

**LITC**

**LOW INCOME  
TAXPAYER CLINICS**

**2015  
GRANT APPLICATION  
Package and Guidelines**

**TAXPAYER  
ADVOCATE  
SERVICE**

YOUR VOICE AT THE IRS

REPRESENTATION • EDUCATION • ADVOCACY



# IMPORTANT CONTACT INFORMATION

## GRANT ADMINISTRATION AND ELIGIBILITY INFORMATION

### Grant Program Office

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

### LITC Toolkit (only available to funded grantees)

[www.litctoolkit.com](http://www.litctoolkit.com)

### LITC Grant Program on IRS.gov

[www.taxpayeradvocate.irs.gov/Tax-Professionals/Low-Income-Taxpayer-Clinics](http://www.taxpayeradvocate.irs.gov/Tax-Professionals/Low-Income-Taxpayer-Clinics)

### Dun and Bradstreet Data Universal Numbering Systems (DUNS) Number

[fedgov.dnb.com/webform](http://fedgov.dnb.com/webform)

**Helpdesk:** 866-705-5711

### System for Award Management (SAM)

[www.sam.gov](http://www.sam.gov)

### Online Grant Application Submission

[www.grants.gov](http://www.grants.gov)

**Helpdesk:** 800.518.4726

**Email:** [Support@grants.gov](mailto:Support@grants.gov)

### Non-Competitive Continuation (NCC) Entry

[www.grantsolutions.gov](http://www.grantsolutions.gov)

**Helpdesk:** 202.317.3058

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

[www.dpm.psc.gov](http://www.dpm.psc.gov)

### Current Poverty Guidelines

[aspe.hhs.gov/poverty](http://aspe.hhs.gov/poverty)

### Definition of Income per U.S. Bureau of the Census

[www.census.gov/cps/about/cpsdef.html](http://www.census.gov/cps/about/cpsdef.html)

### Civil Rights Reporting

[www.irs.gov/Advocate/Your-Civil-Rights-Are-Protected](http://www.irs.gov/Advocate/Your-Civil-Rights-Are-Protected)

### Office of Management and Budget (OMB)

[www.whitehouse.gov/omb/circulars\\_index-ffm](http://www.whitehouse.gov/omb/circulars_index-ffm)

## **INTERNAL REVENUE SERVICE INFORMATION**

### **Tax Forms**

[www.irs.gov/Forms-&-Pubs](http://www.irs.gov/Forms-&-Pubs)

### **Federal Tax Compliance Verification (Internal Revenue Service)**

877-829-5500 (tax exempt and government entity returns)

800-829-4933 (business and specialty tax returns)

866-699-4096 (excise tax and Form 2290 returns)

### **IRS Tax Exempt and Government Entities Customer Service Line**

[www.irs.gov/Charities-&-Non-Profits/Where-Is-My-Exemption-Application%3F](http://www.irs.gov/Charities-&-Non-Profits/Where-Is-My-Exemption-Application%3F)

**Helpdesk:** 877-829-5500

### **General IRS Information**

[www.irs.gov](http://www.irs.gov)

**Helpdesk:** 800-829-1040

### **Becoming an IRS Partner to Help in Your Community**

[www.irs.gov/Individuals/Become-an-IRS-Partner-to-Help-in-Your-Community](http://www.irs.gov/Individuals/Become-an-IRS-Partner-to-Help-in-Your-Community)

## **TAXPAYER TOOLKIT**

### **Taxpayer Advocate Service**

<http://www.taxpayeradvocate.irs.gov>

## **UNITED STATES TAX COURT CONTACTS**

### **United States Tax Court Clinical Program**

<http://www.ustaxcourt.gov/clinics.htm>

### **How to Gain Admission to Practice Before the Tax Court**

See Tax Court Rule 200, available at [www.ustaxcourt.gov](http://www.ustaxcourt.gov)

MAY 2014

Dear Prospective Low Income Taxpayer Clinic Grant Applicant:

I am pleased to announce the opening of the 2015 Low Income Taxpayer Clinic (LITC) grant application period, which runs through June 20, 2014. The Taxpayer Advocate Service (TAS) is committed to enhancing the LITC Program's quality and coverage.

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

To improve the application process and reporting for organizations awarded a grant, we've moved to a paperless process through [www.grants.gov](http://www.grants.gov) and [www.grantsolutions.gov](http://www.grantsolutions.gov). I am aware that effort spent completing applications and reports, while necessary, takes time that could be spent assisting taxpayers. These changes simplify the application and reporting process and make them as painless as possible.

Some changes to the program this year include:

- **Upcoming Requirement to Provide Controversy Services** - Beginning in grant year 2016, the LITC Program will no longer issue grants to clinics only offering outreach and education to the English as a Second Language (ESL) community. All clinics will be expected to offer and report services provided to ESL taxpayers. However, in order to receive a grant, a clinic must provide controversy representation to low income taxpayers.
- **New Policy on Participation in the United States Tax Court Clinical Program** - All LITCs that provide controversy services are encouraged to participate in the Tax Court clinical program. The LITC Program may require as a condition of the grant that certain clinics apply to participate.
- **Reorganization of Publication 3319** - This year's Publication 3319 has been reorganized to help users find guidance on the application process and the requirements placed on grantees after receiving an award.
- **Increased Use of Grant Solutions** - Grantees will now use the [www.grantsolutions.gov](http://www.grantsolutions.gov) website to take all actions regarding their grant (except for draw down of funds which is done in the Payment Management System). This includes accepting the notice of award, submitting a revised budget, reporting changes in the program plan or key clinic staff, filing an Interim and Year-End Report, and submitting non-competitive continuation (NCC) request for funding.

TAS remains committed to achieving maximum access to representation for low income taxpayers under the terms of this grant program. Thus, in awarding 2015 LITC grants, we will continue to work toward the following program goals:

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

To meet these goals, the IRS encourages applications from clinics located in the following underserved areas:

<b>Identified Underserved Areas</b>	
<b>States and Territories</b>	
Alabama, Alaska, Georgia, Kansas, Mississippi, North Dakota, South Dakota, and Puerto Rico	
<b>Metropolitan Areas</b>	
Los Angeles, California, including these counties:	Los Angeles, Kern, Riverside, Ventura
Sacramento, California, including these counties:	El Dorado, Placer, Sacramento, San Joaquin, Stanislaus
Northern Virginia including these counties:	Arlington, Fairfax, Loudon, Prince William

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

The LITC Program Office may award grants to qualifying organizations to fund one-year to three-year project periods. Any clinic currently receiving an LITC grant that does not expect to use all of its funds during the 2014 grant year must contact the LITC Program Office immediately so that other clinics and taxpayers may benefit from those funds. Moreover, any clinic currently receiving a grant that does not intend to apply for a 2015 grant must notify the LITC Program Office immediately so we can solicit coverage of that service area.

At least 90 percent of the taxpayers represented by a clinic receiving federal funding to operate a controversy program must have incomes that do not exceed 250 percent of the Federal Poverty Guidelines. The Department of Health and Human Services updated the guidelines on January 22, 2014, which can be found in section III.B.ii.a, *Poverty Guidelines* of this Publication.

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

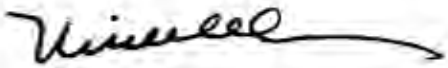
To be considered for 2015 LITC Program grant funding, all applications and NCCs must be submitted electronically by June 20, 2014 via [www.grants.gov](http://www.grants.gov) or [www.grantsolutions.gov](http://www.grantsolutions.gov), respectively.

The LITC Program Office will notify each applicant whether it will be awarded a grant by October 31, 2014.

If you have questions about the LITC Program or grant application/NCC 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 2015 Low Income Taxpayer Clinic grantees to improve the fairness and quality 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 Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave.NW, IR-6526, Washington, DC 20224. Do not send grant application forms to this address. Grant applications should be sent to: Internal Revenue Service, Taxpayer Advocate Service, LITC Program Office, TA:LITC, Room 1034, 1111 Constitution Ave., NW, Washington, DC 20224.

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

# I INTRODUCTION

## A Mission Statement

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

### Important Dates for 2015 LITC Grantees

Application period	May 5 - June 20, 2014
Program Office review and evaluation	June - September 2014
Notification of selection/non-selection	October 2014
LITC Grantee Conference	December 8 - December 11, 2014
Program period	January 1, 2015 - December 31, 2015
Interim report due	July 31, 2015
Year-End report due	March 31, 2016

## B What is Included in Publication 3319?

Publication 3319 outlines requirements for operating a qualified Low Income Taxpayer Clinic under Internal Revenue Code (IRC) § 7526. This publication contains:

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

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

## C Contacting the Program Office

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

- ▶ Email: [LITCProgramOffice@irs.gov](mailto:LITCProgramOffice@irs.gov); or
- ▶ Phone: 202-317-4700 (not a toll-free number); or
- ▶ Mail: Internal Revenue Service  
Taxpayer Advocate Service  
LITC Program Office  
TA:LITC, Room 1034  
1111 Constitution Ave., NW  
Washington, DC 20224.

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

## D What's New

We continue to improve the application, reporting, and administrative process for LITC grantees based on the comments and suggestions we received from clinics and the Program Office staff. Some of the changes are:

- ▶ **New OMB Uniform Guidance** – The Office of Management and Budget (OMB) released 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards on December 26, 2013. The new guidance supersedes and streamlines OMB requirements affecting LITC grants: OMB Circulars A-21, A-110, A-122, and A-133, among others. The new guidance applies to grantees with fiscal years beginning on or after December 26, 2014. The new guidance, after promulgation of a regulation by the Department of Treasury, will apply to 2015 LITC grants, except for audit requirements, which will apply to audits of fiscal years beginning on or after December 26, 2014.
- ▶ **Upcoming Requirement to Provide Controversy Services** – Beginning in grant year 2016, the LITC Program will no longer issue grants to clinics only offering outreach and education to the English as a Second Language (ESL) community. All clinics will be expected to offer and report services provided to ESL taxpayers. However in order to receive a grant, a clinic must provide controversy representation services to low income taxpayers.
- ▶ **Policy on Participation in the United States Tax Court Clinical Program** – All LITCs that provide controversy services are encouraged to participate in the Tax Court clinical program. The LITC Program may require as a condition of the grant that certain clinics apply to participate.
- ▶ **Reorganization of Publication 3319** – This year's Publication 3319 has been reorganized to help users find guidance on the application process, and the requirements placed on grantees after receiving an award.
- ▶ **Increased Use of Grant Solutions** – Grantees will now use the [www.grantsolutions.gov](http://www.grantsolutions.gov) website to take all actions regarding to their grant (except for draw down of funds

which is done in the Payment Management System). This includes accepting the notice of award, submitting a revised budget, reporting changes in the program plan or key clinic staff, filing an Interim and Year-End Report, and submitting a non-competitive continuation (NCC) request for funding.

The new OMB uniform guidance mentioned above helps ensure the highest level of integrity in the financial management and operation of federal grant programs, and strengthen 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).

## **E LITC Program Overview**

### **i History of the LITC Program**

As part of the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998, Congress authorized funding for the LITC grant program. The program is designed to provide access to representation for low income taxpayers, so that achieving a correct outcome in an IRS dispute does not depend on the taxpayer's ability to pay for representation, and to encourage the creation of programs to inform individuals for whom English is a second language about their rights and responsibilities as taxpayers.

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

The IRS is authorized to award grants to provide matching funds for the development, expansion, or continuation of qualified LITCs. In 1999, grants were awarded to 34 clinics. As of 2014, there are 133 clinics funded through the LITC Program.

### **ii Overview of IRC § 7526**

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

Low income status is determined by reference to the Federal Poverty Guidelines, which are updated annually (usually in late January) by the Department of Health and Human Services (HHS). The current LITC Income Guidelines can be found in section III.B.ii.a, *Poverty Guidelines*, of this publication.

Grant awards may cover periods of up to three years duration. Funding is provided for one-year periods, subject to the availability of annually appropriated funds.

The grant year begins on January 1 and ends on December 31. With respect to multi-year grant awards, the second and third years will be funded subject to satisfactory performance, compliance with grant terms, and availability of appropriated funds. All grant funds awarded to a grantee must be used for the LITC program specifically authorized in the notice of award.

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

§ 7526. Low-income taxpayer clinics.

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

(b) Definitions. For purposes of this section—

(1) Qualified low-income taxpayer clinic.

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

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

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

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

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

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

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

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

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

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

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



(c) Special rules and limitations.

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

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

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

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

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

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

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

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

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

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

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

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

## II QUALIFICATIONS FOR FUNDING

### A ADMINISTRATIVE/ELIGIBILITY REQUIREMENTS

To receive an LITC grant, an organization must be a qualified clinic that represents low income individual taxpayers in controversies with the IRS or operates programs to inform ESL taxpayers about their rights and responsibilities as U.S. taxpayers. Additionally, qualified clinics must offer services for free or for no more than a nominal fee.

**NOTE:** *Beginning in grant year 2016, the LITC Program will no longer issue grants to clinics only offering outreach and education to the English as a Second Language (ESL) community. All clinics will be expected to offer and report services provided to ESL taxpayers. However in order to receive a grant, a clinic must provide controversy representation services to low income taxpayers.*

A clinic may provide qualifying LITC services within a broader spectrum of activity. A clinic may represent clients in non-tax matters as well as tax matters as long as LITC grant funds matching funds are only used to support activities permissible under IRC section 7526 and the guidance contained in this publication.

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

**NOTE:** *Applicants must have a current registration with the System for Award Management, an Employer Identification Number, and a Data Universal Identifier Number. For more information, see II.J.viii, System for Award Management, Employer Identification Number, and Universal Identifier Requirements.*

### B Core Term Definitions

**Clinic** means a program or organization that offers representation services to low income taxpayers. Examples of a clinic include:

- ▶ A clinical program at an accredited law, business or accounting school in which students represent low income taxpayers in controversies arising under the Internal Revenue Code; and

- ▶ An organization described in IRC § 501(c) and exempt from tax under IRC § 501(a) that represents low income taxpayers in controversies with the IRS or refers taxpayers to qualified representatives.

**Qualified low income taxpayer clinic** means a clinic eligible to receive a matching grant under IRC § 7526 which:

- ▶ Does not charge more than a nominal fee for services (except reimbursement of actual costs incurred); and
- ▶ Represents low income taxpayers in controversies with the IRS where the amount in controversy generally does not exceed the amount specified in IRC § 7463, and meets the 90/250 requirement (see section II.B.ii, *Low Income Taxpayer and the 90/250 Requirement*); or
- ▶ Operates programs to inform ESL taxpayers of their rights and responsibilities as taxpayers.

**NOTE:** *Beginning in FY 2016, the LITC program will no longer fund ESL only programs and all grantees must provide controversy services.*

**Low income taxpayer** means an individual whose income does not exceed 250 percent of the poverty level, as determined in accordance with official guidance published by the federal government. An individual who owns a sole proprietorship or who is the sole shareholder of an S-corporation is a low income taxpayer if his or her income does not exceed 250 percent of the poverty level, as determined in accordance with official guidance published by the federal government. Thus, an LITC may provide assistance to the individual regarding the business's tax obligations because the individual is solely liable for those obligations. In contrast, a business entity, such as a partnership, corporation, or S-corporation with multiple shareholders, is not a low income taxpayer, regardless of income.

**Controversy** means a dispute between a taxpayer and the IRS concerning the determination, collection, or refund of any tax, additions to tax, penalties, or interest under the Internal Revenue Code. The dispute with the IRS may arise in a federal court or a function of the IRS, including, but not limited to, account adjustments, examination, collection, appeals, or other specialized unit. A controversy also means a dispute between a taxpayer and a state or local tax agency if the dispute concerns the same or a related tax matter for which the LITC is representing the taxpayer in a dispute with the IRS. A controversy includes a dispute related to the tax provisions of the Affordable Care Act. A controversy does not include a criminal tax matter, but may include certain civil actions arising under the code, for example those arising under IRC §§ 7431 - 7435.

**Amount in controversy** means the amount in dispute for any taxable year. The amount includes the tax liability in dispute, plus any penalties, and additions to tax. Interest is generally not included in the amount in controversy. If, however, the amount of interest is disputed independently from the associated tax liability, then the amount in controversy includes interest. The amount in controversy is not necessarily the entire amount specified in a statutory notice of deficiency or a notice of determination, as the taxpayer may choose to dispute less than the amount specified therein. If there are multiple tax years reflected in a notice of deficiency or a notice of determination, the amount in controversy is the amount in dispute for a single tax year.

**Nominal fee** means a fee that is slight, inconsiderable or trifling, taking into account all facts and circumstances, including geographic location. A nominal fee does not include reimbursement for those costs actually incurred (photocopies, courts costs, and expert witness fees, for example).

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

**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.

**Program to inform** means the conduct of a variety of educational activities for the ESL population served by the LITC, such as holding workshops or publishing and distributing information about tax issues and taxpayer rights relevant to ESL taxpayers, answering common tax questions relevant to ESL taxpayers, and consulting with ESL taxpayers on a one-on-one basis.

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

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

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

**Qualified representative** means an attorney, certified public accountant, or enrolled agent who is authorized to practice before the IRS or an individual admitted to practice before the applicable court regarding a controversy with the IRS. See Tax Court Rule 200, available at [www.ustaxcourt.gov](http://www.ustaxcourt.gov) for information about gaining admission to practice before the Tax Court. A student working under the

supervision of a qualified representative is a qualified representative if the IRS has authorized that student to practice before the IRS pursuant to 31 C.F.R. Part 10 (Treasury Department Circular No. 230) or the applicable court has authorized the student to appear pursuant to rules of the court.

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

## C Matching Funds

The LITC Program is a matching grant program. All grantees must provide matching funds on a dollar-for-dollar basis for all federal funds received from the LITC Program. Only funds that are used in support of the LITC Program qualify as matching funds.

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

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

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

For more detailed information regarding the matching funds requirement, see section IV.C, *Matching Funds Requirement*.

## D Grant Period

The LITC Program may award grants for up to a three-year period to clinics evaluated under the award process. New clinics are only eligible for a single year of grant fund-

ing; experienced clinics may apply for multi-year grants. Awarding of multi-year grants is at the discretion of the LITC Program Office. Thus, applicants that apply for a multi-year grant may be awarded a single-year grant. Clinics awarded a multi-year grant based on acceptance of their program performance plans must submit a Non-Competitive Continuation (NCC) request for continued funding for the second and third year of the grant period. Multi-year awardees will be reviewed annually for satisfactory performance and progress in meeting goals and objectives as well as compliance with grant terms. The funding level for subsequent years will be reviewed annually and may be increased or decreased at the discretion of the LITC Program Office, and is subject to the availability of funds annually appropriated for the LITC Program.

## E Start-up Expenses

Start-up operations qualify for grant funding. A clinic may be awarded an LITC grant although it anticipates that it will not begin serving taxpayers until after the close of the grant year for which the grant is awarded. Such applicants still must satisfy the statutory matching funds requirement during the year covered by the grant and must meet all reporting requirements to provide information on the status of the start-up. In addition, LITC grants to these applicants will be conditioned on the conduct of qualifying activities during the immediately succeeding grant year; however, grant funds for the immediately succeeding grant year are not guaranteed to be awarded.

## F Fees

IRC § 7526 provides that a clinic must not charge more than a nominal fee for clinic services, in addition to reimbursement of actual costs incurred (e.g., photocopying and court costs). If a clinic is charging a fee, the clinic must charge that same fee to everyone, regardless of the services being sought.

**Remember: The goal of the LITC Program is to enhance access to legal services for low income taxpayers. If the amount that a clinic charges results in fewer taxpayers served, the goal of the Program is not being achieved and that amount is not nominal.**

**NOTE:** *A clinic may not charge a separate or additional fee (even if it is nominal) for the preparation of a tax return (except for reimbursement of actual costs incurred, e.g., photocopying).*

## III OPERATING A CLINIC

### A Standards of Operation for All Clinics

The LITC Program Office has developed baseline standards of operation for LITC grant recipients. The standards ensure that all LITCs provide consistent and quality service to low income and ESL taxpayers. Performance measures have been integrated throughout these standards. All LITCs are responsible for complying with the following requirements:

#### i Staffing

All clinics are required to fill the following positions:

**Qualified Tax Expert (QTE)** – The QTE is an attorney, certified public accountant, or enrolled agent who is currently authorized to practice before the IRS and has sufficient tax law expertise to oversee technical substantive tax matters. Clinics receiving controversy funding are required to have a QTE on staff. Clinics receiving ESL funding only are not required to have a QTE on staff, but must identify a QTE who is available to review all educational materials for accuracy before distribution.

**Qualified Business Administrator (QBA)** – The QBA is a staff member with sufficient business administration expertise to oversee the clinic’s business operations. If a department, as opposed to a single individual, fulfills this requirement, please provide details about the staff member who oversees the department. The QBA must demonstrate education or experience with business or program administration, such as, but not limited to, internal controls; management of federal, state or local grant funding; budget administration and procurement; or the equivalent.

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

#### ii Infrastructure and Resources

##### a Taxpayer Representation

All controversy programs must have at least one staff member who represents taxpayers before the IRS. That individual must be an attorney, certified public accountant, or enrolled agent currently authorized to practice before the IRS. In

addition, all controversy programs 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. All ESL programs must maintain a *pro bono* panel or have an arrangement with an LITC that provides representation services to which taxpayers with controversy matters can be referred.

**b Physical Location**

All LITCs must maintain a bona fide physical place of business and a permanent address. A bona fide office 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. Clinics with only a virtual office will not be selected to receive LITC grant funds.

**c Training**

Each clinic must provide quality training to the clinic staff, volunteers, and other program participants to increase knowledge and skills necessary to effectively deliver the services for which the clinic is funded. The QTE will be required to ensure and document that the LITC staff, volunteers, and other program participants receive appropriate training to enhance skills. The QTE, QBA, and Clinic Director are encouraged to attend CPE programs run by the IRS and professional organizations.

**d Tax Library**

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

**e Annual LITC Conference**

Only clinics currently receiving funding or who have been awarded funding in the upcoming grant year may attend the annual LITC conference. All clinics must have at least one staff member attend the annual LITC conference. The Clinic Director is required to attend the annual LITC conference in its entirety unless the Director of the LITC Program Office has excused the Clinic Director from attending all or part of the conference. If the Clinic Director is not the QTE, we encourage both to attend the annual conference. The QBA is not required to attend (unless he or she is also the Clinic Director) but may choose to attend. If a clinic wishes to send more than two staff members to the conference, the clinic must submit a written request to the Director of the LITC Program Office no later than two weeks in advance of the conference.



A request by a Clinic Director to be excused from attending all or part of the annual LITC conference must be submitted in writing to the Director of the LITC Program Office no later than two weeks prior to the first day of the conference. The request should identify the critical reason for the exception request, and the name, title, and duties of any other clinic staff member who will attend the annual conference in place of the Director.

**NOTE:** *The Clinic Director and the QBA must attend a mandatory conference call held prior to the LITC Conference.*

The cost of attending the LITC Conference (e.g., transportation, hotel) is an allowable expense under the grant and should be included in an applicant's budget. Please note, however, that clinics cannot use LITC grant funds or matching funds for more than two attendees.

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

### iii Outreach and Community Partnerships

#### a **Focused Outreach**

Grantees are responsible for developing an outreach plan to effectively publicize the LITC Program to low income taxpayers and ESL taxpayers. Outreach activities are efforts designed to provide information about the clinic and its services directly to low income taxpayers or indirectly through other organizations or groups that serve the low income taxpayers. ESL programs should identify linguistic populations; controversy programs may focus outreach on low income taxpayers in a geographic area or a specific segment of the low income taxpayer community. Outreach plans should be completed in advance of the start of the period during which representation and other assistance will be offered. To help ensure taxpayers have convenient access to low-cost representation, clinics are strongly encouraged to provide a toll-free number. Clinics may use grant funds to operate a toll-free number.

#### b **Publicity Materials**

Publicity materials and announcements to advertise the services provided by an LITC must focus on core services: representation in controversy cases or education of ESL or low income taxpayers.

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

Core controversy services to publicize include representation of taxpayers in examinations, appeals, collection matters, litigation or with specialized units of the IRS that handle such matters as account disputes, identity theft, innocent spouse relief, worker classification, or ITIN processing. Core ESL services include educational presentations for taxpayers about their rights and responsibilities, and identification of topics that clinic staff can address during a presentation such as tax recordkeeping, how to choose a competent tax preparer, or collection alternatives. All clinics should mention that they can provide consultations or advice to individual taxpayers.

Publicity materials may not advertise tax return preparation services or ITIN preparation assistance, as LITCs are permitted to provide these services only in two limited contexts: if necessary to resolve a controversy or as an ancillary part of an ESL program discussed in sections III.B.v and III.C.iii, *Preparing Tax Returns and ITIN Applications*, of this publication, respectively).

**BEST PRACTICE:** Clinics are encouraged to publicize their program through their organization's website and through social networking sites.

Brochures, flyers, or other clinic information distributed in IRS offices must contain language to indicate the following two key principles: (1) Although the clinic receives funding from the IRS, the clinic, its employees, and volunteers are not affiliated with the IRS, and (2) A taxpayer's decision to utilize services from an LTC 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, clinics may not use the IRS logo or LTC logo in any advertising materials.

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

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

### **c Community Partnerships**

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

### **d Identifying Successful Outreach Strategies**

LITCs should also implement a process that tracks how taxpayers seeking services learn about the program and the services offered. For example this information could be obtained on the intake or screening form completed by low income taxpayers requesting controversy representation. For ESL education activities, the clinic could request that attendees indicate on a sign-in sheet how they learned about the seminar. The sign-in sheet also allows the clinic to keep track of the number of attendees served, without requiring individual names or signatures.

## **iv Networking and Mentoring**

### **a Networking**

All clinics are encouraged to actively participate in a network with other clinics. Networks provide an opportunity for clinics to collaborate on tax issues that affect low income and ESL taxpayers, discuss case strategies, share ideas on education and outreach, and get training on tax practice and procedure. Networks can identify best practices and submit them to the LITC Program Office for sharing with other clinics to improve the overall quality of the LITC Program.

### **b Mentoring**

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

### **c Technical Assistance**

A technical assistance consultation is a discussion with a tax practitioner or other service provider designed to give brief advice about a tax issues. Clinics will report the number of technical assistance consultations provided on Form 13424-A, *LITC Interim and Year-End Report General Information*.

### **v Systemic Advocacy**

One of the stated purposes of the LITC mission is to identify and advocate for issues that impact low income taxpayers. LITCs may achieve this goal through a variety of methods, including but not limited to: participating in advocacy projects with professional organizations, commenting on proposed IRS regulations and guidance, authoring articles or publications, appearing on television or radio, producing public service announcements, or submitting suggestions to the Systemic Advocacy Management System (SAMS), available through the IRS website ([www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS](http://www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS)). The use of grant funds to perform certain lobbying efforts may be limited in regard to legislation or potential legislation. See section IV. B., *Lobbying Restrictions*.

### **vi Confidentiality**

#### **a Disclosure**

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

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

While generally a grantee, its employees, and volunteers are not treated as tax return preparers for purposes of preparer penalties, the Treasury Regulations un-

der IRC § 7216 define “tax return preparer” more broadly and generally prohibit a grantee, its employees, and volunteers from disclosing or using a taxpayer’s return information except when the tax return preparer has obtained prior written consent from the taxpayer in a manner that complies with the procedures set forth in the regulations and other guidance issued by the IRS. See generally 26 CFR § 301.7216-2. The regulations authorize disclosure or use without consent only in very limited situations. These situations include disclosures made pursuant to an order of a court or a federal or state agency, and uses for purposes of preparation or audit of state or local tax returns. For unauthorized disclosure or use, IRC § 7216 imposes a sanction of up to one year in prison or a \$1,000 fine, or both. In addition, IRC § 6713 imposes a civil penalty of \$250 for each disclosure or use, up to \$10,000 per calendar year.

### **b Training Materials**

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

### **c Media Requests**

If a news reporter approaches clinic personnel to prepare a story about a taxpayer served by the clinic, clinic personnel should, as a general rule, decline to participate and refuse to provide details about any particular taxpayer’s case due to confidentiality requirements and disclose restrictions. Only those who have a “need to know” to effect a resolution of the controversy should be allowed access to taxpayer information. A newspaper or other media reporter does not have a “need to know” taxpayer information.

In those rare instances in which a client approaches clinic personnel and asks the clinic to participate in a news article, the clinic must obtain a written waiver for the disclosure of the client’s taxpayer information and be confident that the client fully understands the possible ramifications that could occur from disclosing taxpayer information.

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

By suggesting a potential interview to a client, the client may misunderstand and think the clinic is encouraging him or her to participate in the interview or that he or she is under an obligation to participate as a way of recompensing the clinic

for the services provided. Clinic staff should communicate to the client explicitly that he or she is under no obligation to be interviewed. Make sure the client fully understands the possible ramifications that could occur from disclosing personal information to a reporter. The client may be dealing with other nontax issues (e.g., custody or support battles, other creditors, immigration) that could be brought to light as a result of the media coverage.

In summary, any time a clinic receives a request from the media for an article about a client, **clinic staff must act, first and foremost, in the best interests of the client.** If the client chooses to participate in the interview, suggest to the client that he or she make it a condition of the interview that the story be produced without photos and names. In order to share any details of a taxpayer's case with the media, the client must give voluntary, informed consent in writing.

**BEST PRACTICE:** *A clinic should not seek permission from a client to publicize any details of a case until after the controversy case has been resolved and the case is closed.*

## vii Volunteers

### a Quality Assurance Process

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

### b Pro Bono Panel

To expand clinic coverage, LITCs may refer taxpayers with tax controversies to a *pro bono* panel of qualified representatives who have agreed to provide free representation or other assistance to taxpayers. Clinics may refer taxpayers only to individuals authorized to practice before the IRS or the applicable court.

In addition to the required QTE on staff, controversy clinics are encouraged to maintain a *pro bono* panel to which they may refer individuals with federal tax controversies. A clinic can also refer taxpayers to another LITC; however, controversy funding will not be awarded to an organization that is solely making referrals to another LITC.

ESL programs must maintain a *pro bono* panel or have an arrangement with an LITC that provides representation services to which taxpayers with controversy matters can be referred.

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

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

### **c Referrals of Taxpayers to Volunteers**

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

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

Generally, no person associated with the clinic should provide representation in a case the clinic declined to accept. Additionally, no one employed by the clinic or who serves as a volunteer should continue providing representation for a fee in an accepted case or represent a clinic client in a subsequent, separate matter on a fee-for-service basis. For example, an LITC holds an ESL educational activity where an accountant who is the QTE for the clinic serves as a speaker. An ESL taxpayer who attended the educational activity later seeks to engage the accountant on a fee-for-service basis. Although the ESL taxpayer did not approach the LITC for representation, the accountant must decline to represent the ESL taxpayer unless the accountant is willing to represent the ESL taxpayer on a *pro bono* basis.

### **viii Preparing Tax Returns and ITIN Applications**

Generally, if low income taxpayers require assistance with tax return preparation or an application for Individual Taxpayer Identification Number (ITIN), they should be referred to a Volunteer Income Tax Assistance (VITA) program (including a co-located independently funded program) or a Tax Counseling for the Elderly (TCE) site. Some IRS Taxpayer Assistance Centers will accept ITIN applications and verify taxpayer documents, but they will not prepare tax returns. Grant funds awarded to an LITC must be used for the LITC activities authorized in the grant agreement and cannot be used to fund VITA or TCE activities or staff.

Preparation of tax returns (or any forms or schedules to accompany a return) or claims for refund by an LITC must be directly related to a controversy with the IRS or as an ancillary part of an LITC program to inform individuals for whom English is a second language about their rights and responsibilities under the Internal Revenue Code. 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). For more detailed guidance, controversy and ESL clinics should refer to section III.B.v, and section III.C.iii, *Preparing Tax Returns and ITIN Applications*, respectively.

### **ix Recordkeeping and File Management**

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

#### **a Grant Expenditure Records**

LITCs must create written procedures explaining the process for approving expenditures from grant funds to ensure compliance with the applicable cost rules and to safeguard assets. The procedures should address which individuals have approval authority, when written approval is required, and what documentation must be submitted for an expense to be approved by the approving official. The approval process may differ based on size and type of expense.

LITCs must have written procedures to track the clinic’s fixed assets and tangible personal property.

#### **b Client Records**

Clinic records should be sufficiently detailed to substantiate a claim for an attorneys’ fee award. In certain situations, attorneys’ fees (including fees for *pro bono* services) may be awarded in a judgment or settlement of an administrative or judicial proceeding concerning the determination, collection, or refund of tax, interest, or penalty. See IRC § 7430. Thus, a clinic doing controversy work should keep detailed contemporaneous records so that if the situation arises, the



clinic has adequate records to support an award for attorneys' fees. The records must identify the date on which the services were performed and must describe the nature of those services in detail. Records should include all time spent by employees, volunteers, and students of the clinic. The records should describe what work was performed by each individual, the position of the individual (e.g., paralegal, attorney, student), and the amount of time spent on each task. The services provided by the clinic should be described in sufficient detail to enable the IRS and the court to assess the reasonableness of the amount of time expended in relation to the service performed and to identify duplicated efforts by multiple clinic personnel. The use of classifications to describe the services is strongly encouraged. Suggested classifications include:

- ▶ Initial client interview;
- ▶ Research (issue described);
- ▶ Pertinent facts gathering (describe subject matter and information sought);
- ▶ Preparation of pleading or other court document;
- ▶ Preparation of letter (identify recipient and subject matter);
- ▶ Analysis of taxpayer or third-party records (identify records);
- ▶ Consultation with tax return preparer (identify preparer);
- ▶ Consultation with or interview of third-party (identify the person); and
- ▶ Telephone conversations (identify the parties and the subject matter).

#### **c Case Management Systems**

A case management system can be used to capture intake information, calculate client financial eligibility, track case status and outcomes, input case notes, maintain timekeeping records, record outreach and educational activities, and generate data for Interim and Year-End reports. Clinics are strongly encouraged to use professional case management software to maintain client files. A clinic may use grant funds to acquire case management software to efficiently track and report its program activities.

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

A clinic should have an offsite back-up file system in place for information stored on its computers. This is good business practice and enables resumption of business in case of disaster or other work stoppage. LITC funds may be used to purchase and develop a back-up file system.

#### **e Security**

**Client records must be kept in a secure location (e.g., a locking file cabinet or password-protected electronic files).** Before clinic employees or volunteers leave the office each day, they must make sure that taxpayer information is stored in a locked area. If it is necessary to take taxpayer information out of the office, it must be safeguarded at all times.

#### **f Records Retention**

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

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

#### **x Tax Compliance and Federal Debts**

A clinic must be in full compliance with its federal tax responsibilities when applying for an LITC grant and also throughout the grant year. To facilitate the resolution of any potential tax compliance issues, we strongly encourage each clinic that is part of a larger organization (e.g., a university) to submit with its application package a completed *Tax Information Authorization Form* (Form 13424-I) so that the LITC Program Office may contact the Clinic Director directly without violating IRC § 6103. For those clinics that are part of a larger organization, the absence of a completed form may require additional time to resolve any potential tax compliance issues and could result in a delay in the receipt of grant funds.

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

Standard Form 424 (in Appendix A) asks whether the applicant is delinquent on any federal debt. In general, funds will not be awarded to an applicant with any outstanding federal nontax debt.

#### **xi Name or Organizational Status Changes**

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

#### **xii Client Satisfaction**

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

### **B Standards of Operation for Controversy Clinics**

#### **i Controversy Representation**

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

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

LITCs may also represent taxpayers in trust fund recovery penalty cases, tax identity theft matters, and requests for worker classification determination. A controversy includes a dispute related to the tax provisions of the Affordable Care Act. A clinic may also represent taxpayers in certain civil actions arising under the code, for example those arising under IRC §§ 7431 - 7435.

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

## ii Low Income Taxpayers and the 90/250 Requirement

At least 90 percent of taxpayers represented or referred must have incomes that do not exceed 250 percent of the Federal Poverty Guidelines. Income is defined below.

A clinic must use the LITC Program's poverty guidelines to determine whether an individual seeking representation is a low income taxpayer for purposes of LITC Program funding. A clinic must determine whether a taxpayer satisfies the income requirement based on current income information. The taxpayer must provide this information on an intake form (or similar form) at the time the taxpayer seeks the clinic's assistance. Changes in financial status during representation do not disqualify clients from continuing to receive clinic representation.

An LITC must obtain information from taxpayers who are prospective clients to determine financial eligibility 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 client, the LITC must make appropriate inquiry to verify the information, in a manner consistent with the attorney-client relationship.

The 90/250 income requirement applies only to taxpayers represented in controversy cases and does not apply to consultations or other LITC activities. Representation of a taxpayer in a controversy means to act 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.

A clinic must maintain records of the total number of taxpayers represented or referred in controversies with the IRS and the number of taxpayers represented in controversies with the IRS who have incomes that do not exceed 250 percent of the Federal Poverty Guidelines. To determine the total number of taxpayers represented in controversies with the IRS, include both those who do and do not meet the income requirements. The requirement is applied against family units assisted, meaning representation of two taxpayers with respect to a joint liability — *i.e.*, arising from a married-filing-jointly return—counts as one taxpayer assisted. If only one spouse on a joint return is represented or referred, the represented spouse counts as one taxpayer assisted.

Satisfaction of the 90/250 income requirement is determined based on the income of family units, not on the average income of the taxpayers represented. For example, suppose a clinic has the following clients: 97 unrelated individuals (*i.e.*, 97 family units) and one family unit of three related taxpayers. For purposes of determining whether the 90/250 income requirement is satisfied, at least 90 percent of the 98 family units must have incomes that do not exceed 250 percent of the Federal Poverty Guidelines.

*Example 1: Satisfying the 90/250 Requirement.* The LITC receives controversy funding, and opened 120 new representation cases and conducted 92 consultations during the grant year, thereby assisting 212 taxpayers. The 90/250 requirement applies only to taxpayers represented. Thus, at least 108 of the 120 taxpayers (90 percent) represented must have incomes which do not exceed 250 percent of the poverty level, as determined in accordance with official guidance published by the federal government, to comply with the 90/250 requirement. The 92 taxpayers who received consultation services are excluded when analyzing whether LITC has satisfied the 90/250 requirement.

#### **a Poverty Guidelines**

The LITC Program Office updates the income guidelines for the LITC Program annually after HHS publishes the Federal Poverty Guidelines each year. Clinics must adopt the new income guidelines for determining LITC low income representation eligibility within 30 days from the date of publication of the HHS Federal Poverty Guidelines in the *Federal Register* (generally in late January).

Based on the Federal Poverty Guidelines published at 79 F.R. 3593-94 on January 22, 2014, the current LITC income ceilings for controversy representation are as follows:

<b>LITC Income Guidelines</b> (250% of Federal Poverty Guidelines)			
<b>Size of Family Unit</b>	<b>48 Contiguous States, D.C., and Puerto Rico</b>	<b>Alaska</b>	<b>Hawaii</b>
1	\$29,175	\$36,450	\$33,550
2	39,325	49,150	45,225
3	49,475	61,850	56,900
4	59,625	74,550	68,575
5	69,775	87,250	80,250
6	79,925	99,950	91,925
7	90,075	112,650	103,600
8	100,225	125,350	115,275
For each additional person, add	10,150	12,700	11,675

### **b Definition of Income for Purposes of the 90/250 Requirement**

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

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

- ▶ gross salaries before payroll deductions;
- ▶ net earnings from self-employment (gross receipts less business expenses);
- ▶ alimony;
- ▶ child support;
- ▶ federally funded and other public assistance;
- ▶ social security;
- ▶ pensions and retirement income;
- ▶ unemployment benefits;
- ▶ workers compensation;
- ▶ rents;
- ▶ royalties;
- ▶ scholarships;
- ▶ dividends;
- ▶ interest;
- ▶ net gambling winnings; and
- ▶ survivor benefits or annuity payments.

#### **Income does not include:**

- ▶ proceeds received from the sale of property (including stocks, bonds, a house, a car);
- ▶ withdrawals from a bank account;
- ▶ tax refunds;
- ▶ gifts;
- ▶ loans;
- ▶ lump sum inheritances;
- ▶ insurance payments; or
- ▶ noncash benefits (e.g., employer-paid or union-paid portion(s) of employee fringe benefits).

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

Grantees should generally determine program eligibility based on the client's current annual income. In the case of seasonal workers or taxpayers whose financial situation has recently changed, grantees may use a reasonable method to estimate the client's current 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 count a 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.

### **c Definition of Family Unit**

For purposes of this grant program, a family unit is generally defined as an unrelated individual or a family. An unrelated individual is a person 15 years old or over not living with persons related by birth, marriage, or adoption. A family is a group of two or more persons related by birth, marriage, or adoption who live together. However, if related individuals live together, but the person seeking assistance from the clinic is financially independent, then that person may be treated as a family unit. If two unrelated individuals live together, they constitute two family units.

Subject to the general rules outlined above, clinics have discretion on a case-by-case basis to include an unrelated individual as part of a given family unit if that individual could be claimed as a dependent for federal tax purposes in the current year by the taxpayer or another member of the family unit. Income of any dependents included in a family unit must be included in the computation of the taxpayer's income for purposes of determining eligibility. Example: A husband and wife seeking LITC controversy services care for two foster children who can be claimed as their dependents. The clinic may determine whether or not to treat the foster children as part of the family unit or as a separate family unit. However, if the foster children are treated as part of a single family unit with the husband and wife, any state support payments received on behalf of the foster children must be included in the taxpayer's

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

### **iii Amount in Controversy Limit**

The amount in controversy for any taxable year generally should not exceed the amount specified in IRC § 7463 (currently \$50,000). The amount in controversy includes additions to tax, and penalties, but does not include interest unless the amount of the interest is separately disputed. A clinic may represent a taxpayer in a case in which the amount in controversy for a given taxable year exceeds \$50,000. However, the clinic must disclose the number of such cases and an explanation of why each case was accepted for representation in its Interim and Year-End reports.

*Example 1: Calculation of the Amount in Controversy – Notice of Deficiency.* Taxpayer A receives a Notice of Deficiency showing additional tax due of \$49,000 and penalties of \$3,000. Taxpayer A disputes the entire penalty amount, but only \$42,000 of the tax set forth in the Notice of Deficiency. Thus, the amount in controversy is \$45,000 (\$42,000 + \$3,000).

*Example 2: Calculation of the Amount in Controversy – Interest.* Taxpayer B files a request for interest abatement under section 6404 for \$12,000 in interest that had accrued but had not been paid. The interest is separately in dispute and is therefore included in the amount in controversy. Thus, the amount in controversy is \$12,000.

*Example 3: Calculation of the Amount in Controversy – Notice of Determination.* Taxpayer C receives a notice of determination concerning collection actions pursuant to section 6330. The notice of determination reflects a \$40,000 liability for tax year 1, a \$30,000 liability for tax year 2, and a \$20,000 liability for tax year 3. Although Taxpayer C is disputing the entire \$90,000 liability (\$40,000 + \$30,000 + \$20,000), each tax year must be reviewed separately to determine the relevant amount in controversy. Thus, for tax year 1, the amount in controversy is \$40,000; for tax year 2, the amount in controversy is \$30,000; and for tax year 3, the amount in controversy is \$20,000.

*Example 4. Calculation of the Amount in Controversy – Balance Due.* Taxpayer D receives a bill from the IRS for \$55,000 for a single tax year. The bill is composed of \$40,000 tax, \$6,000 penalties, and \$9,000 interest. Taxpayer D wants to submit an offer in compromise in the amount of \$4,000, which represents D's reasonable collection potential. The amount for which Taxpayer D is seeking assistance is \$55,000. Thus, the amount in controversy is \$55,000.

### **iv Student Representation**

Clinics intending to use students to represent taxpayers before the IRS must obtain authorization for a special appearance for those students. The LITC Program Office handles requests for special appearance authorizations. Information about



how to request an authorization for a special appearance is available on the LITC Toolkit. The special appearance authorization is limited to practice before the IRS. With respect to practice before any court, the court itself handles requests to authorize student representation.

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

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

If a taxpayer checks the box on line 5 of Form 2848 delegating authority to the representative to substitute or add representatives, and a new student representative is substituted, the LITC should send in a copy of the original 2848 showing the taxpayer authorizing the delegation, along with a new Form 2848 showing the substitution. This will not impact the validity of the supervisor's authority to represent the taxpayer throughout the process. Up to two substitute representatives may be listed on each Form 2848.

The form listing the substitute representative need not be signed by the taxpayer and should be submitted to the CAF unit, along with a student practice authorization letter, issued by the LITC Program Office. However, if the taxpayer has not checked the box on line 5 of Form 2848 delegating authority to the representative to substitute or add representatives, the supervisor must have the taxpayer sign a new Form 2848 and submit it the CAF unit each time a new student representative is added.

After the expiration of the 130 period, the supervisor should remain a validly appointed taxpayer representative pursuant to the still valid Form 2848 unless he or she withdraws the representation by submitting a Form 2848 copy clearly indicating "withdrawal."

**If clinic students encounter difficulty with getting Forms 2848 processed or with getting IRS personnel to recognize students operating under a special appearance authorization, please contact Susan Kideckel in the LITC Program Office at 212-298-2295.**

**BEST PRACTICE:** *American Bar Association Model Rule 1.7 provides that a lawyer should not represent a client if the representation involves a concurrent conflict of interest. Students authorized to practice before the IRS are treated as lawyers for purposes of analyzing ethics issues. Thus, students participating in an LITC who plan to seek employment with the IRS should be wary of a potential conflict of interest. A student has an obligation to inform clients that he or she is seeking employment with the IRS. Clients may consent to have the student continue the representation. If a client does not consent to having the student continue the representation, the student must withdraw the employment application, or the Clinic Director must assign a different student to the case who does not have a conflict of interest.*

#### **v Preparing Tax Returns and ITIN Applications**

A controversy clinic 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. The clinic may not charge a fee (even if it is a nominal fee) for the preparation of a tax return. Also, the clinic is prohibited from including tax return or ITIN application preparation among a list of services provided in any advertising materials. See section III.A.iii.b, *Publicity Materials* for more information.

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

#### **vi Participation in the United States Tax Court Clinical Program**

Controversy clinics are strongly encouraged to participate in the United States Tax Court Clinical Program. The Court recognizes that low income taxpayer clinics provide important advice and assistance to many otherwise unrepresented taxpayers who have disputes with the IRS. The Court permits approved participating clinics to submit a letter containing the clinic's contact information which will be

included in Tax Court mailings. Procedures for participating in the United States Tax Court Clinical Program can be found at [www.ustaxcourt.gov/clinics.htm](http://www.ustaxcourt.gov/clinics.htm).

**NOTE:** *All LITCs that provide controversy services are encouraged to participate in the Tax Court clinical program. The LITC Program may require as a condition of the grant that certain clinics apply to participate.*

### **vii Education**

Controversy clinics are encouraged to offer education to low income taxpayers about their rights and responsibilities as federal taxpayers and also on issues of particular significance to the intended audience. Clinics may address a wide range of substantive tax issues in their educational programs and materials, including:

- ▶ tax recordkeeping;
- ▶ filing requirements and due dates;
- ▶ eligibility for various deductions and credits;
- ▶ tax provisions of the Affordable Care Act;
- ▶ worker classification;
- ▶ identity theft;
- ▶ innocent spouse relief;
- ▶ the audit and appeals process; or
- ▶ collection alternatives.

LITCs are responsible for creating, printing, and distributing the educational program materials used to inform individuals of their taxpayer rights and responsibilities. Whenever possible, clinics are urged to use face-to-face contact (whether in consultations or in a group workshop), as it is an excellent method for educating taxpayers.

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

## **C Standards of Operation for ESL Clinics**

### **i Identifying an Audience**

ESL clinics must identify an audience to whom educational and outreach activities will be directed. LITCs receiving funding for qualifying ESL activities must advertise and promote themselves as providing education and information to help ESL individuals understand the federal tax system. For example, an LITC could

advertise and conduct a community meeting to acquaint ESL individuals with their rights and responsibilities under the federal tax system.

## ii Education

ESL clinics must identify targeted linguistic populations and develop an education strategy to reach that audience. Educational activities are designed to instruct ESL taxpayers about their federal taxpayer rights and responsibilities. Clinics are encouraged to address a wide range of substantive tax issues in their educational programs and materials, including:

- ▶ tax recordkeeping;
- ▶ filing requirements and due dates;
- ▶ eligibility for various deductions and credits;
- ▶ tax provisions of the Affordable Care Act;
- ▶ worker classification;
- ▶ identity theft;
- ▶ innocent spouse relief;
- ▶ the audit and appeals process; or
- ▶ collection alternatives.

LITCs are responsible for creating, printing, and distributing the educational program materials used to inform individuals of their taxpayer rights and responsibilities. Materials should be prepared in languages appropriate for the target audience of ESL taxpayers.

Examples of educational programs include but are not limited to:

- ▶ Making a presentation about federal taxpayer rights and responsibilities to an ESL class at a local community college;
- ▶ Presenting a workshop for ESL taxpayers on collection alternatives, identity theft, worker classification, or tax provisions of the Affordable Care Act;
- ▶ Conducting consultations to provide brief advice directly to an ESL taxpayer about his or her specific tax matter;
- ▶ Setting up a booth or staffing a table at a community event and handing out clinic brochures and educational materials about various tax issues, and then answering questions and scheduling appointments for interested taxpayers; and
- ▶ Holding a weekly discussion series at a community center during the filing season to educate ESL taxpayers about choosing a competent tax return preparer, family and education credits, refund anticipation loans, Individual Taxpayer Identification Numbers (ITINs), and other related issues.

Whenever possible, clinics are encouraged to use face-to-face contact (whether in consultations or in a group workshop), as it is an excellent method for educating taxpayers.

### **iii Preparing Tax Returns and ITIN Applications**

An ESL clinic can provide assistance with a federal tax return, a claim for refund, or an ITIN application only if such assistance is an ancillary part of the clinic's program. The term "ancillary" means incidental. That is, the LITC's program must focus on education and outreach and not tax return preparation. Clinics that engage in ancillary tax return preparation or ITIN application preparation cannot charge a separate fee (even if it is a nominal fee) for this service. Clinics are prohibited from including tax return or ITIN application preparation among a list of services provided in any advertising materials. See section III.A.iii.b, *Publicity Materials* for more information.

*Example 1: Permissible Tax Return Preparation - ESL.* LITC S is conducting an educational event to inform taxpayers about required record keeping for tax filing purposes. At the conclusion of the event, one of the attendees, Taxpayer F, asks LITC S to review her self-prepared tax return for accuracy. Taxpayer F brought all of her supporting documents with her to the educational event. After reviewing the return and all the supporting documents, LITC S determines that Taxpayer F made a number of errors in calculating her tax liability. LITC S may correct the return for Taxpayer F because the return preparation is ancillary to LITC S's purpose of informing Taxpayer F about required record keeping.

*Example 2: Impermissible Tax Return Preparation - ESL.* LITC T holds a monthly workshop about the Earned Income Tax Credit (EITC). At the end of each workshop, LITC T personnel offer to prepare a tax return for attendees eligible to claim the EITC. LITC T cannot prepare the returns under these circumstances, as preparing multiple returns is not incidental to the purpose of the workshop. LITC T's resources should be dedicated to education, not return preparation.

## IV COMPLIANCE REQUIREMENTS

### A UNIFORM ADMINISTRATIVE REQUIREMENTS

Grant award administrative requirements are set forth in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 2 CFR Part 200.

The electronic CFR is updated regularly and is located at <http://ecfr.gpoaccess.gov>. In addition, the new uniform guidance can be found at <https://federalregister.gov/a/2013-30465>. All applicable OMB guidance is incorporated into these program requirements and into all LITC grant awards made by the IRS to clinics.

**NOTE:** *The Office of Management and Budget (OMB) released 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards on December 26, 2013. The new guidance supersedes and streamlines OMB requirements affecting LITC grants: OMB Circulars A-21, A-110, A-122, and A-133, among others. The new guidance, after promulgation of a regulation by the Department of Treasury, will apply to 2015 LITC grants, except for audit requirements, which will apply to audits of fiscal years beginning on or after December 26, 2014.*

### B LOBBYING RESTRICTIONS

*Lobbying activities:* There are two types of lobbying activities – direct lobbying and grassroots lobbying.

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

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

*General rule:* No federal grant funds or matching grant funds may be used, either directly or indirectly, to support the enactment, modification, or adoption of any law, regulation, or policy at any level of government. Some exceptions to this general rule may exist pursuant to an express authorization by Congress.

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

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

- a. 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;
- b. Develop materials designed to advocate for the enactment or repeal of any legislation or provide such materials to anyone;
- c. Draft or assist in the drafting of legislation or provide comments on draft legislation;
- d. 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
- e. Engage in any legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, or analyzing the effect of legislation, when such activities are carried out in support of or in knowing preparation for an effort to engage in unallowable lobbying

**NOTE:** *Employees are prohibited from engaging in any lobbying activities during the portion of time that their salaries are paid from federal grant funds or matching funds.*

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

- a. 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;
- b. Expend non-federal funds (*i.e.*, neither federal grant nor matching grant funds) on lobbying activities. However, under the Byrd Amendment (31 USC § 1352), grantees may still be required to disclose lobbying activities conducted with non-federal funds if the activities relate to lobbying regarding the making or awarding of a grant and the organization receives more than \$100,000 in federal grant funds;
- c. Respond to documented requests from members of Congress, state legislatures or other officials;
- d. Interact with agency liaisons, such as the National Taxpayer Advocate or Local Taxpayer Advocates, regarding program-related issues;
- e. 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;
- f. Partner with professional organizations in efforts to identify and propose solutions for issues impacting low income and ESL taxpayers (however, such effort may not attempt to influence the introduction, enactment, or modification or any federal or state legislation);

- g. 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
- h. Discuss broad social, economic, or other issues on listservs or blogs, so long as the contact is not part of an effort to influence Congress or the state legislature on an actual or potential specific piece of legislation.

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

<b>Source of Restriction</b>	<b>2 CFR Part 200</b>	<b>Byrd Amendment - 31 USC § 1352</b>	<b>Publicity and Propaganda/ Appropriations Laws Restrictions</b>
Type of Funds Affected by Restriction	<b>Federal Grant Funds and Matching Funds</b>	Restriction applies to Federal Grant Funds and Matching Grant Funds. Although the restriction does not apply to non-federal grant funds, contacts with members of Congress may need to be disclosed.	Federal Grant Funds and Matching Funds
Lobbying topics covered by Restriction?	<b>All subject matters</b>	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	<b>All stages, including before introduction</b>	All stages, including before introduction.	Legislation pending before Congress
Applies to Grass-roots Lobbying?	<b>Yes, it is prohibited</b>	No, it is not prohibited, so long as no federal funds are used for the grassroots lobbying effort.	Yes, it is prohibited
Applies to advocating at the state level?	<b>Yes, prohibition applies to state level activities</b>	No, prohibition does not apply to state level activities.	No, prohibition does not apply to state level activities
Exception for when information is specifically requested by member of Congress?	<b>Yes, there is an exception which permits a response to a documented request</b>	Yes, there is an exception which permits a response to a documented request.	Not applicable



**NOTE:** *The preceding table describes restrictions on the use of federal grant funds and matching grant funds for lobbying. In addition, IRC § 501(c)(3) organizations are subject to lobbying limits (using different lobbying definitions) under the Internal Revenue Code. In general, an IRC § 501(c)(3) organization may conduct an insubstantial amount of lobbying and still maintain its tax-exempt status. For additional information, see Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities: <http://www.irs.gov/pub/irs-pdf/p4221pc.pdf>.*

### **Examples of activities with possible lobbying implications:**

A grantee sends an email to the American Bar Association sponsored LITC listserv to gather support or opposition for legislation. Although such an email is an attempt to influence legislation, so long as appropriated grant funds are not used, the grantee has not violated Title 31 or Title 18. If the grantee has a requirement under Title 31 to report lobbying activities, the email activity would need to be disclosed, including any research or background work performed in connection with the email to the listserv.

For purposes of IRC § 501(c)(3), sending a single e-mail to the listserv would likely constitute an “insubstantial” amount of lobbying. The grantee likely should not have substantial expenditures or have expended substantial time in connection with the sending of a single email. Keep in mind that if a grantee anticipates devoting, or having volunteers devote, a large amount of time to the endeavor (e.g., researching the issue, drafting proposed legislation, responding to comments on the listserv about the proposal), the activity could rise to the level of being more than insubstantial, in which case the grantee may choose to make a lobbying election under IRC § 501(h). IRC § 501(h) measures the permitted/prohibited level of lobbying solely by expenses.

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

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

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

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

## C CIVIL RIGHTS COMPLIANCE

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

Applicants must provide information necessary to comply with **Title VI of the Civil Rights Act of 1964** (Pub 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** (Pub Law 93-112) as amended which prohibits discrimination on the basis of disability; **Title IX of the Education Amendments of 1972** (Pub Law 92-318), as amended, which prohibits discrimination on the basis of sex in education programs or activities; and the **Age Discrimination Act of 1975** (Pub Law 94-135), as amended, which prohibits discrimination on the basis of age; and **Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency**, which sets forth the compliance standards that recipients of Federal financial assistance must follow to ensure that their programs and activities normally provided in English are accessible to those with limited English proficiency, including through oral and written translation when necessary.

**Reprisal** - No recipient or other person shall intimidate, threaten, coerce, or discriminate against any individual for the purpose of interfering with any right or privilege or because the individual has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing.

Civil rights reporting, completed on Form 13424-M, is mandatory and required of every applicant or current grantee submitting a request for continued funding annually.

### i Civil Rights Reviews

The Civil Rights Division (CRD) of the IRS may request additional data only to the extent that it is readily available or can be compiled with reasonable effort, and is found to be necessary to make a civil rights compliance determination. Examples of data and information which to the extent necessary and appropriate for determining compliance with applicable civil rights statutes and implementing regulations may be requested include, but are not limited to:

- ▶ The manner in which services are or will be provided by the program and related data necessary for determining whether any persons are or will be denied such services on the basis of prohibited discrimination;
- ▶ The population eligible to be served by race, color, national origin, age, sex, or disability;
- ▶ Data regarding covered employment, including use or planned use of bilingual public contact employees serving beneficiaries of the program where necessary to permit effective participation by beneficiaries unable to speak or understand English;

- ▶ The location of existing or proposed facilities connected with the program and related information adequate for determining whether the location has or will have the effect of unnecessarily denying access to any persons on the basis of prohibited discrimination;
- ▶ The present or proposed membership, by race, color, national origin, sex, age, or disability, in any planning or advisory body which is an integral part of the program; and
- ▶ Data, such as demographic maps of the racial composition of affected neighborhoods or census data.

Each multi-year grantee shall update the civil rights narrative in its NCC request. Each grant application and NCC shall be reviewed for its civil rights reporting requirements by the Civil Rights Division staff member. Upon completion, the Civil Rights Division will forward a preliminary civil rights determination based on the information in the grant application or NCC to the LITC Program Office. No LITC grant funding shall be awarded until the Civil Rights Division has made a preliminary determination of probable or conditional compliance. Department of Justice regulations state that all federal agency staff determinations of Title VI compliance shall be made by or be subject to review by the agency's civil rights office.

The CRD annually conducts selected post-award reviews to ensure civil rights requirements are in place and to provide technical assistance.

The following are examples of civil rights compliance items addressed during site reviews:

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

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

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

## **ii Civil Rights Division Contact Information**

For additional information on civil rights requirements, see Publication 4454, *Your Civil Rights are Protected*, or contact the Operations Director, Civil Rights Division:

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

## **D OTHER ASSURANCES AND CERTIFICATIONS**

### **i Trafficking Victims Protection Act of 2000**

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

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

- a. Severe forms of trafficking in persons;
- b. The procurement of a commercial sex act during the period of time that the award is in effect;
- c. The use of forced labor in the performance of the award; or
- d. Acts that directly support or advance trafficking in persons, including the following acts:
  - i. Destroying, concealing, removing, confiscating, or otherwise denying an employee access to that employee's identity or immigration documents.
  - ii. Failing to provide return transportation or pay for return transportation costs to an employee from a country outside the United States to the country from which the employee was recruited upon the end of employment if requested by the employee, unless:
    - exempted from the requirement to provide or pay for such return transportation by the Federal department or agency providing or entering into the grant, contract, or cooperative agreement; or
    - the employee is a victim of human trafficking seeking victim services or legal redress in the country of employment or a witness in a human trafficking enforcement action.

- iii. Soliciting a person for the purpose of employment, or offering employment, by means of materially false or fraudulent pretenses, representations, or promises regarding that employment.
- iv. Charging recruited employees unreasonable placement or recruitment fees, such as fees equal to or greater than the employee's monthly salary, or recruitment fees that violate the laws of the country from which an employee is recruited.

The IRS may terminate the award if the grantee has an employee who is determined by the IRS official authorized to terminate the award to have violated a prohibition in items a, b, c, or d above through conduct that is either:

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

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

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

## **iii Corporate Felony Convictions**

For fiscal year 2014, federal law prohibits the award of grant funds to any corporation that was convicted or had an officer or agent of such corporation acting on behalf of the corporation convicted of a felony criminal violation under any Federal law within the preceding 24 months, where the IRS is aware of the conviction, unless the IRS has considered suspension or disbarment of the corporation, officer, or agent and made a determination that denial of the grant is not necessary to protect the interests of the government. Contact the Program Office for up-to-date information about this prohibition for fiscal year 2015.

#### **iv System for Award Management, Employer Identification Number, and Universal Identifier Requirements**

Applicants are required to register with the System for Award Management (SAM) prior to submitting a grant application and are required to maintain an active SAM registration with current information at all times during which they have an active federal award or an application under consideration. SAM is a web-enabled government-wide application that collects, validates, stores, and disseminates business information about the federal government's trading partners in support of the contract award, grants, and electronic payment processes. To remain registered in the SAM database after the initial registration, the applicant is required to review and update on an annual basis from the date of the initial registration or subsequent updates its information in the SAM database to ensure it is current, accurate, and complete.

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

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

Applicants are also required to provide a Data Universal Numbering System (DUNS) number with each application. For more information, see 2 CFR Part 25. DUNS is a unique nine-digit identification number provided by Dun & Bradstreet, Inc. The federal government requires that all applicants for federal grants and cooperative agreements with the exception of individuals other than sole proprietors have a DUNS number. The federal government will use the DUNS number to better identify related organizations that are receiving funding under grants and cooperative agreements, and to provide consistent name and address data for electronic grant application systems. A DUNS number may be obtained by calling (866) 705-5711 (for applicants in Alaska and Puerto Rico, (800) 234-3867) or applying online at <http://fedgov.dnb.com/webform>.

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

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

- ▶ Restrictions on political activities at 18 U.S.C. §§ 595, 598, 600-603;
- ▶ The preservation requirements in the National Historic Preservation Act (16 U.S.C. § 470 *et seq.*) and the Archeological and Historic Preservation Act of 1966 (16 U.S.C. § 469a-1 *et seq.*);

- ▶ Whistleblower protections at 41 U.S.C. 4712, 4304, and 4310;
- ▶ Environmental requirements of the Clean Air Act (42 U.S.C. § 7401 *et seq.*); and
- ▶ The non-pollution requirement of the Federal Water Pollution Control Provisions (33 U.S.C. § 1251 *et seq.*).

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

Additional assurances are required according to the government-wide requirements for a drug-free workplace (41 U.S.C. §§ 8101-06), adopted by the Department of the Treasury at 31 CFR, Part 20, Subpart B and C, and assurance of civil rights compliance, as specified above. Applicants must also comply with all additional applicable requirements in OMB Circulars, Department of the Treasury Circulars and Federal Management Circulars.

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

## **E COST PRINCIPLES**

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

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

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

Allowable Expenses	Unallowable Expenses
Salaries, wages, and personnel benefits	Purchase, construction, repair, or rehabilitation of any building or any portion thereof
Reasonable office supplies and equipment costs	Expenses incurred that do not support or benefit the program or which are unnecessary in carrying out the program
Rent, utilities, and custodial services	Certain advertising and public relations costs as described in the OMB Circulars
Non-alcoholic refreshments for community outreach events or one-on-one consultations	Alcoholic beverages
Printing, postage, insurance	Lobbyist registration fees
Audit services	Costs of goods or services for personal use (as opposed to business use) of the clinic staff
Publicity and training costs directly associated with the program	Costs incurred outside the performance period of the award, unless specifically excepted by the Program Office*
Installation of telephone lines, including a toll-free line, necessary to provide clinic services to taxpayers	Application fee to become an Attorney, CPA, or enrolled agent
Travel performed by program staff to conduct clinic business	Professional dues for attorneys and CPAs
Costs incurred for two individuals to attend the annual LITC Conference	Enrolled agents’ license renewal fee
Interpreter services for hearing-impaired or non-English speaking taxpayers	Entertainment costs
Legal research and reference materials including the IRC and Treasury Regulations	Fines and penalties
Indirect costs as a use of federal funds	Indirect costs as a use of matching funds

**\*NOTE:** *The LITC Program Office permits returning clinics to use grant funds awarded for the current grant year to attend the following year’s grantee conference (e.g., a clinic may use funds awarded for the 2014 grant year to attend the 2015 annual LITC conference, which will be held in December 2014).*



## Tips on Determining Allowable versus Unallowable Expenses

### Refreshments

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

### Continuing Professional Education

- ▶ While maintaining professional credentials is generally a personal expense and therefore unallowable, a clinic may nonetheless use grant funds to pay for continuing education courses if such courses will increase the vocational effectiveness of employees. See 2 CFR § 220, J.51 and 2 CFR § 230, Appendix B.49.

### Pens, Mugs, and Other Promotional Items

- ▶ A grantee cannot spend grant funds on pens, t-shirts, mugs, or other memorabilia to promote its services to taxpayers or for the personal use of employees. Grantees can purchase pens and other office supplies for the business use of clinic staff.
- ▶ Grantees may use federal funds to acquire pens, mugs, and other small items of memorabilia for *pro bono* representatives working with the clinic, provided the cost is reasonable and consistent with market prices.

## Tips for Treatment of Indirect Expenses

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

## F Matching Funds Requirement

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

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

If an LITC receives grant funding to provide both controversy and ESL services, the LITC must have separate funds to support a dollar-for-dollar match for each program.

### i Valuation of Matching Funds

Contributions of goods and services provided by a grantee must be valued in accordance with applicable cost principles. These principles generally limit values to the amount a prudent person would pay for the goods or services in an arm's length transaction under the circumstances prevailing at the time the cost was incurred or fair market value. Third-party in-kind contributions, which represent the value of non-cash contributions provided by parties other than the recipient or federal government, must be valued in accordance with the principles stated in 2 CFR §200.306. Third-party in-kind contributions include the value of goods, space, or volunteer services donated to the LITC by third parties.

**NOTE:** *If an individual on the clinic staff receives an award or fellowship from a nonfederal source (e.g., the American Bar Association Section of Taxation Public Service Fellowship), the amount of the award may be included as matching funds to the extent the award proceeds are used to support clinic activities.*

## **ii Volunteer Services Generally**

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

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

If a third-party employer provides one of its employees to work for the applicant at no cost, those services are valued at the employee's regular rate of pay (plus benefits but excluding overhead costs), provided the services are in the same skill set for which the employee is normally paid.

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

## **iii Volunteer Services of a Qualified Representative**

LITC grantees receiving controversy funding may use the rate found in IRC § 7430 to value certain donated services from qualified representatives. Section 7430 provides for an award of costs and fees in suits against the United States under certain situations for services provided by qualified representatives. The rate at which to value those services is adjusted periodically for inflation. Presently, the applicable rate is \$190 per hour, as prescribed in Revenue Procedure 2012-41, 2012-45 I.R.B. 539.

Prior to the promulgation of 2 CFR 200.306, OMB granted an exception, permitting LITC grantees to use the rate found in IRC § 7430 if the following conditions are met:

- ▶ The grantee is funded to provide controversy representation;

- ▶ The services are provided by a **qualified representative**, which includes any individual whether or not an attorney, who is authorized to represent taxpayers before the IRS or an applicable court;
- ▶ The qualified representative is not a student; and
- ▶ The qualified representative is acting in a representative capacity and is **advocating** for a taxpayer.

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

Grantees should keep careful records of the services provided by volunteers. Such record keeping is required for LITC reporting purposes, and is also necessary should a grantee pursue a claim for attorneys' fees under IRC § 7430. Grantees should also be mindful that a volunteer may meet the definition of a qualified representative, yet may be providing services to the clinic in a non-representative capacity. For example, if a volunteer is an attorney providing advice to taxpayers at an outreach event, or during an intake consultation and the interaction does not result in representation, then the work performed by the volunteer must be valued using the standard OMB cost principles rather than the IRC § 7430 rate. Even though the volunteer is an attorney and meets the definition of qualified representative, the volunteer was not acting in a representative capacity.

**NOTE:** *The LITC Program Office encourages clinics with questions about how to value volunteer services to contact the Program Office for assistance.*

#### **iv Documentation of Matching Funds Sources**

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

Grants may be awarded based on good faith estimates of matching funds, including verifiable pledge commitments or other likely sources of funding. However, clinics 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

Program Office requiring the clinic to repay federal funds drawn down in excess of the available match.

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

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

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

- ▶ Expenses incurred for the purchase, construction, repair, or rehabilitation of any building or any portion thereof;
- ▶ Expenses incurred that do not support or benefit the program;
- ▶ Services provided by students in exchange for academic credit;
- ▶ Federal work-study funds;
- ▶ Funds from other federal grants unless specifically authorized by statute (See 2 CFR § 200.306(a); and
- ▶ Indirect costs, including general overhead of the institution sponsoring the clinic.

## **G OMB Audit Requirement**

For grantee fiscal years beginning on or after December 26, 2014, 2 CFR Part 200, Subpart F describes the audit requirements applicable to grantees. **If a grantee expends less than \$750,000 a year in total federal awards, no OMB audit requirements are applicable.** See 2 CFR § 200.501. Total federal awards include all sources of federal funding, not just the funds received from the IRS in support of the LITC. See 2 CFR § 200 501. The IRS, however, has the right to

audit expenditures of LITC funds regardless of the dollar amount of federal funding received by the grantee.

A grantee that expends \$750,000 or more a year in federal awards must provide the IRS with a copy of the results of an audit performed in compliance with 2 CFR Part 200. Such grantees must arrange for an audit by an independent auditor in accordance with the Government Auditing Standards developed by the Comptroller General of the United States. A portion of the costs of an audit performed in compliance with OMB Circular 2 CFR Part 200 is an allowable LITC grant expense. The cost charged against the LITC grant should be allocable based upon the amount of LITC funds received in proportion to the total federal awards the organization receives.

An audit under 2 CFR Part 200 is organization-wide. The auditor must determine whether:

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

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall 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 Part 200.333.

**NOTE:** *For fiscal years beginning before December 26, 2014, an OMB audit is required if the grantee expends at least \$500,000 in Federal funds a year.*

### Requesting Payment History Information for an OMB Audit

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

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

## V APPLICATION AND SELECTION PROCESSES

### A COMPLETION AND SUBMISSION OF THE LITC PROGRAM GRANT APPLICATION PACKAGE

An LITC grant application must be submitted by new applicants and current grantees whose single year or multi-year grant period will end on December 31, 2014. To be considered for 2015 LITC Program grant funding, all applications must be submitted by **June 20, 2014**.

The application must be submitted electronically via [www.grants.gov](http://www.grants.gov). Use of grants.gov provides assurance that required entries are not left blank on the standard forms and provides receipt acknowledgement when the application is received by the LITC Program Office. The grants.gov website includes a narrated tutorial and Frequently Asked Questions to help you use the system. The Funding Opportunity Number for the 2015 LITC grant application is TREAS-GRANTS-052015-001.

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

#### Tips for preparing the LITC Program Grant Application Package

**NOTE:** *An application for grant year 2015 must be submitted by any current grantee whose single-year or multi-year period will end on December 31, 2014.*

**NOTE:** *In general, a current grantee seeking funding for the second or third year of a multi-year LITC grant should not submit an application via [www.grants.gov](http://www.grants.gov), but rather should submit an NCC via [www.grantsolutions.gov](http://www.grantsolutions.gov). An exception to this rule applies if the current grantee wishes to operate another program during the multi-year period (e.g., in 2014 the clinic is providing only ESL services, but in 2015 the clinic wishes to provide controversy and ESL services). In that case, the current grantee must submit a complete application via [www.grants.gov](http://www.grants.gov).*

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

**NOTE:** *The new OMB guidance, 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards applies to grantees with fiscal years beginning on or after December 26, 2014. The new guidance, after promulgation of a regulation by the Department of Treasury, will apply to 2015 LITC grants, except for audit requirements, which will apply to audits of fiscal years beginning on or after December 26, 2014.*



**Copies of all required application forms and certifications, as well as instructions, are included in Appendix A and B of this publication for your review. General information and application forms can be found in Appendix A and budget forms and examples can be found in Appendix B. A complete application consists of the following items, submitted through [www.grants.gov](http://www.grants.gov) and prepared in accordance with the relevant instructions.**

- a. IRS Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information Sheet* (see Appendix A);
- b. Standard Form 424, *Application for Federal Assistance*, (see Appendix A);
- c. IRS Form 13424-M, *Low Income Taxpayer Clinic (LITC) Application Narrative* (see Appendix A);
- d. Standard Form 424A, *Budget Information – Non-Construction Programs*, (see Appendix B);
- e. IRS Form 13424-J, *Detailed Budget Worksheet and Narrative*, (see Appendix B);
- f. Standard Form LLL, *Disclosure of Lobbying Activities*, (see Appendix A);
- g. Attachments Form (used to attach items h-l);
- h. IRS Form 13424-I, *Tax Information Authorization Form*, (see Appendix A) (inclusion of Form 13424-I is encouraged, but not required);\*
- i. Tax exemption determination letter, if applicable;\*
- j. Proof of academic accreditation, if applicable;\*
- k. Most recent audited financial statements (if the applicant expends more than \$750,000 per year, this must be an A-133 audit; 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) The new OMB guidance, after promulgation of a regulation by the Department of Treasury, will apply to 2015 LITC grants, except for audit requirements, which will apply on or after December 26, 2014;\* and
- l. Indirect cost rate agreement, if applicable.\*

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

## **B Completion And Submission Of A Non-Competitive Continuation (NCC)**

A Non-Competitive Continuation (NCC) must be submitted only by currently funded grantees entering the second or third year of a multi-year grant. To be considered for 2015 LITC Program grant funding, all NCCs must be submitted by **June 20, 2014**.

All NCCs must be submitted through [www.grantsolutions.gov](http://www.grantsolutions.gov). Use of [grantsolutions.gov](http://www.grantsolutions.gov) provides assurance that required entries are not left blank on the standard forms and provides receipt acknowledgement when the entry is received by the LITC Program Office. Do not submit NCCs via [www.grants.gov](http://www.grants.gov). The LITC Program Office will provide instruction on the use of the [grantsolutions.gov](http://www.grantsolutions.gov) website. Additional questions regarding use may be directed to the Program Office at [Beard.William@irs.gov](mailto:Beard.William@irs.gov). The Funding Opportunity Number for the 2015 LITC grant is TREASGRANTS-052015-001.

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

**NOTE:** *The new OMB guidance, 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards applies to grantees with fiscal years beginning on or after December 26, 2014. The new guidance, after promulgation of a regulation by the Department of Treasury, will apply to 2015 LITC grants, except for audit requirements, which will apply to audits of fiscal years beginning on or after December 26, 2014.*

Copies of all required forms and certifications, as well as instructions, for the submission of a request for continued funding are included in the appendices of this publication for your review. A complete NCC consists of the following items, submitted through [www.grantsolutions.gov](http://www.grantsolutions.gov) and prepared in accordance with the relevant instructions.

- a. IRS Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information Sheet* (see Appendix A);
- b. Standard Form 424, *Application for Federal Assistance*, (see Appendix A);
- c. Standard Form 424A, *Budget Information - Non-Construction Programs*, (see Appendix B);
- d. IRS Form 13424-J, *Detailed Budget Worksheet and Narrative*, (see Appendix B);
- e. Standard Form LLL, *Disclosure of Lobbying Activities*, (see Appendix A);
- f. Project Abstract, (proposed program changes and Civil Rights Statement) (see Appendix A);
- g. IRS Form 13424-I, *Tax Information Authorization Form*, (see Appendix A) (inclusion of Form 13424-I is encouraged, but not required);
- h. Most recent audited financial statement (if the applicant is subject to the OMB audit requirements explained in section IV.G above, this must be an A-133 audit; an applicant that does not have audited financial statements must submit

unaudited statements for its most recent fiscal year and a statement as to why audited financial statements are not available); and

- i. Indirect cost rate agreement, if applicable.

## **C EVALUATION AND SCREENING**

The IRS may award grants with one-year to three-year project periods to qualified applicants. Organizations awarded a multi-year grant based on the 2015 selection and award process will not undergo formal evaluation of their program plans during the second or third year selection and award process. However, multi-year recipients will be reviewed annually for satisfactory performance and progress in meeting goals and objectives as well as compliance with grant terms. The funding level for subsequent years will be reviewed annually and may be increased or decreased at the discretion of the LITC Program Office. All funding will be based on the availability of annually appropriated funds. Awarding of multi-year grants is at the discretion of the LITC Program Office.

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

### **i Eligibility Screening**

Applications will be reviewed to determine the following information:

- ▶ Length of Grant Requested (one year to three years);
- ▶ Type of Program Proposed (Controversy, ESL, or both); and
- ▶ Status of Organization (prior LITC grant recipient or new applicant).

Applications will be reviewed further to determine if all required items are included in the application package and to ensure that the grantee has an active SAM registration.

### **ii Evaluation Process**

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

#### **a Technical Evaluation**

During the technical evaluation, each application will be reviewed using the criteria listed below and awarded points based on the information provided in the application. If an applicant seeks funds to operate both a controversy and ESL program, each program plan will be evaluated separately. Applicants can receive a maximum of 100 points per program. In scoring applications, the IRS

will evaluate each program plan based on how it will assist in accomplishment of the LITC Program goals as stated elsewhere in the application package.

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

Points will be assigned as follows:

### **Experience**

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

### **Financial Responsibility**

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

### **Program Plan**

- ▶ Quality of programs offered to assist low income taxpayers or ESL taxpayers. Evaluation criteria include the qualifications, training, and supervision of the clinic staff, students, and volunteers; amount of time devoted to the program by clinic staff; comprehensiveness of services to be provided; procedures for ensuring the confidentiality of taxpayer information; procedures for monitoring and evaluating program results; publicity and outreach plans; and the dates and days and hours of clinic operation. **(Maximum 75 points.)**

### **Program Coverage**

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

### **b Program Office Evaluation**

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

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

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

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

**Before an award is made to any applicant, it will undergo a civil rights review by the Civil Rights Division of the IRS. The LITC Program Office will also review the organization's federal tax compliance status and the suspension and debarment status of the applicant. In order to be eligible for an LITC grant, an applicant must:**

- ▶ **Be in compliance with all federal tax obligations;**
- ▶ **Be in compliance with all federal nontax obligations; and**
- ▶ **Not be debarred or suspended (31 CFR Part 19), or otherwise excluded from or ineligible for a federal grant award.**

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

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

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

- ▶ To foster parity regarding clinic availability and accessibility for low income and ESL taxpayers nationwide, the LITC Program Office will consider an applicant's geographic coverage area, the number of low income and ESL taxpayers served, and the languages in which assistance will be provided to taxpayers.
- ▶ If applications are submitted by more than one clinic sponsored by the same institution or organization, the LITC Program Office will consider all factors sur-

rounding the operation of the clinics, including the geographic area(s) served by the clinics and the comprehensiveness of the services to be provided, in determining whether and in what amount grants will be made to one or more such clinics.

- ▶ For academic clinics, which may serve fewer taxpayers than non-academic clinics because of the time involved in teaching and mentoring students, the LITC Program Office will consider additional ways in which academic clinics can accomplish LITC Program goals (e.g., providing technical assistance, training, and mentoring to other LITC programs, publishing articles about the LITC Program, commenting on proposed Treasury regulations that affect low income or ESL taxpayers, and monitoring graduates to determine whether they perform *pro bono* work on behalf of or otherwise assist low income taxpayers).
- ▶ The existence of other clinics serving the same population.
- ▶ Appropriateness of funds sought for the quantity and quality of services to be offered.
- ▶ Other sources of funding available to the clinic.

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

## D SELECTION OF GRANT RECIPIENTS

In making grant award decisions, the IRS seeks to fund qualified organizations, including academic institutions and nonprofit organizations throughout the United States, to provide tax representation on behalf of low income individuals and education and outreach to ESL taxpayers. The IRS may, at its discretion, award grant funds based on controversy, ESL, or a combination of program plans to achieve the goals of the LITC Program.

**NOTE:** *Beginning in grant year 2016, the LITC Program will no longer issue grants to clinics only offering outreach and education to the English as a Second Language (ESL) community. All clinics will be expected to offer and report services provided to ESL taxpayers. However, in order to receive a grant, a clinic must provide controversy representation services to low income taxpayers.*

An overriding goal of the LITC Program is to provide services to low income and ESL taxpayers in every state, the District of Columbia and Puerto Rico. To that end, the IRS encourages applications from clinics located in the underserved areas shown in the chart below:

Identified Underserved Areas	
<b>States and Territories</b>	
Alabama, Alaska, Georgia, Kansas, Mississippi, North Dakota, South Dakota, and Puerto Rico	
<b>Metropolitan Areas</b>	
Los Angeles, California, including these counties:	Los Angeles, Kern, Riverside, Ventura
Sacramento, California, including these counties:	El Dorado, Placer, Sacramento, San Joaquin, Stanislaus
Northern Virginia including these counties:	Arlington, Fairfax, Loudon, Prince William

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

#### **E NOTICE OF AWARD**

The LITC Program Office will notify all applicants no later than November 2014 whether or not they have been selected to receive a 2015 grant award. However, no specific award amount information will be available until after Congress appropriates funding for fiscal year 2015.

The LITC Program Office will issue a notice of award to each applicant selected to receive funding for the grant year. The notice of award states the amount of funding awarded, the grant period, and incorporates by reference the requirements specified in this publication. All funding will be based on the availability of annually appropriated funds. If an applicant incurs expenses and a grant is not awarded, all costs incurred will be the responsibility of the applicant.

#### **F SUBMITTING A REVISED BUDGET**

The LITC Program Office will determine final award amounts after Congress appropriates funding for fiscal year 2015. If the grant amount awarded is less than the amount requested, a revised budget must be submitted through [www.grantsolutions.gov](http://www.grantsolutions.gov). If the change in funding affects the clinics proposed activities, a revised program performance plan must be submitted as well.

## VI POST-AWARD REQUIREMENTS OF GRANTEES

### A GENERAL COMPLIANCE

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

1. 26 U.S.C. § 7526;
2. The terms and conditions contained in this Publication;
3. Assurances and Certifications contained in Standard Form 424; and
4. Any requirements, prohibitions or restrictions imposed by the legislation appropriating federal funds for this award.

The grantee is responsible for oversight of the operations of the clinic's activities. The grantee must monitor each program supported by the grant to ensure that its activities under the award comply with applicable Federal requirements and performance expectations are being achieved. Grantees are responsible for performing in accordance with the standards of operation, meeting all compliance requirements, proper expenditure and accounting for Federal and matching funds, and complete, timely, and accurate reporting of grant activities and finances.

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

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

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



## **B NOTIFICATION REQUIREMENTS**

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

### **i Significant Changes in LITC Program Activities**

Grantees must notify the LITC Program Office in the case of problems, delays, or adverse conditions that materially impair the ability to meet the objectives of the award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation. Failure to notify the LITC Program Office may result in restriction of funds or suspension or termination of the grant.

### **ii Changes in LITC Contact Information**

Clinics are required to immediately notify the LITC Program Office about proposed changes in key personnel, including the Clinic Director, QTE, or QBA, as well as any changes in their contact information (telephone number and email address); the clinic address (both the physical address and the mailing address) telephone number, or fax number; the days and hours of operation; and the beginning and ending dates clinic services will be provided. These notifications ensure that the Program Office has the most up-to-date information on each clinic.

Notification should be made by revising Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information*, through the amendment package on Grant Solutions. The clinic must email the Program Office and request that their amendment package be returned to them. If the Program Office is unable to locate the clinic or contact the clinic, it may be necessary to restrict the clinic's funds or suspend or terminate the grant.

### **iii Adjustments to Program Expenses**

Clinics wishing to shift expenses among spending categories within a program (e.g., shifting funds from travel to supplies within a controversy program) are not required to request approval unless the shift would substantially change the program plan. The movement of funds between ESL and Controversy programs is considered to be a major change and requires written approval from the LITC Program Office. A request to shift funds between programs must be made before funds are moved between programs. To request approval to move funds between programs, clinics must submit an e-mail to [LITCProgramOffice@irs.gov](mailto:LITCProgramOffice@irs.gov) so that an application amendment package can be prepared. The email to the Program Office must contain the following information:

- ▶ The amount to be moved and from which program the funds are to be moved; and
- ▶ The reason for the request to move funds between programs.

**NOTE:** *Any clinic currently receiving an LITC grant that does not expect to use all of its funds must contact the LITC Program Office immediately so that the Program Office will have sufficient time to reobligate the funds on or before September 30, the end of the federal government's fiscal year.*

#### **iv Non-Use of Grant Funds**

The LITC Program Office will monitor clinics' use of funds throughout the year to ensure all grant funds will be expended. If a clinic determines that it will not spend its entire grant, the clinic should immediately notify the LITC Program Office by sending an e-mail to [LITCProgramOffice@irs.gov](mailto:LITCProgramOffice@irs.gov). The notification should contain the following information:

- ▶ The amount of grant funds being returned;
- ▶ The reason for the return of funds; and
- ▶ The impact the return of funds will have on future operations (e.g., this is a one-time situation, or the grantee anticipates that its future funding needs will be permanently reduced).

The LITC should notify the LITC Program Office immediately in writing as soon as the LITC identifies unspent funds to ensure that the grant funds can be reobligated to another clinic by the end of the federal government's fiscal year (September 30). Notification should be made by sending an e-mail to the clinic's assigned analyst, and then following up with a letter. The letter should state the amount being released and the reason that the funds are not required.

#### **v Withdrawal from LITC Program**

A clinic must notify the LITC Program in writing before it withdraws from the Program or ceases to exist. All unused funds must be returned to the IRS within two weeks of the date of withdrawal or the date of termination. The federal government is generally obligated to charge interest on any amount that is not repaid in a timely fashion. See 31 C.F.R. § 901.9. Thus, for any funds the LITC Program Office requests to be returned to the IRS, failure to repay those funds on time may result in the clinic having to pay interest on those funds.

If a clinic 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. Clinics that withdraw from the program

must comply with their ongoing professional responsibilities discussed in section VII.C.iv, *Post-Termination Responsibilities*.

## **C MANAGING GRANT FUNDS**

### **i Accessing Grant Funds**

Grant funds are paid through the Payment Management System (PMS) maintained by the Department of Health and Human Services Division of Payment Management (DPM). Grantees must obtain a username and password to use the system. PMS allows a grantee to make an online request for payment of federal funds. After a request is processed and approved, funds are directly deposited into the grantee's bank account through a process called Electronic Funds Transfer (EFT). Funds are generally available within one business day of the request. Grantees may request funds to reimburse for allowable expenses already paid or that will be paid within three business days of receipt.

EFT payments shall be timed in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of EFT payments shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

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

The DPM has an online tutorial for those who are not familiar with the system. Grantees are encouraged to visit the DPM website ([www.dpm.psc.gov](http://www.dpm.psc.gov)) to view the tutorial and training. Grantees that experience problems accessing funds should contact the help desk at 1-877-614-5533 or send an e-mail to [PMSSupport@psc.gov](mailto:PMSSupport@psc.gov).

### **ii Maintaining Funds in an FDIC Insured Bank**

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

- ▶ The grantee receives less than \$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.

### **iii Interest on Advances of Grant Funds**

Grantees must annually remit to the federal government any interest in excess of \$500 per year earned on advances of federal grant funds. A grantee may keep up to \$500 of interest earned per year. Interest remittances should be made to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852, which acts as the government-wide agent for collection.

## **D Reporting Requirements**

The LITC Program requires the timely submission of two reports for each grant year – an Interim report and a Year-End report. The LITC Program Office uses the reports to assess the grantee's progress in meeting its goals and objectives and to measure the quality of clinic operations, including the services provided to low income and ESL taxpayers. Quality of operations is measured by determining how well grantees fulfill the prongs of the LITC mission statement and the related performance measures. The IRS also compiles and analyzes data from the reports to assess the overall success of the LITC Program. Thus, it is important that grantees provide accurate and complete reports.

In certain instances, clinics 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 extensions 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. Please submit an extension request through [www.grantsolutions.gov](http://www.grantsolutions.gov) using a Grant Note.

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

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

## i Interim Reports

**NOTE:** *Interim and Year-End reports may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office may release these reports after appropriate redactions to ensure confidentiality of taxpayer information.*

Interim reports must be submitted online through [www.grantsolutions.gov](http://www.grantsolutions.gov) by **July 31, 2015**. The Interim report covers the first half of the grant year (January 1 through June 30) and consists of the following items, prepared in accordance with the relevant instructions.

- ▶ Standard Form 425, *Federal Financial Report*;
- ▶ Form 13424-L, *Statement of Grant Expenditures*;
- ▶ Form 13424-N, *Program Narrative* (covering the period from January 1 – June 30, 2015);
- ▶ Form 13424-A, *General Information*;
- ▶ Form 13424-K, *Controversy Case Information* (if applicable);
- ▶ Form 13424-B, *Controversy Issues* (if applicable); and
- ▶ Form 13424-C, *Systemic Advocacy Information*.

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

## ii Year-End Reports

Year-End reports must be submitted online through [www.grantsolutions.gov](http://www.grantsolutions.gov) by March 31, 2016. The Year-End report covers the entire grant year (January 1, 2015 through December 31, 2015). When preparing the program narrative, information may be incorporated by reference from the Interim Report program narrative, as appropriate. A complete Year-End report consists of the following items, prepared in accordance with the relevant instructions.

- ▶ Standard Form 425, *Federal Financial Report*;
- ▶ Form 13424-L, *Statement of Grant Expenditures*;
- ▶ Form 13424-N, *Program Narrative* (covering the period from January 1 – December 31, 2015)

- ▶ Form 13424-A, *General Information*;
- ▶ Form 13424-K, *Controversy Case Information* (if applicable);
- ▶ Form 13424-B, *Controversy Issues* (if applicable); and
- ▶ Form 13424-C, *Systemic Advocacy Information*.

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

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

## VII PROGRAM OFFICE RESPONSIBILITIES

### A GENERAL RESPONSIBILITIES

The LITC Program Office is responsible for managing and administering the LITC grant program in a manner so as to ensure that Federal funding is expended and funded programs are implemented in full accordance with U.S. statutory and public policy requirements. In fulfilling its responsibilities, the Program Office will provide assistance to and oversight of grantees.

### B ASSISTANCE AND OVERSIGHT

The LITC Program Office will assist applicants and grantees in various ways, including:

1. Furthering the clinics' understanding of the LITC program and their roles within the program;
2. Answering questions from potential LITC applicants and current grantees;
3. Providing technical assistance, suggestions, recommendations, and guidance to LITCs regarding operation of their programs;
4. Maintaining the LITC Toolkit website which is used to disseminate program guidance to grantees and provide resources to assist clinics in serving low income and ESL taxpayers;
5. Maintaining Publication 4134, which lists all federally funded LITCs and ensuring that the publication is included in appropriate IRS mailings and mentioned in appropriate IRS publications;
6. Informing the public about the availability of LITCs, as appropriate, and to the extent permitted by law, including references on the IRS website at [www.irs.gov](http://www.irs.gov);
7. Coordinating and making periodic site assistance visits;
8. Issuing special appearance authorization letters for student practice if a controversy LITC wishes to have students working in the clinic represent taxpayers; and
9. Coordinating access to e-services products offered by the IRS.

## **i Site Assistance Visits**

The LITC Program Office will periodically perform site assistance visits to selected clinics. These visits provide an opportunity for the Program Office to share information with grantees about program issues and identify areas where clinic services can be improved. Site assistance visits also provide an opportunity for clinic personnel to ask questions and share information about problems they may be encountering and to identify best practices that can be shared with all LITCs. In addition, site assistance visits are an integral part of the performance measures verification process and help to ensure that grant funds are being used appropriately and that the grantee is complying with the terms and conditions of the LITC grant award and Program guidelines.

Generally, there are three types of site assistance visits: an orientation visit, an operational review visit, and a Local Taxpayer Advocate visit.

All new grantees will receive an orientation visit, generally within the first 120 days of their initial funding 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 organization may need to improve and or create processes or systems to meet the requirements of the LITC program. The LITC Program Office will issue a written report of the orientation visit within 30 days of the visit.

All clinics will receive periodic operational review visits. The purpose of an operational review visit is to evaluate a clinic's overall operations, including its internal and administrative controls. 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 at any time.

During an operational review visit, an LITC program analyst may observe and evaluate a grantee's program activities and services, and discuss with clinic personnel the progress made in achieving program goals and objectives. The analyst may review a clinic's processes and procedures, including internal controls, personnel policies, training plans, privacy and confidentiality policies, and financial records. The analyst may examine intake procedures, systems for monitoring and tracking cases handled by clinic staff or referred to volunteers, outreach plans and materials, education curricula, fee policies, and client satisfaction instruments. In addition, the analyst may interview clinic staff, students, and volunteers who provide services to taxpayers. As part of monitoring and evaluating clinic activities, however, the LITC Program Office will be mindful of the clinic's duty to protect confidential information.

Prior to an operational review visit, the LITC program analyst will conduct a pre-visit assessment that will include a review of the grantee's application, program



plan, budget, and prior period reports. Based on this assessment, the analyst will identify items to be reviewed and will provide the Clinic Director with a preliminary list of items and topics to be reviewed during the site visit. Additional items may be requested during or after the site visit. The grantee should have all requested documents, including adequate records to support the sources and uses of funds, available for review during the site visit. The grantee must be prepared to demonstrate compliance with all standards of operation.

The LITC Program Office will issue a written report of the operational review visit, including findings, recommendations, and required corrective actions, generally within 90 days of the visit.

In years when the IRS does not conduct an operational review visit, a grantee should expect to receive at least one visit from its LTA. The LTA visit is designed to help foster the relationship between the clinic and its local Taxpayer Advocate Office.

## **C SUSPENSION OR TERMINATION OF A GRANT**

### **i Grounds for Suspension or Termination**

The IRS may suspend or terminate a grant in whole or in part if the grantee fails to comply with the terms and conditions of the award. A grant award may also be terminated with the consent of the grantee, in which case the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated.

Notwithstanding that a multi-year grant has been awarded under IRC § 7526(c)(3), the IRS may terminate a grant during the multi-year period.

### **ii Notification to Grantees**

Suspensions or terminations of grant awards shall be handled in accordance with 2 CFR Part 200. The LITC Program Office will notify the grantee in writing, of any suspension or termination action, setting forth the reasons for such action and the effective date. The notification will advise the grantee of its right to object to the suspension or termination action by providing information and documentation in writing to challenge the basis for the action.

### **iii Objection and Reconsideration**

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

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

#### **iv Post-Termination Responsibilities**

If the LITC Program Office terminates a grant, the clinic must submit a final financial report and program narrative within 90 days of the termination.

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

In addition, if the clinic will no longer participate in the United States Tax Court Clinical Program, the clinic must notify the Tax Court so that the Tax Court will cease referring taxpayers to that clinic. Once an organization is no longer a grantee, the clinic should not use "LITC" as part of its name. Circular 230 prohibits practitioners from providing misleading or deceptive statements or claims. See 31 C.F.R. § 10.30(a)(1). If the organization will continue to exist but will not be receiving grant funds, it may be misleading for the organization to call itself an LITC. In appropriate circumstances, the LITC Program Office may need to refer the matter to the Office of Professional Responsibility.

In addition, if the clinic will no longer participate in the United States Tax Court Clinical Program, the clinic must notify the Tax Court so that the Tax Court will cease referring taxpayers to that clinic. Once an organization is no longer a grantee, the clinic should not use "LITC" as part of its name. Circular 230 prohibits practitioners from providing misleading or deceptive statements or claims. See 31 C.F.R. § 10.30(a)(1). If the organization will continue to exist but will not be receiving grant funds, it may be misleading for the organization to call itself an LITC. In appropriate circumstances, the LITC Program Office may need to refer the matter to the Office of Professional Responsibility.

# APPENDIX A

## APPLICATION AND NCC GENERAL INFORMATION FORMS

# Low Income Taxpayer Clinic (LITC) Application Information

OMB Number  
1545-1648

## Grant Period Request *(Check one)*

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

## Grant Amount Requested

Controversy	ESL	Total
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## Applicant Information

Legal name of sponsoring organization

Prefix	Last name	First name	Middle initial	Suffix
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Title

Phone number	FAX number	Email address
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## Applicant's Mailing Address

Street

Street address line 2

City	State	ZIP + 4 code
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## Clinic Information

Name of clinic

Public telephone number	Toll-Free telephone number <i>(if applicable)</i>	FAX number
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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
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Licenses/Certifications *(Check all that apply)*

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

**Qualified Tax Expert (QTE)**

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

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

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

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

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

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

**Purpose**

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

The Program Office uses the information reported on this form to send correspondence to the clinics and also to share with taxpayers through various IRS publications. Please be careful to follow the instructions for this form and to report all information completely and accurately. A complete response means an entry must be provided for each field.

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

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

**Grant Amount Requested**

Input the amount, rounded to whole dollars, that is requested for controversy and English as a Second Language (ESL) program funding. You must input zero if you do not wish funding for a certain program. The maximum total funding that may be requested by an applicant in a single year is **\$100,000**.

**Applicant Information**

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

**Clinic Information**

Enter information in this section relating to the clinic that will be providing services to taxpayers.

For clinics awarded an LITC grant, the information entered in this section is used *exactly as entered* to populate 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. Please provide a complete response, including zip plus-four code, for Applicant's Mailing Address, Clinic Street Address, and Clinic Mailing Address. Do not write "same." Phone numbers should be formatted as 123-456-7890 x.111. When providing the clinic's website address, please provide the direct link to the LITC page if one is available. If no website exists, write "none."

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

All applicants are required to designate a Clinic Director, Qualified Tax Expert (QTE), and Qualified Business Administrator (QBA) at the time of application. Applicants for controversy funding are required to have a Clinic Director, QTE, and QBA on permanent staff. ESL only applicants are not required to have a QTE on staff; however the QTE must be identified on this form and available to review all educational materials for accuracy before distribution. For more information on these positions, see Publication 3319, *LITC Grant Application and Guidelines*. For each staff member, listed, list any licenses and certifications relevant to providing controversy services.

**Application for Federal Assistance SF-424**

Version 02

*1. Type of Submission		*2. Type of Application		*If Revision, select appropriate letter(s):	
<input type="checkbox"/> Preapplication		<input type="checkbox"/> New			
<input type="checkbox"/> Application		<input type="checkbox"/> Continuation		* Other (Specify)	
<input type="checkbox"/> Changed/Corrected Application		<input type="checkbox"/> Revision			
*3. Date Received:			4. Application Identifier:		
5a. Federal Entity Identifier:			*5b. Federal Award Identifier:		
<b>State Use Only:</b>					
6. Date Received by State:			7. State Application Identifier:		
<b>8. APPLICANT INFORMATION:</b>					
* a. Legal Name:					
* b. Employer/Taxpayer Identification Number (EIN/TIN):			*c. Organizational DUNS:		
<b>d. Address:</b>					
*Street 1:					
Street 2:					
*City:					
County:					
*State:					
Province:					
Country:					
*Zip/ Postal Code:					
<b>e. Organizational Unit:</b>					
Department Name:			Division Name:		
<b>f. Name and contact information of person to be contacted on matters involving this application:</b>					
Prefix:		First Name:			
Middle Name:					
*Last Name:					
Suffix:					
Title:					
Organizational Affiliation:					
*Telephone Number:			Fax Number:		
*Email:					

**Application for Federal Assistance SF-424**

Version 02

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

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

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

\*Other (specify):

\*10. Name of Federal Agency:

11. Catalog of Federal Domestic Assistance Number:

CFDA Title:

\*12. Funding Opportunity Number:

\*Title:

13. Competition Identification Number:

Title:

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

\*15. Descriptive Title of Applicant's Project:

**Attach supporting documents as specified in agency instructions.**

## Application for Federal Assistance SF-424

Version 02

16. Congressional Districts Of:

\*a. Applicant

\*b. Program/Project:

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

17. Proposed Project:

\*a. Start Date:

\*b. End Date:

### 18. Estimated Funding (\$):

\*a. Federal

\*b. Applicant

\*c. State

\*d. Local

\*e. Other

\*f. Program Income

\*g. TOTAL

\$0.00

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

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

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

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

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

Yes

No

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

\*\*I AGREE

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

### Authorized Representative:

Prefix:

\*First Name:

Middle Name:

\*Last Name:

Suffix:

\*Title:

\*Telephone Number:

Fax Number:

\*Email:

\*Signature of Authorized Representative:

Date Signed:



**Application for Federal Assistance SF-424**

Version 02

**\*Applicant Federal Debt Delinquency Explanation**

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

**INSTRUCTIONS FOR THE SF-424**

Public reporting burden for this collection of information is estimated to average 60 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0043), Washington, DC 20503.

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

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

Item	Entry:	Item	Entry:
1.	<b>Type of Submission:</b> (Required): Select one type of submission in accordance with agency instructions. <ul style="list-style-type: none"> <li>• Preapplication</li> <li>• Application</li> <li>• Changed/Corrected Application – If requested by the agency, check if this submission is to change or correct a previously submitted application. Unless requested by the agency, applicants may not use this to submit changes after the closing date.</li> </ul>	10.	<b>Name Of Federal Agency:</b> (Required) Enter the name of the Federal agency from which assistance is being requested with this application.
		11.	<b>Catalog Of Federal Domestic Assistance Number/Title:</b> Enter the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested, as found in the program announcement, if applicable.
2.	<b>Type of Application:</b> (Required) Select one type of application in accordance with agency instructions. <ul style="list-style-type: none"> <li>• New – An application that is being submitted to an agency for the first time.</li> <li>• Continuation - An extension for an additional funding/budget period for a project with a projected completion date. This can include renewals.</li> <li>• Revision - Any change in the Federal Government's financial obligation or contingent liability from an existing obligation. If a revision, enter the appropriate letter(s). More than one may be selected. If "Other" is selected, please specify in text box provided. <ul style="list-style-type: none"> <li>A. Increase Award      B. Decrease Award</li> <li>C. Increase Duration    D. Decrease Duration</li> <li>E. Other (specify)</li> </ul> </li> </ul>	12.	<b>Funding Opportunity Number/Title:</b> (Required) Enter the Funding Opportunity Number and title of the opportunity under which assistance is requested, as found in the program announcement.
		13.	<b>Competition Identification Number/Title:</b> Enter the Competition Identification Number and title of the competition under which assistance is requested, if applicable.
		14.	<b>Areas Affected By Project:</b> List the areas or entities using the categories (e.g., cities, counties, states, etc.) specified in agency instructions. Use the continuation sheet to enter additional areas, if needed.
3.	<b>Date Received:</b> Leave this field blank. This date will be assigned by the Federal agency.	15.	<b>Descriptive Title of Applicant's Project:</b> (Required) Enter a brief descriptive title of the project. If appropriate, attach a map showing project location (e.g., construction or real property projects). For preapplications, attach a summary description of the project.
4.	<b>Applicant Identifier:</b> Enter the entity identifier assigned by the Federal agency, if any, or applicant's control number, if applicable.		
5a	<b>Federal Entity Identifier:</b> Enter the number assigned to your organization by the Federal Agency, if any.	16.	<b>Congressional Districts Of:</b> (Required) 16a. Enter the applicant's Congressional District, and 16b. Enter all District(s) affected by the program or project. Enter in the format: 2 characters State Abbreviation – 3 characters District Number, e.g., CA-005 for California 5 <sup>th</sup> district, CA-012 for California 12 <sup>th</sup> district, NC-103 for North Carolina's 103 <sup>rd</sup> district. <ul style="list-style-type: none"> <li>• 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.</li> <li>• If nationwide, i.e. all districts within all states are affected, enter US-all.</li> <li>• If the program/project is outside the US, enter 00-000.</li> </ul>
5b.	<b>Federal Award Identifier:</b> For new applications leave blank. For a continuation or revision to an existing award, enter the previously assigned Federal award identifier number. If a changed/corrected application, enter the Federal Identifier in accordance with agency instructions.		
6.	<b>Date Received by State:</b> Leave this field blank. This date will be assigned by the State, if applicable.		
7.	<b>State Application Identifier:</b> Leave this field blank. This identifier will be assigned by the State, if applicable.		
8.	<b>Applicant Information:</b> Enter the following in accordance with agency instructions:	17.	<b>Proposed Project Start and End Dates:</b> (Required) Enter the proposed start date and end date of the project.
	<b>a. Legal Name:</b> (Required): Enter the legal name of applicant that will undertake the assistance activity. This is the name that the organization has registered with the Central Contractor Registry. Information on registering with CCR may be obtained by visiting the Grants.gov website.		
	<b>b. Employer/Taxpayer Number (EIN/TIN):</b> (Required): Enter the Employer or Taxpayer Identification Number (EIN or TIN) as assigned by the Internal Revenue Service. If your organization is not in the US, enter 44-4444444.		
	<b>c. Organizational DUNS:</b> (Required) Enter the organization's DUNS or DUNS+4 number received from Dun and Bradstreet. Information on obtaining a DUNS number may be obtained by visiting the Grants.gov website.		
	<b>d. Address:</b> Enter the complete address as follows: Street address (Line 1 required), City (Required), County, State (Required, if country is US), Province, Country (Required), Zip/Postal Code (Required, if country is US).		
<b>e. Organizational Unit:</b> Enter the name of the primary organizational unit (and department or division, if applicable) that will undertake the	18.	<b>Estimated Funding:</b> (Required) Enter the amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines, as applicable. If the action will result in a dollar change to an existing award, indicate only the amount of the change. For decreases, enclose the amounts in parentheses.	
		19.	<b>Is Application Subject to Review by State Under Executive Order 12372 Process?</b> Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the

	<p>assistance activity, if applicable.</p> <p><b>f. Name and contact information of person to be contacted on matters involving this application:</b> Enter the name (First and last name required), organizational affiliation (if affiliated with an organization other than the applicant organization), telephone number (Required), fax number, and email address (Required) of the person to contact on matters related to this application.</p>	<p>State intergovernmental review process. Select the appropriate box. If "a." is selected, enter the date the application was submitted to the State</p>		
<p>9.</p>	<p>Type of Applicant: (Required) Select up to three applicant type(s) in accordance with agency instructions.</p> <table border="1" data-bbox="162 472 844 1029"> <tr> <td data-bbox="162 472 511 1029"> <p>A. State Government B. County Government C. City or Township Government D. Special District Government E. Regional Organization F. U.S. Territory or Possession G. Independent School District H. Public/State Controlled Institution of Higher Education I. Indian/Native American Tribal Government (Federally Recognized) J. Indian/Native American Tribal Government (Other than Federally Recognized) K. Indian/Native American Tribally Designated Organization L. Public/Indian Housing Authority</p> </td> <td data-bbox="511 472 844 1029"> <p>M. Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education) N. Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education) O. Private Institution of Higher Education P. Individual Q. For-Profit Organization (Other than Small Business) R. Small Business S. Hispanic-serving Institution T. Historically Black Colleges and Universities (HBCUs) U. Tribally Controlled Colleges and Universities (TCCUs) V. Alaska Native and Native Hawaiian Serving Institutions W. Non-domestic (non-US) Entity X. Other (specify)</p> </td> </tr> </table>	<p>A. State Government B. County Government C. City or Township Government D. Special District Government E. Regional Organization F. U.S. Territory or Possession G. Independent School District H. Public/State Controlled Institution of Higher Education I. Indian/Native American Tribal Government (Federally Recognized) J. Indian/Native American Tribal Government (Other than Federally Recognized) K. Indian/Native American Tribally Designated Organization L. Public/Indian Housing Authority</p>	<p>M. Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education) N. Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education) O. Private Institution of Higher Education P. Individual Q. For-Profit Organization (Other than Small Business) R. Small Business S. Hispanic-serving Institution T. Historically Black Colleges and Universities (HBCUs) U. Tribally Controlled Colleges and Universities (TCCUs) V. Alaska Native and Native Hawaiian Serving Institutions W. Non-domestic (non-US) Entity X. Other (specify)</p>	<p>20. <b>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 debt include delinquent audit disallowances, loans and taxes.</p> <p>If yes, include an explanation on the continuation sheet.</p> <p>21. <b>Authorized Representative:</b> (Required) To be signed and dated by the authorized representative of the applicant organization. Enter the name (First and last name required) title (Required), telephone number (Required), fax number, and email address (Required) of the person authorized to sign for the applicant.</p> <p>A copy of the governing body's authorization for you to sign this application as the official representative must be on file in the applicant's office. (Certain Federal agencies may require that this authorization be submitted as part of the application.)</p>
<p>A. State Government B. County Government C. City or Township Government D. Special District Government E. Regional Organization F. U.S. Territory or Possession G. Independent School District H. Public/State Controlled Institution of Higher Education I. Indian/Native American Tribal Government (Federally Recognized) J. Indian/Native American Tribal Government (Other than Federally Recognized) K. Indian/Native American Tribally Designated Organization L. Public/Indian Housing Authority</p>	<p>M. Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education) N. Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education) O. Private Institution of Higher Education P. Individual Q. For-Profit Organization (Other than Small Business) R. Small Business S. Hispanic-serving Institution T. Historically Black Colleges and Universities (HBCUs) U. Tribally Controlled Colleges and Universities (TCCUs) V. Alaska Native and Native Hawaiian Serving Institutions W. Non-domestic (non-US) Entity X. Other (specify)</p>			

# ASSURANCES AND CERTIFICATIONS

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

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

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

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this Application.
2. Will give the awarding agency, the Comptroller General of the United States, and if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work (activities in Application) within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the nineteen statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 CFR 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L.88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C.1681-1683, 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C.794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C.6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L.91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) Sections 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C.3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which Application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statutes which may apply to the Application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply with the provisions of the Hatch Act (5 U.S.C.1501-1508 & 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. 276a to 276a-7), the Copeland Act (40 U.S.C. 276c and 18 U.S.C. 874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), regarding labor standards for federally assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L.91-190) and Executive Order 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451et seq.); (f) conformity of Federal actions to State Implementation Plans under Section 176(c) of the Clear Air Act of 1955, as

- amended (42 U.S.C. 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L.93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.L.93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. 2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.) which prohibits the use of lead based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act of 1984.
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations and policies governing this program.

## B. Additional Certifications

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

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

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

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



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

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

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

**E. Certification Regarding Drug-Free Workplace Requirements**

1. The Applicant certifies that it will provide a drug-free workplace by:
  - (a) publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employee for violations of such prohibition;

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

Not Applicable

**F. Certification Regarding Lobbying**

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

## Application for Federal Assistance, Standard Form 424

### Who must complete this form?

All applicants

### Things to note:

- The EIN and DUNS number should be reviewed for accuracy.
- The contact information should be reviewed for accuracy.

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

**NOTE:** Applicants are required to register with the System for Award Management (SAM) prior to submitting a grant application and are required to maintain an active SAM registration with current information at all times during which it has an active federal award or an application under consideration. SAM is a web-enabled government wide application that collects, validates, stores, and disseminates business information about the federal government's trading partners in support of the contract award, grants, and electronic payment processes. See II.J.viii, *System for Award Management, Employer Identification Number, and Universal Identifier Requirements*.

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

Block	Title	Comments
1.	Type of Submission	For LITC purposes check the <b>Application</b> box.
2.	Type of Application	Check <b>New</b> when applying for a single-year grant or year one of a multi-year grant. Check <b>Continuation</b> when applying for years 2 or 3 of a multi-year grant.
3.	Date Received	Mark as <b>N/A</b> .
4.	Applicant Identifier	Mark as <b>N/A</b> .
5a.	Federal Entity Identifier	Mark as <b>N/A</b> .
5b.	Federal Award Identifier	Mark as <b>N/A</b> .
6.	Date Received by State	Mark as <b>N/A</b> .
7.	State Application Number	Mark as <b>N/A</b> .
8a.	Legal Name	Enter Legal Name of the Organization. Do not use an acronym unless it is the legal name. This should be the name used on the CCR registration.
8b.	Employer Identification Number	Enter EIN assigned by the IRS. This is not a Social Security number. This number will be used to conduct a tax compliance check.
8c.	Organizational DUNS	Enter the identification number assigned by the Dunn & Bradstreet organization. This information is required for all organizations that receive federal grant funds. The link to the website to apply for a DUNS number is: <a href="http://fedgov.dnb.com/webform">http://fedgov.dnb.com/webform</a> .
8d.	Address	Enter Address of Organization. This should be the address for the organization's physical location.
8e.	Organizational Unit	Mark as <b>N/A</b> .
8f.	Name and Contact	When completing the contact information, please

	Information	remember that if the Program Office needs to contact the applicant for information there will be tight deadlines. Therefore, it is important to provide a phone number at which the contact person is accessible. It can be a cell phone, home phone, or office phone.
9.	Type of Applicant	Refer to the general instructions provided with SF-424 in Appendix A for the appropriate code.
10.	Name of Federal Agency	Enter <b>Low Income Taxpayer Clinic (LITC)</b> .
11	Catalog of Federal Domestic Assistance Number	Enter <b>21.008</b> in the CFDA Number box and <b>Low Income Taxpayer Clinic</b> in the CFDA Title box.
12	Funding Opportunity Number	Enter <b>TREAS-GRANTS-052015-001</b> in the Funding Opportunity Number box and <b>Low Income Taxpayer Clinic</b> in the Title box.
13	Competition Identification Number	Enter <b>TREAS-GRANTS-052015-001</b> .
14	Areas Affected by Project	Provide county where services will be provided. If multiple counties, list each individually. Only list counties, not cities or regions (e.g., northwest region of state). If the clinic services the entire state, enter the state name and note <b>All Counties</b> . If more space is required, attach an additional sheet.
15	Descriptive Title of Applicant's Project	Enter <b>Low Income Taxpayer Clinic</b> .
16	Congressional Districts	Enter the congressional district of the applicant on line 16a, and the congressional districts to be served by the clinic on line 16b. Enter in the following format: two-character state abbreviation – two-character district number, e.g., CA-05 for California's fifth district or NC-10 for North Carolina's tenth district. If all congressional districts in a state are affected, enter <b>All</b> for the district number, e.g., MD-All for all congressional districts in Maryland. If more space is required, continue on an additional sheet and attach.
17	Proposed Project	For all applicants, enter <b>1/1/2015 as the start date</b> . The end date should be entered as <b>12/31/2015</b> or the end of the multi-year grant period, if later (i.e., <b>12/31/2016</b> or <b>12/31/2017</b> as applicable).
18a-f	Estimated Funding	18a. Enter the amount of federal grant funds requested for 2014 (if the applicant is a multi-year grantee, remember to only list the amount requested for 2013). This amount cannot exceed \$100,000. 18b-e. Enter the amount of matching funds by source. These are all funds offered as match. The amount needs to be equal or exceed the amount on line 18a. Remember a dollar-for-dollar match is required for this grant. 18f. Enter any program income the organization expects to receive.
18g	Total	Add the amounts in 18a through 18f.

19	Is Applicant Subject to Review by State Under Executive Order 12372 Process?	Mark <b>C</b> . <b>Program Is not covered by E.O. 12372.</b>
20	Is the Applicant Delinquent on any Federal Debt?	Check <b>Yes</b> or <b>No</b> . If Yes, provide an explanation.
21	Certification and Assurance and Authorized Representative	This section covers agreement to the certifications and assurances required as part of this package. Check <b>I Agree</b> after reviewing the certification section of the application notice. Complete this section with the name, title, contact information, and signature of the individual authorized to submit a federal grant application on behalf of the applicant.



Department of the Treasury - Internal Revenue Service  
**Low Income Taxpayer Clinic (LITC)**  
**Application Narrative**

Applicant Organization name

Use this template to complete the Background Information and Program Performance Plan 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, outreach, and education*) 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 its target audience

**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. Specifically describe the following:

1. Accounting procedures

2. 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. The plans for audits and controls

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

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### Program Performance Plan

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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 permission from the Office of Professional Responsibility for a special appearance to allow 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

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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

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## II. Volunteers

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

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

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I. Detail the method used to track volunteer time

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## III. Training and Resources

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

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

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

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## IV. Clinic Operations

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M. Describe the clinic's publicity plan, including potential venues for outreach to low income taxpayers. Identify the methods and media that the clinic will use to reach taxpayers

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N. 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

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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

---

## V. Program Plan

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Q. Describe the proposed program plan for the period for which the grant is requested. **If the clinic will be providing both Controversy and ESL services, submit a separate program plan and goals for each.** If the program goals extend beyond one year, state goals in annual increments of up to three years

---

### Controversy Plan

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1. Provide a general description of the controversy program

---

2. Describe the type of controversy services to be provided

---

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

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4. 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*)

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5. 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*)

---

6. Project numerical goals for

i. New representation cases; and

ii. Consultations

---

**ESL Plan**

7. Provide a general description of the ESL program

---

8. Describe the type of ESL outreach and educational activities to be provided, including educational topics to be addressed

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9. Describe the target population for ESL outreach and education

10. Describe the plans for tracking the number of ESL taxpayers served

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11. Project numerical goals for

i. Educational activities to be conducted

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ii. ESL taxpayers to be reached; and

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iii. Consultations

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**VI. Program Monitoring and Evaluation**

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

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S. Indicate how the clinic intends to measure client satisfaction

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## VII. Geographic and Demographic Information

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T. 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. Identify languages in which the clinic provides services. Specify if interpreters are available

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## Civil Rights Reporting

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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

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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

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**Low Income Taxpayer Clinic (LITC)  
LITC Tax Information Authorization**

**OMB Number**  
1545-1648

As provided for in Publication 3319, all applicants for an LITC grant must be in compliance with Federal tax responsibilities. The LITC Program Office will conduct compliance checks on organizations applying for an LITC grant and will also conduct periodic checks throughout the grant period. Therefore, any LITC that is part of a larger organization (*e.g., university*) will need to have an authorized official from the larger organization complete the following authorization:

Name of academic institution or other parent organization

Name of Low Income Taxpayer Clinic (*LITC*)

I authorize the Internal Revenue Service to disclose the following return information, as that term is defined in Internal Revenue Code section 6103(b), of the Academic Institution or Parent Organization (*listed above*) to the Director of the Low Income Taxpayer Clinic (*listed above*) in connection with the clinic's application for a low income taxpayer clinic matching grant and continued entitlement to such grant. Specifically, I authorize the Internal Revenue Service to disclose that the Academic Institution or Parent Organization has an outstanding federal tax liability (*amount, type of tax, and periods*) that may affect the approval of the clinic's grant application by the Internal Revenue Service or the clinic's continued entitlement to such grant.

I am aware that without this authorization the return information of the Academic Institution or Parent Organization is confidential and is protected by law under the Internal Revenue Code. I certify that I am authorized by law to bind the Academic Institution or Parent Organization and that I have authority to execute this consent to disclose return information.

Taxpayer name

Street

City	State	ZIP + 4 code
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Employer Identification Number (*EIN*)

Name of authorized person

Title of authorized person	Telephone number
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Email address of authorized person

Signature of authorized person	Date signed
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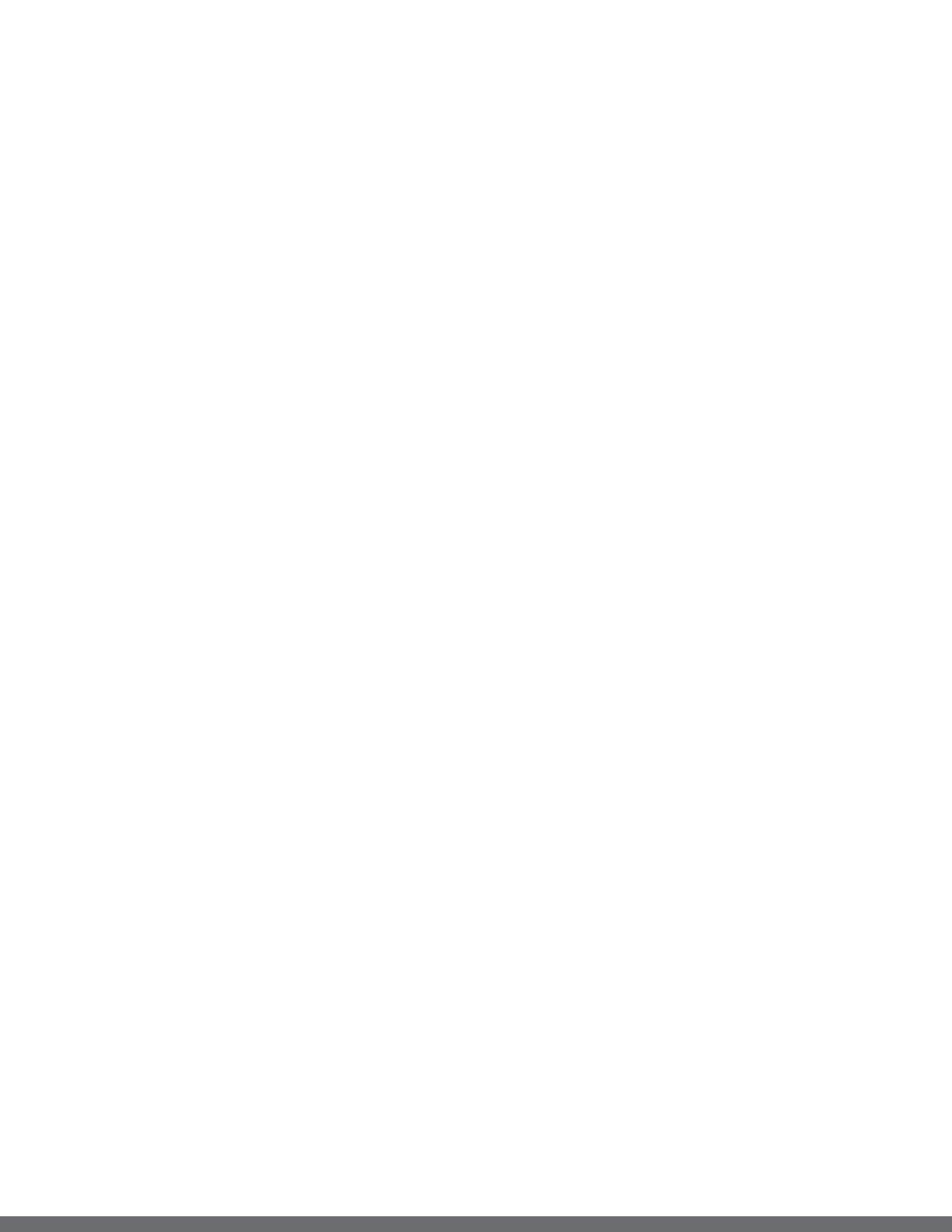


## INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLLA Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying entity engaged by the reporting entity identified in item 4 to influence the covered Federal action.  
  
(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.
12. Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.
13. Check the appropriate box(es). Check all boxes that apply. If other, specify nature.
14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.
15. Check whether or not a SF-LLLA Continuation Sheet(s) is attached.
16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

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 OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.



APPENDIX B

GRANT APPLICATION  
AND NCC BUDGET FORMS

## Budget and Financial Information

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

- a. Standard Form 424A, *Budget Information – Non-Construction Programs*. This form is used to provide a budget for the grant year. An applicant that is applying for both Controversy and ESL funding should submit only one Standard Form 424A, which will include budget information for both programs. The applicant will identify the Controversy and ESL program requests separately on the form. Detailed instructions for completing the form are provided in Appendix B.
- b. *Detailed Budget Worksheet* (Form 13424-J) and Narrative. This worksheet and accompanying narrative provides a breakdown of budgeted expense items in accordance with the budget categories listed in section B of Standard Form 424A. A single worksheet should include information related to both Controversy and ESL programs, if applicable, as well as information related to the proposed use of federal funds and matching funds. Detailed instructions for completing the worksheet and narrative are provided in Appendix B. An example of a properly prepared worksheet and narrative is provided in Appendix B.
- c. Copy of the applicant's most recent audited or unaudited financial statement. If an unaudited financial statement is submitted, please explain why an audited financial statement is not available. If a financial statement is not available, please include a profit and loss statement.
- d. A copy of the applicant's indirect cost rate agreement, if applicable.

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

### Things to note:

- ▶ Each budget item does not require a dollar-for-dollar match, but the total matching funds for each program must equal or exceed the total federal funds requested for that program.
- ▶ Federal funds are those funds the applicant or requestor is seeking from the IRS in support of the LITC Program.
- ▶ Non-federal funds are funds from other sources that the applicant has or will have available to spend on the LITC Program. These are considered matching funds.
- ▶ 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* provides guidance about allowable and unallowable expenses. Also, see section IV.E, Cost Principles, for a list of common expenses that are allowable or unallowable.
- ▶ Please round figures to whole dollars only and no cents.
- ▶ Budgets should only include funding requested for grant year 2015, even if a clinic is applying for a multi-year grant.

**BUDGET INFORMATION - Non-Construction Programs**

SECTION A - BUDGET SUMMARY						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		Total (g)
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	
1.		\$	\$	\$	\$	0.00
2.						0.00
3.						0.00
4.						0.00
5. Totals		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00
SECTION B - BUDGET CATEGORIES						
6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY					
	(1)	(2)	(3)			Total (5)
a. Personnel	\$	\$	\$			0.00
b. Fringe Benefits						0.00
c. Travel						0.00
d. Equipment						0.00
e. Supplies						0.00
f. Contractual						0.00
g. Construction						0.00
h. Other						0.00
i. Total Direct Charges (sum of 6a-6h)		0.00	0.00	0.00	0.00	0.00
j. Indirect Charges						0.00
k. TOTALS (sum of 6i and 6j)	\$	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00
7. Program Income						0.00

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SECTION C - NON-FEDERAL RESOURCES					
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS	
8.	\$	\$	\$	\$	0.00
9.					0.00
10.					0.00
11.					0.00
12. TOTAL (sum of lines 8-11)	\$	0.00 \$	0.00 \$	0.00 \$	0.00

SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	13. Federal	\$ 0.00 \$		\$	\$
14. Non-Federal	0.00				
15. TOTAL (sum of lines 13 and 14)	\$ 0.00 \$	0.00 \$	0.00 \$	0.00 \$	0.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT					
(a) Grant Program	FUTURE FUNDING PERIODS (Years)				
	(b) First	(c) Second	(d) Third	(e) Fourth	
16.	\$	\$	\$	\$	
17.					
18.					
19.					
20. TOTAL (sum of lines 16-19)	\$	0.00 \$	0.00 \$	0.00 \$	0.00

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

## INSTRUCTIONS FOR THE SF-424A

Public reporting burden for this collection of information is estimated to average 180 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0044), Washington, DC 20503.

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

### General Instructions

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

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

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

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

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

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

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

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

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

**Line 5** - Show the totals for all columns used.

### Section B Budget Categories

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

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

**Line 6j** - Show the amount of indirect cost.

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

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

## INSTRUCTIONS FOR THE SF-424A (continued)

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

### Section C. Non-Federal Resources

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

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

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

**Column (c)** - Enter the amount of the State's cash and in-kind contribution if the applicant is not a State or State agency. Applicants which are a State or State agencies should leave this column blank.

**Column (d)** - Enter the amount of cash and in-kind contributions to be made from all other sources.

**Column (e)** - Enter totals of Columns (b), (c), and (d).

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

### Section D. Forecasted Cash Needs

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

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

**Line 15** - Enter the totals of amounts on Lines 13 and 14.

### Section E. Budget Estimates of Federal Funds Needed for Balance of the Project

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

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

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

### Section F. Other Budget Information

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

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

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



## Standard Form 424A, Budget Information – Non-Construction Programs

A Standard Form 424A, *Budget Information – Non-Construction Programs*, is required for this application. The term “non-federal funds” is used interchangeably with “matching funds.” The following table provides information on how to complete the SF 424A. Applicants should also review the instructions provided with SF 424A in Appendix A.

Section A – Budget Summary	
SF 424A Title	Explanation
Grant Program Function or Activity (a): Line 1	Enter the word “Controversy” on line 1 of the form. Include all requests for Controversy resources on this line.
Grant Program Function or Activity (a): Line 2	Enter the word “ESL” on line 2 of the form. Include all requests for ESL resources on this line.
<i>NOTE: An applicant seeking to operate only an ESL program may enter “ESL” and the corresponding funding request on line 1 of the SF 424A, and leave line 2 blank. An applicant seeking to operate only a Controversy program may leave line 2 blank. These instructions are applicable throughout the rest of this application.</i>	
Lines 3(a) – (g) and 4(a) – (g)	No entry required or may contain all zeroes.
Catalog of Federal Domestic Assistance Number (b)	Enter 21.008 on lines 1 and 2 as appropriate.
Estimated Unobligated Funds: Federal (c) and Non-Federal (d)	No entry required or may contain all zeroes.
New or Revised Budget: Federal (e)	This section is used to capture the amount of federal funds requested from IRS for performance of this grant in grant year 2015. On line 1(e) enter the total amount of money requested from the IRS for Controversy. On line 2(e), enter the total amount of money requested from the IRS for ESL.
New or Revised Budget: Non-Federal (f)	This section is used to capture the amount of non-federal funds proposed for matching. This grant requires a dollar-for-dollar match. Enter on line 1(f) the total amount of matching funds for Controversy. The amount in this column must be equal to or greater than the amount on line 1(e). Enter on line 2(f) the total amount of matching funds for ESL. The amount in this column must be equal to or greater than the amount on line 2(e).
New or Revised Budget: Total (g)	This is the sum of columns (e) and (f).
Grant Program Function or Activity (a): Line 5 – Totals	Enter the totals for each column (c) – (g).
<b>TIP: The amounts on line 5(e) - (g) of the SF 424A should agree with amounts in section 18 on the SF 424, as follows:</b> <ul style="list-style-type: none"> <li>➤ The amount on SF 424A, line 5(e) should equal the amount on SF 424, block 18(a);</li> <li>➤ The amount on SF 424A, line 5(f) should equal the sum of SF 424, blocks 18(b)-(e); and</li> <li>➤ The amount on SF 424A, line 5(g) should equal the amount on SF 424, block 18(g).</li> </ul>	

Section B – Budget Categories	
SF 424A Title	Explanation
<p>The amounts entered in section B, columns (1) and (2), must correspond with the totals shown by program in the <i>Detailed Budget Worksheet</i> (Form 13424-J). NOTE: The data captured in this section also corresponds to lines (1) and (2) entered in section A, <i>Budget Summary</i>.</p> <ul style="list-style-type: none"> <li>➤ <i>The data that is entered in column (1) in section B corresponds to the total amount entered on line (1) of section A (e.g., section B, column (1), item 6(k) should equal section A, item 1(g)).</i></li> <li>➤ <i>The data that is entered in column (2) in section B corresponds to the total amount entered on line (2) of section A (e.g., section B, column (2), item 6(k) should equal section A, item 2(g)).</i></li> </ul>	
6. Object Class Categories	<p>Enter the combined federal and non-federal funds from section A by object class category in columns (1) and (2). Columns (1) and (2) will correspond to the specific program – Controversy or ESL – noted in lines (1) and (2) of section A. Columns (3) and (4) should be blank. The total of columns (1) and (2) is captured in column (5). Reminder: Review the allowable and unallowable expenses in this publication and applicable OMB Circulars before completing this application.</p>
a. Personnel	This category represents wages and salaries paid to LITC staff. Do not include fringe benefits on this line. This number will reflect both federal and non-federal dollars.
b. Fringe Benefits	This category includes the fringe benefits for the personnel listed in the personnel section and includes both federal and non-federal dollars.
c. Travel	This category covers travel costs for the LITC program. Travel for unrelated seminars, meetings, etc. is not allowed.
d. Equipment	This category covers all equipment for the program, including the value of any donated equipment.
e. Supplies	This category covers all supplies for the program, including the value of donated supplies.
f. Contractual	This category covers the cost of rent, utilities, and other contracted items or services that will be used in the program, including the value of donated space.
g. Construction	This line must be blank or all zeroes. Construction costs are not covered by the grant.
h. Other	This category covers all other direct expenses that do not fit in the above categories. The value of volunteer in-kind services is included in this category.
i. Total Direct Charges (sum of 6(a)-6(h))	Total direct charges from line 6(a) through 6(h).
j. Indirect Charges	Enter indirect charges allocable to the plan or all zeroes.
k. TOTALS (sum of 6(i) and 6(j))	Total both direct and indirect charges.
7. Program Income	If the clinic charges a nominal fee for services, program income would be included in the appropriate column. Program income may be used to finance the non-federal share of the program ( <i>i.e.</i> , it may be used as part of the clinic's matching funds).

Section C – Non-Federal Resources	
SF 424A Title	Explanation
8(a) Grant Program	The information entered here should be identical to that entered in section A line 1(a) on the SF 424A. For Controversy programs, enter “Controversy” on this line. For ESL only programs, enter “ESL” on this line. Columns (b) through (e) will contain the corresponding data for the applicant’s Controversy or ESL only program.
8(b) Applicant	This is the amount of matching funds that will come directly from the applicant. Enter the amount on line 8(b).
8(c) State	Enter the amount of the state’s cash and in-kind contribution if the applicant is not a state or state agency.
8(d) Other Sources	Enter the amount of cash and in-kind contributions to be made from all other sources.
8(e) TOTALS	Total the amount on line 8, columns (b) – (d). This amount must match the amount on line 1(f) Non-Federal in section A.
Line 9(a) through (d)	For applicants applying for Controversy and ESL funding, use the instructions above and enter data for the ESL program on line 9(a) through (d).
9(e) TOTALS	Total the amount on line 9, columns (b) – (d). This amount must match the amount on line 2(f) Non-Federal in section A.
Lines 10-11	No entries required (or enter all zeroes).
Line 12 TOTAL (sum of lines 8-11)	Total columns (b) – (e).
<b>TIP: All cash and in-kind contributions must be addressed in the Detailed Budget Worksheet and Narrative. An explanation of the sources and amounts of matching funds to be provided, as well as an explanation of the methods used to value in-kind contributions, must be included in the narrative.</b>	

Section D – Forecasted Cash Needs	
Line 13 Federal	Enter the amount of federal funds needed by quarter during grant year 2015. Total should equal section A line 5(e).
Line 14 Non-Federal	Enter the amount of cash funds from all other sources needed by quarter during grant year 2015. Enter cash needs only. <b>Do not</b> include the value of any in-kind matching funds.
Line 15 TOTAL (sum of lines 13 and 14)	Enter the total of lines 13 and 14.

Section E – Budget Estimates of Federal Funds Needed for Balance of the Project	
The section is only required if the applicant organization has applied for a multi-year grant.	
SF 424A Title	Explanation
Lines 16(a) Grant Program	Enter in column (a) the same grant program titles shown in section A column 1(a).
Lines 17(a) Grant Program	Enter in column (a) the same grant program titles shown in section A column 2(a), if applicable.
Lines 18(a) – (e) and 19(a) – (e)	Leave blank.
16(b) First Future Funding Period	Estimate the amount of federal funds needed for Controversy or ESL programs for 2016.
16(c) Second Funding Period	Estimate the amount of federal funds needed for Controversy or ESL programs for 2017.

16(d) Third and (e) Fourth	Leave blank.
17(b) First Future Funding Period	For clinics that have both Controversy and ESL programs, estimate the amount of federal funds needed for ESL programs for 2016.
17(c) Second Future Funding Period	For clinics that have both Controversy and ESL programs, estimate the amount of federal funds needed for ESL programs for 2017.
Line 20 TOTAL (sum of lines 16-19)	Enter the total amounts for the First (b) and Second (c) future funding periods.

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

# Detailed Budget Worksheet

OMB Number  
1545-1648

Name of Low Income Taxpayer Clinic

Grant Period

From

To

Expense Categories	Controversy Program			ESL Program			Totals		
	Federal	Match	Total	Federal	Match	Total	Federal	Match	Total
A. Personnel			0			0	0	0	0
B. Fringe Benefits			0			0	0	0	0
C. Travel			0			0	0	0	0
D. Equipment			0			0	0	0	0
E. Supplies			0			0	0	0	0
F. Contractual			0			0	0	0	0
G. Construction			0			0	0	0	0
H. Other Expenses			0			0	0	0	0
I. Total Direct Charges	0	0	0	0	0	0	0	0	0
J. Indirect Charges			0			0	0	0	0
K. Totals	0	0	0	0	0	0	0	0	0

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## Detailed Budget Narrative Explanations

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A. Personnel

---

B. Fringe Benefits

---

C. Travel

---

D. Equipment

---

E. Supplies

---

---

F. Contractual

---

G. Construction

---

H. Other Expenses

---

J. Indirect Costs

---

Matching Funds

# Detailed Budget Worksheet

OMB Number  
1545-1648

Name of Low Income Taxpayer Clinic  
Legal Services LITC

Grant Period  
From 1/1/2015 To 12/31/2015

Expense Categories	Controversy Program			ESL Program			Totals		
	Federal	Match	Total	Federal	Match	Total	Federal	Match	Total
A. Personnel	69,551	29,226	98,777	8,518	7,122	15,640	78,069	36,348	114,417
B. Fringe Benefits	2,694	17,061	19,755	530	2,598	3,128	3,224	19,659	22,883
C. Travel	800	1,000	1,800	100	280	380	900	1,280	2,180
D. Equipment	0	0	0	0	0	0	0	0	0
E. Supplies	0	1,661	1,661	0	184	184	0	1,845	1,845
F. Contractual	0	13,033	13,033	0	781	781	0	13,814	13,814
G. Construction									
H. Other Expenses	0	24,458	24,458	0	3,052	3,052	0	27,510	27,510
I. Total Direct Charges	73,045	86,439	159,484	9,148	14,017	23,165	82,193	100,456	182,649
J. Indirect Charges	6,955		6,955	852		852	7,807		7,807
K. Totals	80,000	86,439	166,439	10,000	14,017	24,017	90,000	100,456	190,456



## Detailed Budget Narrative Explanations

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

### A. Personnel

Clinic Director/QTE – John Fordham, Attorney - .80 FTE Annual Salary \$89,000 x 0.80 = \$71,200.  
 • 90% controversy (\$71,200 x .90 = \$64,080) and 10% ESL (\$71,200 x .10 = \$7,120).  
 • Source of funds will be \$50,000 paid from federal funds, \$20,000 paid from Legal Service Corporation (LSC), and \$1,200 paid from private cash contributions.

Paralegal – Alice Gonzaga - .43 FTE - \$21.63/hr x 900 hrs = \$19,467.  
 • 550 hours controversy (\$21.63 x 550 hrs = \$11,897); and 350 hours ESL (\$21.63 x 350 hrs = \$7,570).  
 • Source of funds will be \$7,397 paid from federal funds and \$12,070 paid from ABC Private Foundation funds.

Intake – Ruth Washington - .46 FTE - \$15/hr x 950 hrs = \$14,250.  
 • 100% controversy.  
 • Source of funds will be \$14,250 paid from federal funds.

Receptionist – Debra Chapman – .33 FTE – Annual Salary \$28,788 x 0.33 = \$9,500.  
 • Debra will provide administrative and clerical support to 3 programs including the LITC program. Her time is allocated as 1/3 to each program.  
 • 90% controversy (\$9,500 x .90 = \$8,550); and 10% ESL (\$9,500 x .10 = \$950).  
 • Source of funds will be \$6,422 paid from federal funds and \$3,078 paid from private cash contributions.

### B. Fringe Benefits

• Fringe benefits are calculated at 20% of salary \$114,417 x .20 = \$22,883.  
 • Fringe benefits represent the cost of Social Security and Medicare taxes, State Unemployment taxes, health insurance premiums, life insurance, and employer pension plan contribution.  
 • Source of funds will be \$3,224 paid from federal funds and \$19,659 paid from ABC Private Foundation funds.

### C. Travel

• \$1,800 for John Fordham to attend the LITC Conference, will be charged 100% to controversy.  
 • Local travel to conduct ESL educational outreach activities. \$60 parking and \$320 mileage (571 miles at \$.56 per mile).  
 • Source of funds will be \$900 paid from federal funds and \$1,280 paid from ABC Private Foundation funds.

**D. Equipment**

N/A

NOTE - Report equipment purchases less than \$5,000 under "Supplies" (2 CFR 200.94). Report equipment leased under "Contractual" and equipment maintenance under "Other Expenses".

**E. Supplies**

Methodology for allocating certain direct shared organizational expenses such as Supplies, Telephone and Internet, and A-133 Audit cost:

The following non-personnel expenses are computed using a full-time employee equivalent (FTE) allocation method. Under this method, the allocation percentage is determined by dividing the FTEs of employee time devoted to the LJTC program by the total FTEs available in the Legal Service organization.

- The LJTC program planned staffing will be 2.02 FTEs (.80 FTE for John Fordham + .43 FTE for Alice Gonzaga + .33 FTE for Ruth Washington + .33 FTE for Debra Chapman = 2.02 FTEs).
- Total FTEs in the Legal Service organization is 40 FTEs.
- The ratio of shared expenses is estimated at 5.0% (2.02 / 40). Non-personnel shared expenses are allocated to the LJTC program for this reporting period using this ratio.
- Total cost of supplies for the organization is estimated to be \$36,900 and will include the cost of laptop computers, printers, copy paper, toner, pens, pencils, envelopes, postage, etc.
- $\$36,900 \times 5.0\% = \$1,845$ .
- 90% controversy (\$1,661); 10% ESL (\$184).
- Source of funds will be from ABC Private Foundation funds.

**F. Contractual**

Rent - Facilities costs are generally included in the Indirect Cost Rate Agreement. However, the organization will be renting off-site space at XYZ, a community based organization, solely to conduct weekly intake. The cost of the space is \$500 per month.

- $\$500 \times 12 \text{ mo} = \$6,000$ .
- 100% to controversy.
- Source of funds will be from ABC Private Foundation funds.

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

- The organization's total telephone and internet cost is estimated to be \$35,880.
- $\$35,880 \times 5.0\% = \$1,794$ .
- Telephone and internet will be allocated 90% to controversy (\$1,615); 10% to ESL (\$179).
- Source of funds will be from ABC Private Foundation funds.

A-133 Audit -- This cost is a shared expense and is charged to the LJTC using the FTE allocation methodology explained above.

- The organization's total A-133 audit cost is estimated to be \$20,400.
- $\$20,400 \times 5.0\% = \$1,020$ .
- Cost will be allocated 90% controversy (\$918); 10% ESL (\$102).
- Source of funds will be paid from private cash contributions.

Advertising costs -- These costs will be incurred solely to publicize the LJTC program and are not a shared expense.

- Planned advertising for LJTC representation and education services are estimated to be \$5,000.
- Advertising costs will be allocated 90% to controversy (\$4,500); 10% ESL (\$500).
- Source of funds will be paid from private cash contributions.

G. Construction  
N/A

#### H. Other Expenses

Third-party in-kind contributions:

Representation services:

- \$190/hr x 100 hrs = \$19,000, 100% controversy.

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 + fringe \$8.56/hr = \$51.35/hr x 100 hrs = \$5,135.
- 80 hrs controversy = \$4,108.
- 20 hrs ESL = \$1,027.
- 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 + fringe \$4.50/hr = \$27/hr x 75 hrs = \$2,025.
- 100% ESL.
- Law students will assist in the controversy program and represent taxpayers before the IRS pursuant to a special appearance authorization. Valuation rate is \$18/hr which represents 35% of the staff attorney's pay rate, including fringe. (Note: students are not permitted to use the \$190/hr rate available to other qualified representatives.)
- 75 hrs x \$18/hr = \$1,350.
- 100% controversy.

#### J. Indirect Costs

The organization has an approved Indirect Cost Rate Agreement of 20% of direct salaries. However, the organization has agreed to charge the LITC program a reduced rate of 10%.

- \$78,069 x 10% = \$7,807.

#### Matching Funds

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



# APPENDIX C

## GRANTEE REPORTING FORMS

# FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)			Page	1	of	
pages								
3. Recipient Organization (Name and complete address including Zip code)								
4a. DUNS Number		4b. EIN		5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)		6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final		7. Basis of Accounting <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual
8. Project/Grant Period From: (Month, Day, Year)				To: (Month, Day, Year)		9. Reporting Period End Date (Month, Day, Year)		
10. Transactions							Cumulative	
<i>(Use lines a-c for single or multiple grant reporting)</i>								
<b>Federal Cash (To report multiple grants, also use FFR Attachment):</b>								
a. Cash Receipts								
b. Cash Disbursements								
c. Cash on Hand (line a minus b)								
<i>(Use lines d-o for single grant reporting)</i>								
<b>Federal Expenditures and Unobligated Balance:</b>								
d. Total Federal funds authorized								
e. Federal share of expenditures								
f. Federal share of unliquidated obligations								
g. Total Federal share (sum of lines e and f)								
h. Unobligated balance of Federal funds (line d minus g)								
<b>Recipient Share:</b>								
i. Total recipient share required								
j. Recipient share of expenditures								
k. Remaining recipient share to be provided (line i minus j)								
<b>Program Income:</b>								
l. Total Federal program income earned								
m. Program income expended in accordance with the deduction alternative								
n. Program income expended in accordance with the addition alternative								
o. Unexpended program income (line l minus line m or line n)								
11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share	
				g. Totals:				
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:								
13. Certification: By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and intent set forth in the award documents. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)								
a. Typed or Printed Name and Title of Authorized Certifying Official						c. Telephone (Area code, number and extension)		
						d. Email address		
b. Signature of Authorized Certifying Official						e. Date Report Submitted (Month, Day, Year)		
14. Agency use only:								

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

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

# FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted <b>Internal Revenue Service</b>		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) <b>14LITCxxxx</b>			Page <b>1</b>	of <b>0</b>	
3. Recipient Organization (Name and complete address including Zip code) <b>Legal Service LITC, 324 Georgia Blvd., Anytown, CA 99999-1234</b>							
4a. DUNS Number <b>12-345-2331</b>	4b. EIN <b>12-3456789</b>	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment) <b>12345678/12345678</b>		6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Final	7. Basis of Accounting <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual		
8. Project/Grant Period From: (Month, Day, Year) <b>01/01/2015</b>				To: (Month, Day, Year) <b>12/31/2015</b>		9. Reporting Period End Date (Month, Day, Year) <b>12/31/2015</b>	
10. Transactions						Cumulative	
<i>(Use lines a-c for single or multiple grant reporting)</i>							
<b>Federal Cash (To report multiple grants, also use FFR Attachment):</b>							
a. Cash Receipts						<b>90,000</b>	
b. Cash Disbursements						<b>90,000</b>	
c. Cash on Hand (line a minus b)						<b>0</b>	
<i>(Use lines d-o for single grant reporting)</i>							
<b>Federal Expenditures and Unobligated Balance:</b>							
d. Total Federal funds authorized						<b>90,000</b>	
e. Federal share of expenditures						<b>90,000</b>	
f. Federal share of unliquidated obligations							
g. Total Federal share (sum of lines e and f)						<b>90,000</b>	
h. Unobligated balance of Federal funds (line d minus g)						<b>0</b>	
<b>Recipient Share:</b>							
i. Total recipient share required						<b>90,000</b>	
j. Recipient share of expenditures						<b>102,068</b>	
k. Remaining recipient share to be provided (line i minus j)						<b>0</b>	
<b>Program Income:</b>							
l. Total Federal program income earned						<b>0</b>	
m. Program income expended in accordance with the deduction alternative						<b>0</b>	
n. Program income expended in accordance with the addition alternative						<b>0</b>	
o. Unexpended program income (line l minus line m or line n)							
11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
	Predetermined	10.00%	1/1/14	12/31/14	81,000	8,100	8,100
		0.00%					
g. Totals:					81,000	8,100	8,100
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 1001)							
a. Typed or Printed Name and Title of Authorized Certifying Official				c. Telephone (Area code, number and extension)			
				d. Email address			
b. Signature of Authorized Certifying Official				e. Date Report Submitted (Month, Day, Year)			
14. Agency use only:							

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

**Paperwork Burden Statement**

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0060), Washington, DC 20503.

# Statement of Grant Expenditures

OMB Number  
1545-1648

Name of Low Income Taxpayer Clinic	Grant Period											
	From						To					
	Controversy Program			ESL Program			Totals					
Expense Categories	Federal	Match	Total	Federal	Match	Total	Federal	Match	Total	Federal	Match	Total
A. Personnel												
B. Fringe Benefits												
C. Travel												
D. Equipment												
E. Supplies												
F. Contractual												
G. Construction												
H. Other Expenses												
I. Total Direct Charges												
J. Indirect Charges												
K. Totals												



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## Grant Expenditures Narrative Explanations

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A. Personnel

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B. Fringe Benefits

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C. Travel

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D. Equipment

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E. Supplies

---

F. Contractual

---

G. Construction

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H. Other Expenses

---

I. Total Direct Charges

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J. Indirect Costs

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Matching Funds

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Unused Grant Funds

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Additional Funding Request (*Interim Report ONL Y*)

## Instructions for Form 13424-L, Statement of Grant Expenditures

When submitting your Interim and Year-End Reports, include this form (Form 13424-L) as part of the Financial Report, Interim Report and Year-End Report requirements are described in Publication 3319, section III.B.i, and III.B.ii, respectively.

**Note:** Interim and Year-End Reports (including this report form) may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

### Purpose

In addition to the SF 425, a Statement of Grant Expenditures (Form 13424-L) with accompanying Narrative Explanation must be submitted along with the Interim and Year-End report to explain how federal grant funds and matching funds were spent by the program. A single statement should include expenditures made for both Controversy and English as a Second Language (ESL) programs, if applicable, as well as information for both federal and matching funds. A narrative explanation of all expense categories from Form 13424-L must be included to explain how the expense amounts were calculated; how the expenses are allocated between Controversy and ESL programs, if applicable; and the amount and sources of matching funds. All expenses must be reasonable, necessary, and allocable to this grant. Grantees should refer to 2 CFR Part 220 or 2 CFR Part 230 (formerly OMB Circulars A-21 and A-122, respectively) as appropriate, for further guidance on each expense category and 2 CFR Part 215 (formerly OMB Circular A-110) for guidance on matching funds.

**Note:** Each line item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds requested for each program.

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

### Specific Instructions

#### A. Personnel

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

In the explanation, list each staff member's name, position, rate of pay and time devoted to clinic activities (hourly wage and number of hours of service, or annual salary and percentage of annual salary). If a staff member works in both the Controversy and ESL programs, state the percentage of time devoted to each program. Also, state the portion of each staff member's salary or wages paid from federal and matching funds, as well as the source of the matching funds.

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

#### B. Fringe Benefits

This expense category is used to report fringe benefits that were paid on behalf of LITC staff whose wages and salaries are reported in personnel costs (category A above).

In the explanation state the fringe benefits rate(s), the items that constitute the fringe benefits, what portion was paid by federal funds and matching funds, and the source of matching funds. Identify the rate applicable to each staff position if varying rates apply by position.

#### C. Travel

This expense category covers travel costs, including costs associated with attendance at the annual LITC conference and other travel expenses directly related to conducting LITC business or activities.

In the explanation, identify the travel costs listed, whether the costs were paid with federal or matching funds, the source of the matching funds, and how costs were allocated between the Controversy and ESL programs, if applicable.

#### D. Equipment

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

In the narrative explanation, identify the equipment purchased, leased or donated, whether the associated costs were paid using federal or matching funds, the source of the matching funds, and how costs were allocated between the Controversy and ESL programs. If there were third-party in-kind contributions of equipment, identify the equipment, the donor, and how the valuation was determined.

#### E. Supplies

This expense category includes the cost of supplies that were used in operating the LITC. Donated supplies may be included as matching funds and are valued at the fair market value of the property at the time of the donation.

In the explanation, identify the supplies used, whether the associated costs were paid using federal or matching funds, the source of the matching funds, and how costs were allocated between the Controversy and ESL programs. 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.

## Instructions for Form 13424-L, Statement of Grant Expenditures

### F. Contractual

This expense category includes the cost of rent, utilities, and other contracted items or services that were used in operating a Controversy or ESL program. Donated space may be included as matching funds and the value assigned may not exceed the fair rental value of comparable space.

The explanation should identify the nature of the expense, whether the associated costs were paid using federal or matching funds, the source of the matching funds, and how costs were allocated between the Controversy and ESL programs.

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.

### G. Construction

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

### H. Other Expenses

This expense category includes all other direct costs that were incurred in operating a 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, the source of the matching funds, and how the cost was allocated between the Controversy and ESL programs. The explanation must also disclose the rate or rates that were used to value volunteer in-kind services and the number of volunteer hours that were provided by type of volunteer.

Rules for valuing volunteer in-kind services are found in 2 CFR § 215.23. See Publication 3319, section II.G, *Matching Funds Requirement*, for more information.

### I. Total Direct Charges

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

### J. Indirect Costs

Indirect costs are charges not directly related to the LITC program, but incurred as part of the general overhead and administration of the grantee. Indirect charges may be charged as a use of federal funds based upon an approved Indirect Cost Rate Agreement. However, indirect charges are not allowable as matching funds.

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

### Matching Funds

The narrative must include an explanation of the sources and amounts of matching funds. If the sponsoring organization has provided matching funds, the grantee must state explicitly that such funds (1) were not used as matching funds for any other federal program and (2) were not funds received from any other federal grant unless specifically authorized by statute to be used as matching funds.

### Unused Grant Funds

The clinic must state whether it intends to spend its entire grant award before the end of the grant year. In the event the clinic anticipates that it will not spend its entire award, the clinic must report the amount it plans to deobligate from each program. If the amount is over \$500, include the reason(s) for the deobligation and whether this was due to a one-time occurrence or an ongoing issue. In the event that the clinic will be unable to use its entire grant award, it must contact the LITC Program Office as soon as possible to arrange for a formal release of LITC grant funds so that the LITC Program Office may distribute the funds to other clinics prior to the end of the federal government's fiscal year.

### Additional Funding Request (*Interim Report ONLY*)

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

# Statement of Grant Expenditures

OMB Number  
1545-1648

Expense Categories	Grant Period											
	From			01/01/2015			To			12/31/2015		
	Federal	Match	Total	Federal	Match	Total	Federal	Match	Total	Federal	Match	Total
A. Personnel	72,000	29,208	101,208	9,000	9,452	18,452	81,000	38,660	119,660			
B. Fringe Benefits	0	20,242	20,242	0	3,690	3,690	0	23,932	23,932			
C. Travel	800	1,000	1,800	100	260	360	900	1,260	2,160			
D. Equipment	0	0	0	0	0	0	0	0	0			
E. Supplies	0	1,598	1,598	0	178	178	0	1,776	1,776			
F. Contractual	0	13,290	13,290		690	690	0	13,980	13,980			
G. Construction												
H. Other Expenses	0	20,533	20,533	0	1,927	1,927	0	22,460	22,460			
I. Total Direct Charges	72,800	85,871	158,671	9,100	16,197	25,297	81,900	102,068	183,968			
J. Indirect Charges	7,200		7,200	900		900	8,100		8,100			
K. Totals	80,000	85,871	165,871	10,000	16,197	26,197	90,000	102,068	192,068			

## Grant Expenditures Narrative Explanations

### A. Personnel

Clinic Director/QTE – John Fordham, Attorney - .80 FTE - Annual Salary \$89,000 x 0.80 = \$71,200

- John is a full-time employee of the organization whose annual salary is \$89,000. He devoted 80% of his time to the Legal Service LITC and 20% of his time to the organization's Family Law Unit.
- 90% of his time with the clinic was spent in the controversy program (.90 x \$71,200 = \$64,080) and 10% of his time with the clinic was spent in the ESL program (.10 x \$71,200 = \$7,120).
- Of the \$71,200 expended, \$50,000 was paid from federal funds; \$20,000 in matching funds was paid from the Legal Services Corporation (LSC) funds and \$1,200 was paid from private cash contributions.

Paralegal – Alice Gonzaga - .52 FTE - \$21.63 per hour x 1,080 hrs = \$23,360

- Alice provided 600 hrs of service to the controversy program (600 hrs x \$21.63 = \$12,978); she provided 480 hrs to the ESL program (480 hrs x \$21.63 = \$10,382).
  - Of the \$23,360 expended, \$8,978 was paid from federal funds; \$14,382 in matching funds was paid from ABC Charitable Foundation funds.
- Intake – Ruth Washington - .50 FTE - \$15/hr x 1,040 hrs = \$15,600
- Ruth conducted intake for the controversy program.
  - \$15,600 was paid from federal funds.
- Receptionist – Debra Chapman – .33 FTE – Annual Salary \$28,788 x 0.33 = \$9,500
- Debra provided administrative and clerical support to 3 programs including the LITC program. Her time was allocated as 1/3 to each program.
  - 90% of her time with the clinic supported the controversy program (.90 x \$9,500 = \$8,550); 10% of her time with the clinic supported the ESL program (.10 x \$9,500 = \$950).
  - Of the \$9,500 expended, \$6,422 was paid from federal funds; \$3,078 in matching funds was paid from private cash contributions.

### B. Fringe Benefits

B. Fringe Benefits

Fringe benefits were calculated at 20% of total federal salary \$119,660 x .20 = \$23,932, all of which was paid from ABC Charitable Foundation funds.

Fringe benefits represent the cost of Social Security and Medicare taxes, State Unemployment taxes, health insurance premiums, life insurance, and employer pension plan contribution.

### C. Travel

Travel to the LITC Conference for John Fordham – Total costs paid were \$1,800 for airfare (\$616), hotel (\$864), and per diem expenses (\$320). Of the \$1,800 expended, \$800 was paid from federal funds and \$1,000 was paid from private cash contributions. This cost was allocated to the controversy program.

Local travel for Alice Gonzaga to conduct ESL educational and outreach activities – Total costs were \$360, as follows: \$300 mileage (545 miles x \$.55 per mile), plus \$60 parking. Of the \$360 expended, \$100 was paid from federal funds and \$260 was paid from ABC Charitable Foundation funds. This cost was allocated to the ESL program.

### D. Equipment

N/A

NOTE - Report equipment purchases less than \$5,000 under "Supplies" (2 CFR 200.94).

Report equipment leased under "Contractual" and equipment maintenance under "Other Expenses".

### E. Supplies

Certain shared expenses were computed using a full-time employee equivalent (FTE) allocation method. Under this method, the allocation percentage attributable to clinic operations was determined by dividing the total FTEs of employee time devoted to the LITC program by the total FTEs available in the Legal Service organization.

- The LITC program was staffed at 2.15 FTEs (.80 FTE for John Fordham + .52 FTE for Alice Gonzaga + .33 FTE for Ruth Washington + .33 FTE for Debra Chapman = 2.15 FTEs).
- Total FTEs in the Legal Service organization was 40 FTEs.

The ratio of shared expenses was 5.4% (2.15 / 40). The shared expenses listed above were allocated to the LITC program for this reporting period using this ratio.

Total organization supplies cost was \$32,889, and included the cost of copy paper, toner, pens, pencils, envelopes, postage, etc.

• \$32,889 x 5.4% = \$1,776

• Supplies were allocated 90% to controversy (\$1,598) and 10% to ESL (\$178).

• 100% paid from ABC Charitable Foundation funds.



**F. Contractual****F. Contractual**

1. Rent – Facilities costs, such as the cost of office space, are generally included in the Indirect Cost Rate Agreement. However, the organization rented off-site space at XYZ, a community based organization, to conduct weekly intake. The cost paid for the space was \$500 per month.

- \$500 x 12 mo = \$6,000
- Rent was allocated 100% to controversy.
- 100% paid with ABC Charitable Foundation funds.
- 2. Telephone and Internet – Total organization telephone and internet costs were \$35,185.
- \$35,185 x 5.4% = \$1,900
- Telephone and internet is allocated 90% to controversy (\$1,710) and 10% to ESL (\$190).
- 100% paid with ABC Charitable Foundation funds.
- 3. A-133 Audit costs – Total organization cost for the A-133 audit was \$20,000.
- \$20,000 x 5.4% = \$1,080
- 100% is allocated to the controversy program.
- 100% paid with private cash contributions.

4. Advertising costs – These costs are for advertising the representation and education services provided by the LJTC program. Total advertising costs paid were \$5,000 and were incurred only for the LJTC program.

- Advertising costs are allocated 90% to controversy (\$4,500); 10% to ESL (\$500)
- 100% paid with private cash contributions.

**G. Construction****H. Other Expenses****Third-party in-kind contributions:**

1. Volunteer services – Representation Total value of donated representation services was \$14,400.
  - John San Diego, Attorney – 40 hrs x \$180/hr = \$7,200.
  - Jane American, CPA – 40 hrs x \$180/hr = \$7,200.

**2. Volunteer services – Non-representation Total \$8,060, as explained below:**

a. Services similar to those provided within Legal Service LJTC: Services provided included research, consultations, and reviewing educational and outreach materials, Rates are the same as those paid to staff attorney John Fordham, who provided similar services as part of his LJTC duties.

- Steve Villanova, Attorney:
  - Wage rate \$42.79/hr + fringe at \$8.56/hr = \$51.35/hr x 100 hrs = \$5,135.
  - 80 hrs worked in the controversy program x \$51.35/hr = \$4,108.
  - 20 hrs worked in the ESL program x \$51.35/hr = \$1,027.

b. Services unlike those provided within Legal Services LJTC: Services provided include consultations, reviewing educational materials, and outreach. Rates are consistent with those paid for similar work in the labor market and were determined using BLS information for the locality plus reasonable fringe (OMB 215.23 (d)).

- Jill Bentley, EA:
  - Wage rate \$22.50/hr + fringe at \$4.50/hr = \$27.00/hr x 75 hrs = \$2,025.
  - 100% worked in the controversy program.

c. Volunteer law students: The following volunteer law students, who did not receive pay or course credit in return for working in the LJTC, assisted with ESL education and outreach. Rates are consistent with those paid for similar work in the labor market and were determined using BLS information for the locality plus reasonable fringe (OMB 215.23 (d)).

- Wage rate \$10.00/hr + fringe at \$2.00 = \$12.00/hr x 75 hrs = \$900.
- Susan Lewis, Law Student – \$12.00/hr x 25 hrs = \$300.
- Bob Clark, Law Student - \$12.00/hr x 50 hrs = \$600.
- 100% worked in the ESL program.

**I. Total Direct Charges**

\$72,800 Federal + 85,871 Match = \$158,671 Total  
ESL

\$9,100 Federal + 16,197 Match = \$25,297 Total

Totals

\$81,900 Federal + 102,068 Match = \$183,968 Total

J. Indirect Costs

9.89% x \$81,900 = \$8,100

Legal Service has an approved Indirect Cost Rate Agreement of 20% of direct salaries paid with federal grant funds. The organization has agreed to a reduced rate of 9.89% of direct salaries paid with federal grant funds for the LJTC Program.

Matching Funds

Total matching funds provided were \$102,068. No matching funds were obtained from another federal source or federal grant.

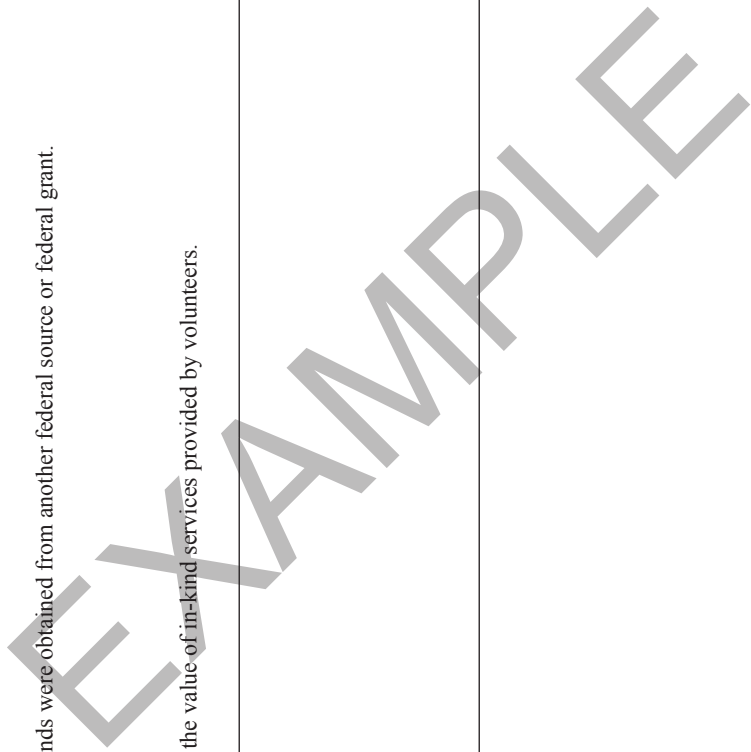
- Cash match was \$79,608;
- \$20,000 paid from Legal Service Corporation funding.
- \$48,250 paid from ABC Charitable Foundation.
- \$11,358 paid from private cash contributions.
- Third-party in-kind contributions were \$22,460 and represent the value of in-kind services provided by volunteers.

Unused Grant Funds

None. 100% of grant funds awarded were expended.

Additional Funding Request (Interim Report ONLY)

N/A





Form **13424-N**  
(May 2013)

Department of the Treasury - Internal Revenue Service  
**Low Income Taxpayer Clinic (LITC)  
Interim and Year-End Report  
Program Narrative**

OMB Number  
1545-1648

Name of clinic

Grant year

Reporting period

Interim report – January 1 through June 30

Year-End report – January 1 through December 31

The program narrative must contain the following information, numbered in accordance with the information requested below. A response is required for each narrative item. If an item is not applicable, state "N/A." Please limit responses to activities conducted during the reporting period indicated above. Year-End reports may contain internal references to Interim reports of the same grant year.

**1. Program plan progress**

Provide a detailed explanation of the progress made in implementing the program plan during the reporting period. The explanation must address the following:

- i. Describe the progress in meeting the proposed goals (including numeric goals) and objectives and the efforts taken to achieve those results

- ii. Describe any impediments to meeting established goals and objectives, and efforts made to overcome them

**2. Grant requirements**

Provide information about the following items:

- i. Describe any changes in LITC staff or how staff is deployed, if applicable

- ii. Describe the training provided to clinic staff, students, and volunteers

- iii. Describe any mentoring or networking activities conducted

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

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

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

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

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

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ix. Describe any other activities, not described previously, through which the clinic contributed to ensuring the fairness and integrity of the tax system with regard to low income or ESL taxpayers

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### 3. Emerging issues

Briefly describe any emerging tax issues or trends identified through the clinic's work on behalf of low income or ESL taxpayers during the reporting period. Do not include specific taxpayer identifying information

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### 4. Success Stories

Briefly describe any relevant success stories. These may include stories about a particular case or activity; however, do not include specific taxpayer identifying information

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### 5. Last year in LITC Program (*Year-End reports only*)

If the grantee will not be continuing in the LITC Program for the 2015 grant year, please detail the steps taken to resolve any open cases or obtain new representation for current clients

**Low Income Taxpayer Clinic (LITC)  
Interim and Year-End Report  
General Information**

OMB Number  
1545-1648

Name of clinic	Grant year
Reporting Period <input type="checkbox"/> Interim Report - January 1 through June 30 <input type="checkbox"/> Year-End Report - January 1 through December 31	
Clinic Type <input type="checkbox"/> ESL only <input type="checkbox"/> Controversy only <input type="checkbox"/> Both	

**Outreach Activities**

For a definition of Outreach Activities, see form instructions.

1	A. Number of outreach activities conducted for ESL taxpayers	
	B. Number of outreach activities conducted for low income taxpayers (do not include activities reported on line A above)	
	C. Number of outreach activities conducted for other organizations that serve ESL or low income taxpayers (do not include activities reported on line A or B above)	
	D. Total outreach activities (add lines 1A through 1C)	

**Educational Activities**

For a definition of Educational Activities, see form instructions.

2	A. Number of educational activities conducted for ESL taxpayers	
	B. Number of educational activities conducted for low income taxpayers (do not include activities reported on line A above)	
	C. Number of educational activities conducted for other organizations that serve ESL or low income taxpayers (do not include activities reported on line A or B above)	
	D. Total number of educational activities (add lines 2A through 2C)	
3	A. For the educational activities reported on line 2A, enter the total number of attendees	
	B. For the educational activities reported on line 2B, enter the total number of attendees	
	C. For the educational activities reported on line 2C, enter the total number of attendees	
	D. Total number of attendees at educational activities (add lines 3A through 3C)	

4 List the topics that were covered during the educational activities reported on line 2. Attach additional pages as necessary.

A.		H.	
B.		I.	
C.		J.	
D.		K.	
E.		L.	
F.		M.	
G.		N.	

5 List the languages, other than English, in which educational activities were conducted

**Low Income Taxpayer Clinic (LITC)  
Interim and Year-End Report  
General Information**

Name of clinic

**Consultations**

For a definition of Consultation, see form instructions.

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

**Referrals**

8	Number of ESL taxpayers referred for controversy representation (clinics operating a controversy program should report zero on line 8 and skip to line 9)	
9	Number of cases where Taxpayer Advocate Service (TAS) assistance was requested (this item should be completed only by clinics that operate a controversy program)	

**Tax Returns and Other Documents**

10	A. Number of tax returns prepared ancillary to ESL activities	
	B. Number of tax returns prepared to resolve a controversy	
	C. Total number of tax returns prepared (add lines 10A and 10B)	
11	Number of Individual Taxpayer Identification Number (ITIN) applications prepared	

**Volunteer Activities**

12	Does the organization have a <i>pro bono</i> panel <input type="checkbox"/> Yes <input type="checkbox"/> No	
13	Number of volunteers that provided service to the clinic during the reporting period who are:	
	A. Attorneys	
	B. Certified Public Accountants	
	C. Enrolled Agents	
	D. Interpreters / Translators	
	E. Students	
	F. Others	
	G. Total number of volunteers (add lines 13A through 13F)	
14	Total number of hours of service provided by volunteers	

**Professional Education Activities**

15	Number of professional education (CPE or CLE) credits available through presentations conducted during the reporting period		
16	List the topics covered during CPE or CLE presentations. Attach additional pages as necessary.		
	A.	F.	
	B.	G.	
	C.	H.	
	D.	I.	
	E.	J.	

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## Instructions for Form 13424-A, Low Income Taxpayer Clinic (LITC) Interim and Year-End Report General Information

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**Note:** Form 13424-A, *General Information*, and Form 13424-C, *Advocacy Information*, must be completed by all clinics. Clinics that operate a controversy program must also complete Form 13424-K, *Controversy Case Information*, and Form 13424-B, *Controversy Issues*.

When submitting your Interim and Year-End Reports, include this form (Form 13424-A). Interim Report and Year-End Report requirements are described in Publication 3319, section III.B.i and III.B.ii, respectively.

**Note:** Interim and Year-End Reports (including this report form) may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

### Purpose

This form is designed to capture information about certain work the clinic performed during the reporting period. This form is used to report all outreach activities, educational activities, consultations, referrals, tax return and other document preparation, volunteer activities, and professional education activities conducted during the reporting period.

The Program Office uses the information reported on this form and the other reporting forms to determine the scope of services provided by clinics. Data is also aggregated to provide program-wide statistical information about services provided to low income and English as a Second Language (ESL) taxpayers. Please be careful to follow the instructions for this form and to report all information completely and accurately. If additional room is necessary to provide details about the activities reported on this form, include such details in the program narrative.

### Reporting Requirements

Regardless of the services for which your clinic has been funded (ESL, controversy, or both), every clinic must complete all parts of this form.

#### Clinic Type

Check the appropriate box to indicate if your clinic operates an ESL, a controversy program, or both.

#### Reporting Period

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

### Specific Instructions

#### Outreach Activities

Report all outreach activities in this section. Outreach activities are efforts designed to provide information to the public about the clinic and its services. The information may be provided directly to taxpayers or may be provided to taxpayers indirectly through other organizations or groups that serve ESL or low income taxpayers. Examples of outreach activities include a presentation about clinic services made to taxpayers, a campaign to distribute clinic flyers or other marketing materials to local social services organizations, or staffing a table at a community event such as a fair, forum, or meeting to inform the public about clinic services.

Determine whether to record an outreach activity on line 1A, 1B, or 1C by looking to the primary intended audience of the activity, rather than the actual attendees. Outreach activities primarily intended to reach ESL taxpayers should be reported on line 1A, activities primarily intended to reach low income taxpayers in general should be reported on line 1B, and those intended for other organizations that service ESL or low income taxpayers should be reported on line 1C. Report each outreach activity only once on line 1A, 1B, or 1C.

**Note.** A single outreach activity may span multiple days. For example, if a clinic staffs a booth for multiple days at a week long event, that should be counted as one outreach activity. Additional details about the extent of such efforts can be included in the program narrative.

**Note:** A campaign that involves sending the same or similar letters to multiple recipients should be counted as a single outreach activity.

**Line 1A.** Report on this line the number outreach activities conducted for ESL taxpayers.

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

**Line 1C.** Report on this line the number outreach activities conducted for other organizations that serve ESL or low income taxpayers. For example, the clinic meets with board members of a local church in preparation for the church's upcoming clothing drive to benefit the homeless. The clinic requests that the church inform low income and ESL taxpayers about the clinic's services. The clinic would record those efforts as a single outreach activity on line 1C.

**Line 1D.** Report on this line the total number of outreach activities conducted during the reporting period. The number reported on this line should equal the total of lines 1A, 1B and 1C.

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## Instructions for Form 13424-A, Low Income Taxpayer Clinic (LITC) Interim and Year-End Report General Information

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### Educational Activities

Report all educational activities in this section. Educational activities are activities designed to provide information to taxpayers about their rights and responsibilities as U.S. taxpayers, including technical tax topics. Educational activities may also be conducted for other organizations that serve low income or ESL taxpayers. In order to be considered an educational activity, information about a specific tax topic or topics must be conveyed to the audience. Examples of educational activities include a presentation about tax collection issues made to taxpayers, a workshop on how to properly complete a Form W-4 for withholding, or the distribution to taxpayers of written materials about earned income tax credit (EITC) eligibility rules.

Determine whether to record an educational activity as conducted for ESL taxpayers, low income taxpayers, or taxpayer service providers by looking to the primary intended audience of the activity, rather than the actual attendees. Educational activities primarily intended to reach ESL taxpayers should be reported on line 2A, activities primarily intended to reach low income taxpayers should be reported on line 2B, and those directed towards service providers should be reported on line 2C. Record each educational activity only once on line 2A, 2B, or 2C. Do not include any activities recorded as Outreach on lines 1A through 1D.

**Line 2A.** Report on this line the number of educational activities conducted for ESL taxpayers.

**Line 2B.** Report on this line the number of educational activities conducted for low income taxpayers.

**Line 2C.** Report on this line the number of educational activities conducted for other organizations that serve ESL or low income taxpayers.

**Line 2D.** Report on this line the total number of educational activities conducted during the reporting period. The number reported on this line should equal the total of lines 2A, 2B, and 2C.

**Line 3A.** Report on this line the total number of attendees at all educational activities conducted for ESL taxpayers during the reporting period.

**Line 3B.** Report on this line the total number of attendees at all educational activities conducted for low income taxpayers during the reporting period.

**Line 3C.** Report on this line the total number of attendees at all educational activities conducted for service providers during the reporting period.

**Line 3D.** Report on this line the total number of attendees at all educational activities conducted during the reporting period. The number reported on this line should equal the total of lines 3A through 3C.

**Line 4.** List the topics that were covered during the educational activities reported on line 2A through 2C. Do not repeat topics on multiple lines. If a topic was repeated throughout multiple events, you may list the number of times the topic was presented. For example, you may enter "EITC x 4" to indicate you held four presentations on the Earned Income Tax Credit during the reporting period.

**Line 5.** List the languages other than English in which any educational activities were conducted.

### Consultations

Report all consultations in this section. A consultation is a discussion with a taxpayer designed to provide brief advice about a specific tax matter that does not result in representation of the taxpayer. If a clinic undertakes representation of a taxpayer before a court or the IRS, then that matter should not be reported on this form as a consultation, but rather reported as a case on Form 13424-K, *Controversy Case Information*.

A technical assistance consultation is a discussion with a practitioner or other taxpayer service provider designed to give brief advice about a tax issue. For example, if a clinic staff member addresses a tax-related question for a staff member of another legal services organization, that communication should be counted as a technical assistance consultation.

**Line 6A.** Report on this line the number of consultations conducted with ESL taxpayers.

**Line 6B.** Report on this line the number of consultations conducted with low income taxpayers.

**Line 6C.** Report on this line the total number of consultations conducted with taxpayers during the reporting period. The number reported on this line should equal the total of lines 6A and 6Bb.

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

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## Instructions for Form 13424-A, Low Income Taxpayer Clinic (LITC) Interim and Year-End Report General Information

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### Referrals

**Line 8.** Clinics that operate an ESL program should report on this line the number of ESL taxpayers referred to a *pro bono* panel or controversy program for representation services during the reporting period. Clinics that operate a controversy program should report zero on this line.

**Line 9.** Report on this line the number of taxpayers for whom Taxpayer Advocate Service (TAS) assistance was requested during the reporting period. Only clinics operating a controversy program should complete this line.

### Tax Returns and Other Documents

Clinics may prepare tax returns in two limited situations: when ancillary to ESL outreach and educational activities, or to resolve a tax controversy. Taxpayers who need current year tax return preparation services should be referred to a Volunteer Income Tax Assistance (VITA) site, Tax Compliance for the Elderly (TCE) site, or an IRS Taxpayer Assistance Center. Do not count returns that are prepared but not submitted to the IRS. Do not report any state tax returns that were prepared, only federal returns.

**Line 10A.** Clinics that operate an ESL program should report on this line the number of tax returns prepared ancillary to ESL activities. Ancillary tax return preparation must be incidental to an ESL program's primary mission and the program may only provide such assistance if the request to do so arises from the clinic's primary outreach and educational activities.

**Line 10B.** Clinics that operate a controversy program should report on this line the number of tax returns prepared to resolve a controversy.

**Line 10C.** 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 10A and 10B.

**Line 11.** Report on this line the number of Individual Taxpayer Identification Number (ITIN) applications prepared during the reporting period.

### Volunteer Activities

**Line 12.** Check the appropriate box to indicate whether the clinic maintains a *pro bono* panel to which taxpayers can be referred for controversy representation. ESL clinics are required to maintain a *pro bono* panel and controversy clinics are encouraged to maintain a *pro bono* panel to which they may refer tax controversy cases.

**Lines 13A-F.** In this section, report on the number of volunteers who provided service to the clinic during the reporting period. Count each volunteer only once, based on the category of services the volunteer typically provides to the clinic. If a tax practitioner is multilingual and also provides translation services, you may note that in the program narrative; however only count each volunteer once in this section. Do not include any individuals receiving compensation from the clinic, or any students receiving academic credit.

**Line 13G.** Report on this line the total number of volunteers. The number reported on this line should equal the total of lines 13A through 13F 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 14 total.

**Line 14.** 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*, has been provided to assist you in tracking volunteer hours. Form 13424-F is for internal record keeping by the clinic only and is not required to be submitted to the LITC Program Office. Do not include any individuals receiving compensation from the clinic, or any students receiving academic credit.

### Professional Education Activities

Report on accredited continuing professional education (CPE) or Continuing Legal Education (CLE) presentations conducted during the reporting period in this section.

**Note:** Report only professional education activities dealing with issues affecting ESL or low income taxpayers.

**Line 15.** Report on this line the total number of CPE or CLE credits available through presentations held during the reporting period. For example, if during the reporting period the clinic held three lunchtime presentations offering one hour of CLE credit each, and one day-long presentation, offering eight hours of CLE credit, the clinic would enter "11" on line 15.

**Line 16.** Report the topics covered during CPE or CLE presentations. If more lines are required, attach additional pages as necessary. Do not repeat topics on multiple lines. If a topic was repeated throughout multiple presentations, you may list the number of times the topic was presented. For example, you may enter "EITC x 4" to indicate you held four CPE or CLE presentations on the Earned Income Tax Credit during the reporting period.

**Low Income Taxpayer Clinic (LITC)  
Interim and Year-End Report  
Controversy Case Information**

OMB Number  
1545-1648

Name of clinic

Grant year

Reporting Period  Interim Report - January 1 through June 30  Year-End Report - January 1 through December 31

**Case Inventory**

1	A. Beginning case inventory <i>(the number of controversy cases that were worked in the previous year that remained open as of the first day of the reporting period)</i>	
	B. New cases opened during the reporting period	
	C. Total number of controversy cases worked during the reporting period <i>(add lines 1A and 1B)</i>	
	D. Cases closed during the reporting period	
	E. Ending case inventory <i>(the number of controversy cases that remained open as of the last day of the reporting period (subtract line 1D from line 1C))</i>	

**Cases Worked**

2	For the cases reported on line 1C, indicate the IRS function or U.S. court where the controversy is being addressed as of the last day of the reporting period. If the case was closed during the period, indicate the IRS function or U.S. court where the case was handled immediately before closing. Each case should be counted only once per reporting period.	
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**Accounts Management**

	A. Return Processing	
	B. Penalty Abatement	
	C. Injured Spouse	
	D. Backup Withholding	

**Exams**

	E. Correspondence Exam	
	F. Office or Field Exam	
	G. Automated Underreporter (AUR)	
	H. Automated Substitute-for-Return (ASFR)	
	I. Audit Reconsideration	

**Collection**

	J. Automated Collection System (ACS)	
	K. Field Collection (RO)	
	L. Offer-In-Compromise (OIC)	
	M. Lien Unit	
	N. Bankruptcy	

**Appeals**

	O. Exam Appeals	
	P. Collection Due Process (CDP)	
	Q. Collection Appeals Process (CAP)	
	R. OIC Appeals	
	S. Penalty Abatement Appeals	
	T. Other Appeals	

**Litigation**

	U. U.S. Tax Court	
	V. Other Federal Courts	

**Miscellaneous**

	W. Identity Protection Specialized Unit (IPSU)	
	X. Innocent Spouse Unit	
	Y. SS-8 Unit	
	Z. ITIN Unit	
	AA. Trust Fund Recovery Penalty	

**TOTAL** *(add items 2A through 2AA) (Must equal value in line 1C)*



## Low Income Taxpayer Clinic (LITC) Interim and Year-End Report Controversy Case Information

Name of clinic

### Additional Case Information

For the cases reported on line 1B, indicate the number of cases where:

3	The amount in controversy exceeds \$50,000 per tax period. <i>(for cases reported on line 3, include an explanation for each in the Program Narrative, Item 2.vii)</i>	
4	The taxpayer's income exceeds 250% of the federal poverty guidelines	

For the cases reported on line 1C, indicate the number of cases involving:

5	Matters worked in more than one IRS function or U.S. court	
6	More than one tax year	
7	Representation of ESL taxpayers	
8	Joint representation of taxpayers	
9	Representation by volunteers	
10	State tax matters	

### U.S. Tax Court Activities

11	Does the clinic participate in the U.S. Tax Court Clinical Program	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
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List the place(s) of trial location served:

12	Number of U.S. Tax Court cases worked during the reporting period in which an appearance was entered pursuant to Tax Court Rule 24	
13	Number of U.S. Tax Court cases worked during the reporting period in which the clinic represented the taxpayer, but no appearance was entered	
14	Number of informal consultations in the U.S. Tax Court during the reporting period in which the clinic provided advice to a taxpayer, but not representation	

### Closed Case Outcomes

15	For the cases reported on line 1D, indicate the:	
	A. Number of cases in which the taxpayer was brought into filing compliance	
	B. Number of cases in which the taxpayer was brought into collection compliance	
	C. Total amount of dollars refunded in cash to taxpayers	
	D. Total decrease in corrected tax liabilities, penalties, and interest <i>(but not below zero for any taxpayer)</i>	

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## Instructions for Form 13424-K, Low Income Taxpayer Clinic (LITC) Interim and Year-End Report Controversy Case Information

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**Note:** Each controversy clinic must complete Form 13424-A, *General Information*, Form 13424-C, *Advocacy Information*, Form 13424-K, *Controversy Case Information*, and Form 13424-B, *Controversy Issues*.

When submitting your Interim and Year-End Reports, include this form (Form 13424-K) if you operate a controversy program. Interim Report and Year-End Report requirements are described in Publication 3319, sections III.B.i and III.B.ii, respectively.

**Note:** Interim and Year-End Reports (including this report form) may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

### Purpose

This form is used to report certain information about the work performed by a clinic while representing taxpayers in controversy cases.

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

### Reporting Requirements

**Controversy.** If your clinic has been funded to provide representation in controversy cases, complete all parts of this form.

**Reporting Period.** Clinics are required to report on clinic activities twice for each grant year. The *grant year* is January 1 through December 31 for the year in which a grant award is received. An Interim Report is required to report activities conducted for the period from January 1, through June 30; a Year-End Report is required to report activities conducted for the entire grant year, the period from January 1 through December 31. Check the appropriate box at the beginning of the form indicating for which period the report is being completed.

#### Definition of a controversy case

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

### Specific Instructions

#### Case Inventory

Report on the volume of case inventory in this section.

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

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

**Line 1C.** Report on this line the total number of controversy cases worked during the reporting period. The number reported on this line should equal the total of lines 1A and 1B.

**Line 1D.** Report on this line the number of cases closed during the reporting period.

**Line 1E.** Report on this line the number of controversy cases that remained open at the end of the reporting period. The number reported on this line is the result of line 1D subtracted from line 1C.

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## Instructions for Form 13424-K, Low Income Taxpayer Clinic (LITC) Interim and Year-End Report Controversy Case Information

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### Cases Worked

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

**Lines 2A-AA.** If the case was open at the end of the reporting period, then indicate the IRS function or U.S. court where the controversy is being addressed as of the end of the reporting period. If the case was closed during the reporting period, indicate the IRS function or U.S. court where the case was handled immediately before closing. Each case should be counted only once during a reporting period; however, a case that remains open beyond a single reporting period may be properly reported as being handled by a different function from one reporting period to the next. Thus, a case may be reported as being handled by a different function in the Year-End report than was reported in the Interim report. If a single case is being addressed by more than one IRS function at the end of a reporting period, report that case where the primary issue is being addressed. The total reported on lines 2A through 2AA should equal the total number of cases worked during the reporting period as reported on line 1C.

**Example 1:** Clinic A is representing a taxpayer in a dispute involving a proposed deficiency. On May 15, Clinic A submitted correspondence to the IRS's examination unit on behalf of the taxpayer. On August 1, the IRS issued a Notice of Deficiency. On November 20, Clinic A filed a petition in the United States Tax Court. On its Interim report, Clinic A would report the case on line 2E because the case was being addressed in the Correspondence Exam unit as of June 30. On its Year-End report, Clinic A would report the case on line 2U because the case was being addressed in Tax Court as of December 31.

**Example 2:** Clinic B is representing a taxpayer in a dispute involving eligibility for the earned income tax credit (EITC) for tax years 2008 and 2009. At the close of the reporting period, tax year 2009 is being addressed in the United States Tax Court and tax year 2008 is being addressed in an audit reconsideration. The clinic may report the case on either line 2I or 2U, but may not report the case on both lines. Clinic B has discretion to decide whether to report the case on line 2I or 2U, taking into account whatever factors it deems important to help the Program Office better understand the status of the casework performed as of the end of the reporting period.

### Additional Case Information

Report in this section additional information about controversy cases. Note that lines 3 and 4 relate to new cases opened during the reporting period, as reported on line 1b. Note that lines 5 through 8 apply to all cases worked during the reporting period, as reported on line 1C.

**Line 3.** Report on this line the number of new cases opened during the reporting period in which the amount in controversy exceeds \$50,000 for any tax year. The amount in controversy includes penalties, but does not include interest. A clinic may represent a taxpayer in a case in which the amount in controversy exceeds \$50,000. However, the clinic must include an explanation of why each case was accepted for representation in its Interim and Year-End report Program Narratives, Item 2.vii (sections III.B.i and III.B.ii, respectively, of Publication 3319).

**Line 4.** Report on this line the number of new cases opened during the reporting period for taxpayers whose income exceeds 250% of federal poverty guidelines.

**Line 5.** Report on this line the number of cases worked during the reporting period that involved matters being worked in more than one IRS function or federal court.

**Example 1:** Clinic A is representing a taxpayer in a collection matter in which the IRS is levying the taxpayer's Social Security benefits. The clinic agrees to represent the taxpayer and contacts Automated Collection System (ACS) to prove financial hardship, get the levy released, and have the taxpayer's account placed in Currently Not Collectible (CNC) status. The clinic later assists the taxpayer in submitting an Offer in Compromise. Clinic A should report this case on line 5.

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

**Line 6.** Report on this line the number of cases worked during the reporting period in which the clinic is representing a taxpayer in a dispute involving more than one tax year.

**Line 7.** Report on this line the number of cases worked during the reporting period in which the clinic is representing an ESL taxpayer.

**Line 8.** Report on this line the number of cases worked during the reporting period in which the clinic is representing both the taxpayer and the taxpayer's spouse with regard to a joint tax liability.

**Line 9.** Report on this line the number of cases worked during the reporting period in which the clinic is using a volunteer to represent the taxpayer. Do not include any individuals receiving compensation from the clinic, or any students receiving academic credit for their work at the clinic.

**Line 10.** Report on this line the number of cases worked during the reporting period in which the clinic is representing a taxpayer on state or local tax matters related to a federal tax controversy.

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## Instructions for Form 13424-K, Low Income Taxpayer Clinic (LITC) Interim and Year-End Report Controversy Case Information

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### U.S. Tax Court Activities

**Line 11.** Check the appropriate box to indicate whether the clinic participates in the United States Tax Court Clinical Program. If the box is checked indicating Yes, list the "place of trial" city or cities served.

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

**Line 13.** Report on this line the number of cases worked in the United States Tax Court during the reporting period, where negotiations were conducted with the IRS on behalf of the taxpayer, but where no entry of appearance was submitted by the clinic. For example, if a clinic staff attorney is representing a client in a tax controversy and the attorney negotiates a settlement with the IRS in Tax Court but does not enter an appearance, it would be counted on Line 13.

**Line 14.** Report on this line the number of informal consultations conducted with taxpayers in the United States Tax Court during the reporting period. Representation of taxpayers reported on line 13 should not be reported on this line. For example, if a clinic staff member encounters a taxpayer at a United States Tax Court calendar call and provides advice to the taxpayer or acts as a communicator or mediator between the parties, but does not enter an appearance, it would be counted on line 14.

### Closed Case Outcomes

Report in this section the outcomes of cases that were closed during the reporting period. Information reported in this section should only relate to cases reported on line 1d. The information reported in this section will help the Program Office better understand the impact of the clinic's controversy casework on taxpayers.

**Line 15A.** Report on this line the number of cases closed during the period in which the taxpayer was brought into filing compliance during the representation. Cases where a taxpayer is successfully assisted or referred for assistance with return preparation in order to resolve a collection matter can be included here.

**Line 15B.** Report on this line the number of cases closed during the period in which the taxpayer was brought into collection compliance during the representation. Cases where the taxpayer is placed on an approved installment plan or where the taxpayer was placed in currently not collectible status can be included here.

**Line 15C.** Report on this line the total dollars in tax refunds that were paid to taxpayers whose cases were closed during the reporting period. Do not include refunded dollars that were offset against any other outstanding liability. This amount may include all refunds issued to the taxpayer during the representation that relate to the tax years in dispute. Include state and local tax refunds if the clinic represented taxpayers before those agencies on a matter related to the federal tax controversy.

**Line 15D.** Report on this line the total dollars in tax liabilities, penalties, and interest avoided by taxpayers whose cases were closed during the reporting period. Include an abatement of tax, penalties, or interest, a reduction in a proposed deficiency, the amount of innocent spouse relief obtained, the difference between the full amount owed and the total amount to be paid on an accepted offer in compromise, and similar items. Include total dollars in state and local tax liabilities, penalties, and interest avoided by taxpayers if the clinic represented taxpayers before those agencies on a matter related to the federal tax controversy.

**Example 1:** A clinic represented a taxpayer facing a proposed deficiency of \$3,000. After review of the facts, the clinic determined that the IRS failed to credit \$4,000 in withholding. The \$3,000 liability was abated in full, and the taxpayer received a cash refund of \$1,000. The clinic should report \$1,000 on line 15C, and \$3,000 on line 15D.

**Low Income Taxpayer Clinic (LITC)  
Interim and Year-End Report  
Controversy Issues**

**OMB Number**  
1545-1648

Name of clinic	Grant year
Reporting Period <input type="checkbox"/> Interim Report - January 1 through June 30 <input type="checkbox"/> Year-End Report - January 1 through December 31	

**Controversy Issues Worked**

**Income Issues**

1	Wages	
2	Interest / Dividends (Schedule B)	
3	Business Income (Schedule C)	
4	Capital Gain or Loss (Schedule D)	
5	IRA / Pension	
6	Social Security Benefits	
7	Alimony	
8	Rental, Royalty, Partnership, S Corp (Schedule E)	
9	Farming Income (Schedule F)	
10	Unemployment	
11	Gambling Winnings	
12	Cancellation of Debt	
13	Settlement Proceeds	
14	Other	

**Deduction Issues**

15	Alimony	
16	Education Expenses (Including student loan interest)	
17	Moving Expenses	
18	IRA Deduction	
19	Medical and Dental Expenses	
20	State and Local Taxes	
21	Home Mortgage Interest	
22	Other Interest Expenses	
23	Charitable Contributions	
24	Casualty and Theft Losses	
25	Unreimbursed Employee Business Expenses	
26	Other Itemized Deductions	
27	Business Expenses (Schedule C)	

**Credit Issues**

28	Child and Dependent Care Credit	
29	Education Credits	
30	Child Tax Credit / Additional Child Tax Credit	
31	Earned Income Tax Credit	
32	First-Time Homebuyer Credit	
33	Other Credits	

**Low Income Taxpayer Clinic (LITC)  
Interim and Year-End Report  
Controversy Issues**

Name of clinic

**Controversy Issues Worked** *(continued)*

**Status Issues**

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

**Tax / Refund / Return / Statute of Limitations Issues**

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

**Penalty Issues**

52	Trust Fund Recovery Penalty	
53	Other Civil Penalties	
54	Additional Tax on Distributions from Qualified Retirement Plans	

**Collection Issues**

55	Payments	
56	Installment Payment Agreement (IPA)	
57	Offer-In-Compromise (OIC)	
58	Currently Not Collectible (CNC)	
59	Liens	
60	Levies (Including Federal Payment Levy Program)	

**Total Controversy Issues Worked** *(add lines 1 through 60)*

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

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**Note:** Each controversy clinic must complete Form 13424-A, *General Information*, Form 13424-C, *Advocacy Information*, Form 13424-K, *Controversy Case Information*, and Form 13424-B, *Controversy Issues*.

When submitting your Interim and Year-End Reports, include this form (Form 13424-B) as part of the Program Narrative. Interim Report and Year-End Report requirements are described in Publication 3319, sections III.B.i and III.B.ii, respectively.

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

### Purpose

This form is used to report issues worked by a clinic while representing taxpayers in controversy cases. The issues reported should relate to all cases reported on Form 13424-K, line 1C.

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

### Reporting Requirements

#### Controversy

If your clinic has been funded to provide representation in controversy cases, complete all parts of this form.

#### Reporting period

Clinics are required to report on clinic activities twice for each grant year. The *grant year* is January 1 through December 31 for the year in which a grant award is received. An Interim Report is required to report activities conducted for the period from January 1 through June 30; a Year-End Report is required to report activities conducted for the entire grant year, the period from January 1 through December 31. Check the appropriate box at the beginning of the form indicating for which period the report is being completed.

The reports capture all controversy issues arising from all controversy cases that were open at any time during the reporting period, including cases carried over from the previous grant year. The issues reported should relate to all cases reported on Form 13424-K, line 1C for the same reporting period.

#### Definition of a controversy issue

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

A case may involve more than one issue and each issue that the clinic actively works on a case should be reported separately. An issue is counted only once for each case, regardless of the number of tax years involved. See Example 2 below.

#### Examples

**Example 1:** Clinic A represented ten taxpayers in Earned Income Tax Credit (EITC) examination cases during the reporting period. Each case has four issues - head of household filing status, dependency exemptions, child tax credit, and EITC eligibility. To complete this form, Clinic A would enter "10" on lines 28, 31, 36, and 37.

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

**Example 3:** Clinic C represented a taxpayer in a collection case that involved negotiating with the IRS to establish an installment agreement. In the course of the representation, Clinic C discussed with the taxpayer various collection alternatives, including the possibility of making an offer-in-comprise. The installment agreement issue would be counted as an issue, but the offer-in-comprise (OIC) issue would not be counted as an issue because the OIC was discussed but not worked.

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

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### Specific Instructions

#### Income Issues

**Lines 1 through 14.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular income issue. For example, a dispute involving the amount or classification of a taxpayer's wages would be reported on line 1, Wages.

#### Deduction Issues

**Lines 15 through 27.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular deduction issue. For example, a dispute involving the allowability of a deduction for alimony would be reported on line 15, Alimony.

#### Credit Issues

**Lines 28 through 33.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular credit issue. For example, a dispute involving a taxpayer's eligibility for an adoption credit would be reported on line 33, Other Credits.

#### Status Issues

**Lines 34 through 43.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular status issue. For example, a dispute involving the taxpayer's eligibility to claim head of household filing status would be reported on line 36, Filing status.

#### Tax / Refund / Return / Statute of Limitations Issues

**Lines 44 through 51.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular tax or refund or statute of limitations issue. For example, a dispute involving suspected fraud on the part of a return preparer would be reported on line 45, Suspected Return Preparer Fraud.

#### Penalty Issues

**Lines 52 through 54.** Report on the appropriate line the number of cases worked during the reporting period where the taxpayer's controversy involved the particular penalty issue. For example, a dispute involving the assessment of an accuracy-related penalty would be reported on line 53, Other Civil Penalties.

#### Collection Issues

**Lines 55 through 60.** 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 60, Levies.



**Low Income Taxpayer Clinic (LITC)  
Advocacy Information**

OMB Number  
1545-1648

Name of clinic

Grant year

**Reporting Period**  Interim Report - January 1 through June 30 or  Year-End Report - January 1 through December 31

**Part I. Systemic Advocacy Submissions**

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

Issue number	Submitter	Date submitted
--------------	-----------	----------------

Brief description of the issue

Issue number	Submitter	Date submitted
--------------	-----------	----------------

Brief description of the issue

Issue number	Submitter	Date submitted
--------------	-----------	----------------

Brief description of the issue

**Part II. Published Materials**

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

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

Author's name	Date published
---------------	----------------

Title of article	Publication or website
------------------	------------------------

Brief description of the article

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

Author's name	Date published
---------------	----------------

Title of article	Publication or website
------------------	------------------------

Brief description of the article

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

Author's name	Date published
---------------	----------------

Title of article	Publication or website
------------------	------------------------

Brief description of the article

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## Low Income Taxpayer Clinic (LITC) Advocacy Information

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### Part III. Television and Radio Appearances

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

Airing dates of segment	Number of potential listeners or viewers
Discussion topic	Presenter

Brief description of the topic

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Airing dates of segment	Number of potential listeners or viewers
Discussion topic	Presenter

Brief description of the topic

---

Airing dates of segment	Number of potential listeners or viewers
Discussion topic	Presenter

Brief description of the topic

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### Part IV. Public Service Announcements

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

Number of times segment aired	Number of potential listeners or viewers
Discussion topic	Presenter

Brief description of the topic

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Number of times segment aired	Number of potential listeners or viewers
Discussion topic	Presenter

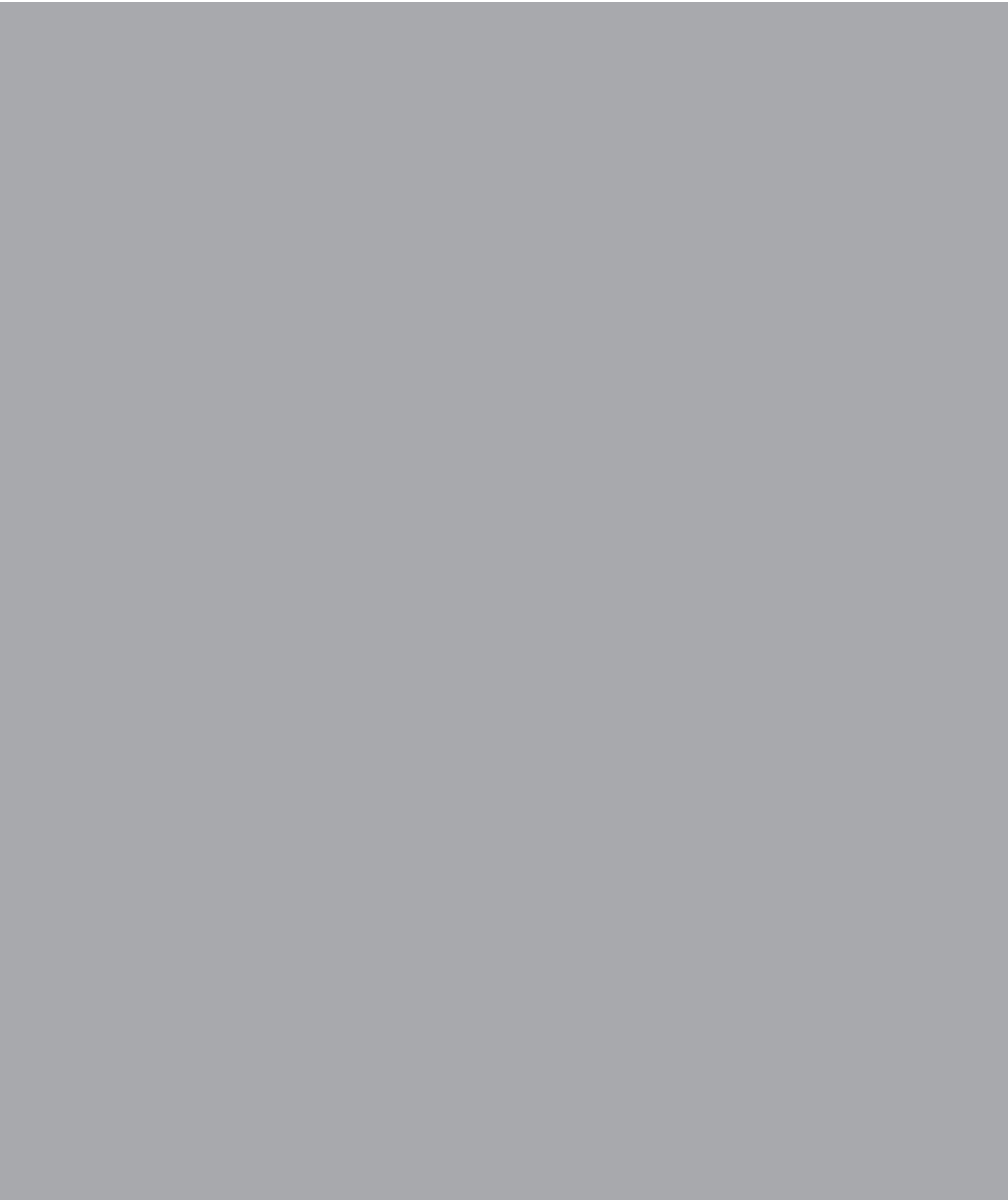
Brief description of the topic

---

Number of times segment aired	Number of potential listeners or viewers
Discussion topic	Presenter

Brief description of the topic

# COMMONLY USED ACRONYMS



<b>ABA</b>	American Bar Association
<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>BALDU</b>	Balance Due
<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>CID</b>	Criminal Investigation Division
<b>CNC</b>	Currently Not Collectable
<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>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>FBAR</b>	Report of Foreign Bank and Financial Accounts
<b>FDIC</b>	Federal Deposit Insurance Corporation
<b>FEIE</b>	Foreign Earned Income Exclusion
<b>FFATA</b>	Federal Funding Accountability and Transparency Act
<b>FICA</b>	Federal Insurance Contributions Act
<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-Competitive Continuation
<b>NFTL</b>	Notice of Federal Tax Lien
<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>PII</b>	Personally Identifiable Information

<b>PIN</b>	Personal Identification Number
<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>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>TAP</b>	Taxpayer Advocacy Panel
<b>TAO</b>	Taxpayer Assistance Order
<b>TAS</b>	Taxpayer Advocate Service
<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

**90/250 Income Requirement** - the provision of IRC §7526 that requires at least 90 percent of taxpayers represented by a clinic receiving federal funding to operate a controversy program must have incomes that do not exceed 250 percent of the Federal Poverty Guidelines published annually by the Department of Health and Human Services (HHS).

**Allowable Expenses** - expenses chargeable to an LITC grant in accordance with the principles outlined in 2 CFR Part 230 (formerly OMB Circular A-122), and 2 CFR Part 220 (formerly OMB Circular A-21). Generally, in order for an expense to be allowable, the expense must be reasonable, incurred for the benefit of the program, and consistent with market prices.

**Amount in Controversy** - amount in controversy means the amount in dispute for any taxable year. The amount includes the tax liability in dispute, plus any penalties, and additions to tax. Interest is generally not included in the amount in controversy. If, however, the amount of interest is disputed independently from the associated tax liability, then the amount in controversy includes interest. The amount in controversy is not necessarily the entire amount specified in a statutory notice of deficiency or a notice of determination.

**Ancillary Tax Return Preparation** - tax return preparation that is incidental to an ESL program's primary activity of outreach and education.

**Application Amendment Package** - a package of application materials created by the grantee in the Grant Solutions system. All grantees receiving an award will be required to create a package, regardless of whether they need to amend their original grant application. An application amendment package may not be created until a notice of award is issued.

**Case Tracking** - the process or method used to control assignment and progress of controversy cases and ESL activity by LITC personnel, students, and volunteers.

**Clinic** - a program or organization that offers federal tax representation or education.

**Congressional District** - an electoral constituency, apportioned by population, which elects a Member of Congress.

**Consultation** - a consultation is a discussion with a taxpayer designed to provide brief advice about a specific tax matter that does not result in representation of the taxpayer. A technical assistance consultation is a discussion with a practitioner or other service provider designed to give brief advice about a tax issue.

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

**Continuing Professional Education (CPE)** – an accredited educational program required to maintain a professional license, such as a Certified Public Accountant or Enrolled Agent designation.

**Controversy Representation** – representation of a taxpayer in a tax controversy with the IRS concerning the determination, collection, or refund of any tax, additions to tax, penalties, or interest. The dispute with the IRS may arise in a federal court or a function of the IRS, including Accounts Adjustments, Examination, Collection, Appeals, or other specialized unit. LITCs may also represent taxpayers in trust fund recovery penalty cases, tax identity theft matters, requests ofr worker classiification determination, and disputes related to the tax provisions of the Affordable Care Act. The representation may also concern a dispute between a taxpayer and a state or local tax agency if the dispute concerns the same or a related tax matter for which the LITC is representing the taxpayer in a dispute with the IRS. In order for the relationship to rise to the level of representation, advocacy on behalf of the taxpayer, not just fact-finding, must occur.

**Data Universal Numbering System (DUNS)** – a unique nine-digit identification number provided by Dunn & Bradstreet Corporation. The Federal government requires that all applicants for Federal grants 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 grant funding, and to provide consistent name and address data for electronic grant application systems.

**Demographics** – vital or social statistics (e.g., income, education level, native spoken language) of a group or population of taxpayers within a defined state, county, or geographic regional area.

**Deobligated Funds** – grant funds that a grantee does not intend to draw down and spend during the grant cycle which are relinquished back to the LITC Program Office so that the funds may be obligated to another grantee.

**Direct Costs** – costs that can be identified specifically with a particular award or other direct activity of an organization, such as a controversy or ESL program. However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstance, has been allocated to an award as an indirect cost.

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

**Educational Activities** – events designed to provide information to taxpayers about their taxpayer rights and responsibilities, and include technical tax topics.

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

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

**Family Unit** – an unrelated individual or a family. An unrelated individual is a person 15 years old or over who is not living with persons related by birth, marriage, or adoption. A family is a group of two or more persons related by birth, marriage, or adoption who live together. However, if related individuals live together, but the person seeking assistance from the clinic is financially independent, then that person may be treated as a family unit. If two unrelated individuals live together, they constitute two family units.

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

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

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

**Indirect Cost Rate** - the ratio between the total indirect expenses and some direct cost base to determine the amount of indirect costs that should be allocated to an activity.

**Intake** – a process used by clinic staff to gather information from a taxpayer seeking assistance to determine eligibility for services.

**Individual Taxpayer Identification Number (ITIN)** – a unique nine-digit number used for tax administration purposes that is issued by the IRS to individuals who are not eligible to obtain a Social Security number (SSN).

**Low Income Taxpayer** – an individual whose income does not exceed 250 percent of the Federal Poverty Guidelines.

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

**Low Income** – for purposes of the LITC Program, this includes taxpayers whose incomes do not exceed 250 percent of the Federal Poverty Guidelines.

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

**Matching Funds** – the portion of program costs not funded by federal funds. Grantees must provide matching funds on a dollar-for-dollar basis for all LITC grant funds received.

**National Taxpayer Advocate (NTA)** – the official who supervises and directs the Office of the Taxpayer Advocate. The NTA reports directly to the IRS Commissioner and serves as the advocate for taxpayers within the IRS and before Congress. The NTA is appointed by the Secretary of the Treasury following consultations with the IRS Commissioner and the IRS Oversight Board.

**Nominal Fee** – Nominal fee means a fee that is slight, inconsiderable or trifling, taking into account all facts and circumstances, including geographic location. A nominal fee does not include reimbursement for those costs actually incurred (photocopies, courts costs, and expert witness fees, for example).

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

**Office of Management and Budget (OMB)** – the office that oversees the preparation of the federal budget and supervises its administration in Executive Branch agencies. OMB evaluates the effectiveness of agency programs, policies, and procedures, assesses competing funding demands among agencies, and sets funding priorities. OMB ensures that agency reports, rules, testimony, and proposed legislation are consistent with the President's Budget and with Administration guidance.

**OMB Guidance** – directives issued by the Office of Management and Budget (OMB) that provide guidance relating to administration of federal grant awards. OMB released 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on December 26, 2013. The new guidance supersedes and

streamlines OMB requirements affecting LITC grants: OMB Circulars A-21, A-110, A-122, and A-133, among others. The new guidance applies to grantees with fiscal years beginning on or after December 26, 20124.

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

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

**Outreach Activities** - efforts designed to provide information about the clinic and its services directly to identified taxpayers or indirectly through other organizations or groups that serve the identified taxpayers. ESL programs should identify linguistic populations; Controversy programs may focus outreach efforts on low income taxpayers in a geographic area or a specific segment of the low income taxpayer community.

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

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

**Program to Inform** - the conduct of a variety of educational activities for the ESL population served by the LITC, such as holding workshops or publishing and distributing information about tax issues and taxpayer rights relevant to ESL taxpayers, answering common tax questions relevant to ESL taxpayers, and consulting with ESL taxpayers on a one-on-one basis.

**Project Costs** - the total costs for the grant period including the federal funds portion and the matching portion of the grant. For example, the LITC grant award is \$40,000 and the required matching funds are \$40,000. The total Project Costs are \$80,000.

**Publicity** - see Outreach Activities.

**Qualified Representative** - an individual who is authorized to practice before the IRS (e.g., attorney, certified public accountant, enrolled agent) or applicable court.

**Representation** - representation of a taxpayer in a controversy means to act 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.

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

**Standards of Operation** - baseline operational requirements applicable to all clinics developed by the LITC Program Office to ensure that all programs provide consistent and quality service to low income and ESL taxpayers. The standards of operation are an integral part of the LITC Program's performance measures.

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

**Tax Counseling for the Elderly (TCE)** - an IRS initiative designed to promote and support free tax counseling and basic income tax return preparation for individuals aged 60 or over who cannot afford professional assistance.

**Third Party In-Kind Contributions** - the value of non-cash contributions provided by parties other than the federal government or grantee. Third party in-kind contributions may be in the form of goods, space, or services donated to the LITC by third parties and must be used to accomplish the objectives of the LITC program in order to count as a source of matching funds.

**Unallowable Expenses** - expenses for which LITC grant funds may not be used according to guidelines published by OMB and the LITC Program Office.

**Underserved Area**- an identifiable geographic area where the need for LITC services exceeds the capacity available from current grantees.

**Unused Funds** - the portion of grant funds awarded to clinics that have not been spent, whether or not those funds have been drawn down from the Payment Management System.

**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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