with other clinics may help all clinics to use their resources more effectively by enabling them to concentrate on creating new materials on select topics or new areas. Some educational resources have been shared on the LITC Toolkit.

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The QTE is responsible for reviewing all educational materials for accuracy before distribution whether or not they are prepared by the clinic or adapted from another organization's or clinic's materials.

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### xiii. Advocacy

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

- Participating in advocacy projects with professional organizations;
- Commenting on proposed IRS regulations and guidance;
- Preparing and filing an amicus brief to alert a court about the concerns of low income or ESL taxpayers;
- Authoring articles in scholarly journals or general interest publications;
- Appearing on television or radio to raise awareness about tax issues that affect low income or ESL taxpayers;
- Producing public service announcements; or
- Submitting issues to the Systemic Advocacy Management System (SAMS), available through the IRS website at [www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS](http://www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS).

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

### xiv. Preparing Tax Returns and ITIN Applications

Generally, if low income taxpayers require assistance with tax return preparation or an application for Individual Taxpayer Identification Number (ITIN), they should be referred to a Volunteer Income Tax Assistance (VITA) program, a Tax Counseling for the Elderly (TCE) site, or other free tax return preparation service. Some IRS Taxpayer Assistance Centers (TACs) will accept ITIN applications and verify taxpayer documents, but they will not prepare tax returns. For a list of locations where in-person document review is provided, see [www.irs.gov/uac/TAC-Locations-Where-In-Person-Document-Verification-is-Provided](http://www.irs.gov/uac/TAC-Locations-Where-In-Person-Document-Verification-is-Provided). Note that TAC offices are open on an appointment only basis, but will on occasion assist persons without appointments in emergency situations. LITC grant funds cannot be used to fund return preparation and related activities, such as those performed by VITA or TCE programs.

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

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

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**Example 1: Permissible Tax Return Preparation – Controversy Resolution**

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

**Example 2: Impermissible Tax Return Preparation – No Tax Controversy**

Assume the same facts as in Example 1, except the offer-in-compromise is accepted by the IRS. As a condition of the IRS's acceptance of the offer, Taxpayer E must timely file returns for the five-year period beginning with the date of acceptance of the offer. LITC Q cannot assist Taxpayer E in completing and filing her returns due after the offer-in-compromise is accepted because the timely filing of future tax returns is not a tax controversy.

**Example 3: Permissible Tax Return Preparation – Controversy Resolution**

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

**Example 4: Permissible Tax Return Preparation – Ancillary to ESL Education**

LITC R is conducting a program to educate taxpayers about required record keeping for tax return filing purposes. LITC R did not advertise return preparation as a service available to taxpayers who attend the educational event. Nonetheless, at the conclusion of the event, one of the attendees, Taxpayer F, asks an employee of LITC R to “take a look” at her self-prepared tax return before she files it to determine if it is correct. The employee of LITC R looks at the return and identifies several errors. The employee of LITC R may assist in correcting the return because the assistance offered to Taxpayer F is ancillary to ESL education and outreach.

**Example 5: Impermissible Tax Return Preparation – Ancillary to ESL Education**

LITC S holds a monthly workshop about the Earned Income Tax Credit (EITC). At the end of each workshop, LITC S's personnel offer to prepare a tax return for attendees eligible to claim the EITC. LITC S may not prepare tax returns under these circumstances because attendees have not indicated that there is a controversy for which the returns are required to resolve, and the routine offering of such service does not qualify as ancillary. It is improper to make this offer at the conclusion of each workshop.

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## D. NATIONAL POLICY REQUIREMENTS

### i. General Compliance

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

- 26 U.S.C. § 7526;
- The terms and conditions contained in this Publication;
- Assurances and Certifications contained in Standard Form 424B as modified and printed in this Publication;
- Any requirements, prohibitions or restrictions imposed by the legislation appropriating federal funds for this award;
- Other guidance issued by OMB after the application or NCC Request has been received by the LITC Program Office; and
- Any additional specific conditions listed in the 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, making proper expenditures, accounting for federal and matching funds, and completing timely and accurate reporting of grant activities and finances.

### Documenting the Sources of Matching Contributions

Grantees must maintain records to substantiate the source of all matching funds. For example, if the LITC is including the value of a volunteer's services at the LITC as matching funds, the clinic must track the amount of time the volunteer spends working on LITC activities (*e.g.*, using sign-in sheets, timesheets, or a similar method to track the time). See Section VI.C.x, *Recordkeeping and File Management*, for additional details about recordkeeping.

### Disallowed Costs

If a grantee fails to comply with the federal statutes, regulations, or the terms and conditions in the Notice of Award, the LITC Program Office may impose additional conditions, as described in 2 CFR § 200.207. If the LITC Program Office determines that noncompliance cannot be remedied by imposing additional conditions, the LITC Program Office may 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 and seek recovery of improperly spent funds (plus any applicable interest);
- Suspend or terminate the award in whole or in part, as explained in Section VIII, *Award Suspension or Termination*;

- 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.

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

The electronic CFR is updated daily and is located at [www.ecfr.gov](http://www.ecfr.gov). The *Uniform Guidance* can be found at 2 CFR Part 200, and the Treasury Department’s implementation of the uniform guidance can be found at 2 CFR Part 1000, both of which are available at [www.ecfr.gov](http://www.ecfr.gov). All applicable OMB guidance is incorporated into these program requirements and into all LITC grant awards.

Assurances of compliance are required for LITC funding, according to the “common rule” on non-procurement, debarment, and suspension adopted by Department of Treasury at 31 CFR Part 19, Subpart C. An applicant must certify that its organization and Clinic Director are not presently debarred or suspended from covered transactions by any federal agency. In addition, an applicant must indicate that within the three-year period before applying for a grant, its organization and Clinic Director have not been convicted of or had a civil judgment rendered against them for fraud, theft, or certain other offenses, and have not had one or more public transactions terminated for cause or default. An applicant must also indicate that its organization and Clinic Director are not presently criminally or civilly charged with certain offenses.

Additional assurances are required according to the governmentwide requirements for a drug-free workplace (41 U.S.C. §§ 8101-06 and 2 CFR Part 182), 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.

### Trafficking Victims Protection Act of 2000

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

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

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

- a. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
- b. Procure a commercial sex act during the period of time that the award is in effect;

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- c. Use forced labor in the performance of the award; or
- d. Engage in acts that directly support or advance trafficking in persons, including the following acts:
  - i. Destroying, concealing, removing, confiscating, or otherwise denying an employee access to that employee's identity or immigration documents.
  - ii. Failing to provide return transportation or pay for return transportation costs to an employee from a country outside the United States to the country from which the employee was recruited upon the end of employment if requested by the employee, unless:
    - exempted from the requirement to provide or pay for such return transportation by the federal department or agency providing or entering into the grant, contract, or cooperative agreement; or
    - the employee is a victim of human trafficking seeking victim services or legal redress in the country of employment or a witness in a human trafficking enforcement action.
  - iii. Soliciting a person for the purpose of employment, or offering employment, by means of materially false or fraudulent pretenses, representations, or promises regarding that employment.
  - iv. Charging recruited employees unreasonable placement or recruitment fees, such as fees equal to or greater than the employee's monthly salary, or recruitment fees that violate the laws of the country from which an employee is recruited.

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

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

### **Federal Funding Accountability and Transparency Act**

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

### **Prevention and Response to a Breach of Personally Identifiable Information**

OMB requires that when a grant recipient creates, collects, uses, processes, stores, maintains, disseminates, discloses, or disposes of personally identifiable information within the scope of a federal award, the IRS shall ensure that the grant recipient has procedures in place to respond to a breach. In addition, a grant recipient must timely notify the IRS in the event of a breach, see pg. 43, Keeping Client Records in a Secure Location. Because LITCs have access to their clients' and prospective clients personally identifiable information, LITCs must have procedures in place to respond to a breach, and must notify the LITC Program Office in the event of a breach.

See OMB Memorandum M-17-12, *Preparing for and Responding to a Breach of Personally Identifiable Information* (Jan. 3, 2017).

### Certain Criminal Law Violations

Federal law currently prohibits the award of grant funds to any corporation that was convicted of a felony criminal violation under any federal law within the preceding 24 months, where the IRS is aware of the conviction, unless a federal agency has considered suspension or debarment of the corporation, and made a determination that denial of the grant is not necessary to protect the interests of the government. See Public Law 115-141, Division E, Title VII, § 746 (March 23, 2018). If necessary, the LITC Program Office will advise grantees of any changes in this prohibition for fiscal year 2019.

In addition, all applicants must disclose all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the grant award. Failure to make required disclosures can result in any of the remedies described in 2 CFR § 200.338, including suspension or debarment. See 2 CFR § 200.113.

### Conflict of Interest Policy

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

At a minimum, an LITC grantee's conflicts of interest policy ("Policy") must:

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

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

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

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

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

### **Association of Community Organizations for Reform Now**

Federal law prohibits the IRS from providing funding to the Association of Community Organizations for Reform Now (ACORN) or any of its affiliates, subsidiaries, allied organizations, or successors. *See* Public Law 114-113, Division H, Title V, § 522 (2015); Public Law 114-223, Division C, § 101(a)(5) (2016), as extended by Public Law 114-254, § 101 (2016). This prohibition may be lifted by next fiscal year. Contact the LITC Program Office for up-to-date information about this prohibition.

### **Buy American Act**

Grantees must agree to comply with the Buy American Act, 41 U.S.C. 8301-8303, which includes a requirement that all unmanufactured articles, materials, and supplies purchased using grant funds be mined or produced in the United States and that all manufactured articles, materials, and supplies purchased using grant funds be manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the United States. A conviction for violating the Buy American Act causes debarment from federal grants and contracts. The requirement to Buy American does not apply to information technology that is a commercial item, products for which the expected value of the procurement is \$3,500 or less, products for use outside the United States, foreign products when domestic products are unavailable or are of unacceptable quality, or foreign products excepted by certain trade agreements. The IRS may waive the requirement to Buy American if its application would be inconsistent with the public interest or the cost would be unreasonable.

### **Other Applicable Laws and Regulations**

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

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

### **Civil Rights Protection and Other Federally Mandated Compliance**

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

In the interim, all applicants for federal funding must provide information necessary to demonstrate compliance with the following:

- **Title VI of the Civil Rights Act of 1964** (Public Law 88-352), as amended, which prohibits discrimination on the basis of race, color, or national origin;
- **Section 504 of the Rehabilitation Act of 1973** (Public Law 93-112), as amended, which prohibits discrimination on the basis of disability;
- **Title IX of the Education Amendments of 1972** (Public Law 92-318), as amended, which prohibits discrimination on the basis of sex in education programs or activities;
- **Age Discrimination Act of 1975** (Public Law 94-135), as amended, which prohibits discrimination on the basis of age.
  - 31 CFR Parts 22 and 23, which are the Department of Treasury’s implementation of the provisions of Title VI of the Civil Rights Act of 1964 and the Age Discrimination Act of 1975, respectively;
  - Note that 31 CFR § 23.34(a), Information requirements, requires each recipient to keep records in a form and containing information that Treasury determines may be necessary to ascertain whether the recipient is complying with the Act and these regulations; and
- **Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency**, requires that recipients of federal financial assistance to ensure that their programs and activities normally provided in English are accessible to those with limited English proficiency, including through oral and written translation when necessary.

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All LITCs are required to display Publication 4053, *Civil Rights Poster*.

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Note that there are additional requirements for data collection from the Department of the Treasury, and guidance will be forthcoming. Once the guidance is available, the LITC Program Office will make the guidance available on the LITC Toolkit. The LITC is required to check the toolkit for that guidance.

### Protection Against Reprisal

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

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## ii. Managing Grant Funds

### Accessing LITC Grant Funds in PMS

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

### Accessing PMS

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

The DPM has an online FAQs and training. Grantees are encouraged to visit the DPM website ([www.dpm.psc.gov](http://www.dpm.psc.gov)) to view these resources. Grantees that experience problems accessing funds should contact the help desk at 877-614-5533 or send an email to [PMSSupport@psc.gov](mailto:PMSSupport@psc.gov).

### Obtaining Reimbursement for Eligible Expenses

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. If an expense has already been paid, grantees are encouraged to draw down those funds as soon as possible. Questions regarding disbursements should be directed to the grantee's assigned Advocacy Analyst.

### Grant Funds Must Be Held in an Insured Account

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

- The grantee receives less than \$120,000 in federal awards per year;
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on federal cash balances; or
- The depository would require an average or minimum balance so high that an interest-bearing account would not be feasible, given the grantee's expected federal and nonfederal cash resources.

### Interest Earned on Grant Funds

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

### iii. Lobbying Restrictions

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

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

**Grassroots lobbying** includes activities that encourage third parties, members of special interest groups, or the 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.

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

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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.

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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.

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

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

The LITC Program recognizes that the above 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 fall within the scope of these rules, it should contact the assigned Advocacy Analyst prior to engaging in such activity.

### **Disclosure Requirements**

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

Table 1 details the main sources of authority that regulate lobbying by LITCs:

**Table 1. Sources of Guidance on Lobbying Activities**

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

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

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**Example 1: Lobbying Restrictions**

A grantee may send an email to the ABA sponsored LITC listserv to gather support or opposition for legislation. Although such an email is an attempt to influence legislation, so long as neither federal grant funds nor matching funds are used, the 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 devoted to simple tasks, such as sending 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. If the grantee employee is considered a full-time LITC employee, then this activity may not be undertaken during working hours.

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

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

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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.

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## E. REPORTING RESPONSIBILITIES

### Submission of Reports and Other Documents

Grantee Interim and Year-End reports are submitted online through Grant Solutions at [www.grantsolutions.gov](http://www.grantsolutions.gov). Grant Solutions is a comprehensive grant management system operated by the Grants Center of Excellence. Grantees use Grant Solutions to take all actions regarding their grant (except for drawing down funds, which is done in the PMS). This includes:

- Accepting the Notice of Award;
- Completing the application amendment package;
- Providing a revised budget;
- Reporting changes in the program plan or key clinic staff;
- Filing Interim and Year-End reports; and
- Submitting NCC Requests for funding.

The LITC Program Office provides annual training to grantees on using Grant Solutions.

### Completing the Application Amendment Package

All grantees must complete an application amendment package through [www.grantsolutions.gov](http://www.grantsolutions.gov) after receiving a Notice of Award indicating the full amount of the award. The LITC Program Office will determine final award amounts after Congress appropriates funding for fiscal year 2019. The Civil Rights Unit has added additional questions to be answered by applicants and grantees. These changes will be incorporated in Form 13424-M in 2020. For 2019, these additional questions will be addressed by applicant's in their Application Amendment and are found in the instructions to the "Project Abstract" in Appendix A.

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](http://www.grantsolutions.gov). If the difference in funding award affects the clinic's proposed activities, a revised program performance plan also must be submitted. The budget may also need to be amended as a result of conditions imposed by the LITC Program Office upon the receipt of the award.

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

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All grantees must complete an initial application amendment package through [www.grantsolutions.gov](http://www.grantsolutions.gov), even if no changes to the budget or program performance plan are required. This is necessitated by the system software.

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## Requirement to Submit Reports on Grant Activities

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

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

#### Significant Changes in Clinic Operations

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

#### Changes in Clinic Operations or Key Personnel

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

- Key personnel, including the Clinic Director, QTE, or QBA (telephone number, address, or 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 for each clinic and can therefore update information in IRS on-line resources or printed publications.

#### 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 their application or as later revised and approved. Grantees must request approval from the LITC Program Office for any substantial change in the program plan or budget. A substantial change in the program plan or budget includes a change to:

- The scope or objective of the program;
- Key personnel or time devoted to the LITC by key personnel;

- Budgeted cost categories exceeding ten percent of the federal grant award; and
- The amount or composition of matching funds (cash or third-party in-kind match).

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 have unused grant funds (*i.e.*, not spend its entire award), the grantee should immediately notify its assigned Advocacy Analyst. The notification should contain the following information:

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

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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 re-obligate the funds to another clinic on or before September 30, the end of the federal government's fiscal year.

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### Withdrawal from the LITC Program

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

If a grantee withdraws from the LITC Program, a final financial report and program narrative must be submitted within 90 days of final clinic activity or withdrawal from the program, whichever is later.

A lawyer whose clinic withdraws from the program must continue to comply with his or her ongoing professional responsibilities such as providing competent representation to the client, acting with diligence and promptness regarding a client's concerns, and keeping a client informed of the proceedings in his or her case until such time as the case is complete or the representative has successfully withdrawn from representation.

If the withdrawal from the LITC Program will also involve terminating representation, LITC personnel must adhere to any applicable rules of professional conduct. In this regard, ABA Model Rule 1.16 provides upon terminating representation, a lawyer must give reasonable notice to the client, allow the client to retain other counsel, and return any papers or property to which the client is entitled. State bars may have additional requirements when withdrawing from representation. Additionally, the LITC must inform the United States Tax Court that the LITC will no longer be a clinic within the meaning of IRC § 7526, and inform the Tax Court of any decision to discontinue offering representation services altogether. When seeking withdrawal from a case that is pending before a court, the rules governing withdrawal from that court must be followed.

## ii. Submitting the Interim Report

An Interim report must be submitted online through [www.grantsolutions.gov](http://www.grantsolutions.gov) by **July 30, 2019**. The Interim report covers the first half of the grant year (January 1, 2019 through June 30, 2019) and consists of the following items, prepared in accordance with the relevant instructions:

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

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

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## iii. Submitting the Year-End Report

A Year-End report must be submitted online through [www.grantsolutions.gov](http://www.grantsolutions.gov) by **April 1, 2020**. The Year-End report covers the entire grant year (January 1, 2019 through December 31, 2019). When preparing the program narrative, the Clinic may reference the Interim Report in lieu of repeating information found therein. A complete Year-End report consists of the following items, prepared in accordance with the relevant instructions:

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

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

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### Late Submissions

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](mailto:LITCProgramOffice@irs.gov) to submit an extension request.

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

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

### iv. Grant Close-Out

The LITC Program Office will close out the LITC grant award when it determines that all applicable administrative actions and activities related to the grant have been completed by the 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 report forms;
- 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.

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## VII. LITC PROGRAM OFFICE RESPONSIBILITIES AND CONTACT

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

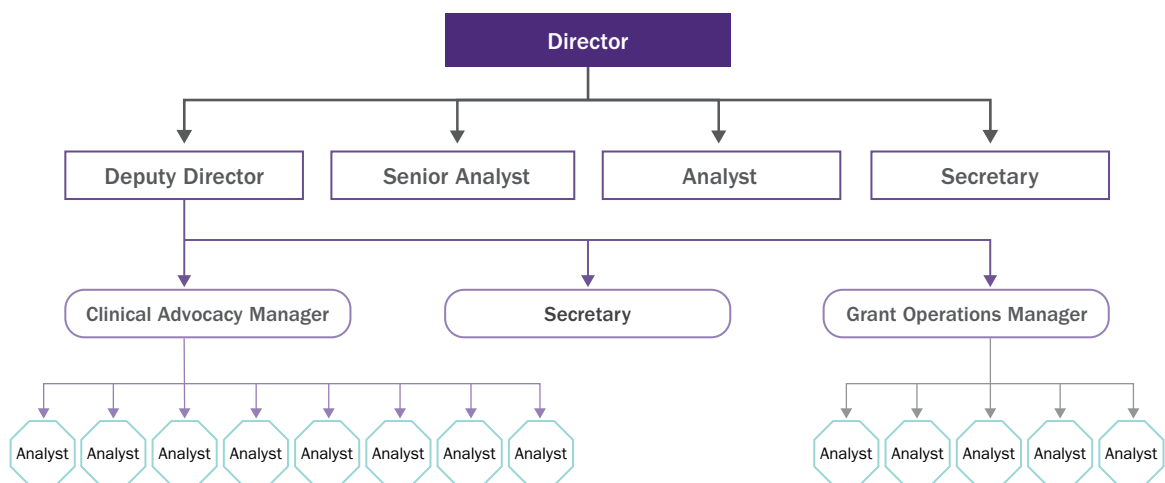
- Administering the award and payment of grant funds;
- Providing assistance and guidance to grantees; and
- Monitoring the performance of grantees.

### A. STRUCTURE

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

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

Figure 4, LITC Program Office Staffing Chart



## B. ADMINISTRATION

The LITC Program Office administers the grant by:

- Processing LITC grant applications and making awards to successful applicants;
- Revising and issuing annually Publication 3319, *LITC Grant Application Package and Guidelines*;
- Maintaining the LITC Toolkit, a website which is used to disseminate program guidance to grantees and provide resources to assist clinics in serving low income and ESL taxpayers;
- Maintaining Publication 4134, *Low Income Taxpayer Clinic List*, a list of all federally funded LITCs, and ensuring that the publication is included in appropriate IRS mailings and referenced in appropriate IRS publications and notices;
- Updating information about the LITC Program on IRS and TAS websites, including an interactive map listing LITCs by state on [www.irs.gov](http://www.irs.gov);
- Publishing annually Publication 5066, *LITC Program Report*, which reports the activities of the LITCs to internal and external stakeholders; and
- Reviewing and analyzing data from reports submitted by grantees to identify trends and recognize best practices.

## C. ASSISTANCE

The LITC Program Office assists grantees and applicants by:

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

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## D. OVERSIGHT

The LITC Program Office conducts oversight of grantees by:

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

## E. SITE ASSISTANCE VISITS

The LITC Program Office or the LTA 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.

### Orientation Visits

The LITC Program Office conducts an orientation visit to each grantee that did not receive a grant in the preceding year. The orientation visit will generally occur during the first 120 days of the grant year. An orientation visit provides an opportunity to familiarize a new grantee with LITC Program requirements and to measure the progress of its start-up activities. Specifically, an orientation visit allows the staff of 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.

### Operational Review Visits

The purpose of an operational review visit is to evaluate a clinic's overall operations and to provide technical assistance to help the grantee maintain compliance with the terms and conditions of the LITC grant. The visit may include the review of documents, papers, or other records of the grant recipient. OMB regulations require that the IRS must have the right to access any documents, papers, or other records of a grant recipient which are pertinent to the award in order to make audits and examinations. See 2 CFR § 200.336(a). The Treasury Department implemented a regulation making it clear that "[t]he right of access under 2 CFR 200.336 shall not extend to client information held by attorneys or federally authorized tax practitioners under the Low Income Taxpayer Clinic program." See 2 CFR § 1000.336. Consequently, when monitoring and evaluating clinic activities, the LITC Program Office will respect the clinic's duty to protect confidential information, and will not interfere with the confidential nature of the relationship between qualified representatives and their clients. Therefore, the LITC Program Office will not require LITCs to provide access to taxpayer-specific information for the purpose of auditing or verifying that the 90/250 requirement has been satisfied, or that the amounts in

controversy generally do not exceed the amount specified in IRC § 7463. In addition, the LITC Program Office will not require an LITC to provide access to information a taxpayer provided to the LITC during a consultation which did not result in the taxpayer executing a representation agreement.

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.

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.

### LTA Visits

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 visit, the LTA must conduct an LTA visit. The purpose of the LTA visit is to foster the relationship between the LTA's office and the clinic.

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## F. CONTACTING THE LITC PROGRAM OFFICE

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

Hours of Operation	8:00 a.m. – 4:30 p.m. (ET), Mon. – Fri.
Phone	202-317-4700
E-Fax	877-477-3520
Email	<a href="mailto:LITCProgramOffice@irs.gov">LITCProgramOffice@irs.gov</a>
Address	Internal Revenue Service LITC Program Office Attention: TA: LITC, Room 1034 1111 Constitution Ave., NW Washington, DC 20224

For questions relating to Special Appearance Authorizations for Student and Law Graduate Practice

Hours of Operation	8:00 a.m. – 4:30 p.m. (ET), Mon. – Fri.
Phone	212-298-2295
E-Fax	877-477-3520

## OTHER RESOURCES

### Dun & Bradstreet Data Universal Numbering System (DUNS)

Website	<a href="http://fedgov.dnb.com/webform">fedgov.dnb.com/webform</a>
Phone Support	866-705-5711
Email	<a href="mailto:SAMHelp@dnb.com">SAMHelp@dnb.com</a>

### System for Award Management (SAM)

Website	<a href="http://www.sam.gov">www.sam.gov</a>
Phone Support	866-606-8220

### Submission of a Full Grant Application via Grants.gov

Website	<a href="http://www.grants.gov">www.grants.gov</a>
Phone Support	800-518-4726
Email	<a href="mailto:support@grants.gov">support@grants.gov</a>

### Submission of an NCC Request and Interim/Year-End Reports via Grantsolutions.gov

Website	<a href="http://www.grantsolutions.gov">www.grantsolutions.gov</a>
Email Support	<a href="mailto:Beard.William@irs.gov">Beard.William@irs.gov</a>

<b>Department of Health and Human Services (HHS) Payment Management System (PMS)</b>	
Website	<a href="https://pms.psc.gov/">https://pms.psc.gov/</a>
Phone Support	877-614-5533
Email	<a href="mailto:PMSSupport@psc.gov">PMSSupport@psc.gov</a>
<b>Civil Rights Protection</b>	
Websites	<a href="http://www.irs.gov/about-irs/your-civil-rights-are-protected">www.irs.gov/about-irs/your-civil-rights-are-protected</a>
<b>2 CFR Part 200 (OMB Guidance) and 2 CFR Part 1000 (Treasury Department Adoption of OMB Guidance)</b>	
Website	<a href="http://www.ecfr.gov">www.ecfr.gov</a>  There are also FAQs about 2 CFR Part 200 available at <a href="https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf">https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf</a>
<b>Taxpayer Advocate Service Taxpayer Toolkit</b>	
Website	<a href="http://www.taxpayeradvocate.irs.gov">www.taxpayeradvocate.irs.gov</a>
<b>United States Tax Court</b>	
Website	<a href="http://www.ustaxcourt.gov">www.ustaxcourt.gov</a>
<b>Information and Updates</b>	
LITC eligibility, Program Report, and locations	<a href="http://www.taxpayeradvocate.irs.gov/Tax-Professionals/Low-Income-Taxpayer-Clinics">www.taxpayeradvocate.irs.gov/Tax-Professionals/Low-Income-Taxpayer-Clinics</a>
LITC Toolkit	<a href="http://www.litctoolkit.com">www.litctoolkit.com</a> (Access restricted to current LITC grantees)
<b>LITC Program Publications</b>	
Publication 3319, <i>2019 LITC Grant Application Package and Guidelines</i>	
Publication 4134, <i>Low Income Taxpayer Clinic List</i>	
Publication 5066, <i>Low Income Taxpayer Clinic (LITC) Program Report</i>	

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## VIII. AWARD 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. Prior to taking such steps, the IRS will determine whether imposing additional conditions upon the grantee is likely to remedy the non-compliance. A grant award may also be terminated with the consent of the grantee, in which case the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated. Notwithstanding that a multi-year grant has been awarded under IRC § 7526(c)(3), the IRS may terminate a grant during the multi-year period.

Actions that may lead to suspension or termination include:

- Failure to comply with federal tax obligations;
- Failure to satisfy the 90/250 requirement of IRC § 7526(b)(1)(B)(i);
- Failure to provide matching funds on a dollar-for-dollar basis for all LITC grant funds awarded;
- A violation by the recipient of a material provision of IRC § 7526 or other applicable law or regulation (including the *Uniform Guidance*);
- A violation by the recipient of a material provision of Publication 3319, *2019 Grant Application Package and Guidelines*, (for example, failure to timely file complete and accurate reports);
- Failure to maintain taxpayer information in a secure manner; and
- Failure to provide accurate and competent representation to taxpayers, where competent representation requires the legal knowledge, skill, thoroughness, and preparation reasonably necessary to provide effective assistance. See ABA Model Rule 1.1, *Competence*, and Model Rule 1.3, *Diligence*.

### Remedies for Noncompliance

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

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

## Notification of Grant Suspension or Termination

Suspension or termination of a grant award will be handled in accordance with the Uniform Guidance. The LITC Program Office will notify the 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.

## Challenging A Suspension or Termination

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

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

## Post-Termination Responsibilities

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

Employees and volunteers of the clinic who are lawyers must adhere to their responsibilities as attorneys, not just the responsibilities within the parameters of the LITC Program. The ABA has model rules of professional conduct that are applicable when a lawyer is terminating representation. In this regard, ABA Model Rule 1.16 provides that upon terminating representation of a client, a lawyer must take reasonable steps to protect a client's interests, which includes giving notice to the client, allowing the client time to find other representation, and returning papers and property to the client. The state bar may have a similar rule of professional responsibility that provides guidance for terminating representation. Courts, such as the United States Tax Court, require the filing of a motion for leave to withdraw as counsel. See U.S. Tax Court Rule 24.

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

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## **Use of “LITC” After Discontinuation of Services**

Once an organization is no longer a grantee, the clinic should not use “LITC” as part of its name. Circular 230 prohibits practitioners from providing misleading or deceptive statements or claims. See 31 CFR § 10.30(a)(1). If the organization will continue to exist but will not be receiving grant funds, it may be misleading for the organization to call itself an LITC. In appropriate circumstances, the LITC Program Office may need to refer the matter to the IRS’s Office of Professional Responsibility.

# APPENDIX A

## FULL GRANT APPLICATION AND NON-COMPETING CONTINUATION REQUEST FORMS

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## APPLICATION FORMS

To be considered for 2019 LITC Program grant funding, all LITC Full Grant Applications and Non-Competing Continuation (NCC) requests must be submitted by **June 27, 2018**. The Funding Opportunity Number for the 2019 LITC grant is TREASGRANTS-052019-001.

Appendix A of this publication is a useful guide for completing each of the required application forms. The Office of Management and Budget (OMB) requires certain standard forms (SF) for use in all federal grant programs. To assist applicants in completing the OMB forms, this appendix includes detailed instructions for the OMB forms that have been tailored specifically to the LITC application. (The instructions that accompany the standard OMB forms are generic instructions.

The LITC Program Office requires that applicants complete additional grant forms that are specific to the LITC grant. These forms and instructions as well as a sample program budget (for both types of applications) and a sample Project Abstract (NCC requests) are also included.

The forms contained in this publication are provided for reference purposes only. All Full Grant Applications and NCC Requests must be submitted electronically via [www.grants.gov](http://www.grants.gov) or [www.grantsolutions.gov](http://www.grantsolutions.gov), respectively.

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

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

### Instructions for Completing Full Grant Application Forms

A complete LITC Full Grant Application consists of the following items, submitted through [www.grants.gov](http://www.grants.gov) and prepared in accordance with the relevant instructions:

- Standard Form 424, *Application for Federal Assistance*;
- Standard Form 424A, *Budget Information – Non-Construction Programs*;
- IRS Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information*;
- IRS Form 13424-J, *Detailed Budget Worksheet and Narrative*;
- IRS Form 13424-M, *Low Income Taxpayer Clinic (LITC) Application Narrative*;
- Attachments Form* (used to attach the following items);
  - Tax exemption determination letter, if applicable;\*
  - Proof of academic accreditation, if applicable;\*
  - Most recent audited financial statement (if the applicant expends \$750,000 or more in federal funds during the applicant's fiscal year, this must be a single audit or program-specific audit as defined in 2 CFR § 200.501). If the applicant's most recent audited financial statement is available on the Federal Audit Clearinghouse found at [harvester.census.gov/facweb/](http://harvester.census.gov/facweb/) then in lieu of attaching the audit, please indicate in an attached statement that it is available on the clearinghouse site (See Section IV.E.iv, *OMB Audit Requirement*);

- 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;\*
- Applicants must also provide documentation (*e.g.*, articles of organization or a Form 2848) which shows that the designated Tax Compliance Officer on Form 13424 is properly authorized to receive tax information; and
- Indirect cost rate agreement, if applicable.\*

\* Items marked with an asterisk must be submitted via the Attachments Form (which is incorporated into the downloadable PDF from [www.grants.gov](http://www.grants.gov)).

## NON-COMPETING CONTINUATION (NCC) REQUEST FORMS

A returning clinic in a multi-year LITC grant that ends after December 31, 2018, must submit an NCC Request. All NCC Requests must be submitted via [www.grantsolutions.gov](http://www.grantsolutions.gov). The submission system on [www.grantsolutions.gov](http://www.grantsolutions.gov) provides free access to the necessary forms required to complete an NCC Request and notifies applicants if any fields were left blank where a response is required. NCC Requests will receive an email confirmation from [www.grantsolutions.gov](http://www.grantsolutions.gov) that serves as acknowledgement of the NCC Request submission. Do not submit NCC Requests via [www.grants.gov](http://www.grants.gov). The LITC Program Office will provide annual training on how to use [www.grantsolutions.gov](http://www.grantsolutions.gov) to submit reports and NCC Requests. Additional questions regarding the use of [www.grantsolutions.gov](http://www.grantsolutions.gov) may be directed to the Program Office at [Beard.William@irs.gov](mailto:Beard.William@irs.gov).

### Instructions for Completing NCC Request Forms

A complete NCC Request consists of the following items, submitted through [www.grantsolutions.gov](http://www.grantsolutions.gov) and prepared in accordance with the relevant instructions:

- Standard Form 424, *Application for Federal Assistance*;
- Standard Form 424A, *Budget Information – Non-Construction Programs*;
- IRS Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information*;
- IRS Form 13424-J, *Detailed Budget Worksheet and Narrative*;
- Project Abstract, which includes the following information:
  - i. Numerical goals;
  - ii. Changes to the program plan; and
  - iii. Civil Rights Statement;
- Most recent audited financial statement (if the applicant expends \$750,000 or more in federal funds during the applicant's fiscal year, this must be a single audit or program-specific audit as defined in 2 CFR § 200.501). If the applicant's most recent audited financial statement is available on the Federal Audit Clearinghouse found at [harvester.census.gov/facweb/](http://harvester.census.gov/facweb/) then in lieu of attaching the audit, please indicate in an attached statement that it is available on the clearinghouse site (See Section IV.E.iv, *OMB Audit Requirement*);
- 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;\*



- Applicants must also provide documentation (*e.g.*, articles of organization or a Form 2848) which shows that the designated Tax Compliance Officer on Form 13424 is properly authorized to receive tax information; and
- Indirect cost rate agreement, if applicable.\*

\* Items marked with an asterisk must be submitted via an attachment. The LITC Program Office provides training to grantees on how to use [www.grantsolutions.gov](http://www.grantsolutions.gov).

## Instructions for Standard Form 424, *Application for Federal Assistance*

### Purpose

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

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

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

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

Standard instructions are available at [www.grants.gov/web/grants/form-instructions/sf-424-instructions.html](http://www.grants.gov/web/grants/form-instructions/sf-424-instructions.html), however as previously indicated the standard instructions are generic and the instructions provided in this appendix will better assist the applicant in completing the form.

### Who Must Complete This Form

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

## Specific Instructions

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

Item	Field Name	Information			
OMB Number: 4040-0004 Expiration Date: 03/31/2012					
<b>Application for Federal Assistance SF-424</b>					
<table border="1" style="width: 100%;"> <tr> <td style="width: 33%;">                     * 1. Type of Submission:  <input type="checkbox"/> Preapplication  <input type="checkbox"/> Application  <input type="checkbox"/> Changed/Corrected Application                 </td> <td style="width: 33%;">                     * 2. Type of Application:  <input type="checkbox"/> New  <input type="checkbox"/> Continuation  <input type="checkbox"/> Revision                 </td> <td style="width: 33%;">                     * If Revision, select appropriate letter(s):  <input type="text"/>                      * Other (Specify):  <input type="text"/> </td> </tr> </table>			* 1. Type of Submission: <input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
* 1. Type of Submission: <input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>			
<b>1. Type of Submission:</b>		(Required) Select the box labeled <b>Application</b> .			
<b>2. Type of Application:</b>		(Required) Select one type of application: <ul style="list-style-type: none"> <li>• <b>New</b> - An application that is being submitted for a single-year grant or an application that is being submitted for the first year of a multi-year grant.</li> <li>• <b>Continuation</b> – A request that is being submitted for the second or third year of a multi-year grant that was awarded in 2016 or 2017.</li> <li>• <b>Revision</b> – Do not select this box when applying for a grant.</li> </ul>			
<table border="1" style="width: 100%;"> <tr> <td style="width: 33%;">* 3. Date Received: <input type="text"/></td> <td style="width: 66%;">4. Applicant Identifier: <input type="text"/></td> </tr> </table>			* 3. Date Received: <input type="text"/>	4. Applicant Identifier: <input type="text"/>	
* 3. Date Received: <input type="text"/>	4. Applicant Identifier: <input type="text"/>				
<b>3. Date Received:</b>		Enter <i>N/A</i> into this field.			
<b>4. Applicant Identifier:</b>		Enter <i>N/A</i> into this field.			
<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">5a. Federal Entity Identifier: <input type="text"/></td> <td style="width: 50%;">* 5b. Federal Award Identifier: <input type="text"/></td> </tr> </table>			5a. Federal Entity Identifier: <input type="text"/>	* 5b. Federal Award Identifier: <input type="text"/>	
5a. Federal Entity Identifier: <input type="text"/>	* 5b. Federal Award Identifier: <input type="text"/>				
<b>5a. Federal Entity Identifier:</b>		Enter <i>N/A</i> into this field.			
<b>5b. Federal Award Identifier:</b>		Enter <i>N/A</i> into this field.			
<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">6. Date Received by State: <input type="text"/></td> <td style="width: 50%;">7. State Application Identifier: <input type="text"/></td> </tr> </table>			6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>	
6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>				
<b>6. Date Received by State:</b>		Enter <i>N/A</i> into this field.			
<b>7. State Application Identifier:</b>		Enter <i>N/A</i> into this field.			
<b>8. APPLICANT INFORMATION:</b>					
* a. Legal Name: <input type="text"/>					
<b>8. Applicant Information:</b>		Enter the following in accordance with the instructions:			
<b>8a. Legal Name:</b>		(Required) Enter the name of the organization applying for the grant. The name of the applicant must match exactly the name used to register with the System for Award Management (SAM). If a grant is awarded, the award will be payable to the name listed in this section. Do not use an acronym unless it is the legal name. Information on registering with SAM is available in Section III.C.iii, <i>Compliance with Federal Tax and Non-Tax Requirements</i> .			
<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text"/></td> <td style="width: 50%;">* c. Organizational DUNS: <input type="text"/></td> </tr> </table>			* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text"/>	* c. Organizational DUNS: <input type="text"/>	
* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text"/>	* c. Organizational DUNS: <input type="text"/>				
<b>8b. Employer/Taxpayer Number (EIN/TIN):</b>		(Required) Enter the employer or taxpayer identification number (EIN or TIN) as assigned by the IRS. Do not enter a Social Security number. This number will be used to verify that the applicant is not suspended or debarred from receiving a federal award, and is compliant with federal tax and non-tax obligations.			

Item	Field Name	Information
<b>8c.</b>	<b>Organizational DUNS:</b>	(Required) Enter the organization's DUNS or DUNS+4 number received from Dun and Bradstreet. Information on obtaining a DUNS number is available in Section IV.C.iii, <i>Data Universal Numbering System (DUNS) Number</i> .
<p><b>d. Address:</b></p> <p>* Street1: <input type="text"/></p> <p>Street2: <input type="text"/></p> <p>* City: <input type="text"/></p> <p>County: <input type="text"/></p> <p>* State: <input type="text"/></p> <p>Province: <input type="text"/></p> <p>* Country: <input type="text" value="USA: UNITED STATES"/></p> <p>* Zip / Postal Code: <input type="text"/></p>		
<b>8d.</b>	<b>Address:</b>	Enter the mailing address of the applicant organization registered with SAM. Please provide a complete response, including: Street 1 (Required); City (Required); County/Parish; State (Required if country is U.S.); Province; Country (Required); 9-digit Zip/Postal Code (Required).
<p><b>e. Organizational Unit:</b></p> <p>Department Name: <input type="text"/></p> <p>Division Name: <input type="text"/></p>		
<b>8e.</b>	<b>Organizational Unit:</b>	Enter N/A into this field.
<p><b>f. Name and contact information of person to be contacted on matters involving this application:</b></p> <p>Prefix: <input type="text"/> * First Name: <input type="text"/></p> <p>Middle Name: <input type="text"/></p> <p>* Last Name: <input type="text"/></p> <p>Suffix: <input type="text"/></p> <p>Title: <input type="text"/></p> <p>Organizational Affiliation: <input type="text"/></p> <p>* Telephone Number: <input type="text"/> Fax Number: <input type="text"/></p> <p>* Email: <input type="text"/></p>		
<b>8f.</b>	<b>Name and contact information of person to be contacted on matters involving this application:</b>	Enter the First Name and Last Name (Required); Prefix; Middle Name; Suffix; Title; Telephone Number (Required); Fax Number; and Email (Required). Please provide the best possible contact information for LITC Program Office staff to be able to reach the appropriate individual to resolve issues with the application.
<p><b>9. Type of Applicant 1: Select Applicant Type:</b></p> <p><input type="text"/></p> <p>Type of Applicant 2: Select Applicant Type:</p> <p><input type="text"/></p> <p>Type of Applicant 3: Select Applicant Type:</p> <p><input type="text"/></p> <p>* Other (specify):</p> <p><input type="text"/></p>		

Item	Field Name	Information
9.	<b>Type of Applicant:</b> <b>(Required) Select up to three applicant type(s).</b>	A. State Government B. County Government C. City or Township Government D. Special District Government E. Regional Organization F. U.S. Territory or Possession G. Independent School District H. Public/State Controlled Institution of Higher Education I. Indian/Native American Tribal Government (Federally Recognized) J. Indian/Native American Tribal Government (Other than Federally Recognized) K. Indian/Native American Tribally Designated Organization L. Public/Indian Housing M. Nonprofit with 501(c) status N. Nonprofit without 501(c) status O. Private Institution of Higher Education P. Individual Q. For-Profit Organization (Other than Small Business) R. Small Business S. Hispanic-serving Institution T. Historically Black Colleges and Universities (HBCUs) U. Tribally Controlled Colleges and Universities (TCCUs) V. Alaska Native and Native Hawaiian Serving Institutions W. Non-U.S. Entity X. Other (specify)
<div style="border: 1px solid black; padding: 5px;">                     * 10. Name of Federal Agency:  <input style="width: 600px; height: 20px;" type="text"/> </div>		
10.	<b>Name of Federal Agency:</b>	(Required) Enter <i>Internal Revenue Service</i> .
<div style="border: 1px solid black; padding: 5px;">                     11. Catalog of Federal Domestic Assistance Number:  <input style="width: 150px; height: 20px;" type="text"/>                      CFDA Title:  <input style="width: 600px; height: 20px;" type="text"/> </div>		
11.	<b>Catalog of Federal Domestic Assistance Number/Title:</b>	Enter <b>21.008</b> as the Catalog of Federal Domestic Assistance number and <i>Low Income Taxpayer Clinic</i> as the program title.
<div style="border: 1px solid black; padding: 5px;">                     * 12. Funding Opportunity Number:  <input style="width: 400px; height: 20px;" type="text"/>                      * Title:  <input style="width: 600px; height: 40px;" type="text"/> </div>		
12.	<b>Funding Opportunity Number/Title:</b>	(Required) Enter <b>TREAS-GRANTS-052018-001</b> as the Funding Opportunity Number and <i>Low Income Taxpayer Clinic</i> as the title.

Item	Field Name	Information
<p><b>13. Competition Identification Number:</b></p> <input type="text"/> Title: <input type="text"/>		
<b>13.</b>	<b>Competition Identification Number/Title:</b>	Enter <i>TREAS-GRANTS-052019-001</i> as the competition identification number.
<p><b>14. Areas Affected by Project (Cities, Counties, States, etc.):</b></p> <input type="text"/>		
<b>14.</b>	<b>Areas Affected By Project:</b>	Enter the county where services will be provided. If multiple counties, list each individually. Only list counties. If the applicant defines service area by city or region (e.g., northwest region of state). List all counties by name within the geographical bounds of the region. If the clinic serves the entire state, enter the state name and note <i>All Counties</i> .
<p><b>* 15. Descriptive Title of Applicant's Project:</b></p> <input type="text"/> Attach supporting documents as specified in agency instructions.		
<b>15.</b>	<b>Descriptive Title of Applicant's Project:</b>	(Required) Enter <i>Low Income Taxpayer Clinic</i> . No attachments are required.
<p><b>16. Congressional Districts Of:</b></p> * a. Applicant _____ * b. Program/Project <input type="text"/> Attach an additional list of Program/Project Congressional Districts if needed. <input type="text"/>		
<b>16.</b>	<b>Congressional Districts Of:</b>	16a. (Required) Enter the congressional district in which the applicant organization is located. 16b. Enter all district(s) where the project provides or will provide assistance. Enter in the format: 2 characters state abbreviation - 2 characters district number, e.g., CA-05 for California's 5th district, NC-10 for North Carolina's 10th district. If all congressional districts in a state are affected, enter "all" for the district number, e.g., MD-all for all congressional districts in Maryland. If necessary, attach a list of congressional districts.
<p><b>17. Proposed Project:</b></p> * a. Start Date: <input type="text"/> * b. End Date: <input type="text"/>		
<b>17.</b>	<b>Proposed Project Start and End Dates:</b>	(Required) Enter <i>1/1/2019</i> as the proposed start date. Applicants seeking a single year grant should enter <i>12/31/2019</i> . Applicants seeking a multi-year grant should enter <i>12/31/2020</i> or <i>12/31/2021</i> , as applicable.

Item	Field Name	Information
<p><b>18. Estimated Funding (\$):</b></p> <p>* a. Federal</p> <p>* b. Applicant</p> <p>* c. State</p> <p>* d. Local</p> <p>* e. Other</p> <p>* f. Program Income</p> <p>* g. TOTAL</p>		
<b>18. Estimated Funding:</b>		18a. (Required) Enter the amount of federal grant funds requested for 2019, regardless of whether the applicant is applying for a single-year or multi-year grant. This amount cannot exceed \$100,000.
		18b-e. Enter the amount of all matching funds by source.
		18f. Enter any income the organization expects to generate from the program.
		<b>Note:</b> The total from lines b-f must equal or exceed the amount entered on line 18a to show that applicant can provide a dollar-for-dollar match.
		18g. Enter the sum of the amounts in 18a through 18f.
<p><b>* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?</b></p> <p><input type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on <input type="text"/>.</p> <p><input type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review.</p> <p><input type="checkbox"/> c. Program is not covered by E.O. 12372.</p>		
<b>19. Is Application Subject to Review by State Under Executive Order 12372 Process?</b>		(Required) Select "c. Program is not covered by E.O. 12372."
<p><b>* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.) Applicant Federal Debt Delinquency Explanation</b></p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		
<b>20. Is the Applicant Delinquent on any Federal Debt?</b>		(Required) Select the appropriate box. This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of federal debt include, but, may not be limited to: delinquent audit disallowances, loans and taxes. If yes, include an explanation in an attachment.
<p><b>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)</b></p> <p><input type="checkbox"/> ** I AGREE</p> <p>** 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.</p>		
<p><b>Authorized Representative:</b></p> <p>Prefix: <input type="text"/> * First Name: <input type="text"/></p> <p>Middle Name: <input type="text"/></p> <p>* Last Name: <input type="text"/></p> <p>Suffix: <input type="text"/></p> <p>* Title: <input type="text"/></p> <p>* Telephone Number: <input type="text"/> Fax Number: <input type="text"/></p> <p>* Email: <input type="text"/></p> <p>* Signature of Authorized Representative: <input type="text"/> * Date Signed: <input type="text"/></p>		

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

## Instructions for Standard Form 424A, *Budget Information for Non-Construction Programs*

### Purpose

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

#### Note:

- 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, see Publication 3319, Section IV.E.iii, *Meeting the Matching Funds Requirement*.
- Federal funds are those funds the applicant is seeking from the IRS in support of the LITC Program.
- Non-federal funds are funds from other sources that the applicant has or will have available to spend on the LITC Program. These are considered matching funds.
- 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* provides guidance about allowable and unallowable expenses. Also, see Publication 3319, Section IV.E.iii, *Meeting the Matching Funds Requirement*, for a list of common expenses that are allowable or unallowable.
- Please round figures to whole dollars only.
- Budgets should only include funding requested for grant year 2019, even if an applicant is applying for a multi-year grant.

OMB requires Standard Form 424A, *Budget Information for Non-Construction Programs*, to be used by this federal grant program. The instructions in this appendix are intended as a guide for submitting LITC Full Grant Applications and NCC Requests.

Standard instructions are available at [www.grants.gov/web/grants/form-instructions/sf-424a-instructions.html](http://www.grants.gov/web/grants/form-instructions/sf-424a-instructions.html) as previously discussed the standard instructions are generic.

### Who Must Complete This Form

All organizations submitting a Full Grant Application or an NCC Request must complete this form. Budget information must also be reported on Form 13424-J, *Detailed Budget Worksheet*. **Failure to provide this information will result in non-consideration of the Full Grant Application or NCC Request.**



## Specific Instructions

This form is designed so that application can be made for LITC grant funds. Sections A and B should include budget estimates for grant year 2019 only. If applying for a multi-year grant or submitting an NCC Request, Section E should present the need for federal assistance in the subsequent grant years. All applications should contain a breakdown by the object class categories shown in lines a–k of Section B.

Item	Field Name	Information				
<b>Section A</b> <b>Budget Summary</b>	<b>BUDGET INFORMATION - Non-Construction Programs</b>					
	<b>SECTION A - BUDGET SUMMARY</b>					
	Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)				
	Estimated Unobligated Funds					
	Federal (c)	Non-Federal (d)				
	New or Revised Budget					
		Federal (e)				
		Non-Federal (f)				
		Total (g)				
1.		\$ 0.00				
2.		0.00				
3.		0.00				
4.		0.00				
5. Totals		\$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00				
<b>1(a).</b>	<b>Grant Program Function or Activity:</b>	Enter <i>LITC</i> .				
<b>1(b).</b>	<b>Catalog of Federal Domestic Assistance Number:</b>	Enter <i>21.008</i> .				
<b>1(c), 1(d).</b>	<b>Estimated Unobligated Funds:</b>	Leave 1(c) and 1(d) blank.				
<b>1(e).</b>	<b>New or Revised Budget – Federal Funds Portion:</b>	Enter the amount of LITC grant funds requested for grant year 2019.				
<b>1(f).</b>	<b>New or Revised Budget – Non-Federal Funds Portion:</b>	Enter the amount of matching funds to be provided for grant year 2019. LITC grant funds require a dollar-for-dollar match. Thus, the amount in 1(f) must be equal to or greater than the amount entered in 1(e).				
<b>1(g).</b>	<b>New or Revised Budget – Total:</b>	Enter in 1(g) the sum of the amounts entered in 1(e) and 1(f). The amount in 1(g) should represent the total funds needed to support the LITC program for 2019.				
<b>2-4.</b>		Leave lines 2–4 blank.				
<b>5.</b>	<b>Totals:</b>	Enter the total for all columns used. The amount in 5(e) of this form should equal the amount on Standard Form 424, <i>Application for Federal Assistance</i> , line 18(a). The amount in 5(f) of this form should equal the sum of the amounts on Standard Form 424, <i>Application for Federal Assistance</i> , lines 18(b) – (f). The amount in 5(g) of this form should equal the amount on Standard Form 424, <i>Application for Federal Assistance</i> , line 18(g).				
<b>Section B</b> <b>Budget Categories</b>	<b>SECTION B - BUDGET CATEGORIES</b>					
	<b>6. Object Class Categories</b>	<b>GRANT PROGRAM, FUNCTION OR ACTIVITY</b>				<b>Total (5)</b>
		(1)	(2)	(3)	(4)	
	a. Personnel	\$	\$	\$	\$	\$
	b. Fringe Benefits					
	c. Travel					
	d. Equipment					
	e. Supplies					
	f. Contractual					
	g. Construction					
	h. Other					
	i. Total Direct Charges (sum of 6a-6h)					\$
	j. Indirect Charges					\$
k. TOTALS (sum of 6i and 6j)	\$	\$	\$	\$	\$	
7. Program Income	\$	\$	\$	\$	\$	

Item	Field Name	Information
<b>6.</b>	<b>Object Class Categories:</b>	Provide a breakdown of budgeted funds by object class for column (1) in lines 6(a) – (k).
<b>6(a).</b>	<b>Personnel:</b>	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 6(b)). Volunteer in-kind services should not be combined with personnel expenses; they should be reported separately in 6(h).
<b>6(b).</b>	<b>Fringe Benefits:</b>	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 6(a), <i>Personnel</i> .
<b>6(c).</b>	<b>Travel:</b>	This expense category is used to report budgeted travel costs, including costs associated with attendance at the Annual LITC Grantee Conference and other travel expenses directly related to conducting LITC business or activities.
<b>6(d).</b>	<b>Equipment:</b>	This expense category is used to report the budgeted cost of equipment that will be purchased by the applicant and used in operating an LITC program. Donated equipment may be included as matching funds on line 8 and must be valued at the fair market value of the property at the time of the donation.  Report equipment purchases of less than \$5,000 in 6(e) (2 CFR § 200.94). Report leased equipment in 6(f) and equipment maintenance expense in 6(h).
<b>6(e).</b>	<b>Supplies:</b>	This expense category is used to report the cost of supplies and equipment costing less than \$5,000 that will be used in operating the LITC. Donated supplies may be included as matching funds on line 8 and are valued at the fair market value of the property at the time of the donation.
<b>6(f).</b>	<b>Contractual:</b>	This expense category is used to report the budgeted cost of rent, utilities, and other contracted items or services that will be used in operating an LITC program. Donated space may be included as matching funds and the value assigned may not exceed the fair rental value of comparable space. If a contracted item or service pertains to other programs in addition to LITC activities, only the portion directly attributable to LITC activities may be allocated to the LITC program.
<b>6(g).</b>	<b>Construction:</b>	This category is not applicable to this grant. No expenses are allowed.
<b>6(h).</b>	<b>Other Expenses:</b>	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 the object class categories in 6(a) – (g). The value of volunteer services is included in this category as matching funds, see Publication 3319, Section IV.E.iii, <i>Meeting Matching Funds Requirement</i> .
<b>6(i).</b>	<b>Total Direct Charges:</b>	The total of the direct charges is the sum of 6(a) – (h) for each column.
<b>6(j).</b>	<b>Indirect Charges:</b>	This section is used to report indirect costs not directly related to the LITC program, but incurred as part of the general overhead and administration of the sponsoring organization. A reasonable portion of LITC grant funds may be used to pay for indirect expenses, however indirect costs paid using any other funds may not be included when calculating matching funds required under the LITC grant. There are two acceptable methodologies for calculating federal funds allocable to indirect costs: <ul style="list-style-type: none"> <li>i. Indirect cost rate agreement (ICRA) <ul style="list-style-type: none"> <li>• Must be approved in advance;</li> <li>• Agreement must set forth cost items included in the rate; and</li> <li>• The clinic may not charge items included in the rate as separate expense items.</li> </ul> </li> <li>ii. <i>De minimis</i> ten percent rate <ul style="list-style-type: none"> <li>• Rules are set forth in 2 CFR Part 200; and</li> <li>• Clinics that elect to use the <i>de minimis</i> rate are prohibited from charging administrative or facility costs as separate expense items.</li> </ul> </li> </ul> <p>For example, if a clinic is part of a larger organization that has an ICRA and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual expense category on 6(f). Similarly, if the clinic elects to use the ten percent <i>de minimis</i> rate to charge indirect costs on all of its federal awards, no facilities and administration costs may be charged as direct costs.</p>
<b>6(k).</b>	<b>Totals:</b>	Enter the total of the amounts from 6(i) and 6(j). The total amount in 6(k) should be equal to the amount shown in 5(g).  The amounts entered in 6(a) – (k) must equal the totals in each category on Form 13424-J, <i>Detailed Budget Worksheet</i> .
	<b>Columns (2) –(4):</b>	Leave columns (2) – (4) blank.
<b>7.</b>	<b>Program Income:</b>	If the LITC charges a nominal fee for services, enter the program income in column (1). Program income may be counted as matching funds.

Item	Field Name	Information				
<b>Section C</b> <b>Non-Federal Resources</b>	<b>SECTION C - NON-FEDERAL RESOURCES</b>					
		(a) Grant Program      (b) Applicant      (c) State      (d) Other Sources      (e) TOTALS				
	8.	\$      \$      \$      \$      \$				
	9.					
	10.					
	11.					
	12. TOTAL (sum of lines 8-11)	\$      \$      \$      \$      \$				
	<b>8(a). Grant Program:</b>	Enter <i>LITC</i> .				
	<b>8(b). Applicant:</b>	Enter amounts of non-federal resources ( <i>i.e.</i> , matching funds) coming directly from the applicant's organization that will be used for the grant.				
	<b>8(c). State:</b>	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 agency should leave this column blank.				
	<b>8(d). Other Sources:</b>	Enter the amount of cash and in-kind contributions to be made from all other sources.				
	<b>8(e). Totals:</b>	Enter totals of columns (b)–(d).				
<b>9-11.</b>	Leave lines 9-11 blank.					
<b>12. Total:</b>	Enter the total for columns (b)–(e). The amount in 12(e) should be equal to the amount in 5(f).  All cash and in-kind contributions must be explained in narrative form on Form 13424-J, <i>Detailed Budget Worksheet</i> . 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.					
<b>Section D</b> <b>Forecasted Cash Needs</b>	<b>SECTION D - FORECASTED CASH NEEDS</b>					
		Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	13. Federal	\$	\$	\$	\$	\$
	14. Non-Federal	\$				
	15. TOTAL (sum of lines 13 and 14)	\$	\$	\$	\$	\$
<b>13. Federal:</b>	Enter the amount of LITC grant funds needed by quarter during 2019.					
<b>14. Non-Federal:</b>	Enter the amount of cash matching funds from all other sources needed by quarter during 2019. Do not include the value of any in-kind matching funds.					
<b>15. Total:</b>	Enter the totals of amounts on lines 13 and 14.					
<b>Section E</b> <b>Budget Estimates of Federal Funds Needed for Balance of the Project</b>	<b>SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT</b>					
	(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)	\$	\$	\$	\$	\$
	<b>16(a). Grant Program:</b>	Enter <i>LITC</i> in column (a). Applicants requesting a single-year grant for 2019 should leave lines 16–23 blank.				
	<b>16(b). First Future Funding Period:</b>	For Full Grant Applications requesting a multi-year grant and NCC Requests, enter the amount of LITC funds requested for 2020.				
<b>16(c). Second Future Funding Period:</b>	For Full Grant Applications requesting a multi-year grant and NCC Requests, enter the amount of LITC funds requested for 2021, if applicable.					
<b>16(d). Third Future Funding Period:</b>	Leave 16(d) blank.					
<b>16(e). Fourth Future Funding Period:</b>	Leave 16(e) blank.					
<b>17-19.</b>	Leave lines 17-19 blank.					
<b>20. Total:</b>	Enter the total for each of the columns (b)–(e).					
<b>Section F</b> <b>Other Budget Information</b>	<b>SECTION F - OTHER BUDGET INFORMATION</b>					
	21. Direct Charges:	▲	22. Indirect Charges:	▲		
	23. Remarks:					▲
	Authorized for Local Reproduction      Standard Form 424A (Rev. 7-97) Page 2					
<b>21. Direct Charges:</b>	Leave line 21 blank.					
<b>22. Indirect Charges:</b>	Leave line 22 blank.					
<b>23. Remarks:</b>	Leave line 23 blank.					

## Instructions for 13424, *Low Income Taxpayer Clinic Application Information*

### Purpose

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

### Who Must Complete This Form

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

## Specific Instructions

### Grant Period Request

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

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

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

### Applicant Information

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

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

### Clinic Information

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

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

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

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

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

### **Tax Compliance Officer**

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

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

Form <b>13424</b> (April 2018)	Department of the Treasury - Internal Revenue Service <b>Low Income Taxpayer Clinic (LITC)</b> <b>Application Information</b>	OMB Number 1545-1648
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**Grant Period Request** (Check one)New application  Single year  Multi-yearNon-Competitive continuation  Second year  Third year

Grant amount requested (maximum \$100,000)

**Applicant Information**

Legal name of sponsoring organization

Prefix	Last name	First name	Middle initial	Suffix
--------	-----------	------------	----------------	--------

Title

Phone number	FAX number	Email address
--------------	------------	---------------

**Applicant's Mailing Address**

Street

Street address line 2

City	State	ZIP + 4 code
------	-------	--------------

**Clinic Information**

Name of clinic

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

Website address (if applicable)

Languages served in addition to English

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

**Clinic Director Information**

Prefix	Last name	First name	Middle initial	Suffix
--------	-----------	------------	----------------	--------

Telephone number	Email address
------------------	---------------

Licenses/Certifications (Check all that apply)

 Attorney  CPA  Enrolled Agent  Other \_\_\_\_\_

**Qualified Tax Expert (QTE)**

Prefix	Last name	First name	Middle initial	Suffix
Telephone number		Email address		

Licenses/Certifications (*Check all that apply*)
 Attorney    CPA    Enrolled Agent    Other \_\_\_\_\_
**Qualified Business Administrator (QBA)**

Prefix	Last name	First name	Middle initial	Suffix
Telephone number		Email address		

**Tax Compliance Officer**

Prefix	Last name	First name	Middle initial	Suffix
Title				
Telephone number		Email address		

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

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

**Who Must Complete This Form**

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

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

**Specific Instructions****Grant Period Request**

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

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

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

**Applicant Information**

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

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

**Clinic Information**

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

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

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

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

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

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

### Tax Compliance Officer

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

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

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APPENDIX A

GLOSSARY  
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## Instructions for Form 13424-J, Detailed Budget Worksheet

### Purpose

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

#### Note:

- Each budget item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds requested. For more information on meeting the matching funds requirement, See Publication 3319, Section IV.E.iii, *Meeting the Matching Funds Requirement*.
- Federal funds are those funds the applicant is seeking from the IRS in support of the LITC Program.
- Non-federal funds are funds from other sources that the applicant has or will have available to spend on the LITC Program. These are considered matching funds.
- 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* provides guidance about allowable and unallowable expenses. Also, see Publication 3319, Section IV.E.iii, *Meeting the Matching Funds Requirement*, for a list of common expenses that are allowable or unallowable.
- Please round figures to whole dollars only.
- Budgets should only include funding requested for grant year 2019, even if an applicant is applying for a multi-year grant.

### Who Must Complete This Form

All organizations submitting a Full Grant Application or an NCC Request must complete this form. Budget amounts must also be reported on Standard Form 424A. **Failure to provide this information will result in non-consideration of the Full Grant Application or NCC Request.**

### Specific Instructions

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

#### A. Personnel

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

H, *Other Expenses*. The total amount for personnel must equal the amount entered on Standard Form 424A, line 6(a).

**1. Calculate the Full Time Equivalent for each clinic employee.**

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

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

**2. Calculate the personnel expense for each staff member.**

For full-time salaried employees, multiply the total salary by the FTE, as calculated above, to arrive at the LITC share of the personnel expense.

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

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

**3. Determine and list out the dollar amount attributable to federal and match.**

The FTE percentage represents the maximum portion of the employee's wages that can be allocated to the LITC grant, using grant funds (federal funds), matching funds, or a combination of both.

**4. List sources of match.**

## B. Fringe Benefits

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

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

The total amount for fringe benefits must equal the amount entered on Standard Form 424A, line 6(b).

### C. Travel

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

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

If using a mileage rate, show the computation. The total amount for Travel must equal the amount entered on line 6(c) of Standard Form 424A.

### D. Equipment

This expense category is used to report the budgeted cost of equipment purchases that equal or exceed \$5,000 that will be used in operating an LITC program. See 2 CFR § 200.94. Equipment costing less is included in category E, *Supplies*. Report leased equipment under category F, *Contractual* and equipment maintenance expense under category H, *Other Expenses*.

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

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

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

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

The total amount for equipment must equal the amount entered on Standard Form 424A, line 6(d).

### E. Supplies

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

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

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

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

The total amount for supplies must equal the amount entered on line 6(e) of Standard Form 424A.

## F. Contractual

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

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

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

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

## G. Construction

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

## H. Other Expenses

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

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

The explanation must also disclose the rate or rates that will be used to value volunteer in-kind services and the number of volunteer hours that will be provided, categorized by the type of service or volunteer, as appropriate. See Publication 3319 Section IV.E.iii, *Meeting the Matching Funds Requirement, Determining the Value of Volunteer Services*. The total amount for other expenses must equal the amount entered on line 6(h) of Standard Form 424A.

## I. Total Direct Charges

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

## J. Indirect Charges

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

[T]hose costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. (2 CFR § 200.56.)

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

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

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

Typical indirect expenses may include:

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

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

## Negotiated ICRA and Cognizant Agencies

Obtaining an ICRA is a complex process that requires preparing and submitting an indirect cost rate proposal (including supporting schedules and documentation), and may take several months or even years to establish a final rate. A cognizant agency for indirect costs means the federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under 2 CFR Part 200 on behalf of all federal agencies. See 2 CFR § 200.19.

For Institutes of Higher Education (IHEs), cost negotiation cognizance is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds to the educational institution for the most recent three years. In cases where neither HHS nor DOD provides federal funding to an educational institution, the cognizant agency for indirect costs assignment must default to HHS. For more information, see Appendix III of the *Uniform Guidance, Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)*, paragraph C.11. In cases where neither HHS nor DOD provides federal funding to an educational institution, the cognizant agency for indirect costs assignment must default to HHS. Once an agency is assigned cognizance for a particular nonprofit organization, the assignment will not be changed unless there is a shift in the dollar volume of the federal awards to the organization for at least three years.

For nonprofits, the federal agency with the largest dollar value of federal awards with an organization will be designated as the cognizant agency for indirect costs for the negotiation and approval of the indirect cost rates (unless different arrangements are agreed to by the federal agencies concerned), and, where necessary, other rates such as fringe benefit and computer charge-out rates. Once an agency is assigned cognizance for a particular nonprofit organization, the assignment will not be changed unless there is a shift in the dollar volume of the federal awards to the organization for at least three years. For more information, see 2 CFR 200, Appendix III, *Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations*, paragraph C.2.a.

The Department of the Treasury does not negotiate ICRA but will accept a negotiated ICRA approved by another federal agency.

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

### De Minimis Ten Percent Indirect Cost Rate

Under § 200.414(f) of the Uniform Guidance, a *de minimis* rate of ten percent of Modified Total Direct Costs (MTDC) is available for organizations that have never had a negotiated ICRA. This is a simple, straightforward option for award recipients without substantial experience managing grant funds. An organization that elects to use the *de minimis* rate must use the rate for all federal awards it receives, and may use such rate indefinitely, or may choose to negotiate an ICRA at any time.

If the clinic elects to use the ten percent *de minimis* rate to charge indirect costs on all federal awards, no facilities and administration costs may be charged as direct costs.

## MTDC

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each sub award (regardless of the period of performance of the sub awards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each sub award in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs. See 2 CFR § 200.68.

If a clinic charges indirect costs based on an approved ICRA, a copy of the agreement must be submitted along with Form 13424-J, *Detailed Budget Worksheet and Narrative*. For additional information, see Publication 3319, Sections III.B-C.

Please note matching funds must be directly allocable to LITC activities and may not include indirect costs.

## Matching Funds

Complete this section by providing a narrative that includes:

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

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

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

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

## FULL-TIME EQUIVALENT CALCULATION (FTE)

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

### Example FTE Calculations

ABC Legal Services LITC computes a 1.0 FTE based on a 40-hour work week (2,080 hours per year). Amounts are rounded to the nearest dollar.

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

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

**Example: Paralegal – Alice Gonzaga**

Alice works part-time for ABC Legal Services, for a total of 1,040 hours. Annually she will spend a total of 832 hours on LITC grant activities, making Alice a 0.4 FTE ( $832/2,080$ ) for purposes of the LITC grant. Alice's annual salary is \$22,880. The percentage of her time spent on the LITC grant is  $832/1040=.8$ . She receives total annual compensation \$18,304 ( $\$22,880 \times .8$ ). Alice's compensation will be comprised of \$10,000 paid from LITC grant funds (federal funds), and \$8,304 (matching funds) paid from XYZ Private Foundation funds. The remaining compensation of \$4,576 is for non-LITC work and therefore is not eligible match.

**Example: Intake – Ruth Washington**

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

**Example: Receptionist – Debra Chapman**

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



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			

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## Detailed Budget Narrative Explanations

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A. Personnel

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B. Fringe Benefits

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C. Travel

---

D. Equipment

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E. Supplies

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F. Contractual

I

II

III

IV

V

VI

VII

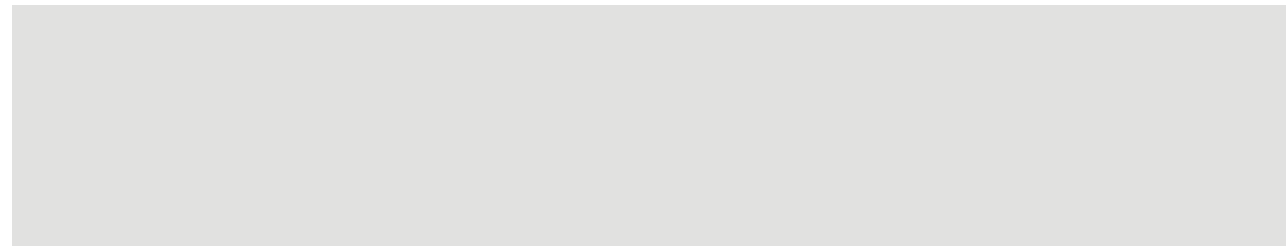
VIII

APPENDIX A

GLOSSARY  
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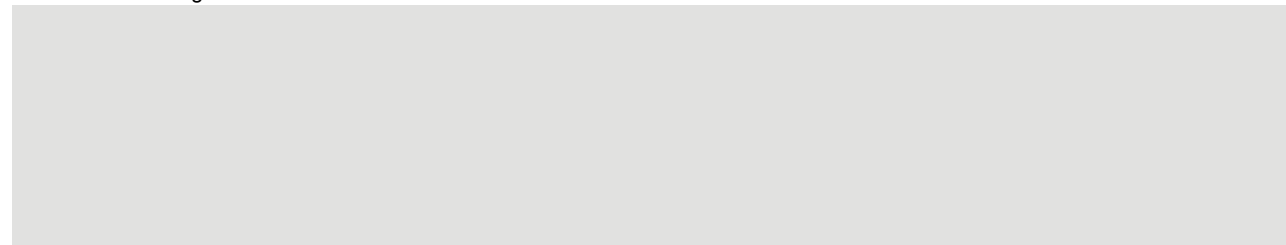
G. Construction



H. Other Expenses

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I. Total Direct Charges



J. Indirect Costs

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Matching Funds

## Instructions for Form 13424-J, Detailed Budget Worksheet

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

### Purpose

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

### Note:

- Each budget item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds requested. For more information on meeting the matching funds requirement, See Publication 3319, Section IV.E.iii, *Meeting the Matching Funds Requirement*.
- Federal funds are those funds the applicant is seeking from the IRS in support of the LITC Program.
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- Please round figures to whole dollars only.
- Budgets should only include funding requested for grant year 2019, even if an applicant is applying for a multi-year grant.

### Who Must Complete This Form

All organizations submitting a Full Grant Application or a NCC Request must complete this form. Budget amounts must also be reported on SF-424A. **Failure to provide this information will result in non-consideration of the Full Grant Application or NCC Request.**

### Specific Instructions

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

#### A. Personnel

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

#### 1. Calculate the Full-Time Equivalent (FTE) for each clinic employee.

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

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

#### 2. Calculate the personnel expense for each staff member.

For full-time salaried employees, multiply the total salary by the FTE, as calculated above, to arrive at the LITC share of the personnel expense.

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

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

#### 3. Determine and list out the dollar amount attributable to federal and match.

The FTE percentage represents the maximum portion of the employee's wages that can be allocated to the LITC grant, using grant funds (federal funds), matching funds, or a combination of both.

#### 4. List sources of match.

### B. Fringe Benefits

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

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

The total amount for fringe benefits must equal the amount entered on SF-424A, line 6(b).

### C. Travel

Report budgeted travel costs, including costs associated with attending the Annual LITC Conference and other travel expenses directly related to conducting LITC business or activities. In the explanation, identify:

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

If using a mileage rate, show the computation. The total amount for Travel must equal the amount entered on line 6(c) of SF-424A.

### D. Equipment

Report the budgeted cost of equipment purchases that equal or exceed \$5,000 that will be used in operating an LITC program. See 2 CFR § 200.94. Equipment costing less is included in category E, *Supplies*. Report leased equipment under category F, *Contractual* and equipment maintenance expense under category H, *Other Expenses*.

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

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

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

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

The total amount for equipment must equal the amount entered on SF-424A, line 6(d).

### E. Supplies

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

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

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

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

The total amount for supplies must equal the amount entered on line 6 (e) of SF-424A.

### F. Contractual

Report the budgeted cost of rent, utilities, and other contracted items or services that will be used in operating an LITC program. Donated space may be included as matching funds 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 will be paid using federal or 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 LITC activities may be allocated to the LITC program. The narrative must explain the methodology used to apportion costs between the LITC activities and other programs. The total amount for Contractual must equal the amount entered on SF-424A, line 6(f).

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

### G. Construction

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

### H. Other Expenses

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

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

The explanation must also disclose the rate or rates that will be used to value volunteer in-kind services and the number of volunteer hours that will be provided, categorized by the type of service or volunteer, as appropriate. See Publication 3319 Section IV.E.iii, *Meeting Matching Funds Requirements, Determining the Value of Volunteer Services*. The total amount for other expenses must equal the amount entered on line 6 (h) of SF-424A.

### I. Total Direct Charges

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

### J. Indirect Charges

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

[T]hose costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. (2 CFR § 200.56.)

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

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

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

Typical indirect expenses may include:

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

Once the organization has classified expenses as either direct or indirect, the organization must determine how to allocate the indirect costs amongst the programs that they benefit, so that LITC funds do not subsidize the indirect costs of other programs or functions of the organization. To calculate the amount of federal funds allocable to indirect costs, the organization may use a negotiated indirect cost rate agreement (ICRA) approved by the organization's cognizant agency. If the organization has never obtained a negotiated indirect cost rate, it may elect to apply the *de minimis* rate of ten percent. See Publication 3319 for additional guidance.

### Negotiated Indirect Cost Rate Agreements and Cognizant Agencies

Obtaining an ICRA is a complex process that requires preparing and submitting an indirect cost rate proposal (including supporting schedules and documentation), and may take several months or even years to establish a final rate. A cognizant agency for indirect costs means the federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under 2 CFR Part 200 on behalf of all federal agencies. See 2 CFR § 200.19.

For Institutes of Higher Education (IHEs), cost negotiation cognizance is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds to the educational institution for the most recent three years. In cases where neither HHS nor DOD provides federal funding to an educational institution, the cognizant agency for indirect costs assignment must default to HHS. For more information, see Appendix III of the *Uniform Guidance, Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)*, paragraph C.11. In cases where neither HHS nor DOD provides federal funding to an educational institution, the cognizant agency for indirect costs assignment must default to HHS. Once an agency is assigned cognizance for a particular nonprofit organization, the assignment will not be changed unless there is a shift in the dollar volume of the federal awards to the organization for at least three years.

For nonprofits, the federal agency with the largest dollar value of federal awards with an organization will be designated as the cognizant agency for indirect costs for the negotiation and approval of the indirect cost rates (unless different arrangements are agreed to by the federal agencies concerned), and, where necessary, other rates such as fringe benefit and computer charge-out rates. Once an agency is assigned cognizance for a particular nonprofit organization, the assignment will not be changed unless there is a shift in the dollar volume of the federal awards to the organization for at least three years. For more information, see 2 CFR 200, Appendix III, *Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations*, paragraph C.2.a.

IRS does not negotiate indirect cost rate agreements but will accept a negotiated (ICRA) approved by another federal agency.

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

### De Minimis Ten Percent Indirect Cost Rate

Under § 200.414(f) of the *Uniform Guidance*, a *de minimis* rate of ten percent of MTDC is available for organizations that have never had a negotiated ICRA. This is a simple, straightforward option for award recipients without substantial experience managing grant funds. An organization that elects to use the *de minimis* rate must use the rate for all federal awards it receives, and may use such rate indefinitely, or may choose to negotiate an ICRA at any time.

If the clinic elects to use the ten percent *de minimis* rate to charge indirect costs on all federal awards, no facilities and administration costs may be charged as direct costs.

### Modified Total Direct Costs (MTDC)

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs. See 2 CFR § 200.68.

If a clinic charges indirect costs based on an approved ICRA, a copy of the agreement must be submitted along with Form 13424-J, *Detailed Budget Worksheet and Narrative*. See Publication 3319, Sections III.B - C.

Please note matching funds must be directly allocable to LITC activities and may not include indirect costs.

### Matching Funds

Complete this section by providing a narrative that includes:

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

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

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

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

### Full-Time Equivalent Calculation

The following examples demonstrate how to calculate FTE and determine the portion attributable to matching funds.

#### Example FTE Calculations

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

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

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

**Example: Paralegal – Alice Gonzaga**

Alice works part-time for ABC Legal Services, for a total of 1,040 hours. Annually she will spend a total of 832 hours on LITC grant activities, making Alice a 0.4 FTE ( $832/2,080$ ) for purposes of the LITC grant. Alice is paid \$22 per hour. She receives total annual compensation of \$22,880 ( $1,040 \times \$22$ ); \$18,304 of which will be compensation for her work in the LITC. Alice's compensation will be comprised of \$10,000 paid from LITC grant funds (federal funds), and \$8,304 (matching funds) paid from XYZ Private Foundation funds. The remaining compensation of \$4,576 is for non-LITC work and therefore is not eligible match.

**Example: Intake – Ruth Washington**

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

**Example: Receptionist – Debra Chapman**

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

Form <b>13424-J</b> (May 2018)		Department of the Treasury - Internal Revenue Service <b>Detailed Budget Worksheet</b>		OMB Number 1545-1648	
Name of Low Income Taxpayer Clinic ABC LITC			Grant Period From 1/1/2019 To 12/31/2019		
Expense Categories	Federal	Match	Total		
A. Personnel	80,355	33,504	113,859		
B. Fringe Benefits	1,259	21,513	22,772		
C. Travel		2,168	2,168		
D. Equipment					
E. Supplies		1,845	1,845		
F. Contractual		11,814	11,814		
G. Construction					
H. Other Expenses		26,253	26,253		
I. Total Direct Charges	81,614	97,097	178,711		
J. Indirect Charges	11,386		11,386		
K. Totals	93,000	97,097	190,097		



## Detailed Budget Narrative Explanations

### A. Personnel

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

Clinic Director/QTE – John Fordham, Attorney - .80 FTE Annual Salary \$89,000 x 0.80 = \$71,200. Federal: \$50,000 Match: \$21,200 ABC Operating Funds (Legal Service Corporation, LSC).

Paralegal – Alice Gonzaga - .4 FTE - \$22/hr x 832 hrs = \$18,304. Federal: \$10,000 Match: \$8,304 XYZ Private Foundation funds.

Intake – Ruth Washington - .46 FTE - \$15/hr x 957 hrs = \$14,355. Federal: \$14,355 Match: \$0.

Receptionist – Debra Chapman – 1/3 FTE – Annual Salary \$30,000 x 1/3 = \$10,000. Debra will provide administrative and clerical support to 3 programs including the LITC program. Her time is allocated as 1/3 to each program. Federal: \$6,000 Match: \$4,000 XYZ Private Foundation funds. Federal: \$80,355 Match: \$33,504 (\$21,200 ABC Operating Funds/LSC, \$12,304 XYZ Private Foundation funds)

### B. Fringe Benefits

Fringe Benefits are 20% of wages of \$113,859.

Federal: \$1,259 Match: \$21,513 XYZ Private Foundation funds.

### C. Travel

Local travel to conduct educational and outreach activities. \$60 parking. \$305 mileage (570 miles at \$.535 per mile).

\$1,800 of travel to LITC Conference. \$1,000 Hotel. \$553 Air fare. \$200 MI&E. Travel to and from airport \$50 Taxi.

Federal: \$0 Match: \$2,168 (\$60 + \$305 + \$1800 + \$1000 + \$553 + \$200 + \$50) XYZ Private Foundation funds.

### D. Equipment

N/A

### E. Supplies

ABC Legal Services uses a full-time equivalent (FTE) method to allocate certain direct shared expenses, including Supplies, Telephone and Internet, and 2 CFR § 200.501 Audit Cost. Under this method, the allocation percentage is determined by dividing the FTEs of employee time devoted to the LITC program by the total FTEs available in the ABC Legal Services organization. The LITC program staffing will be 2 FTEs (.80 FTE for John Fordham + .4 FTE for Alice Gonzaga + .46 FTE for Ruth Washington + .33 FTE for Debra Chapman = 2 FTEs). Total FTEs in the ABC Legal Services organization is 40 FTEs. The ratio of shared expenses is estimated at 5% (2 / 40).

Total cost of supplies for the organization is estimated to be \$36,900 and will include the cost of laptop computers, printers, copy paper, toner, pens, pencils, envelopes, postage, etc.

$\$36,900 \times 5\% = \$1,845$

Federal: \$0 Match: \$1,845 XYZ Private Foundation funds.

### F. Contractual

Total telephone and internet shared cost is estimated to be \$35,880.  $\$35,880 \times 5\%$  (FTE allocation) = \$1,794. The organization's total audit cost (a shared expense) is estimated to be \$20,400.  $\$20,400 \times 5\%$  (FTE allocation) = \$1,020. Advertising costs – These costs will be incurred solely to publicize the LITC program. Planned advertising for LITC representation and education services are estimated to be \$3,000.

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

Federal: \$0 Match: \$11,814 (\$1,794 + \$1,020 + \$3,000 + \$6,000) XYZ Private Foundation funds.



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

### **Purpose**

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

### **Who Must Complete This Form**

All organizations submitting a Full Grant Application must complete this form. NCC Requests do not need to include Form 13424-M, but must include a Project Abstract to update program information previously supplied in the Full Grant Application.

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

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

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

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

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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.

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### III. Clinic Operations

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

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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.



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**VI. Program Monitoring, Evaluation, and Reporting**


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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.

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**VII. Program Numerical Goals**


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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.			

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**Civil Rights Review**


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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.

## COMPLETING THE PROJECT ABSTRACT IN GRANT SOLUTIONS

### Purpose

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

### Who Must Complete This Form

Only grantees submitting a NCC Request must complete and submit a Project Abstract through [www.grantsolutions.gov](http://www.grantsolutions.gov). The Project Abstract must contain the following information regarding the grant year for which the NCC Request is being submitted.

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

#### I. Numerical Goals

List separately numerical goals for each of the following i-iv:

- i. New representation cases to be opened during the reporting period (see Form 13424-K, line 1B);
- ii. Consultations (see Form 13424-A, line 6C);
- iii. Educational activities to be conducted (see Form 13424-A, line 2D); and
- iv. Taxpayers to be reached in educational activities (see Form 13424-A, lines 3A and 3B).

#### II. Changes to the Program Plan

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

#### III. Civil Rights Statement

This information is mandatory and required of every applicant annually. If the applicant 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. You must respond to each item by entering *Yes* or *None* for each subpart i–vi, listed below. For each affirmative answer, provide the detail requested for that subpart.

- i. A list of active lawsuits or complaints naming the applicant which allege discrimination on the basis of race, color, national origin, age, sex, or disability with respect to service or benefits being provided. The list should include the date the lawsuit or complaint was filed; a summary of the allegation; and the status of the lawsuit or complaint, including whether the parties to a lawsuit have entered into a consent decree.
- ii. A description of all pending applications for financial assistance and all financial assistance currently provided by other federal agencies.
- iii. A summary of all civil rights compliance review activities conducted in the last three years. The summary shall include the purpose or reason for the review; a summary of the findings and

recommendations of the review; and a report on the status or disposition of such findings and recommendations.

- iv. A description of how the needs of individuals with limited English proficiency (LEP) or individuals who may need a reasonable accommodation will be addressed in order to access services.
- v. A statement that all required records will be compiled and maintained, as appropriate, by the applicant according to the agency's guidelines.
- vi. A statement that the applicant agrees to display Publication 4053, Civil Rights Poster (provided by the IRS).

### **Example Project Abstract:**

#### **I. Projected Numerical Goals for 2019:**

- i. 200 new representation cases;
- ii. 40 consultations;
- iii. 10 educational activities;
- iv. 200 taxpayers educated through planned activities.

#### **II. Changes to the Program Plan**

Beginning on January 5, 2019, Saturday operating hours will be extended from 9am–1pm to 9am–2pm. As of February 2019, Jane Doe will be designated as QBA.

#### **III. Civil Rights Statement**

- i. Active lawsuits or complaints naming the applicant which allege discrimination on the basis of race, color, national origin, age, sex, or disability with respect to service or benefits being provided: None
- ii. Pending applications for financial assistance: Legal Services Corporation, Basic Field Grant \$100,000  
  
Financial assistance currently provided by other federal agencies: State Legal Services, Operations Grant: \$200,000
- iii. Equality and Inclusion Committee (Committee) annually reviews the policies governing employee supervision and how services are delivered to clients for compliance with civil rights protections. The Committee issues a written report with recommendations to the Board of Directors. The Committee's most recent report indicated that the racial and ethnic diversity of the LITC's staff fairly represents the local population the LITC serves.
- iv. JFT has bi-lingual staff who speak English and Spanish and English and French. The clinic uses telephone interpretation for other languages and a translation service for required documents and correspondence in other languages. The clinic notifies applicants of the right to reasonable accommodations on the reverse of its investigative retainer and client retainer.
- v. JFT asks applicants to voluntarily report race, ethnicity, gender, preferred language, and disability. The applicant's replies are recorded in the electronic case management system. Applicant and client records are retained for six years pursuant to the state licensing rules.
- vi. The applicant agrees to display Publication 4053, *Civil Rights* Poster (provided to by the IRS).

# APPENDIX B

## FORMS FOR REPORTING LITC GRANTEE ACTIVITIES

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APPENDIX B

GLOSSARY  
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## REPORTING FORMS

All reports are to be submitted through [grantsolutions.gov](https://grantsolutions.gov). The forms contained in this Appendix are provided for reference purposes only.

Due dates for reporting forms are:

Interim report: **July 30, 2019**

Year-End report: **April 1, 2020**

Timely submission of reporting forms is one criteria for evaluating clinic performance. If a clinic anticipates needing additional time to submit a report, the clinic should address this with the advocacy analyst assigned to the clinic as far in advance of the due date as is possible and should be an uncommon practice.

Content of the reports are subject to and may be released under the Freedom of Information Act (FOIA). For this reason, it is important that the clinic when reporting client success stories or emerging issues be careful to ensure that the taxpayer cannot be identified by the details supplied in the report. In response to a FOIA request, the LITC Program Office will release these forms after having ensured that the clinic has properly redacted information in order to protect the confidentiality of taxpayer information.

In addition to the instructions provided in this appendix, the Program Office routinely provides report training to help ensure that the report is completed fully and accurately. Training is announced through the LITC Toolkit and usually takes place several weeks in advance of the report due date.

Specific questions about how to report an item or activity of the clinic can be raised to the advocacy analyst assigned to the clinic. For questions or problems working within [grantsolutions.gov](https://grantsolutions.gov) contact Bill Beard at [Beard.William@irs.gov](mailto:Beard.William@irs.gov).

## LITC GRANTEE REPORTING REQUIREMENTS

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

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

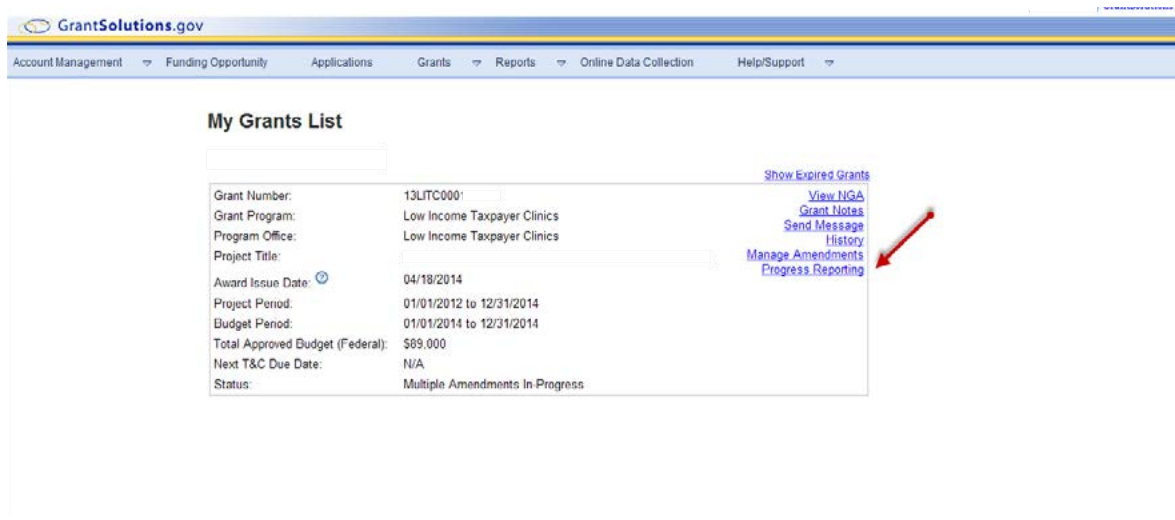
<sup>\*</sup>The Office of Management and Budget (OMB) requires completion of Standard Form 425. To assist applicants in completing this form, detailed instructions specifically tailored to the LITC program are provided.

## Reporting Period

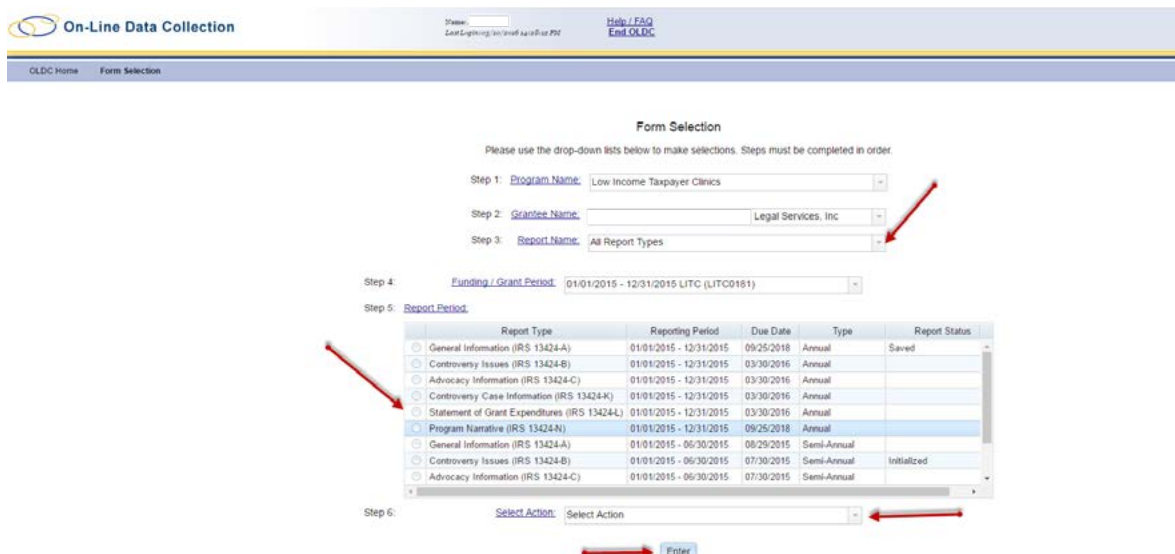
Clinics are required to report on LITC activities twice for each grant year. The grant year is January 1 through December 31 for the year for which the grant was awarded. An Interim report is required to report activities conducted for the period from January 1 through June 30; a Year-End report is required to report activities conducted for the entire grant year. Check the appropriate box at the beginning of the form indicating for which period the report is being completed.

## Accessing Reporting Forms on Grantsolutions.gov

Log into Grant Solutions and the system will navigate to the screen below. Verify the budget period is correct and click on the link, “Progress Reporting.” Click on “Show Expired Grants” if the desired grant period does not appear on the screen.



The system will navigate to the screen below.



To access a reporting form:

- i. **Step 1** is pre-populated to indicate *Low Income Taxpayer Clinics* grant (no action required);
- ii. **Step 2** is pre-populated to indicate the grantee organization (no action required);
- iii. **Step 3** is pre-populated with the default *All Report Types*. To search for a particular form, click on the drop-down for “Report Name” and select the specific form (only forms matching the selected reporting form will be displayed);
- iv. **Step 4** is pre-populated with the project period (no action required);
- v. **Step 5** allows a user to sort by clicking on the column name. Click on a radio button to select a form;
- vi. **Step 6** requires the user to click on the drop down arrow and select either: “New/Edit/Revise” or “View/Print/Status/Approve”;
- vii. **Step 7** requires the user to click on “Enter” to open the form that was selected;
- viii. Users can also sort by clicking on the title of the column; and
- ix. For each report, please ensure the correct reporting period is selected. This page lists the reporting forms for each year of a multi-year grant and for each reporting period, Semi-Annual (Interim) or Annual (Year-End). For instance, for 2019 reporting forms, the clinic should be sure to select the form that corresponds to the correct period, either 01/01/2019–6/30/2019 (Semi-Annual) for the Interim report or 01/01/2019–12/31/2019 (Annual) for the Year-End report.

## Instructions for Standard Form 425, Federal Financial Report

### Purpose

Standard Form 425, *Federal Financial Report*, is used to report the amount of federal grant funds received and spent during the grant period and the amount of matching funds spent during the grant period. In preparing this form, adhere to existing guidelines in 2 CFR Part 200 and Publication 3319, which explain allowable costs. See Publication 3319, 2 CFR § 200.306, and 2 CFR § 1000.306 for guidance on matching funds.

### About the Instructions

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

These instructions relate only to preparation of Standard Form 425 as part of the Interim and Year-End reports. For instructions on preparing quarterly submissions of Standard Form 425 in the Division of Payment Management (DPM), visit [www.dpm.psc.gov](http://www.dpm.psc.gov).

### Accessing the Form

To access Standard Form 425 on the Grant Solutions website, click on the “FFR” link on the Grants List screen.

**My Grants List**

Nevada Legal Services, Inc [Show Expired Grants](#)

Grant Number:		<a href="#">View NGA</a>
Grant Program:	Low Income Taxpayer Clinics	<a href="#">Grant Notes</a>
Program Office:	Low Income Taxpayer Clinics	<a href="#">History</a>
Project Title:		<a href="#">Manage Amendments</a>
		<a href="#">FFR</a>
		<a href="#">Progress Reporting</a>

Award Issue Date: 02/16/2016

Project Period: 01/01/2016 to 12/31/2018

Budget Period: 01/01/2016 to 12/31/2016

Total Approved Budget (Federal): \$84,000

Next T&C Due Date: N/A

Status: Submitted (Post Award)  
(Application Amendment)

Non Competing Status: Pending

Non Competing Due Date: 10/02/2016

The system will navigate to the screen below. Click on the “start” link.

**GrantSolutions.gov**

Account Management Funding Opportunity Applications Grants Reports Online Data Collection Help/Support

**Federal Financial Reports List**

Grant Program	Grant Number	Project	Report Period	Due Date	Type	Status	Workflow Status	Action
Low Income Taxpayer Clinics			01/01/2016 - 06/30/2016	07/30/2016	Semi-Annual w/Rst	Due	Report Not Started	<a href="#">Start</a>
			01/01/2016 - 12/31/2016	03/31/2017	Annual w/Rst	Pending	Report Not Started	
			01/01/2017 - 06/30/2017	07/30/2017	Semi-Annual w/Rst	Pending	Report Not Started	
			01/01/2017 - 12/31/2017	03/31/2018	Annual w/Rst	Pending	Report Not Started	
			01/01/2018 - 06/30/2018	07/30/2018	Semi-Annual w/Rst	Pending	Report Not Started	
			01/01/2018 - 12/31/2018	03/31/2019	Annual w/Rst	Pending	Report Not Started	



## Completing the Form

Complete all the fields contained in the form, following the guidance listed below:

Item	Field Name	Information
	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)
	Taxpayer Advocate Service	
<b>1.</b>	<b>Federal Agency and Organizational Element to Which Report is Submitted</b>	Enter <i>Taxpayer Advocate Service</i> .
<b>2.</b>	<b>Federal Grant or Other Identifying Number Assigned by Federal Agency</b>	Enter the grant award number found on your Notice of Award for grant year 2019.
	3. Recipient Organization (Name and complete address including Zip code)	
<b>3.</b>	<b>Recipient Organization</b>	Enter the name and complete address of the recipient organization including zip code.
4a	DUNS Number	4b EIN
		5 Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)
		6 Report Type
		7 Basis of Accounting <input type="radio"/> Cash <input checked="" type="radio"/> Accrual
<b>4a.</b>	<b>DUNS Number</b>	Enter the recipient organization's Data Universal Numbering System (DUNS) number.
<b>4b.</b>	<b>EIN</b>	Enter the recipient organization's Employer Identification Number (EIN).
<b>5.</b>	<b>Recipient Account Number or Identifying Number</b>	Enter <i>N/A</i> .
<b>6.</b>	<b>Report Type</b>	Mark Semi-Annual for the Interim report or Annual for the Year-End report.
<b>7.</b>	<b>Basis of Accounting (Cash/ Accrual)</b>	Select either Cash or Accrual to indicate which basis was used for recording transactions related to the award(s) and for preparing this Standard Form 425. See Glossary for an explanation of each basis of accounting.
	8. Project/Grant Period From: (Month, Day, Year)	To: (Month, Day, Year)
		9. Reporting Period End Date (Month, Day, Year) December 31, 2017
<b>8.</b>	<b>Project/Grant Period, From/To (Month, Day, Year)</b>	Enter 01/01/2019 to 12/31/2019.
<b>9.</b>	<b>Reporting Period End Date (Month, Day, Year)</b>	Enter 06/30/2019 for the Interim report or 12/31/2019 for the Year-End report.

Item	Field Name	Information
<b>10. Transactions</b>		
(Use lines a-c for single or multiple grant reporting)		
<b>Federal Cash (To report multiple grants, also use FFR Attachment):</b>		
a. Cash Receipts		\$ 0
b. Cash Disbursements		\$ 0
c. Cash on Hand (line a minus b)		\$ 0.00
(Use lines d-o for single grant reporting)		
<b>Federal Expenditures and Unobligated Balance:</b>		
d. Total Federal funds authorized		\$ 0.00
e. Federal share of expenditures		\$ 0
f. Federal share of unliquidated obligations		\$ 0
g. Total Federal share (sum lines e and f)		\$ 0.00
h. Unobligated balance of Federal funds (line d minus g)		\$ 0.00
<b>Recipient Share:</b>		
i. Total recipient share required		\$ 0
j. Recipient share of expenditures		\$ 0
k. Remaining recipient share to be provided (line i minus j)		\$ 0.00
<b>Program Income:</b>		
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)		\$ 0.00
<b>10. Transactions</b>		Enter cumulative amounts from date of the beginning of the award through the end date of the reporting period specified in line 9. Use lines 10a through 10o.
<b>Federal Cash</b>		
<b>10a. Cash Receipts</b>		Enter the amount of federal cash that the grantee has drawn down from the 2019 grant award in the DPM account during the reporting period.
<b>10b. Cash Disbursements</b>		Enter the amount of federal cash reported on Line 10a that has been disbursed to pay or reimburse LITC expenses during the reporting period.
<b>10c. Cash on Hand</b>		Enter the amount of Line 10a minus Line 10b. <b>Note:</b> Line 10c cannot be a negative number because a grantee cannot have disbursed more federal cash than it has drawn down.
<b>Federal Expenditures and Unobligated Balance</b>		
<b>10d. Total Federal funds authorized</b>		Enter the total amount of LITC grant funds awarded for 2019.
<b>10e. Federal share of expenditures</b>		Enter the amount of federal funds expended during the reporting period. See Glossary for an explanation of the cash and accrual bases of accounting.
<b>10f. Federal share of unliquidated obligations</b>		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. <b>Note:</b> 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.
<b>10g. Total Federal share</b>		Enter the sum of lines 10e and 10f.
<b>10h. Unobligated balance of Federal funds</b>		Enter the amount of line 10d minus line 10g. <b>Note:</b> On the Year-End report, the amount shown on this line represents unspent grant funds and must be explained in the narrative on Form 13424-L, Statement of Grant Expenditures.
<b>Recipient Share</b>		
<b>10i. Total recipient share required</b>		For purposes of the LITC Program, the term “recipient share” has the same meaning as the term “matching funds.” Enter the amount of matching funds required for grant year 2019. This amount should be the same as line 10d because the LITC grant requires a dollar-for-dollar match.
<b>10j. Recipient share of expenditures</b>		Enter the amount of matching funds expended during the reporting period specified on line 9, including the value of all third party in-kind contributions.
<b>10k. Remaining recipient share to be provided (Line 10i minus Line10j)</b>		Enter the amount of line 10i minus line 10j. If recipient share in line 10j is greater than the required match amount in line 10i, enter zero.

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Item	Field Name	Information																															
<b>Program Income</b>																																	
10l.	<b>Total Federal program income earned</b>	Enter the amount of any nominal fees or other program income earned during the reporting period. Do not report any program income here that is being allocated as part of the recipient's match amount included in Line 10j.																															
10m.	<b>Program income expended in accordance with the deduction alternative</b>	Enter <i>zero</i> .																															
10n.	<b>Program income expended in accordance with the addition alternative</b>	Enter the amount of program income that was added to funds committed to the total project costs and expended to further eligible project or program activities.																															
10o.	<b>Unexpended program income (Line 10l minus Line 10m or Line 10n)</b>	Enter the amount of line 10l minus line 10m and line 10n. This amount equals the program income that has been earned but not expended, as of the reporting period end date.																															
<table border="1"> <thead> <tr> <th colspan="7">11. Indirect Expense</th> </tr> <tr> <th>#</th> <th>Type</th> <th>Rate (%)</th> <th>Period From</th> <th>Period To</th> <th>Base</th> <th>Amount Charged</th> <th>Federal Share</th> </tr> </thead> <tbody> <tr> <td></td> <td>Please select a type</td> <td>100</td> <td></td> <td></td> <td>\$ 0.00</td> <td>\$ 0.00</td> <td>\$ 0.00</td> </tr> <tr> <td colspan="5">Add   Delete</td> <td>Totals</td> <td>\$ 0.00</td> <td>\$ 0.00</td> </tr> </tbody> </table>			11. Indirect Expense							#	Type	Rate (%)	Period From	Period To	Base	Amount Charged	Federal Share		Please select a type	100			\$ 0.00	\$ 0.00	\$ 0.00	Add   Delete					Totals	\$ 0.00	\$ 0.00
11. Indirect Expense																																	
#	Type	Rate (%)	Period From	Period To	Base	Amount Charged	Federal Share																										
	Please select a type	100			\$ 0.00	\$ 0.00	\$ 0.00																										
Add   Delete					Totals	\$ 0.00	\$ 0.00																										
11.	<b>Indirect Expense</b>	Enter cumulative amounts from date of the inception of the award through the end date of the reporting period specified on line 9. <b>Note:</b> Only grantees using an indirect cost rate should complete this section. Otherwise, skip to line 12.																															
11a.	<b>Type</b>	State whether the type of indirect cost rate is Provisional, Predetermined, Final, Fixed, or de minimis.																															
11b.	<b>Rate (%)</b>	Enter the indirect cost rate in effect during the reporting period.																															
11c.	<b>Period From/ Period To</b>	Enter the beginning and ending effective dates for the rate.																															
11d.	<b>Base</b>	Enter the amount of the base against which the rate(s) was applied.																															
11e.	<b>Amount Charged</b>	Enter the amount of indirect costs charged during the time period specified. (Multiply 11b by 11d).																															
11f.	<b>Federal Share</b>	Enter the amount of grant funds awarded for the reporting period that were allocated to indirect costs.																															
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:																																	
12.	<b>Remarks</b>	If needed, enter See attached statement and attach additional pages containing explanations or additional information.																															
<table border="1"> <thead> <tr> <th colspan="4">13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties (U.S. Code, Title 18, Section 1001)</th> </tr> </thead> <tbody> <tr> <td>a. Typed or Printed Name and Title of Authorized Certifying Official</td> <td colspan="2">c. Telephone (Area code, number and extension) 111-111-1111</td> <td>d. Email address stage1394545@gmail.com</td> </tr> <tr> <td>b. Signature of Authorized Certifying Official</td> <td colspan="2">e. Date Report Submitted (Month, Day, Year)</td> <td>f. Agency use only</td> </tr> <tr> <td colspan="4">Standard Form 425 - Revised 10/11/2011 OMB Approval Number: 0345-0061 Expiration Date: 02/29/2015</td> </tr> </tbody> </table>			13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties (U.S. Code, Title 18, Section 1001)				a. Typed or Printed Name and Title of Authorized Certifying Official	c. Telephone (Area code, number and extension) 111-111-1111		d. Email address stage1394545@gmail.com	b. Signature of Authorized Certifying Official	e. Date Report Submitted (Month, Day, Year)		f. Agency use only	Standard Form 425 - Revised 10/11/2011 OMB Approval Number: 0345-0061 Expiration Date: 02/29/2015																		
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Standard Form 425 - Revised 10/11/2011 OMB Approval Number: 0345-0061 Expiration Date: 02/29/2015																																	
13.	<b>Certification</b>	Enter the title, contact information, and signature of the authorized certifying official on line 13.																															

## Submit Standard Form 425

When the form is ready to submit do the following:

- Put a check mark in the box next to the “I verify” statement;
- Click on the “submit” button; and
- Click on the “close” button to exit the form.

<b>Program Income:</b>						
i. Total Federal program income earned		\$				
ii. Program income expended in accordance with the deduction alternative		\$				
iii. Program income expended in accordance with the addition alternative		\$				
iv. Unexpended program income (line i minus line ii or line iii)		\$	0.00			
<b>11. Indirect Expense</b>						
a. Type	b. Rate (%)	c. Period From	Period To	d. Basis	e. Amount Charged	f. Federal Share
Please select a type *	10%			\$	\$	\$
Add	Delete	g. Totals		\$ 0.00	\$ 0.00	\$ 0.00
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 that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1061)						
a. Typed or Printed Name and Title of Authorized Certifying Official			c. Telephone (Area code, number and extension) 111-111-1111			
b. Signature of Authorized Certifying Official			d. Email address			
			e. Date Report Submitted (Month, Day, Year)			
			14. Agency use only			
			Standard Form 425 - Revised 10/11/2011 OMB Approval Number: 0348-0061 Expiration Date: 02/28/2015			
<b>Paperwork Burden Statement</b>						
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 (0348-0060), Washington, DC 20503.						
<a href="#">Manage Attachments</a> <input checked="" type="checkbox"/> I verify to the best of my knowledge that this report is correct and complete and that all expenditures and unliquidated obligations are for the purposes set forth in the award document.						
<input type="button" value="Save"/> <input type="button" value="Submit"/> <input type="button" value="Close"/>						

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APPENDIX B

GLOSSARY INDEX

## Instructions for Form 13424-A, LITC General Information Report

### Purpose

Form 13424-A, *LITC General Information Report*, is used to report information about certain work the clinic performed during the reporting period. This form is used to report all outreach activities, educational activities, consultations, referrals, tax return and other document preparation, volunteer activities, work performed by students, and professional education activities conducted during the reporting period.

The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low income and ESL taxpayers. Please be careful to follow the instructions for this form and to report all information completely and accurately. If additional room is necessary to provide details about the activities reported on this form, include such details in the Program Narrative on Form 13424-N, where appropriate.

## Specific Instructions for Completing the Form

### Outreach Activities

The system will navigate to the screen below when the Form 13424-A is selected on the Form Selection screen. Report all outreach activities conducted during the reporting period in this section.

Form 13424-A		Department of the Treasury - Internal Revenue Service Low Income Taxpayer Clinic (LITC) General Information Report	OMB Number 1545-1648
<input type="text"/> Name of Clinic		<input type="text"/> Grant Year	
Reporting Period <input type="radio"/> Interim Report - January 1 through June 30 <input type="radio"/> Year-End Report - January 1 through December 31			
<b>Outreach Activities</b>			
Note: Outreach activities are presentations designed to provide information about the clinic and its services directly to taxpayers or indirectly through other organizations or groups that serve taxpayers.			
1	A. Number of Outreach activities conducted for ESL Taxpayers		<input type="text"/> 0
	B. Number of outreach activities conducted for non-ESL ( do not include activities reported on line A above )		<input type="text"/> 0
	C. Number of outreach activities conducted for other organizations that serve ESL or low income taxpayers ( do not include activities reported on line A or B above )		<input type="text"/> 0
	D. Total outreach activities ( add lines 1A through 1C )		<input type="text"/> 0

Outreach activities are efforts designed to publicize the clinic and its services. Outreach activities may involve direct communication with taxpayers or be accomplished indirectly through other organizations or groups that assist low income or ESL taxpayers. Examples of outreach activities include a presentation about clinic services made to taxpayers, a campaign to distribute clinic flyers or other marketing materials to local social services organizations, or staffing a table at a community event such as a fair, forum, or meeting to inform the public about clinic services.

LITCs are encouraged to identify particular linguistic populations, geographic service areas, or other segments of the low income taxpayer community in which to focus outreach efforts.

Determine whether to record an outreach activity on line 1A, 1B, or 1C by looking to the primary intended audience of the activity, rather than the actual attendees. Outreach activities primarily intended to reach ESL taxpayers should be reported on line 1A, activities primarily intended to reach non-ESL taxpayers in general should be reported on line 1B, and those intended for other organizations that assist ESL or low income taxpayers should be reported on line 1C. Report each outreach activity only once on line 1A, 1B, or 1C.

A single outreach activity may span multiple days. For example, if a clinic staffs a booth for multiple days at a weeklong event, that should be counted as one outreach activity. Additional details about the extent of such efforts can be included in the Program Narrative.

A campaign that involves sending the same or similar letters to multiple recipients should be counted as a single outreach activity.

- i. **Line 1A.** Report on this line the number of outreach activities conducted for ESL taxpayers;
- ii. **Line 1B.** Report on this line the number of outreach activities conducted for non-ESL taxpayers;
- iii. **Line 1C.** Report on this line the number of outreach activities conducted for other organizations that assist ESL or low income taxpayers. For example, the clinic meets with board members of a local church in preparation for the church's upcoming clothing drive to benefit the homeless. The clinic requests that the church inform low income and ESL taxpayers about the clinic's services. The clinic would record those efforts as a single outreach activity on line 1C; and
- iv. **Line 1D.** Report on this line the total number of outreach activities conducted during the reporting period. The number reported on this line should equal the total of lines 1A, 1B, and 1C. A description of the activities must be included in the Program Narrative on Form 13424-N, *Low Income Taxpayer Clinic (LITC) Program Narrative Report*, line 2.iv. See Publication 3319 for additional information.

## Educational Activities

Report all educational activities conducted during the reporting period in this section.

Educational activities are programs designed to inform ESL or low income taxpayers about their rights and responsibilities as taxpayers, as well as tax issues of particular significance to the intended audience. Educational activities may also be conducted for other organizations that assist low income or ESL taxpayers.

To be considered an educational activity, information about a specific tax topic or topics must be conveyed to the audience. Examples of educational activities include a presentation about tax collection issues made to ESL taxpayers, a workshop for low income workers about how to properly complete a Form W-4 for withholding, or the distribution to community case workers of a social services organization of written materials about EITC eligibility rules that they can share with their clients.

Determine whether to record an educational activity on line 2A, 2B, or 2C by looking to the primary intended audience of the activity, rather than the actual attendees. Educational activities primarily intended to reach ESL taxpayers should be reported on line 2A, activities primarily intended to reach non-ESL taxpayers in general should be reported on line 2B, and those intended for other organizations that assist ESL or low income taxpayers should be reported on line 2C. Report each educational activity only once on line 2A, 2B, or 2C. Do not include any activities recorded as Outreach on lines 1A through 1D.



<b>Educational Activities</b>	
<b>Note: Educational activities are events designed to provide information about tax rights and responsibilities, including technical tax topics, to taxpayers.</b>	
<b>2. A. Number of educational activities conducted for ESL taxpayers</b>	0
<b>B. Number of educational activities conducted for non-ESL ( do not include activities reported on line A above )</b>	0
<b>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 )</b>	0
<b>D. Total Number of educational activities (add lines 2A through 2C)</b>	0

- i. **Line 2A.** Report on this line the number of educational activities conducted for ESL taxpayers;
- ii. **Line 2B.** Report on this line the number of educational activities conducted for non-ESL taxpayers;
- iii. **Line 2C.** Report on this line the number of educational activities conducted for other organizations that assist ESL or low income taxpayers; and
- iv. **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.

<b>3. A. For the educational activities reported on line 2A, enter the total number of attendees.</b>	0
<b>B. For the educational activities reported on line 2B, enter the total number of attendees.</b>	0
<b>C. For the educational activities reported on line 2C, enter the total number of attendees.</b>	0
<b>D. Total number of attendees at educational activities ( add lines 3A through 3C )</b>	0

- i. **Line 3A.** Report on this line the total number of attendees at all educational activities conducted for ESL taxpayers during the reporting period;
- ii. **Line 3B.** Report on this line the total number of attendees at all educational activities conducted for non-ESL taxpayers during the reporting period;
- iii. **Line 3C.** Report on this line the total number of attendees at all educational activities conducted for service providers during the reporting period; and
- iv. **Line 3D.** Report on this line the total number of attendees at all educational activities conducted during the reporting period. The system will total the sums of lines 3A, 3B, and 3C automatically in 3D; and

No.	<b>4. List the topics that were covered during the educational activities reported on line 2. Input one topic per line and do not repeat topics</b>	Delete
1		<input type="checkbox"/>

Add 4. List the topics that were covered during the educational activities: 1 ▼ Add Delete Marked Rows

- i. **Line 4.** List the topics that were covered during the educational activities reported on lines 2A through 2C. Input one title per line in section 4 and click on the “Add” button to enable additional line option. Do not repeat the same topic on multiple lines. If a topic was presented at multiple events, you may list

the number of times the topic was presented. For example, you may enter *EITC x 4* to indicate you held four EITC presentations during the reporting period.

No.	5. List the Languages, other than English, in which educational activities were conducted. Input one language per line.	Delete
1		

- i. **Line 5.** List the languages, other than English, in which educational activities were conducted. Input one language per line in section 5 and click on the “Add” button to enable additional line option.

Educational activities are intended to have attendees. Do not report the posting of educational materials to a website or the distribution of educational materials via social media as educational activities. These activities are properly reported on Form 13424-C, *Low Income Taxpayer Clinic (LITC) Advocacy Information Report*, in Part II, *Published Materials*.

## Consultations

Report all consultations conducted during the reporting period in this section.

Consultations	
Note: For a definition of Consultation, see form instructions.	
6	A. Number of one-on-one consultations conducted with ESL taxpayers <input type="text"/>
	B. Number of one-on-one consultations conducted with non-ESL taxpayers <input type="text"/>
	C. Total number of one-on-one consultations ( add lines 6A and 6B ) <input type="text" value="0"/>

A consultation is a discussion with a taxpayer designed to provide advice or counsel about a specific tax matter that does not result in representation of the taxpayer. If a clinic undertakes representation of a taxpayer before a court or the IRS, then that matter should not be reported on this form as a consultation, but rather reported as a case on Form 13424-K, *Low Income Taxpayer Clinic (LITC) Case Information Report*. A technical assistance consultation is a discussion with a practitioner or other service provider designed to give brief advice about a tax issue. For example, if a clinic staff member addresses a tax-related question for a staff member of another legal services organization, that communication should be counted as a technical assistance consultation.

- i. **Line 6A.** Report on this line the number of consultations conducted with ESL taxpayers;
- ii. **Line 6B.** Report on this line the number of consultations conducted with non-ESL taxpayers; and
- iii. **Line 6C.** Report on this line the total number of consultations conducted with taxpayers during the reporting period. The number reported on this line should equal the total of lines 6A and 6B.

7	Number of technical assistance consultations conducted <input type="text"/>
---	---

- i. **Line 7.** Report on this line the number of technical assistance consultations conducted with a practitioner or other service provider during the reporting period. A description of the types of issues and questions addressed in the consultations must be included in the Program Narrative on Form 13424-N, line 2.v. See Publication 3319 for additional information.



## Referrals

Report on Line 8 the number of cases reported on Form 13424-K, line 1C, for which the Taxpayer Advocate Service (TAS) provided assistance during the reporting period.

TAS Assistance	
<b>8</b>	<b>Number of cases from Form 13424-K, line 1C where TAS provided assistance</b>

**Note:** A description of the reasons for seeking TAS assistance must be included in the Program Narrative on Form 13424-N, line 2.vi. See Publication 3319 for additional information.

## Tax Returns and Other Documents

Tax Returns and Other Documents	
<b>9</b>	<b>A. Number of tax returns prepared ancillary to ESL activities</b>
	<b>B. Number of tax returns prepared to resolve a controversy</b>
	<b>C. Total number of tax returns prepared ( add lines 9A and 9B )</b>

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

- i. **Line 9A.** Report on this line the number of tax returns prepared ancillary to ESL activities. Ancillary tax return preparation must be incidental to the clinic's primary mission and the program may only provide such assistance if the request to do so arises from the clinic's primary outreach and educational activities;
- ii. **Line 9B.** Report on this line the number of tax returns prepared to resolve a controversy; and
- iii. **Line 9C.** Report on this line the total number of tax returns prepared during the reporting period. The number reported on this line should equal the total of lines 9A and 9B.

<b>10</b>	<b>Number of Individual Taxpayer Identification Number ( ITIN ) applications prepared</b>
-----------	---

- i. **Line 10.** Report on this line the number of ITIN applications (Form W-7) prepared during the reporting period.

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.

## Volunteer Activities

Volunteer Activities.	
11	Does the organization have a <u>pro bono panel</u> <input type="radio"/> Yes <input type="radio"/> No
12	Number of volunteers that provided service to the clinic during the reporting period who are :
	A. Attorneys <input type="text"/>
	B Certified Public Accountants <input type="text"/>
	C. Enrolled Agents <input type="text"/>
	D. Interpreters / Translators <input type="text"/>
	E. Students <input type="text"/>
	F. Others <input type="text"/>
	G. Total number of volunteers ( add lines 12A through 12F ) <input type="text" value="0"/>
13	Total number of hours of service provided by volunteers <input type="text"/>
13	Total number of hours of service provided by volunteers <input type="text"/>
Student Representation	
14	Number of students authorized to practice before the IRS <input type="text" value="0"/>
15	Number of students receiving academic credit for work <input type="text" value="0"/>
Professional Education Activities	
16	Number of professional education ( CPE or CLE ) credits available through presentations conducted during the reporting period <input type="text" value="0"/>
No.	17. List the topics covered during CPE or CLE presentations. Input one topic per line and do not repeat topics * <span style="float: right;">Delete</span>
1	<input type="text"/>

- i. **Line 11.** Select the appropriate bubble to indicate whether the clinic maintains a *pro bono* panel to which taxpayers can be referred for controversy representation;
- ii. **Lines 12A-F.** In this section, report on the number of volunteers who provided service to the clinic during the reporting period. Count each volunteer only once, based on the category of services the volunteer typically provides to the clinic. For example, if an enrolled agent is multilingual and also provides translation services, you may note that in the Program Narrative on Form 13424-N line 2.ix; however, the clinic should only count that volunteer as either an enrolled agent or an interpreter/ translator, not both. Do not include any individuals receiving compensation from the clinic, or any students receiving academic credit as volunteers;
- iii. **Line 12G.** Report on this line the total number of volunteers. The number reported on this line should equal the total of lines 12A-12F and should be an accurate count of all individuals who volunteered at the clinic during the reporting period. Only include volunteers who provided service during the reporting period and whose hours are included on the line 13 total; and
- iv. **Line 13.** Report on this line the total number of service hours provided by volunteers during the reporting period. Form 13424-F, *Volunteer/Pro Bono Time Reporting*, is available on the LITC Toolkit to

assist you in tracking volunteer hours. Form 13424-F is for internal record keeping by the clinic only and should not be submitted to the LITC Program Office.

Do not include time spent by any individuals receiving compensation from the clinic or any students receiving academic credit as volunteer service hours.

### Student Representation

Student Representation	
14	Number of students authorized to practice before the IRS <input type="text" value="0"/>
15	Number of students receiving academic credit for work <input type="text" value="0"/>

- i. **Line 14.** Report on this line the number of students that worked at the clinic during the reporting period who were authorized to practice before the IRS under a special appearance authorization; and
- ii. **Line 15.** Report on this line the number of students that worked at the clinic during the reporting period who received academic credit for their clinic work.

### Professional Education Activities

Report on accredited Continuing Professional Education (CPE) or Continuing Legal Education (CLE) presentations conducted during the reporting period in this section.

Professional Education Activities	
16	Number of professional education ( CPE or CLE ) credits available through presentations conducted during the reporting period <input type="text" value="0"/>
No. 17. List the topics covered during CPE or CLE presentations. Input one topic per line and do not repeat topics * <span style="float: right;">Delete</span>	
1	<input style="width: 100%;" type="text"/>
Add 17. List the topics covered during CPE or CLE Presentations: 1 <span style="float: right;">Add Delete Marked Rows</span>	

- i. **Line 16.** Report on this line the total number of CPE or CLE credits available through presentations held during the reporting period. For example, if during the reporting period the clinic held three lunchtime presentations offering one hour of CLE credit each, and one day-long presentation, offering eight hours of CLE credit, the clinic would enter *11* on this line; and
- ii. **Line 17.** Report the topics covered during CPE or CLE presentations. Input one title per line in section 17 and click on the “**Add**” button to enable additional lines. Do not repeat topics on multiple lines. If a topic was repeated throughout multiple presentations, you may list the number of times the topic was presented. For example, you may enter *EITC x 4* to indicate you held four CPE or CLE presentations on the EITC during the reporting period.

Report only professional education activities dealing with issues affecting low income or ESL taxpayers.

To finalize the form, see the Instructions for *How to Save, Validate, and Submit Your Forms Section* at the end of this Appendix.

## Instructions for Form 13424-B, *LITC Case Issues Report*

### Purpose

Form 13424-B, *LITC Case Issues Report*, is used to report issues worked by a clinic while representing taxpayers in controversy cases that were open at any time during the reporting period, including cases carried over from the previous grant year. The issues reported should relate to all cases reported on Form 13424-K, *Low Income Taxpayer Clinic (LITC) Case Information Report*, line 1C. The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low income and ESL taxpayers. Be careful to follow the instructions for this form and to report all information completely and accurately.

### Specific Instructions for Completing the Form

A case arises from a controversy between an individual and the IRS concerning the determination, collection, or refund of any tax, penalties, additions to tax, or interest under the Internal Revenue Code, and includes any proceeding brought by the taxpayer under Title 26. A controversy includes a dispute related to the tax provisions of the Affordable Care Act. A controversy does not include a federal criminal tax matter, but may include certain civil actions arising under the Internal Revenue Code, for example those arising under Internal Revenue Code (IRC) §§ 7431–7435.

A case may involve more than one issue. An issue is counted only if the clinic undertakes representation on behalf of the taxpayer, the issue is disputed between the taxpayer and the IRS, and the clinic takes steps to resolve the dispute. An issue is counted and reported on this form only once for each case, regardless of the number of tax years involved in the dispute. See Example 2 below. An issue is not counted on this form when the clinic only discusses the issue with the taxpayer and provides advice, but does not take steps to advocate on behalf of the taxpayer to the IRS or a court. See Example 3 below.

#### **Example 1: Reporting Case Issues**

Clinic A represented ten taxpayers in EITC examination cases during the reporting period. Each case has four issues in dispute: head of household filing status, dependency exemptions, child tax credit, and EITC eligibility. Clinic A would enter *10* on lines 30, 31, 37, and 38.

#### **Example 2: Reporting Case Issues**

Clinic B represented a taxpayer in a collection case involving six tax years. Clinic B advocated for the taxpayer's accounts to be placed in currently not collectible status. Clinic B would count this case as one currently not collectible issue on line 60, regardless of the number of tax years in dispute. (This case would be included in the total on line 6 of Form 13424-K for cases having more than one tax year in dispute.)

#### **Example 3: Reporting Case Issues**

Clinic C represented a taxpayer in a collection case that involved negotiating with the IRS to establish an installment agreement. In the course of the representation, Clinic C discussed with the taxpayer various collection alternatives, including an Offer In Compromise (OIC). The installment agreement issue would be counted as an issue and reported on line 58 because Clinic C negotiated the installment agreement on behalf of the taxpayer. The OIC discussion would not be counted as an issue and reported online 59 because Clinic C did not prepare or submit to the IRS an OIC on behalf of the taxpayer.

## Income Issues

Case Issues Worked	
Income Issues	
1	Wages
2	Interest / Dividends (Schedule B)
3	Business Income (Schedule C)
4	Capital Gain or Loss (Schedule D)
5	IRA / Pension
6	Social Security Benefits
7	Alimony
8	Rental, Royalty, Partnership, S Corp (Schedule E)
9	Farming Income (Schedule F)
10	Unemployment
11	Gambling Winnings
12	Cancellation of Debt
13	Settlement Proceeds
14	Other

**Lines 1-14.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular income issue. For example, a dispute involving the amount or classification of a taxpayer's wages would be reported on line 1, *Wages*.

## Deduction Issues

Deduction Issues		
15	<u>Alimony</u>	<input type="text"/>
16	<u>Education Expenses (Including student loan interest)</u>	<input type="text"/>
17	<u>Moving Expenses</u>	<input type="text"/>
18	<u>IRA Deduction</u>	<input type="text"/>
19	<u>Medical and Dental Expenses</u>	<input type="text"/>
20	<u>State and Local Taxes</u>	<input type="text"/>
21	<u>Home Mortgage Interest</u>	<input type="text"/>
22	<u>Other Interest Expenses</u>	<input type="text"/>
23	<u>Charitable Contributions</u>	<input type="text"/>
24	<u>Casualty and Theft Losses</u>	<input type="text"/>
25	<u>Unreimbursed Employee Business Expenses</u>	<input type="text"/>
26	<u>Other Itemized Deductions</u>	<input type="text"/>
27	<u>Business Expenses (Schedule C)</u>	<input type="text"/>

**Lines 15-27.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular deduction issue. For example, a dispute involving the allowance of an adjustment for alimony would be reported on line 15, *Alimony*.

## Credit Issues

Credit Issues		
28	<u>Child and Dependent Care Credit</u>	<input type="text"/>
29	<u>Educational Credits</u>	<input type="text"/>
30	<u>Child Tax Credit / Additional Child Tax Credit</u>	<input type="text"/>
31	<u>Earned Income Tax Credit</u>	<input type="text"/>
32	<u>First-Time Homebuyer Credit</u>	<input type="text"/>
33	<u>Premium Tax Credit</u>	<input type="text"/>
34	<u>Other Credits</u>	<input type="text"/>



**Lines 28-34.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular credit issue. For example, a dispute involving a taxpayer's eligibility for an adoption credit would be reported on line 34, *Other Credits*.

### Status Issues

Status Issues	
35	<u>SSN / TIN</u>
36	<u>ITIN</u>
37	<u>Filing Status</u>
38	<u>Personal/Dependency Exemptions</u>
39	<u>Injured Spouse</u>
40	<u>Innocent Spouse</u>
41	<u>Employment-Related Identity Theft</u>
42	<u>Refund-Related Identity Theft</u>
43	<u>Nonfiler</u>
44	<u>Worker Classification</u>

**Lines 35-44.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular status issue. For example, a dispute involving the taxpayer's eligibility to claim head of household filing status would be reported on line 37, *Filing Status*.

### Tax/Refund/Return/Statute of Limitations Issues

Tax / Refund / Return / Statute of Limitations Issues	
45	<u>Self-Employment Tax</u>
46	<u>Suspected Return Preparer Fraud</u>
47	<u>Estimated Tax Payments</u>
48	<u>Withholdings</u>
49	<u>Refund</u>
50	<u>Assessment Statute of Limitations</u>
51	<u>Collection Statute of Limitations</u>
52	<u>Refund Statute of Limitations</u>

**Lines 45-52.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular tax or refund or statute of limitations issue. For example, a dispute involving suspected fraud on the part of a return preparer would be reported on line 46, *Suspected Return Preparer Fraud*.

### Penalty and Addition to Tax Issues

Penalty Issues		
53	<u>Trust Fund Recovery Penalty</u>	<input type="text"/>
54	<u>Other Civil Penalties</u>	<input type="text"/>
55	<u>Additional Tax on Distributions from Qualified Retirement Plans</u>	<input type="text"/>
56	<u>Individual Shared Responsibility Payment</u>	<input type="text"/>

**Lines 53-56.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular penalty issue. For example, a dispute involving the assessment of an accuracy-related penalty would be reported on line 54, *Other Civil Penalties*.

### Collection Issues

Collection Issues		
57	<u>Payments</u>	<input type="text"/>
58	<u>Installment Payment Agreement (IPA)</u>	<input type="text"/>
59	<u>Offer-In-Compromise (OIC)</u>	<input type="text"/>
60	<u>Currently Not Collectible (CNC)</u>	<input type="text"/>
61	<u>Liens</u>	<input type="text"/>
62	<u>Levies (Including Federal Payment Levy Program)</u>	<input type="text"/>

**Lines 57-62.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular collection issue. For example, a dispute involving the release of a levy on a taxpayer's Social Security benefits would be reported on line 62, *Levies*.

<b>Total Case Issues Worked (The total number case issues worked should be greater than or equal to the number reported on Form 13424-K, line 1C.)</b>		<input type="text"/>
--	--	----------------------

**Total.** Report the total number of issues reported on lines 1 – 62.

To finalize the form, see the *Instructions for How to Save, Validate, and Submit Your Forms* Section at the end of this Appendix.

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APPENDIX B

GLOSSARY  
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## Instructions for Form 13424-C, LITC Advocacy Information

### Purpose

Form 13424-C, *LITC Advocacy Information*, is used to report information about certain advocacy work the clinic performed during the reporting period. This form is used to report all systemic advocacy issues submitted, written materials published, television and radio appearances made, and public service announcements aired during the reporting period.

The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low income and ESL taxpayers. Please be careful to follow the instructions for this form and to report all information completely and accurately. If additional room is necessary to provide details about the activities reported on this form, include such details in the Program Narrative.

**Note:** For purposes of this Form 13424-C, clinics are not required to repeat information included in the Interim report on the Year-End report. Report advocacy work performed between January 1 and June 30 on the Interim report, and report advocacy work performed between July 1 and December 31 on the Year-End report.

### Specific Instructions for Completing the Form

<b>Part I. Systemic Advocacy Submissions</b>
Did your organization have Systematic Advocacy Submissions? <input type="radio"/> Yes <input type="radio"/> No
<b>Part II. Published Materials</b>
Did your organization publish any materials? <input type="radio"/> Yes <input type="radio"/> No
<b>Part III. Television and Radio Appearances</b>
Did your organization do any Television or Radio Appearance? <input type="radio"/> Yes <input type="radio"/> No
<b>Part IV. Public Service Announcements</b>
Did your organization do any Public Service Announcements? <input type="radio"/> Yes <input type="radio"/> No

### Systemic Advocacy Submissions

Report in this section all systemic issues that relate to low income or ESL taxpayers that were submitted to the Systemic Advocacy Management System (SAMS) during the reporting period.

<b>Part I. Systemic Advocacy Submissions</b>						
Did your organization have Systematic Advocacy Submissions? <input checked="" type="radio"/> Yes <input type="radio"/> No						
Complete the following section to identify issues submitted to educate or advocate for low income or ESL taxpayers on the Systemic Advocacy Management System (SAMS)						
<a href="http://www.irs.gov/uac/Systemic-Advocacy-Management-System-(SAMS)">www.irs.gov/uac/Systemic-Advocacy-Management-System-(SAMS)</a> (Attach additional pages as necessary)						
No.	Issue number	Submitter First Name *	Submitter Last Name *	Date submitted *	Brief description of the issue *	Delete
1	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="button" value="Delete"/>
Add Part I. Systemic Advocacy Submissions: 1 <input type="button" value="Add"/> <input type="button" value="Delete Marked Rows"/>						

Include the SAMS issue number, the name of the individual who made the submission, the date of each submission, and a brief description of the issue described in the submission. The SAMS site is available at [www.irs.gov/uac/Systemic-Advocacy-Management-System](http://www.irs.gov/uac/Systemic-Advocacy-Management-System) (SAMS).

## Published Materials

Report in this section all written materials published during the reporting period to educate low income or ESL taxpayers or to bring awareness to the public about the LITC program or tax issues that affect low income or ESL taxpayers.

**Part II. Published Materials**

Did your organization publish any materials?  Yes  No

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

No.	Source *	Other(Specify) *	Author's First Name *	Author's Last Name *	Date published *	Title of article *	Publication or website *	Brief description of article *
1	Book Law review Magazine Newspaper Website Other							

Add Part II. Published Materials: 1

Include the posting of educational materials to a website or the distribution of educational materials via social media. Select from the list the source where the material was published. If the publication was released in multiple formats (*i.e.*, in a magazine and on a website) check one box and list the other formats in the Program Narrative on Form 13424-N, *Low Income Taxpayer Clinic (LITC) Program Narrative Report*, line 2.ix.

Include the author's name, the publication date, the title of the publication or website, the title of the work, and a brief description of the work (4,000 characters).

Click **"Add"** to report additional publications.

## Television and Radio Appearances

Report in this section all television and radio appearances produced by or featuring clinic staff and broadcast during the reporting period to educate low income or ESL taxpayers or to bring awareness to the public about the LITC program or tax issues that affect low income or ESL taxpayers.

**Part III. Television and Radio Appearances**

Did your organization do any Television or Radio Appearance?  Yes  No

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)

No.	Airing dates of segment *	Number of potential listeners or viewers *	Discussion topic *	Presenter *	Brief description of the topic *	Delete
1						

Add Part III. Television and Radio Appearances: 1

If the broadcast was released in multiple formats or on multiple channels, list the other formats in the Program Narrative on Form 13424-N, line 2.ix.

Include the airing dates of each segment, a reasonable estimate of the number of listeners or viewers, the topic of the discussion or on-air piece, the names of any clinic representatives involved in the appearances, and a brief description of the topic discussed on-air.

Click **"Add"** to report additional appearances.

## Public Service Announcements

Report all public service announcements (PSAs) produced by or featuring clinic staff and broadcast during the reporting period written to educate low income or ESL taxpayers or to bring awareness to the public about the LITC program or tax issues that affect low income or ESL taxpayers.

Part IV. Public Service Announcements						
Did your organization do any Public Service Announcements? <input checked="" type="radio"/> Yes <input type="radio"/> No						
Complete the following section to identify public service announcements that educated or advocated for low income or ESL taxpayers. (Attach additional pages as necessary)						
No.	Number of times segment aired *	Number of potential listeners or viewers *	Discussion topic *	Presenter *	Brief description of the topic *	Delete
1	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="button" value="Delete"/>

Add Part IV. Public Service Announcements: 1

Form 13424-C (Rev. 4-2016) Catalog Number 54942J [www.irs.gov](http://www.irs.gov) Department of the Treasury - Internal Revenue Service

Include the number of times each segment aired, a reasonable estimate of the number of listeners or viewers, the topic of the discussion or on-air piece, the names of any clinic representatives involved in the appearances, and a brief description of the topic discussed on-air.

Click “**Add**” to report additional PSAs.

Television and Radio Appearances and Public Service Announcements are informational and may be educational in nature, but they are not the same as, and should not be reported as, educational activities.

To finalize the form, see the *Instructions for How to Save, Validate, and Submit Your Forms* section at the end of this Appendix.

## Instructions for Form 13424-K, *LITC Case Information Report*

### Purpose

Form 13424-K, *LITC Case Information Report*, is used to report information about the work performed by a clinic while representing taxpayers in controversy cases that were open at any time during the reporting period, including cases carried over from the previous grant year. The information reported should relate to all cases reported on line 1C of this form, unless otherwise instructed. The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided and the breadth of work done by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low income and ESL taxpayers. Please be careful to follow the instructions for this form and to report all information completely and accurately.

### Specific Instructions for Completing the Form

A case arises from a controversy between an individual and the IRS concerning the determination, collection, or refund of any tax, penalties, additions to tax, or interest under the Internal Revenue Code, and includes any proceeding brought by the taxpayer under Title 26. A controversy includes a dispute related to the tax provisions of the Affordable Care Act. A controversy does not include a federal criminal tax matter, but may include certain civil actions arising under the Internal Revenue Code, for example those arising under IRC §§ 7431 – 7435.

A case is counted and reported in inventory when a taxpayer retains the clinic to represent him or her in an advocacy capacity before the IRS or a federal court and the clinic takes steps to begin the case, including developing a plan for advocacy. Case information continues to be counted and reported on this form each period until the case is closed.

**Note:** Matters involving fact-finding or advice only are not cases; these matters are counted and reported as consultations on Form 13424-A, *Low Income Taxpayer Clinic (LITC) General Information Report*.

If a taxpayer's case requires the clinic to advocate before more than one IRS function or court or involves more than one tax year, it is still counted and reported as a single case on Form 13424-K. The clinic can capture the breadth of the work done in the case by including the case in the numbers reported on line 5 (cases involving matters worked in more than one IRS function or court) or line 6 (cases involving more than one tax year) and by reporting all of the relevant tax issues on Form 13424-B, *Low Income Taxpayer Clinic (LITC) Case Issues Report*. Additional information may also be included in the Program Narrative on Form 13424-N, *Low Income Taxpayer Clinic (LITC) Program Narrative Report*, line 2.ix.

## Case Inventory

Report in this section the volume of case inventory.

Case Inventory		
1	<b>A. Beginning case inventory (the number of cases that were worked in the previous year that remained open as of the first day of the reporting period)</b>	<input type="text"/>
	<b>B. New cases opened during the reporting period</b>	<input type="text"/>
	<b>C. Total number of cases worked during the reporting period (add lines 1A and 1B)</b>	<input type="text"/>
	<b>D. Cases closed during the reporting period</b>	<input type="text"/>
	<b>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)</b>	<input type="text"/> 0

- i. **Line 1A.** Report on this line the number of cases that were worked in the previous year that remained open as of January 1. This number should be the same as the ending case inventory reported on Form 13424-K, line 1D, of the Year-End report submitted for the previous grant year;
- ii. **Line 1B.** Report on this line the number of new cases that were opened during the reporting period;
- iii. **Line 1C.** The total from line 1A and 1B will be calculated automatically;
- iv. **Line 1D.** Report on this line the number of cases closed during the reporting period; and
- v. **Line 1E.** The system will automatically calculate the ending inventory.

### Cases Worked

Report in this section the IRS function or federal court where cases are being worked.

<b>Cases Worked</b>	
<b>2</b>	<b>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.</b>
<b>Accounts Management</b>	
<b>A. Return Processing</b>	<input type="text"/>
<b>B. Penalty Abatement</b>	<input type="text"/>
<b>C. Injured Spouse</b>	<input type="text"/>
<b>D. Backup Withholding</b>	<input type="text"/>
<b>Exams</b>	
<b>E. Correspondence Exam</b>	<input type="text"/>
<b>F. Office or Field Exam</b>	<input type="text"/>
<b>G. Automated Underreporter (AUR)</b>	<input type="text"/>
<b>H. Automated Substitute-for-Return (ASFR)</b>	<input type="text"/>
<b>I. Audit Reconsideration</b>	<input type="text"/>
<b>Collection</b>	
<b>J. Automated Collection System (ACS)</b>	<input type="text"/>
<b>K. Field Collection (RO)</b>	<input type="text"/>
<b>L. Offer-In-Compromise (OIC)</b>	<input type="text"/>
<b>M. Lien Unit</b>	<input type="text"/>
<b>N. Bankruptcy</b>	<input type="text"/>
<b>Appeals</b>	
<b>O. Exam Appeals</b>	<input type="text"/>
<b>P. Collection Due Process (CDP)</b>	<input type="text"/>
<b>Q. Collection Appeals Process (CAP)</b>	<input type="text"/>
<b>R. OIC Appeals</b>	<input type="text"/>
<b>S. Penalty Abatement Appeals</b>	<input type="text"/>
<b>T. Other Appeals</b>	<input type="text"/>
<b>Litigation</b>	
<b>U. U.S. Tax Court</b>	<input type="text"/>
<b>V. Other Federal Courts</b>	<input type="text"/>



<b>Miscellaneous</b>	
<b>W. Identity Protection Specialized Unit (IPSU)</b>	<input type="text"/>
<b>X. Innocent Spouse Unit</b>	<input type="text"/>
<b>Y. SS-8 Unit</b>	<input type="text"/>
<b>Z. ITIN Unit</b>	<input type="text"/>
<b>AA. Trust Fund Recovery Penalty</b>	<input type="text"/>

If a case was open at the end of the reporting period, indicate the IRS function or federal court where the case is being addressed as of the end of the reporting period.

If a case was closed during the reporting period, indicate the IRS function or federal court where the case was handled immediately before closing. Each case should be counted only once during a reporting period; however, a case that remains open beyond a single reporting period may be properly reported as being handled by a different function from one reporting period to the next. Thus, a case may be reported as being handled by a different function in the Year-End report than was reported in the Interim report. If a single case is being addressed by more than one IRS function at the end of a reporting period, report that case where the primary issue is being addressed.

<b>TOTAL (add items 2A through 2AA) (Must equal value in line 1C)</b>	<input type="text" value="0"/>
---	--------------------------------

The total reported in this section must equal the total number of cases worked during the reporting period as reported on line 1C.

**Example 1: Reporting Case Work**

Clinic A is representing a taxpayer in a dispute involving a proposed deficiency. On May 15, Clinic A submitted correspondence to the IRS's Correspondence Exam unit on behalf of the taxpayer. On August 1, the IRS issued a Notice of Deficiency. On November 20, Clinic A filed a petition in the U.S. Tax Court. On its Interim report, Clinic A would report the case on line 2E because the case was being addressed in the Correspondence Exam unit as of June 30. On its Year-End report, Clinic A would report the case on line 2U because the case was being addressed in the U.S. Tax Court as of December 31.

**Example 2: Reporting Case Work**

Clinic B is representing a taxpayer in a dispute involving eligibility for EITC for two tax years. At the close of the reporting period, one tax year is being addressed in the U.S. Tax Court and the other tax year is being addressed by the IRS in an audit reconsideration. The Clinic B may report the case on either line 2I or 2U, but may not report the case on both lines. Clinic B has discretion to decide whether to report the case on line 2I or 2U, taking into account whatever factors it deems important to help the Program Office better understand the status of the casework performed as of the end of the reporting period.

**Additional Case Information**

Report additional information about cases worked during the reporting period. Lines 3 and 4 relate to new cases opened during the reporting period, as reported on line 1B. Lines 5 through 10 apply to all cases worked during the reporting period, as reported on line 1C.

<b>Additional Case Information</b>		
<b>For the cases reported on line 1B, indicate the number of cases where:</b>		
<b>3</b>	<b>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)</b>	<input type="text"/>
<b>4</b>	<b>The taxpayer's income exceeds 250% of the federal poverty guidelines</b>	<input type="text"/>
<b>For the cases reported on line 1C, indicate the number of cases involving:</b>		
<b>5</b>	<b>Matters worked in more than one IRS function or U.S. court</b>	<input type="text"/>
<b>6</b>	<b>More than one tax year</b>	<input type="text"/>
<b>7</b>	<b>Representation of ESL taxpayers</b>	<input type="text"/>
<b>8</b>	<b>Joint representation of taxpayers</b>	<input type="text"/>
<b>9</b>	<b>Representation by volunteers</b>	<input type="text"/>
<b>10</b>	<b>State tax matters</b>	<input type="text"/>

- i. **Line 3.** Report on this line the number of new cases opened during the reporting period in which the amount in controversy exceeds \$50,000 for any tax year. A clinic may represent a taxpayer in a case in which the amount in controversy exceeds \$50,000. However, the clinic must include an explanation of why each case was accepted for representation on Form 13424-N, *Low Income Taxpayer Clinic (LITC) Program Report*, line 2.vii. See Publication 3319 for additional information;
- ii. **Line 4.** Report on this line the number of new cases opened during the reporting period for taxpayers whose income exceeds 250 percent of federal poverty guidelines; and
- iii. **Line 5.** Report on this line the number of cases worked during the reporting period where the representative advocated to more than one IRS function or federal court.

#### **Example 1: Reporting Additional Case Details**

Clinic A is representing a taxpayer in a collection matter in which the IRS is levying the taxpayer's Social Security benefits. The clinic agrees to represent the taxpayer and contacts Automated Collection System (ACS) to prove financial hardship, get the levy released, and have the taxpayer's account placed in currently not collectible status. The clinic later assists the taxpayer in submitting an OIC. Clinic A should include this case among the number reported on line 5 because the clinic worked the case in both the ACS and OIC units.

#### **Example 2: Reporting Additional Case Details**

Clinic B is representing a taxpayer in a dispute involving eligibility for the EITC for two tax years. At the close of the reporting period, one tax year is being addressed in the U.S. Tax Court and the other tax year is being addressed by the IRS in an audit reconsideration. Clinic B should include this case among the number reported on line 5 because the clinic is working the case both in a federal court and Examination.

- i. **Line 6.** Report on this line the number of cases worked during the reporting period in which the clinic represented a taxpayer in a dispute involving more than one tax year;
- ii. **Line 7.** Report on this line the number of cases worked during the reporting period in which the clinic represented an ESL taxpayer;



- iii. **Line 8.** Report on this line the number of cases worked during the reporting period in which the clinic represented both the taxpayer and the taxpayer’s spouse with regard to a joint tax liability;
- iv. **Line 9.** Report on this line the number of cases worked during the reporting period in which the clinic used a volunteer to represent the taxpayer. Do not count as volunteers any individuals receiving compensation from the clinic or any students receiving academic credit for their work at the clinic; and
- v. **Line 10.** Report on this line the number of cases worked during the reporting period in which the clinic represented a taxpayer on state or local tax matters related to a federal tax controversy.

## U.S. Tax Court Activities

U.S. Tax Court Activities	
11	Does the clinic participate in the U.S. Tax Court Clinical Program <input type="radio"/> Yes <input type="radio"/> No
Place	List the place(s) of trial location served: <span style="float: right;">Delete</span>
No. 1	<div style="border: 1px solid black; height: 40px;"></div>
Add List the place(s) of trial location served: 1 <input type="button" value="Add"/> <input type="button" value="Delete Marked Rows"/>	

- i. **Line 11.** Select “Yes” or “No” to indicate whether the clinic participates in the U.S. Tax Court Clinical Program. If “Yes” is selected, list the “place of trial” city or cities served. Input one location per line and click on “Add” to add additional locations;

12	Number of U.S. Tax Court cases worked during the reporting period in which an appearance was entered pursuant to Tax Court Rule 24	<input type="text"/>
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	<input type="text"/>
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	<input type="text"/>

- ii. **Line 12.** Report on this line the number of cases reported on line 1C for which the clinic entered an appearance to represent the taxpayer in the U.S. Tax Court, whether through filing an entry of appearance or via a petition submitted by the clinic;
- iii. **Line 13.** Report on this line the number of cases reported on line 1C for which the clinic represented a taxpayer in a case filed in the U.S. Tax Court, but where no entry of appearance was submitted by the clinic. For example, if a clinic staff attorney represented a client who filed a petition in the U.S. Tax Court and the attorney negotiated a settlement with the IRS but did not enter an appearance with the Tax Court, include this case among the number reported on line 13; and
- iv. **Line 14.** Report on this line the number of informal consultations conducted with taxpayers in the U.S. Tax Court during the reporting period. Representation of taxpayers reported on lines 12 and 13 should not be reported on this line. For example, if a clinic staff attorney assisted a taxpayer at a U.S. Tax Court calendar call by providing advice to the taxpayer or acting as a communicator or mediator between the parties, but does not represent the taxpayer, such assistance would be counted as an informal consultation and reported on line 14.

## Closed Case Outcomes

Report in this section the outcomes of cases that were closed during the reporting period. Information reported in this section should only relate to cases reported on line 1D. The information reported in this section will help the Program Office better understand the impact of the clinic's casework on taxpayers.

Closed Case Outcomes	
<b>15</b>	<b>For the cases reported on line 1D, indicate the:</b>
	<b>A. Number of cases in which the taxpayer was brought into filing compliance</b>
	<b>B. Number of cases in which the taxpayer was brought into collection compliance</b>
	<b>C. Total amount of dollars refunded in cash to taxpayers</b>
	<b>\$0.00</b>
	<b>D. Total decrease in corrected tax liabilities, penalties, and interest (but not below zero for any taxpayer)</b>
	<b>\$0.00</b>

- i. **Line 15A.** Report on this line the number of cases closed during the period in which the taxpayer was brought into filing compliance during the representation. Cases where a taxpayer was successfully assisted or referred for assistance with return preparation to resolve a collection matter can be included here;
- ii. **Line 15B.** Report on this line the number of cases closed during the period in which the taxpayer was brought into collection compliance during the representation. Cases where the taxpayer paid his tax liabilities in full, entered an approved installment payment plan, was placed in currently not collectible status, or obtained an OIC can be included here;
- iii. **Line 15C.** Report on this line the total dollars in tax refunds that were paid to taxpayers whose cases were closed during the reporting period, rounded to the nearest whole dollar. Do not include refunded dollars that were offset against any other outstanding tax liability. This amount may include all refunds issued to the taxpayer during the representation that relate to the tax years in dispute. Include state and local tax refunds if the clinic represented taxpayers before those agencies on a matter related to the federal tax controversy; and
- iv. **Line 15D.** Report on this line the total dollar impact in tax liabilities, penalties, and interest to taxpayers whose cases were closed during the reporting period, rounded to the nearest whole dollar. Include an abatement of tax, penalties, or interest, a reduction in a proposed deficiency, the amount of innocent spouse relief obtained, the difference between the full amount owed and the total amount to be paid on an accepted OIC, and similar items. Do not include amounts placed in currently not collectible status. Include the total dollar impact in state and local tax liabilities, penalties, and interest to taxpayers if the clinic represented taxpayers before those agencies on a matter related to the federal tax controversy.

### Example 1: Reporting Case Outcomes

A clinic represented a taxpayer facing a proposed deficiency of \$3,000. After review of the facts, the clinic determined that the IRS failed to credit \$4,000 in withholding. The \$3,000 liability was abated in full, and the taxpayer received a cash refund of \$1,000. The clinic should report \$1,000 on line 15C, and \$3,000 on line 15D.

To finalize the form, see the *Instructions for How to Save, Validate, and Submit Your Forms* Section at the end of this Appendix.

## Instructions for Form 13424-L, Statement of Grant Expenditures

### Purpose

Form 13424-L, *Statement of Grant Expenditures*, is used to report how federal grant funds and matching funds were spent by the clinic during the reporting period. This form is also used to report a narrative explanation of how each expense amount was calculated and the sources and valuation of matching funds. All expenses must be reasonable, necessary, and allocable to this grant. See Publication 3319 or 2 CFR Part 200 for guidance on costs and matching funds.

**Note:** Grant expenditure amounts must also be reported on Standard Form 425 (described above).

## Specific Instructions for Completing the Form

### Detailed Budget Worksheet

The system will navigate to the screen below when the Form 13424-L is selected on the Form Selection screen.

DETAILED BUDGET WORKSHEET			
Expense Categories	Federal	Match	Total
A. Personnel	\$0.00	\$0.00	\$0.00
B. Fringe Benefits	\$0.00	\$0.00	\$0.00
C. Travel	\$0.00	\$0.00	\$0.00
D. Equipment	\$0.00	\$0.00	\$0.00
E. Supplies	\$0.00	\$0.00	\$0.00
F. Contractual	\$0.00	\$0.00	\$0.00
G. Construction			
H. Other Expenses	\$0.00	\$0.00	\$0.00
I. Total Direct Charges	\$0.00	\$0.00	\$0.00
J. Indirect Charges	\$0.00		\$0.00
K. Totals	\$0.00	\$0.00	\$0.00

Each line item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds expended.

The total amount reported on this form for expenditure of federal funds (line K, Federal column) must be the amount of federal funds spent during the reporting period; do not include any amounts drawn from the award using the Payment Management System (PMS), but not spent. The PMS is operated by the Department of Health and Human Services, Division of Payment Management.

## Grant Expenditures Narrative Explanation

This section requires more detailed information about your LITC's expenditures.

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

## Personnel

Grant Expenditures Narrative Explanations *									
A. Personnel *									
No.	Name	Title	FTE	Wage	Federal Amount	Match Amount	Total	Comments	Delete
1			0	Select ▼	\$0.00	\$0.00	\$0.00		

Add Grant Expenditures Narrative Explanations data: 1 ▼ Add Delete Marked Rows

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

Calculate each clinic staff member's full-time equivalent (FTE). Take the staff member's total hours worked for the clinic and divide it by total hours in the reporting period. For staff assigned to LITC activities on a percent of total working hours, convert the applicable percentage into a decimal.

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

Calculate the personnel expense for each staff member. Personnel expense can be calculated as a percent of total time/FTE multiplied by salary, or by multiplying the number of hours worked by the applicable hourly rate.

Determine and list out the dollar amount attributable to federal and match. List sources of match in the comment section.

Input one person per line in the personnel narrative section. Click on the "Add" button to enable additional line option.

## Fringe Benefits

B. Fringe Benefits (Characters Limit 4000)

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

- Show the formula (methodology) for calculating fringe benefits for each position listed in Category A;
- State what items are included in fringe benefits;
- Provide the dollar amount attributable to federal and match; and
- Indicate the source of matching funds.

## Travel

C. Travel (Characters Limit 4000)

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

Please break down travel costs by category, such as transportation, hotel, meals, incidental expenses, and mileage. If using a mileage rate, show the computation.

## Equipment

D. Equipment (Characters Limit 4000)

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

## Supplies

E. Supplies (Characters Limit 4000)

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

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

If there are third-party in-kind contributions of supplies, explain the amount of the supplies contributed and how the valuation.

## Contractual

F. Contractual (Characters Limit 4000)

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

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

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

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

- Indirect Cost Rate Agreement
  - i. Must be approved in advance;
  - ii. Agreement must set forth cost items included in the rate; and
  - iii. The clinic may not charge items included in the rate as separate expense items.
- *De minimis* ten Percent Rate
  - i. Rules are set forth in 2 CFR Part 200; and
  - ii. Clinics that elect to use the *de minimis* rate are prohibited from charging administrative or facility costs as separate expense items.

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

## Construction

This section has been disabled. No construction expenses are allowed.

## Other Expenses

H. Other Expenses (Characters Limit 4000)

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

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

The explanation must also disclose the rate or rates that were used to value volunteer in-kind services and the number of volunteer hours that were provided, categorized by type of service or volunteer.

## Indirect Costs

J. Indirect Costs (Characters Limit 4000)

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

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

## Matching Funds

This section addresses matching funds from sources other than the federal government.

Matching Funds					
No.	Source	Type	Amount	Comments	Delete
1	<input type="text"/>	Select ▾	\$0.00	<input type="text"/>	<input type="button" value="Delete"/>

Add Matching Funds: 1 ▾

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

- List amount of match by source; and
- List total of all match funding.

Input one source of matching funds per line. Click on the “Add” button to enable the additional line option.

Do you wish to return grant funds? <input type="radio"/> Yes <input type="radio"/> No
Do you wish to request additional grant funds? (Interim Report ONLY) <input type="radio"/> Yes <input type="radio"/> No

## Returning Unused Grant Funds

Complete this section if your LITC has unused grant funds to be returned.

Complete this section by providing a statement as to whether the clinic will spend its entire LITC grant award by the end of the grant year. In the event the clinic anticipates that it will not spend its entire award, the clinic must contact the LITC Program Office immediately so the funds can be redistributed to other grantees. Complete this section for the Year-End report if the amount of unused grant funds at the end of the grant year exceeds \$500. Include the reason(s) why excess grant funds were not expended or made available for redistribution to other grantees and whether this was due to a one-time occurrence or an ongoing issue.

## Request Additional Grant Funds

This section applies to the Interim report only.

If you wish to request additional LITC grant funds for the current grant year (to be used before December 31), and your LITC grant award is less than \$100,000, indicate the amount of additional funds requested, the expense category or categories where the funds will be spent, and the amount and source of matching funds that will be provided if the additional funding is awarded.

The total funds requested for the grant year may not exceed \$100,000. See IRC § 7526(c)(2). After entering amounts into the Grant Expenditures Narrative, verify that the sum of the amounts listed under each expense type and each category (federal/match) are consistent with the amounts listed on the Detailed Budget Worksheet.

To finalize the form, see the *Instructions for How to Save, Validate, and Submit Your Forms* Section at the end of this Appendix.



Department of the Treasury - Internal Revenue Service  
**Statement of Grant Expenditures**

Name of Low Income Taxpayer Clinic

Grant Period

From

To

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

---

## Grant Expenditures Narrative Explanations

---

A. Personnel

---

B. Fringe Benefits

---

C. Travel

---

D. Equipment

---

E. Supplies

---

F. Contractual

---

G. Construction

I

II

III

IV

V

VI

VII

VIII

APPENDIX B

GLOSSARY  
INDEX

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H. Other Expenses

I. Total Direct Charges

J. Indirect Costs

---

Matching Funds

---

Unused Grant Funds

---

Additional Funding Request *(Interim Report ONLY)*

## Instructions for Form 13424-L, Statement of Grant Expenditures

**Note:** Interim and Year-End Reports, including this form (Form 13424-L) may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

### Purpose

Form 13424-L, *Statement of Grant Expenditures*, is used to report how federal grant funds and matching funds were spent by the clinic during the reporting period. This form is also used to report a narrative explanation of how each expense amount was calculated and the sources and valuation of matching funds. All expenses must be reasonable, necessary, and allocable to this grant. See Publication 3319 or 2 CFR Part 200 for guidance on costs and matching funds.

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

### Reporting Requirements

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

### Reporting Period

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

### Specific Instructions for Completing the Form

Each line item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds expended.

The total amount reported on this form for expenditure of Federal funds (line K, Federal column) must be the amount of Federal funds spent during the reporting period; do not include any amounts drawn from the award using the Payment Management System (PMS), but not spent. The PMS is operated by the Department of Health and Human Services, Division of Payment Management.

### Grant Expenditures Narrative Explanation

This section requires more detailed information about your LITC's expenditures. Each letter of the Grant Expenditures Narrative Explanation corresponds to an expense category in the Detailed Budget Worksheet. The information provided in the narrative should be sufficiently detailed so that a reviewer can arrive at the same amounts listed on the Detailed Budget Worksheet by expense and by category (federal or match).

### A. Personnel

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

Calculate each clinic staff member's full-time equivalent (FTE). Take the staff member's total hours worked for the clinic and divide it by total hours in the reporting period. For staff assigned to LITC activities on a percent of total working hours, convert the applicable percentage into a decimal.

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

Calculate the personnel expense for each staff member. Personnel expense can be calculated as a percent of total time/FTE multiplied by salary, or by multiplying the number of hours worked by the applicable hourly rate.

Determine and list out the dollar amount attributable to federal and match. List sources of match in the comment section.

### B. Fringe Benefits

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

- Show the formula (methodology) for calculating fringe benefits for each position listed in Category A;
- State what items are included in fringe benefits;
- Provide the dollar amount attributable to federal and match; and
- Indicate the source of matching funds.

### C. Travel

Report travel costs, including costs associated with attendance at the annual LITC conference and other travel expenses directly related to conducting LITC business or activities. In the explanation, identify:

- The travel costs listed;
- Whether the costs were paid with federal or matching funds; and
- The source of the matching funds.

Please break down travel costs by category, such as transportation, hotel, meals, and incidental expenses (MIE), and mileage. If using a mileage rate, show the computation.

#### D. Equipment

Report the cost of equipment that was purchased by the clinic and used in operating an LITC program. Donated equipment may be included as matching funds and must be valued at the fair market value of the property at the time of the donation. In the explanation, identify:

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

If there were third-party in-kind contributions of equipment, identify the equipment, the donor, and the how the valuation was determined. Only equipment costing \$5,000 or more is included in the category; equipment costing less is included in Category E.

#### E. Supplies

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

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

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

#### F. Contractual

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

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

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

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

- Indirect Cost Rate Agreement
  - i. Must be approved in advance;
  - ii. Agreement must set forth cost items included in the rate; and

iii. The clinic may not charge items included in the rate as separate expense items.

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

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

#### G. Construction

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

#### H. Other Expenses

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

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

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

#### I. Total Direct Charges

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

#### J. Indirect Charges

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

If indirect costs were charged to the LITC grant, no items that are included in the indirect cost rate or the *de minimis* rate may be charged as direct expenses. For example, if a clinic is part of a larger organization that has an Indirect Cost Rate Agreement and the rental cost of the facility in which the clinic operates is included in the negotiated rate, then the clinic may not include the facilities cost under the Contractual Expense category. Similarly, if the clinic elects to use the *de minimis* rate to charge indirect

costs on all its federal awards, no facilities and administration costs may be charged as direct costs. See Publication 3319 or 2 CFR Part 200 for guidance on indirect charges.

### Matching Funds

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

- List amount of match by source; and
- List total of all match funding.

### Returning Unused Grant Funds

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

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

### Request Additional Grant Funds (This section applies to the Interim report only.)

If you wish to request additional LITC grant funds for the current grant year (to be used before December 31), and your LITC grant award is less than \$100,000, indicate the amount of additional funds requested, the expense category or categories where the funds will be spent, and the amount and source of matching funds that will be provided if the additional funding is awarded.

The total funds requested for the grant year may not exceed \$100,000. See IRC § 7526(c)(2). After entering amounts into the Grant Expenditures Narrative, verify that the sum of the amounts listed under each expense type and each category (federal/match) are consistent with the amounts listed on the Detailed Budget Worksheet.

**Statement of Grant Expenditures**

Name of Low Income Taxpayer Clinic  
ABC LITC

**Grant Period**

**From** 1/1/2019 **To** 12/31/2019

Expense Categories	Federal	Match	Total
A. Personnel	79,821	36,720	116,541
B. Fringe Benefits	1,525	21,783	23,308
C. Travel		2,079	2,079
D. Equipment			
E. Supplies		1,900	1,900
F. Contractual		11,899	11,899
G. Construction			
H. Other Expenses		25,653	25,653
I. Total Direct Charges	81,346	100,034	181,380
J. Indirect Charges	11,654		11,654
K. Totals	93,000	100,034	193,034

## Grant Expenditures Narrative Explanations

### A. Personnel

ABC Legal Services computes 1.0 FTE on a 40-hour work week (2,080 hours per year) All dollars are rounded to the nearest dollar. FTE rounded to nearest hundredth.

CD/QTE (Atty)-John Fordham-.8 FTE Annual Salary \$89,000 x 0.8=\$71,200 Federal:\$50,000 Match: \$21,200 (ABC Operating Funds, Legal Services Corporation, LSC)

Paralegal- Alice Gonzaga .43 FTE \$22 x 900 hours= \$19,800 Federal: \$10,000 \$9,800 XYZ Private Foundation funds

Intake- Ruth Washington .50 FTE \$15 x 1036.09 hours= \$15,541 Federal: \$15,541 Match: \$0

Receptionist- Deborah Chapman 1/3 FTE x \$30,000= \$10,000 Federal: \$4,280 Match:\$5,720 XYZ Private Foundation funds  
Federal: \$79,821 Match: \$36,720 (\$21,200 ABC Operating Funds/LSC + \$15,520 XYZ Private Foundation)

### B. Fringe Benefits

Fringe Benefits are 20% of wages of \$116,541.

Federal:\$1,525 Match: \$21,783 XYZ Private Foundation funds.

### C. Travel

Local travel to conduct educational and outreach activities. \$45 parking. \$281 mileage (525 miles at \$.535 per mile).

\$1,753 of travel to LITC Conference. \$950 Hotel. \$553 Air fare. \$200 MI&E. Travel to and from airport \$50 Taxi.

Federal: \$0 Match: \$2,079 (\$45 + \$281 + \$1,753) XYZ Private Foundation funds.

### D. Equipment

\$0

### E. Supplies

ABC Legal Services uses a full-time equivalent (FTE) method to allocate certain direct shared expenses, including Supplies, Telephone and Internet, and and 2 CFR § 200.501 Audit Cost. Under this method, the allocation percentage is determined by dividing the FTEs of employee time devoted to the LITC program by the total FTEs available in the ABC Legal Services organization. The LITC program staffing will be 2.06 FTEs (.80 FTE for John Fordham + .43 FTE for Alice Gonzaga + .50 FTE for Ruth Washington + .33 FTE for Debra Chapman = 2.06 FTEs). Total FTEs in the ABC LegalServices organization is 40 FTEs. The ratio of shared expenses is estimated at 5.15% (2.06/ 40).

Total cost of supplies for the organization is estimated to be \$36,900 and will include the cost of laptop computers, printers, copy paper, toner, pens, pencils, envelopes, postage, etc. \$36,900 x 5.15% = \$1,900.

Federal: \$0 Match: \$1,900 XYZ Private Foundation funds.

### F. Contractual

Total telephone and internet shared cost is estimated to be \$35,880.\$35,880 x 5.15%(FTE allocation) = \$1,848. The organization's total audit cost (a shared expense) is estimated to be \$20,400. \$20,400 x 5.15% (FTE allocation)= \$1,051. Advertising costs – These costs will be incurred solely to publicize the LITC program. Planned advertising for LITC representation and education services are estimated to be \$3,000.

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

Federal: \$0 Match: \$11, 899(\$1,848 + \$1,051 + \$3,000 + \$6,000) XYZ Private Foundation funds.

### G. Construction



**H. Other Expenses**

Representation services: \$200/hr x 87 hrs = \$17,400. Non-representation services:

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

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

Law students will represent taxpayers before the IRS pursuant to a special appearance authorization. Valuation rate is \$18/hr which represents 35% of the staff attorney's pay rate, including fringe. (Note: students are not permitted to use the \$200/hr rate available to other qualified representatives.) \$18/hr x 75 hrs = \$1,350. Federal: \$0 Match: \$25,653 (\$17,400+\$4,878+\$2,025+\$1,350) Third Party In-Kind

**I. Total Direct Charges****J. Indirect Costs**

\$116,541 x 10% = \$11,654

Federal: \$11,654

(Please note for this example the MTDC only takes into consideration the direct salary costs for LITC staff \$116,541. Additional items such as fringe benefits supplies and materials and travel directly attributable to the work of the grant could also be utilized in calculating the MTDC if it can be shown they are direct costs of performing work under the LITC grant. See Section IV.E. ii. "Direct v. Indirect Expenses," Publication 3319 "2019 LITC Grant Application and Guidelines. )

**Matching Funds**

Total matching funds will be \$100,034 from the following sources:

\$53,181 cash from XYZ Private Foundation

\$21,200 cash from ABC Corp Operating Funds (LSC)

\$25,653 third party in-kind

These funds were not used as matching funds for any other federal program.

**Unused Grant Funds**

NA

**Additional Funding Request (Interim Report ONLY)**

NA

## Instructions for Form 13424-N, *LITC Program Narrative Report*

### Purpose

Form 13424-N, *LITC Program Narrative Report*, is used to report information about certain representation, education, and advocacy work the clinic performed during the reporting period. This form is used to report narrative explanations of the program plan, how the clinic is able to meet the requirements of the grant, trends in the types of cases encountered, and success stories of note that occurred during the reporting period. This form also provides an opportunity to supplement responses from other reporting forms included in the Interim and Year-End report that relate to representation, education, and advocacy efforts.

This form is also used to report the steps taken to resolve open cases and provide ongoing representation, where appropriate, for clinics that will no longer be participating in the LITC grant program in the next grant period.

The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low income and ESL taxpayers.

### Specific Instructions for Completing the Form

All fields require an entry even if the response is *N/A* or *Not Applicable*. Each section has an 8,000 character limit, except where designated. For purposes of reporting on Program Plan progress, addressing Grant Requirements, or Success Stories on this form, clinics are not required to repeat information included in the Interim report on the Year-End report. Report activities performed between January 1 and June 30 on the Interim report, and those performed between July 1 and December 31 on the Year-End report. If a trend noted in the emerging issues in the Interim report is still being seen at Year-End, it is appropriate to indicate so especially if the trend is strengthening or if there are newer stronger examples of a trend previously identified.

### Program Plan Progress

The system will navigate to the screen below when the Form 13424-N is selected on the Form Selection screen. Report the progress made in implementing the program plan during the reporting period in this section.

<p><b>1. Program Plan Progress</b> Provide a detailed explanation of the progress made in implementing the program plan during the reporting period. The explanation must address the following.</p> <p><b>i. Describe the progress in meeting the proposed goals ( including numeric goals ) and objectives and the efforts taken to achieve those results *</b> ( Characters Limit 8000 )</p> <div style="border: 1px solid black; height: 60px;"></div>
<p><b>ii. Describe any impediments to meeting established goals and objectives, and efforts made to overcome them. Order the impediments from most to least significant *</b> ( Characters Limit 8000 )</p> <div style="border: 1px solid black; height: 60px;"></div>

Include the description of the progress made in meeting the numerical and substantive goals and objectives, respectively, that were detailed in the grant application on Form 13424-M, *Low Income Taxpayer Clinic (LITC) Application Narrative*, or as revised in any amendments or continuing funding requests.

## Grant Requirements

Report how certain requirements of the LITC grant are fulfilled in this section.

<b>2. Grant Requirements</b>	
<b>Provide information about the following items:</b>	
<b>i. Describe any changes in LITC staff or how staff is deployed, if applicable *</b> ( Characters Limit 8000 )	
<b>ii. Describe the training provided to clinic staff, students, and volunteers. Include the topics covered during the training, the number of training hours, and the training provider *</b> ( Characters Limit 8000 )	
<b>iii. Describe any mentoring or networking activities conducted. Identify who is being mentored and the frequency of mentoring meetings *</b> ( Characters Limit 8000 )	
<b>iv. Describe the outreach activities reported on Form 13424 - A, line 1d. Identify the intended audience, and include a description of types of outreach activities, including whether each activity was one-time or ongoing effort *</b> ( Characters Limit 8000 )	
<b>v. Describe the types of issues and questions addressed in the technical assistance consultations reported on Form 13424 - A, line 7 *</b> ( Characters Limit 8000 )	
<b>vi. Describe the reasons for seeking assistance from the Taxpayer Advocate Services (TAS) and the assistance TAS provided in cases reported on Form 13424-A, line 8 *</b> ( Characters Limit 8000 )	
<b>vii. Explain the circumstances surrounding the representation of taxpayers whose amount in controversy exceeds \$50,000 as reported on Form 13424 - K, line 3. Include the issues creating the tax controversy and an explanation of why an exception was made to the general amount in controversy limitation *</b> ( Characters Limit 8000 )	
<b>viii. List any changes in days or hours of operation, if applicable *</b> ( Characters Limit 8000 )	
<b>ix. Describe any advocacy efforts or other activities, not described previously, through which the clinic contributed to ensuring the fairness and integrity of the of the tax system with regard to low income or ESL taxpayers *</b> ( Characters Limit 8000 )	

Use line 2.ix to supplement responses from other reporting forms included in the Interim and Year-End report that relate to representation, education, and advocacy efforts.

### Emerging Issues

Report frequently encountered trends identified in the types of cases encountered through work on behalf of low income or ESL taxpayers during the reporting period in this section.

3. Emerging issues:		Delete
No.	Briefly describe any frequently encountered or ongoing trends identified through the clinic's work on behalf of low income or ESL taxpayers during the reporting period. Order the issues from most to least significant. Do not include specific taxpayer identifying information. (Characters Limit 4000)	
1		

Add 3. Emerging Issues: 1 Add Delete Marked Rows

Input one issue per item box. Click on the “Add” button to enable additional line option.

**Note:** Do not include any confidential or personally identifiable taxpayer information. See Publication 3319 for additional information about confidentiality.

### Success Stories

Report notable stories of achievement of the LITC mission that occurred during the reporting period in this section.

4. Success Stories:		Delete
No.	Briefly describe any relevant success stories. These may include stories about a particular case or activity; however, do not include specific taxpayer identifying information. (Characters Limit 4000)	
1		

Add 4. Success Stories: 1 Add Delete Marked Rows

Input one issue per item box. Click on the “Add” button to enable additional line option.

The response should describe particular cases or activities but do not include any confidential or personally identifiable taxpayer information. See Publication 3319 for additional information about confidentiality.

Report advocacy work performed between January 1 and June 30 on the Interim report, and report advocacy work performed between July 1 and December 31 on the Year-End report.

## Last Year in LITC Program

Only complete this section if included with a final Year-End report of a clinic that will not be receiving LITC grant funding in the next grant period.

**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 solve any open cases or obtain new representation for current clients.**  
**( Characters Limit 8000 )**

If the clinic will no longer be participating in the LITC grant program, report the steps taken to resolve open cases and provide ongoing representation, where appropriate.

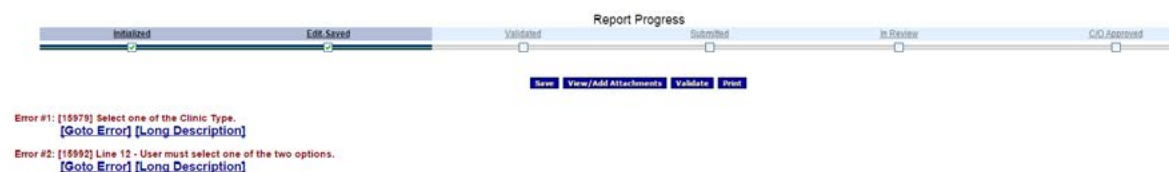
To finalize the form, see the *Instructions for How to Save, Validate, and Submit Your Forms* Section at the end of this Appendix.

## HOW TO SAVE, VALIDATE, AND SUBMIT YOUR FORMS

Click “Save” to save data entered before validating. When ready to submit, click “Validate” to indicate the information is complete.



When there are errors, the system will refresh to the screen below and list at the top of the screen the fields that were not completed. The system will **not** allow the report status to change to “Validated” until all issues resolved and re-validated.



The system will refresh screen below and the report status shown as “Validated” if there are no errors or once all errors are corrected.

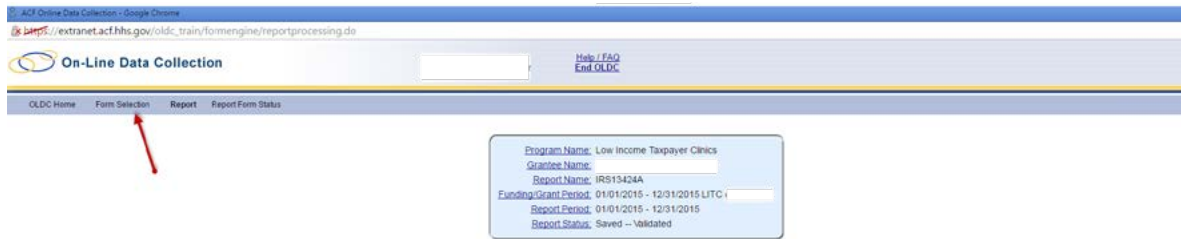


Once a reporting form is “Saved and Validated” without any errors it is ready to be submitted to the LITC Program Office. The statuses can be found on the Form Selection screen and/or within each form itself. The person who has the role of Principal Investigator/Program Director (PI/PD) must submit the reporting forms. Ordinarily this is the Clinic Director in some organizations the (PI/PD) role may be held by an Executive Director. To submit reporting forms, do the following:

- Go to the Form Selection screen;
- Locate the form to submit;
- Follow the steps above to access the form; and
- Click on the “Submit” link (the submit link will not appear until the form moves to the “Validated” status).

**Note:** Once a form is submitted to the Program Office it is no longer editable. To edit a form that was prematurely submitted, email the LITC Program Office at [LITCProgramoffice@irs.gov](mailto:LITCProgramoffice@irs.gov) and copy (*i.e.*, cc) your assigned Advocacy Analyst. The Advocacy Analyst will contact the organization to confirm the request and the form will be released for edit. Follow the instructions above to resubmit the form to the LITC Program Office.

To exit the form, click the **Form Selection** link and the system will navigate back to the form details screen.



# COMMONLY USED ACRONYMS

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APPENDICES

COMMONLY USED ACRONYMS



<b>ABA</b>	American Bar Association
<b>ACA</b>	Affordable Care Act
<b>ACS</b>	Automated Collection System
<b>AES</b>	Automated Examination System
<b>AGI</b>	Adjusted Gross Income
<b>AICPA</b>	American Institute of Certified Public Accountants
<b>ALS</b>	Automated Lien System
<b>AMT</b>	Alternative Minimum Tax
<b>AMTAP</b>	Accounts Management Taxpayer Assurance Program
<b>ARC</b>	Annual Report to Congress
<b>ASED</b>	Assessment Statute Expiration Date
<b>ASFR</b>	Automated Substitute for Return
<b>AUR</b>	Automated Under Reporter Program
<b>BLS</b>	Bureau of Labor Statistics
<b>BMF</b>	Business Master File
<b>BWH</b>	Backup Withholding
<b>CAA</b>	Certifying Acceptance Agent
<b>CADE2</b>	Customer Account Data Engine 2
<b>CAF</b>	Centralized Authorization File
<b>CAP</b>	Compliance Assurance Process
<b>CAWR</b>	Combined Annual Wage Reporting
<b>CCR</b>	Central Contractor Registration
<b>CDP</b>	Collection Due Process
<b>CSED</b>	Collection Statute Expiration Date
<b>CFP</b>	Civil Fraud Penalty
<b>CFR</b>	Code of Federal Regulations
<b>CI</b>	Criminal Investigation
<b>CNC</b>	Currently Not Collectible
<b>COB</b>	Close of Business
<b>CODI</b>	Cancellation of Debt Income
<b>COIC</b>	Centralized Offer in Compromise
<b>CPA</b>	Certified Public Accountant
<b>CPE</b>	Continuing Professional Education
<b>CPU</b>	Central Processing Unit
<b>CTC</b>	Child Tax Credit
<b>CSED</b>	Collection Statute Expiration Date
<b>DPM</b>	Division of Payment Management
<b>DUNS</b>	Data Universal Numbering System
<b>EA</b>	Enrolled Agent
<b>EFS</b>	Electronic Filing System

<b>EFT</b>	Electronic Funds Transfer
<b>EITC</b>	Earned Income Tax Credit
<b>EIN</b>	Employer Identification Number
<b>ESL</b>	English as a Second Language
<b>ETA</b>	Effective Tax Administration
<b>F&amp;A</b>	Facilities and Administrative Costs
<b>FAC</b>	Federal Audit Clearinghouse
<b>FBAR</b>	Report of Foreign Bank and Financial Accounts
<b>FDIC</b>	Federal Deposit Insurance Corporation
<b>FEIE</b>	Foreign Earned Income Exclusion
<b>FFR</b>	Federal Financial Report
<b>FFATA</b>	Federal Funding Accountability and Transparency Act
<b>FICA</b>	Federal Insurance Contribution Act
<b>FOA</b>	Funding Opportunity Announcement
<b>FOIA</b>	Freedom of Information Act
<b>FPLP</b>	Federal Payment Levy Program
<b>FY</b>	Fiscal Year
<b>HHS</b>	Department of Health and Human Services
<b>IA</b>	Installment Agreement
<b>IP PIN</b>	Identity Protection Personal Identification Number
<b>IPSU</b>	Identity Protection Specialized Unit
<b>IRA</b>	Individual Retirement Account
<b>IRC</b>	Internal Revenue Code
<b>IRM</b>	Internal Revenue Manual
<b>ITIN</b>	Individual Taxpayer Identification Number
<b>LITC</b>	Low Income Taxpayer Clinic
<b>LB&amp;I</b>	Large Business & International
<b>LSC</b>	Legal Services Corporation
<b>LTA</b>	Local Taxpayer Advocate
<b>MSP</b>	Most Serious Problem
<b>NCC</b>	Non-Competing Continuation
<b>NFTL</b>	Notice of Federal Tax Lien
<b>NOA</b>	Notice of Award
<b>NOPA</b>	Notice of Proposed Adjustment
<b>NTA</b>	National Taxpayer Advocate
<b>OIC</b>	Offer-in-Compromise
<b>OLS</b>	Office of Online Services
<b>OMB</b>	Office of Management and Budget
<b>OVD</b>	Offshore Voluntary Disclosure
<b>PDC</b>	Private Debt Collection

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COMMONLY USED ACRONYMS

<b>PII</b>	Personally Identifiable Information
<b>PIN</b>	Personal Identification Number
<b>PMS</b>	Payment Management System
<b>PSP</b>	Payroll Service Provider
<b>PTIN</b>	Preparer Tax Identification Number
<b>PMS</b>	Payment Management System
<b>POA</b>	Power of Attorney
<b>PY</b>	Processing Year
<b>QBA</b>	Qualified Business Administrator
<b>QRP</b>	Questionable Refund Program
<b>QTE</b>	Qualified Tax Expert
<b>RCP</b>	Reasonable Collection Potential
<b>RO</b>	Revenue Officer
<b>ROI</b>	Return on Investment
<b>RRA98</b>	IRS Restructuring and Reform Act of 1998
<b>RSED</b>	Refund Statute Expiration Date
<b>SAM</b>	System for Award Management
<b>SAMS</b>	Systemic Advocacy Management System
<b>SB/SE</b>	Small Business/Self-Employed
<b>SNOD</b>	Statutory Notice of Deficiency
<b>SSN</b>	Social Security Number
<b>TAC</b>	Taxpayer Assistance Center
<b>TAO</b>	Taxpayer Assistance Order
<b>TAP</b>	Taxpayer Advocacy Panel
<b>TAS</b>	Taxpayer Advocate Service
<b>TBOR</b>	Taxpayer Bill of Rights
<b>TCE</b>	Tax Counseling for the Elderly
<b>TDA</b>	Taxpayer Delinquent Account
<b>TEFRA</b>	Tax Equity and Fiscal Responsibility Act Of 1982
<b>TE/GE</b>	Tax Exempt & Government Entities
<b>TIGTA</b>	Treasury Inspector General for Tax Administration
<b>TY</b>	Tax Year
<b>UDOC</b>	Uniform Definition of Child
<b>URP</b>	Under-Reporter Program
<b>USPS</b>	United States Postal Service
<b>VFTF</b>	Virtual Face to Face
<b>VITA</b>	Volunteer Income Tax Assistance
<b>W&amp;I</b>	Wage & Investment

# GLOSSARY

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GLOSSARY

**90/250 Income Requirement** – at least 90 percent of taxpayers represented by an LITC must have incomes which do not exceed 250 percent of the poverty level or criteria established by the Director of the Office of Management and Budget (OMB). See IRC § 7526(b)(1)(B)(i). The Director of OMB has not established a poverty level or criteria. The Department of Health and Human Services (HHS) publishes annual Federal Poverty Guidelines based on family unit size and geographic location, which are applicable to the LITC Program. For 2018, the Federal Poverty Guidelines were published at 83 FR 2642 (Jan. 12, 2018).

## A

**Allowable Expenses** – expenses chargeable to a grant as a use of federal funds or matching funds in accordance with the cost principles guidance in 2 CFR Part 200 and 2 CFR Part 1000. Generally, for an expense to be allowable, the expense must:

- Be necessary and reasonable for the performance of the federal award and be allocable thereto under the applicable cost principles;
- Conform with any limitations or exclusions set forth in the cost principles or in the Notice of Award;
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the grantee;
- Be accorded consistent treatment by the grantee;
- Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in the cost principles;
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period; and
- Be adequately documented.

**Amount in Controversy** – the amount in dispute for each tax year for which the LITC is representing the taxpayer. Often the amount in controversy is the amount owed or the refund requested that is in dispute. In some disputes with the IRS, however, the amount in controversy is the amount associated with an action taken by the IRS. In some disputes with the IRS, however, the amount in controversy is the amount associated with an action taken by the IRS. The amount includes the tax liability in dispute for a tax year, plus any related penalties imposed. Whether interest is included will depend on the nature of the controversy. Further, the amount in controversy is limited to the amount in dispute, which may be less than the amount specified in a statutory notice of deficiency. If the taxpayer is disputing the amount due in more than one tax year or period, the amount in controversy is the amount in dispute for a single tax year.

**Application** – is used to refer to a request for LITC grant funding submitted to the LITC Program office. When used it is referring to either a LITC Full Grant Application or a Non-Competing Continuation Request depending upon the type of application that the organization needs to complete.

**Appropriation** – a law authorizing federal agencies to obligate funds and make payments from the Treasury for specified purposes. Appropriations are annual acts and permanent law. Until Congress makes an appropriation

for the LITC Program, the LITC Program Office may not be able to inform grantees of the amount of their funding.

**Award** – the provision of funds by the LITC Program Office, based on an approved application and budget or continuation request, to an organization to carry out activities in support of the LITC mission.

## B

**Basis of Accounting** – refers to the time at which financial transactions are recorded. There are two primary methods for tracking income and expenses. With accrual basis accounting, income is recorded when earned and expenses are recorded when incurred. With cash basis accounting, income is recorded when received and expenses are recorded when paid.

**Budget** – a request for funds to support an activity, presented by expense category.

## C

**Case Management System** – a system used to capture intake information, calculate client financial eligibility, track case status and outcomes, input case notes, maintain timekeeping records, record educational and outreach activities, and compile data for Interim and Year-End reports. LITCs are strongly encouraged to use professional case management software to maintain client files. An LITC may purchase case management software with grant funds to efficiently track and report its program activities.

**Catalog of Federal Domestic Assistance (CFDA)** – a governmentwide compendium of federal programs and activities that provide assistance or benefits. The General Services Administration maintains the database from which program information is obtained. See [www.cfda.gov](http://www.cfda.gov). The CFDA number for the LITC Program is 21.008.

**Clinic** – see *Low Income Taxpayer Clinic*.

**Clinic Director** – a staff member who has overall management responsibility for the clinic. The Clinic Director may also be the QTE or QBA, if qualified. The Clinic Director manages day-to-day clinic operations, prepares or reviews the required clinic reports, and signs reports as the clinic's authorized representative. The Clinic Director serves as the primary contact person for both the LITC Program Office and the Local Taxpayer Advocate (LTA) office. In most circumstances, the Clinic Director will have the role of Principal Investigator/Program Director (PI/PD) in GrantSolutions for purposes of signing and submitting forms. In some organizations, the PI/PD might be the Executive Director.

**Close Out** – process by which the federal awarding agency determines that all applicable administrative actions and all required work of the federal award have been completed and takes actions as described in 2 CFR § 200.343, Closeout.

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**Congressional District** – an electoral constituency, apportioned by population, which elects a Member of Congress.

**Consultation** – a discussion with a taxpayer designed to provide advice or counsel about a specific tax matter that does not result in representation of the taxpayer.

**Continuing Legal Education (CLE)** – an accredited professional educational program for attorneys. CLE is also known as MCLE (Mandatory or Minimum Continuing Legal Education). The number of CLE credit hours will vary by program and is dependent upon state CLE board approval. CLE rules vary by jurisdiction. Some jurisdictions may not allow CLE credit for all types of programs, such as teleconferences or webinars.

**Continuing Professional Education (CPE)** – an accredited educational program required to maintain a professional license, such as a Certified Public Accountant or Enrolled Agent designation.

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

## D

**Digital Accountability and Transparency Act (DATA) of 2014** – a law that requires the U.S. Department of the Treasury to establish common standards for financial data provided by all government agencies on the USASpending website to increase transparency in federal expenditures and to make the information more accessible to the public.

**Data Universal Numbering System (DUNS) Number** – a nine-digit unique entity identifier provided by Dun & Bradstreet, Inc. The federal government requires that all applicants for federal grants and cooperative agreements with the exception of individuals other than sole proprietors have a DUNS number. The federal government will use the DUNS number to better identify related organizations that are receiving funding under grants and cooperative agreements, and to provide consistent name and address data for electronic grant application systems. A DUNS number may be obtained by calling 866-705-5711 or applying online at <http://fedgov.dnb.com/webform>.

**Demographics** – vital or social statistics (*e.g.*, income, education level, native spoken language) of a group or population of taxpayers within a defined state, county, or geographic regional area.

**Direct Costs** – costs that can be identified or allocated specifically with a particular program, such as a Low Income Taxpayer Clinic, with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect. For additional information, see 2 CFR § 200.413.

**Direct Lobbying** – activities supporting the enactment, modification, or adoption of any law, regulation, or policy at any level of government. Direct lobbying includes influencing or attempting to influence a Member of Congress, a state or local legislator, or any of their staff members to take a position or action on a specific piece of legislation or potential legislation. For additional information, see 2 CFR § 200.450.

## E

**Educational Activities** – are programs designed to inform ESL or low income taxpayers about their rights and responsibilities as taxpayers, as well as tax issues of particular significance to the intended audience and generally delivered in person. Educational activities may also include a workshop or free training for other organizations that assist low income or ESL taxpayers. To be considered an educational activity, information about a specific tax topic or topics must be conveyed to the audience.

**Employer Identification Number (EIN)** – a type of Taxpayer Identification Number issued by the IRS to identify a business entity.

**Engagement Letter** – an engagement letter or retainer agreement defines the specific matters for which the LITC will provide representation and protects both the representative and the taxpayer by informing both parties as to the agreement of assigned responsibilities over the course of the professional relationship. Written copies of the engagement letter or retainer agreement signed by both the representative and the taxpayer should be retained by the LITC and a copy should be retained by the taxpayer.

**English as a Second Language (ESL) Taxpayers** – taxpayers who are not proficient in English. This includes taxpayers who speak minimal English, no English at all, and taxpayers who communicate using American Sign Language.

## F

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

**Federal Register** – an official daily publication that provides a uniform system for communicating proposed and final regulations and legal notices issued by federal agencies, including announcements of the availability of funds for financial assistance programs.

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**Fringe Benefits** – allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick, or military), employee insurance, pensions, and unemployment benefit plans. The costs of fringe benefits must be reasonable. For additional information, see 2 CFR § 200.431.

## G

**Grant** – financial assistance mechanism providing money, property, or both to an eligible entity to carry out an approved project or activity.

**Grassroots Lobbying** – activities supporting the enactment, modification, or adoption of any law, regulation, or policy at any level of government. Grassroots lobbying includes activities that encourage third parties, members of special interest groups, or the general public to contact federal, state or local government officials in support of or in opposition to a legislative policy or appropriations matter. This applies to activities both before and after introduction of the legislation. For additional information, see 2 CFR § 200.450.

## I

**Indirect Costs** – costs that have been incurred for common or joint objectives with other programs and cannot be readily identified with the LITC Program. After direct costs have been determined and assigned directly where appropriate, indirect costs are those remaining to be allocated to a particular program. Direct cost of minor amounts may be treated as indirect costs under the conditions described in 2 CFR § 200.413(d). A cost may not be allocated to the LITC Program as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to another Federal award as a direct cost. Indirect costs may be charged as a use of federal funds based upon an approved Indirect Cost Rate Agreement or the *de minimis* rate of ten percent allowed under 2 CFR Part 200. Indirect costs are not allowable as matching funds.

**Intake** – a process used by clinic staff to gather information from a taxpayer seeking assistance to determine eligibility for services. LITCs must record the taxpayer's income information on an intake form (paper or electronic). LITCs must solicit income information from taxpayers seeking assistance in a manner that promotes the development of trust between qualified representative and client. If there is substantial reason to doubt the accuracy of the financial eligibility information provided by a potential client, the LITC must make appropriate inquiry to verify the information, in a manner consistent with the attorney-client relationship. LITCs must also determine and document the amount in controversy during intake.

**Individual Taxpayer Identification Number (ITIN)** – a unique nine-digit number used for tax administration purposes that is issued by the IRS to individuals who are not eligible to obtain a Social Security number (SSN).

## L

**Low Income Taxpayer** – an individual whose income does not exceed 250 percent of the poverty level, as determined in accordance with official guidance published by the federal government. A sole proprietor is considered an individual and may be assisted if otherwise eligible. A business or other entity is not a low income

taxpayer eligible for LITC representation. An individual trying to resolve the individual's tax liability arising from involvement with a business can be a low income taxpayer. For example, an individual who is personally liable for taxes owed from a business (*e.g.*, a responsible person within the meaning of IRC § 6672) may be a low income taxpayer, provided the individual otherwise meets the definition.

**Low Income Taxpayer Clinic (LITC)** – an organization receiving a grant pursuant to IRC § 7526 that represents low income taxpayers in controversies with the IRS and that operates a program to educate low income and ESL individuals about their rights and responsibilities under the IRC. Examples of a clinic include:

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

**Local Taxpayer Advocate (LTA)** – a delegate of the National Taxpayer Advocate (NTA) who is a manager in a local jurisdiction and reports directly to the NTA. IRC § 7803(c)(2)(D)(i)(I) requires that each state have at least one LTA who is independent of the local IRS office. Each LTA provides essential guidance and assistance to the LITCs within his or her geographic area.

## M

**Matching Funds** – the portion of program costs not funded by federal funds. Grantees must provide matching funds on a dollar-for-dollar basis for all LITC grant funds received. See IRC § 7526(c)(5), 2 CFR § 200.29, and § 200.306 for more information. Only funds that are used in direct support of the LITC Program qualify as matching funds. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 2 CFR § 200.306 (and the Treasury Department's implementation thereof at 2 CFR § 1000.306) provides that all contributions, including cash and third-party in-kind, shall be accepted as part of the grantee's cost sharing or matching when such contributions:

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

## N

**National Taxpayer Advocate (NTA)** – the official who supervises and directs the Office of the Taxpayer Advocate. The NTA reports directly to the IRS Commissioner and serves as the voice of the taxpayer within the IRS and before Congress. The NTA is appointed by the Secretary of the Treasury following consultation with the IRS Commissioner and the IRS Oversight Board. Final funding decisions are made by the NTA, unless recused. In recusal situations, final funding decisions are made by the Deputy National Taxpayer Advocate.

**Nominal Fee** – a fee that is insignificantly small or minimal. A nominal fee is a trivial payment, bearing no relation to the value of the representation provided, taking into account all the facts and circumstances. A nominal fee does not include reimbursement for those costs actually incurred (photocopies, court costs, and expert witness fees, for example).

**Non-Competing Continuation (NCC) Request** – A request for LITC grant funding submitted to the LITC Program Office by using [www.grantsolutions.gov](http://www.grantsolutions.gov) on the specified forms and in accordance with LITC instructions. Organizations already funded with a multi-year LITC grant that ends after December 31, 2018, must submit an NCC request.

## O

**Office of Management and Budget (OMB)** – the White House office that oversees the preparation of the federal budget and supervises its administration in Executive Branch agencies. OMB evaluates the effectiveness of agency programs, policies, and procedures, assesses competing funding demands among agencies, and sets funding priorities. OMB ensures that agency reports, rules, testimony, and proposed legislation are consistent with the President's Budget and with Administration policies.

**OMB Guidance** – comprehensive principles issued by OMB that provide guidance relating to administration of federal grant awards. Grant award administrative requirements are set forth in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 2 CFR Part 200 (and the Treasury Department has implemented those requirements at 2 CFR Part 1000). The uniform guidance helps ensure the highest integrity in the financial management and operation of federal grant programs, and strengthens accountability for federal funds by improving policies that protect against waste, fraud, and abuse. In addition, the guidance aims to minimize the time applicants and grantees must spend complying with administrative requirements

**Operational Review Visit** – a site assistance visit conducted by LITC Program Office staff to evaluate a clinic's overall operations and to provide technical assistance to help the grantee maintain compliance with the terms and conditions of the LITC grant. During an operational review visit, an LITC Program analyst will interview clinic personnel, examine intake procedures, review case management and reporting systems, and sample financial records. An operational review visit may also include observation of clinic facilities and review of procedures and internal controls, personnel policies, training plans, privacy and confidentiality policies, outreach plans and materials, educational curricula, fee policies, and client satisfaction instruments. When monitoring and evaluating clinic activities, the LITC Program Office will respect the clinic's duty to protect confidential information, and

will not interfere with the confidential nature of the relationship between qualified representatives and their clients. The LITC Program Office strives to conduct an operational review visit to each clinic at least once every three years. However, the LITC Program Office may conduct an operational review visit at any time.

**Orientation Visit** – a site assistance visit to a grantee that did not receive a grant in the previous year. An orientation visit generally occurs during the first 120 days of the grant year. An orientation visit provides an opportunity to familiarize a new grantee with LITC Program requirements and to measure the progress of its start-up activities. Specifically, an orientation visit allows the LITC Program Office to assess the status of newly funded clinics and to identify potential areas where the grantee may need to create systems or improve processes to meet the requirements of the LITC Program.

**Outreach Activities** – efforts designed to publicize the clinic and its services to low income and ESL taxpayers. Outreach activities may involve direct communication with taxpayers or be accomplished indirectly through other organizations or groups that assist low income and ESL taxpayers. LITCs are encouraged to identify particular linguistic populations, geographic service areas, or other segments of the low income taxpayer community in which to focus outreach efforts. For new grantees, outreach plans should be completed in advance of the start of the period during which representation and other assistance will be offered.

## P

**Payment Management System (PMS)** – an electronic system maintained by the Department of Health and Human Services Division of Payment Management (DPM) that is used to pay federal funds. Grantees must obtain a username and password to use the system. PMS allows a grantee to make an online request for payment of federal funds. After a request is processed and approved, funds are directly deposited into the grantee's bank account through a process called Electronic Funds Transfer (EFT). Funds are generally available within one business day of the request.

**Pro Bono Panel** – a group of qualified representatives who do not charge a fee for representing or advising low income or ESL taxpayers to whom low income taxpayers in need of LITC services may be referred.

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

**Program to Educate** – an activity intended to educate taxpayers about their rights and responsibilities under the IRC, with a focus on issues impacting low income and ESL taxpayers.

**Publicity** – *see Outreach Activities.*

## Q

**Qualified Business Administrator (QBA)** – a staff member with sufficient business administration expertise to oversee the clinic's business operations. If a department, as opposed to a single individual, fulfills this requirement, please provide details about the staff member who oversees the department. The QBA must

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demonstrate education or experience with business or program administration, such as internal controls, grant funds management, budgeting, procurement, or the equivalent.

**Qualified Representative** – means a person who is an attorney, a certified public accountant, an enrolled agent; an individual authorized to appear before the applicable court where the controversy with the IRS will be adjudicated; or an individual authorized to practice before the IRS pursuant to 31 CFR § 10.7(d) (*e.g.*, a student, law graduate, tribal court advocate, or other individual for whom the IRS has issued a special appearance authorization. For individuals other than students or law graduates, the Commissioner (or delegate) has the authority to issue Special Appearance Authorizations to allow practice before the IRS. If the Director of the LITC Program Office has authorized a student or law graduate to practice before the IRS, the student or law graduate must be supervised by a qualified representative. See Delegation Order 25-18 (Rev. 2), IRM 1.2.52.19 (Sept. 9, 2015). An unenrolled return preparer who can practice before the IRS based upon return preparation is not a qualified representative for purposes of the LITC program, because the authority of the unenrolled return preparer to act as a representative is limited to only certain taxpayers and select functions of the IRS.

**Qualified Tax Expert (QTE)** – a staff member with sufficient tax law expertise to oversee technical substantive and procedural tax matters. The QTE must be a qualified representative. The QTE is also responsible for reviewing all educational materials for accuracy before distribution.

## R

**Referral Activity** – the referral of low income taxpayers to a pro bono panel for representation or consultation.

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

## S

**Special Appearance Authorization** – a letter issued by LITC Program Office that authorizes students and law graduates working at an LITC to represent taxpayers before the IRS. Practice under a special appearance authorization issued by the Director of the LITC Program Office is limited to students and law graduates at an LITC or Student Tax Clinic Program working under the direct supervision of an individual authorized to practice before the IRS. For additional information, see Section VI.C.xi, *Representing Low Income Taxpayers*.

**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.

**Support Staff** – a person that performs such activities as answering the phone, scheduling appointments, copying materials, maintaining information on employees or volunteers, and maintaining timekeeping records.

**Systemic Advocacy** – identifying and advocating for issues that impact low income and ESL taxpayers utilizing a variety of methods, including but not limited to:

- Participating in advocacy projects with professional organizations;
- Commenting on proposed IRS regulations and guidance;
- Preparing and filing an amicus brief to alert a court about the concerns of low income or ESL taxpayers;
- Authoring articles in scholarly journals or general interest publications;
- Appearing on television or radio to raise awareness about tax issues that affect low income or ESL taxpayers;
- Producing public service announcements; or
- Submitting issues to the Systemic Advocacy Management System (SAMS), available through the IRS website at [www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS](http://www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS).

## T

**Tax Counseling for the Elderly (TCE)** – an IRS initiative designed to promote and support free tax counseling and basic income tax return preparation for individuals aged 60 or over who cannot afford professional assistance.

**Tax Compliance Officer** – an individual responsible for handling the organization’s federal tax matters. Some applicants are part of a larger organization (*e.g.*, academic institution which operates a clinic), in which case the LITC Program Office must be able to verify that the sponsoring organization does not have a federal tax compliance issue before awarding grant funds. Applicants must also provide documentation (*e.g.*, articles of organization or a Form 2848) which shows how such individual referred to as a Tax Compliance Officer on form 13424 is properly authorized to receive tax information to prevent the IRS from making an unauthorized disclosure.

**Tax Return Preparation** – an LITC can provide assistance with a federal tax return, a claim for refund, or an ITIN application if such assistance is necessary to resolve a dispute with the IRS or is an ancillary part of the LITC’s ESL education.

**Technical Assistance Consultation** – a discussion with a practitioner or other service provider designed to give brief advice about a tax issue.

**Third Party In-Kind Contributions** – the value of non-cash contributions provided as matching funds by parties other than the federal government or grantee. Third party in-kind contributions may be in the form of goods, space, or services donated to the LITC by third parties.

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## U

**Unallowable Expenses** – expenses for which LITC grant funds may not be used according to restrictions published by OMB, LITC Program Office, appropriations language, or the conditions outlined in the notice of award.

**Underserved Area** – an identifiable geographic area where the need for LITC services exceeds the capacity available from current grantees.

**Unused Funds** – the portion of grant funds awarded to clinics that have not been spent, whether or not those funds have been drawn down from PMS. If a grantee determines that it will not spend its entire award, the grantee should immediately notify the LITC Program Office.

## V

**Volunteer Income Tax Assistance (VITA)** – an IRS initiative designed to promote and support free tax return preparation for low to moderate income individuals who cannot afford professional assistance.

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