LITC Low Income Taxpayer Clinics

REPRESENTATION • EDUCATION • ADVOCACY

2023 LITC Application Webinar

Presenters

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Objectives

- Understand the purpose of the Low Income Taxpayer grant; program office responsibilities; and program requirements
- Be able to identify the steps to take before an application can be submitted
- Understand
- Identify major components of the application and information required to complete it
- Know where to turn for questions

LITC Program

LITC Mission Statement

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

- Providing *pro bono* representation on their behalf in tax disputes with the IRS;
- Educating them about their rights and responsibilities as taxpayers; and
- Identifying and advocating for issues that impact these taxpayers.

LITC Program Office Responsibilities

- The LITC Program Office is part of the Taxpayer Advocate Service (TAS)
  - TAS is an **independent** organization within the IRS, led by National Taxpayer Advocate, Erin Collins
- The LITC Program Office administers the grant program by:
  - Screening applications and assisting with the selection of grantees
  - Administering grant funds
  - Monitoring LITC performance
  - Assisting LITCs in achieving the overall mission of the program by providing guidance and support

Eligible Organizations

Per IRC Section 7526(b)(2), an LITC may be:

- 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
- 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.

2023 LITC Types:

- Legal Services/ Legal Aid Programs
- Academic Clinical Programs
- Other community-based nonprofit organizations
- Bar Sponsored *Pro Bono* Programs

100% Matching Requirement

- Each dollar of federal funding must be “matched” by a dollar of non-federal funding
- Applicant must provide the amount, source, and type of matching funding it will provide if funded(Form 13424-J)
- Matching funds or third-party in-kind donations must be used in direct support of LITC program activities to be allowable

For more information on matching funding requirements, see Publication 3319 pp.12, 27-28
See instructions for Form 13424-J pp. 108-113

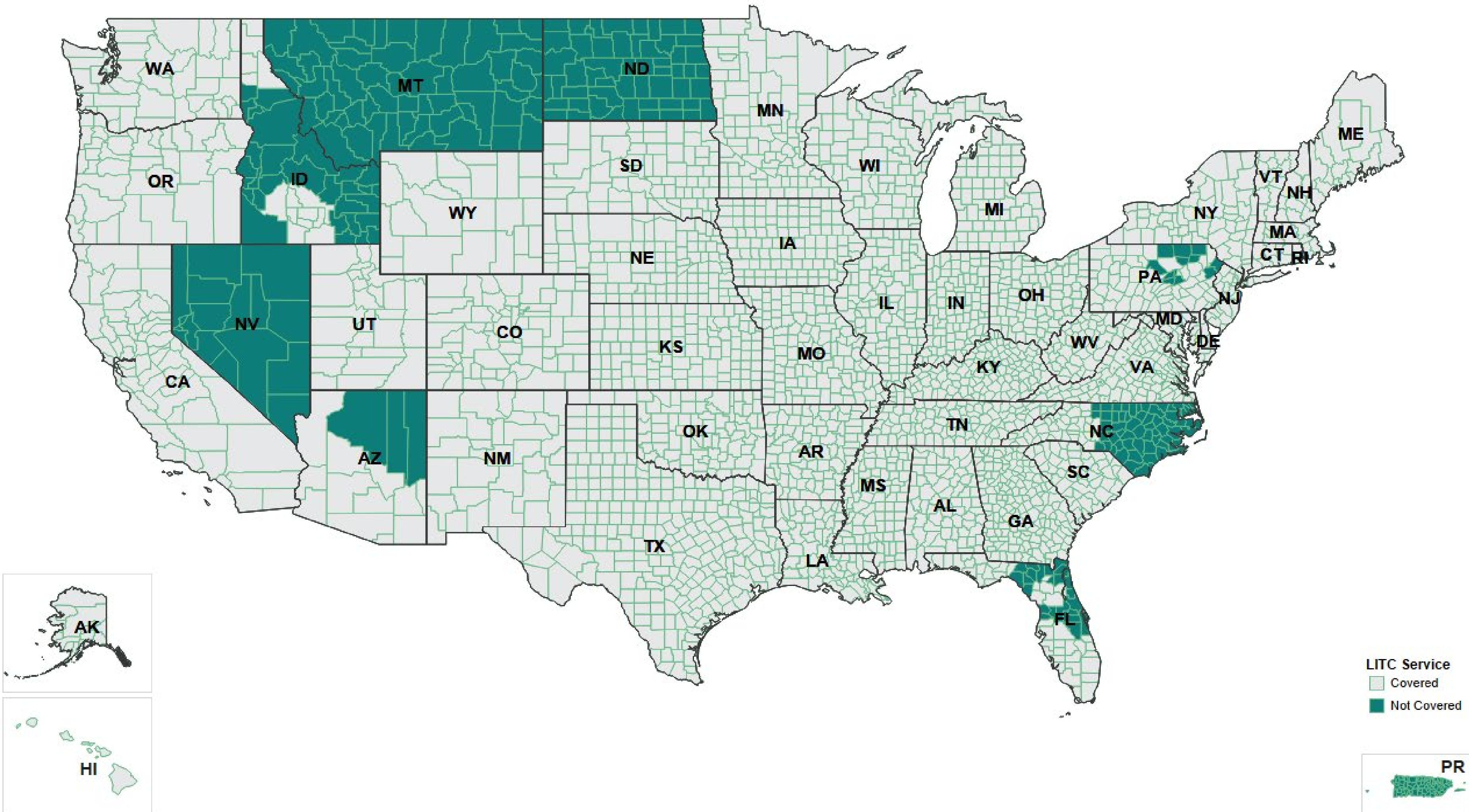
Sources of Matching Funding

- Cash including funds provided by the sponsoring organization, grant dollars from non-federal sources, donations, or program income.
- Third-party in-kind contributions can be used as match
  - Valuation of donated time depends upon service performed
  - Fair Market Value of items like software and equipment

NOTE: An employee’s time spent volunteering **may not** be used as matching funding.

For Valuation, See Publication 3319 pp. 28-30

2022 Coverage Map



ARIZONA (Apache, Coconino, and Navajo), FLORIDA (Baker, Bradford, Brevard, Citrus, Clay, Columbia, Dixie, Duval, Flagler, Hamilton, Hernando, Lafayette, Lake, Madison, Nassau, Orange, Osceola, Seminole, St. John's, Sumter, Suwanee, Taylor, and Volusia), IDAHO (Ada, Adams, Bannock, Bear Lake, Bingham, Boise, Bonneville, Butte, Canyon, Caribou, Clark, Clearwater, Custer, Franklin, Freemont, Gem, Idaho, Jefferson, Latah, Lemhi, Lewis, Madison, Nez Perce, Oneida, Owyhee, Payette, Power, Teton, Valley, and Washington) MONTANA, NEVADA, NORTH CAROLINA (Alamance, Anson, Beaufort, Bertie, Bladen, Brunswick, Camden, Carteret, Caswell, Chatham, Chowan, Columbus, Craven, Cumberland, Currituck, Dare, Duplin, Durham, Edgecombe, Forsyth, Franklin, Gates, Granville, Greene, Guilford, Halifax, Harnett, Hertford, Hoke, Hyde, Johnston, Jones, Lee, Lenoir, Martin, Montgomery, Moore, Nash, New Hanover, Northampton, Onslow, Orange, Pamlico, Pasquotank, Pender, Perquimans, Person, Pitt, Randolph, Richmond, Robeson, Rockingham, Sampson, Scotland, Stokes, Tyrrell, Vance, Wake, Warren, Washington, Wayne, and Wilson), NORTH DAKOTA, PENNSYLVANIA (Bradford, Clinton, Monroe, Northumberland, Pike, Snyder, Sullivan, Susquehanna, Tioga, Union, and Wyoming), and PUERTO RICO

Researching the LITC Program

- IRS Publication 3319, Grant Application Package and Guideline
- IRS Publication 4134, Low Income Taxpayer Clinic List
- Find your local clinic on irs.gov
- IRS Publication 5066, Low Income Taxpayer Clinics (LITC) Program Report
- Consider reaching out to existing LITC programs

Pre-Application Work

Pre-Application Steps

1. Request an Employer Identification Number from the IRS (only if you do not have one).
2. Complete IRS form to request a Non-Profit Status- Ensure the appropriate form is used!
3. Complete Sam.gov Registration – Ensure that you agree that you will be requesting federal funds which will allow agreement to all certifications and attestations.
4. Complete Grants.gov Registration- Ensure all necessary individuals have their own access.
5. Check the LITC eligibility tool on our website.

System for Award Management

- DUNS transitioned to Unique Entity Identifier (UEI) in April 2022
- Must register with System for Award Management (SAM) to get a UEI
- UEI assigned by SAM once registration process is completed
- E-biz Point of Contact (POC) is established and relays to Grants.gov

Grants.gov

About Grants.gov

Grants.gov is part of a government initiative to provide the grant community with a single site to find and apply for federal grant funding opportunities. It is a web-based system which contains announcements for all kinds of grants. It can be accessed via computer, tablet, and smart phone, and an application can even be tracked with the grants.gov app.

Create a Grants.gov Account

The first step to access Grants.gov is to register an account with Grants.gov. Follow the on-screen instructions or refer to the detailed instructions here:

https://www.grants.gov/web/grants/applicants/registration.html

Ebiz Point of Contact (POC)

- The Ebiz POC is completed in the SAM system and must be updated or completed to be able to assign assign roles in grants.go.
- The Ebiz POC must assign roles in grants.gov including but not limited to the Authorized Official Representative (AOR) role.
- The AOR is the person authorized to make legally binding commitments on behalf of the organization.
- The AOR is the individual who is certifying that the Application is complete and information supplied is correct and is the one "signing" the Application on behalf of the organization.

Note: The Ebiz POC is often not updated in SAM, which will delay and or prevent completion and submission of the application.

Create and Complete a Workspace

- Ebiz POC creates a workspace allows the organization to complete the application online and route it through your organization for review before submitting.
- Ebiz POC assigns individuals to the workspace to complete the application.
- All individuals must be added as participants to the workspace to work on the application together, complete all the required forms online, and check for errors before submission.

Submit a Workspace

- Submit the application through the workspace by clicking the Sign and Submit button on the Manage Workspace page, under the Forms tab.
- Submit your application package at least 24-48 hours prior to the close of the application period to provide you with time to correct any potential technical issues that may disrupt the application submission process.
- Can submit workspace via mobile device.

Electronic Signature

- No physical signature is required in Grants.gov
- The name of the person with the role of Authorized Official Representative (AOR) is inserted into the signature line of the application, serving as the electronic signature

Grants.gov Resources

- For training resources, including video tutorials: **https://www.grants.gov/web/grants/applicants/applicant-training.html**
- For workspace information: **https://www.grants.gov/web/grants/applicants/workspace-overview.html**
- Applicant support: Grants.gov provides 24/7 support via the toll-free number 1-800-518-4726 and email at **support@grants.gov.** For questions related to the specific grant opportunity, contact the number listed in the application package of the grant for which you are applying

Full Application

Full Grant Application-Required Forms

The LITC Full Grant Application includes:

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

For instructions for completing forms, See Publication 3319, pp. 93-126, Appendix A

Attached Information Required

- Attachments Form (used to attach the following):
  - Tax exemption determination letter, if applicable
  - Proof of academic accreditation, if applicable
  - Applicant’s most recent audited financial statement if not available on the Federal Audit Clearinghouse
    - If audited financial statement is not available, applicant must submit unaudited statements for its most recent fiscal year and a statement as to why audited financial statements are not available
    - If there are no financial statements, a balance sheet or profit/loss statement is required
  - Indirect cost rate agreement, if applicable

Attached Information Cont.

- Attachments Form (cont.):
  - Documentation showing the named Tax Compliance Officer on Form 13424 is properly authorized to receive federal tax information regarding the applicant/sponsoring organization.
  - Documentation might be:
    - Copy of the Articles of the Organization/Incorporation which show who is authorized to act or appoint someone to act in these matters, and
    - Form 2848, Power of Attorney and Declaration of Representative showing who has been appointed.

For more information about Tax Compliance Officer, see Publication 3319 p. 104

Standard Form (SF) 424, Application for Federal Assistance

SF 424 Reminders

- Prepopulated fields cannot be changed
- Section 8a-8d should match information in SAM.gov
- Section 14 is where to attach list of counties covered
- Section16a is congressional district where applicant is located
- Section 16b is congressional district(s) clinic covers
- Section 17 is the project period requested for the grants:
  - The project period beginning date is 1/1/2023 and the end date is 12/31/2023 for a single year project
  - Current LITCs, may instead request a 2 or 3 year project duration with end dates of 12/31/2024 or 12/31/2025
- Section 18 is amount requested for the 12-month period not to exceed $100,000
- Electronic signature will appear once submitted

Form 13424-M,
LITC Application Narrative

Form 13424-M Overview

Form 13424-M, Low Income Taxpayer Clinic (LITC) Application Narrative, has three main parts and several sub-parts:

- Background Information
  - Experience
  - Financial Responsibility
- Program Performance Plan
  - Program Staff
  - Taxpayer Services
  - Clinic Operations
  - Volunteers
  - Training and Resources
  - Program Monitoring, Evaluation, and Reporting
  - Program Numerical Goals
- Civil Rights Review

Background

Experience

- Operating an LITC program
- Delivering services to low-income and ESL individuals and families
- Existing affiliations-formal relationships
- Supervising staff, students, and volunteers
- Networking and partnering

Talking about Experience for Newly Formed Organizations

Should reference relevant experience of persons forming the organization and their level of involvement in determining the clinic structure etc.

> Tip: Demonstrate throughout the application your knowledge of the community, knowledge of the issues they face, the initial research and contacts you have made in putting together this proposal.

Experience Example

J Law has represented X number of residents in the last X years who are at or below 200 percent of poverty. As a result of our services, J Law preserved housing for X number of families. J Law served X of residents whose primary language is not English (English as a Second Language). See II.A.1. for detail about languages served.

Affiliation Example

The LITC will be housed within a practice group at K Law, a Legal Services Corporation funded legal aid. The LSC has been operating for over 35 years. It has funding from 35 private sources as well as funding from the state and numerous other federal grants. Support is also provided by a vast network of volunteers.

Supervision of employees and students Example

We have a staff of 50 attorneys, paralegals and support staff. Each practice group has a manager, the manager is overseen by a litigation director. This structure has been in place for almost 35 years. Our program is well regarded by fellow practitioners and our client satisfaction is consistently high.

We have been the recipient of student placements from the University of X for the past 10 years. As a result, we have a fully developed orientation program, written standards of conduct and practice, and supervisory standards that include weekly feedback and mid-placement reviews.

Networking Example

We work with X number of agencies including (provide some names of orgs that would also be good partners for tax education and explain why). Our participation in the local coordinating committee, helps us to keep abreast of changes in the demographics of our target population, promotes cross-referrals, and identify trends in issues faced by this ever-shifting population.

Financial Responsibility

Form 13424-M Part II.

Ability to manage and properly spend grant funds

Accounting Procedures and Accounting Support Staff

- Procedures should be written, if not written, discuss when this will be completed and by whom.
- Number of support staff, titles, and roles they fulfill such as receipts, deposits, reconciliations, monthly reporting etc.
- Software used for managing various financial reporting and accounting processes
- Experience managing federal grant funds

Form 13424-M Part II. A. 1.

Demonstrating Financial Responsibility-Small Orgs.

- Consider how you will demonstrate that there is sufficient oversight and controls in place?
- When recruiting the Board consider recruiting an accounting professional to act as Treasurer and provide a second set of eyes for the books.
- Provide the board with regular updates on budget vs. actual expenditures.
- Have a third party conduct an audit or a review of financial statements on at least a yearly basis.

Method for tracking and verifying expenditures

- Are their funding codes used to associate activities with funding source either direct or matching funds?
- Some activities may not be conducted with grant funds. How do you track those?
- How does your staff know how to properly record information?
    - Hint: Discuss how you ensure they follow those procedures under controls.
- Indicate whether organization operates a VITA
- If yes, discuss how org. will distinguish VITA activities from LITC and ensure funding for one is not used for the other

Form 13424-M Part II. A. 2, i. and ii.

Plans for Audits and Controls

- Audits:
  - Third party review of procedures, controls and financial statements
  - How are auditors selected
  - How often are audits conducted
  - If audit is not required, discuss how and by whom financial statements are prepared and reviewed
- Controls: Discuss the steps the LITC takes/will take to ensure that procedures are being followed
- Be sure to answer all questions regarding audit or financial statement to be submitted.
- Qualified Business Administrator’s (QBA): List qualifications including education and relevant expertise with business administration and managing federal funds

See Publication 3319 pp. 83 for information about QBA’s role

Program Performance Plan

Program Staff
Taxpayer Services
Clinic Operations
Volunteers
Training and Services
Program Monitoring, Evaluation, Reporting

Key Personnel

Program Staff

- Qualifications and expertise of the following required positions:
  - Qualified Tax Expert (QTE)
  - Clinic Director

Tip: If one person will fill both roles, describe what relevant skills, experience, or education qualifies the person to fulfill each role. Do not merely repeat the same information in both places. Also, if it is unknown who will fill key roles, then list the qualifications you will be looking for in someone to hire to fill a role.

For Definitions, see Publication 3319 pp. 38,

Others Providing Services

Program Staff

- Titles, responsibilities, and qualifications of other LITC staff members
- Complete boxes to indicate whether the clinic will utilize students
  - If so, will the clinic seek student authorization to practice before:
    - IRS
    - U.S. Tax Court

Authorization to Practice

Program Staff

- Must have a staff member that is authorized to represent taxpayers before the IRS (Attorney, CPA, or Enrolled Agent).
- Must have a staff member or volunteer that is authorized to practice before the U.S. Tax Court.
- Reminder: Do not forget to provide each individual's Tax Court bar number. If this person hasn't received authorization yet, indicate the plans to get the practitioner authorization.

See Publication 3319 pp. 9, 59 for discussion of Special Authorization granted students and law graduates who are practicing under supervision of a licensed professional.

Program Staff – Tracking Time

- Time staff and students will devote to the clinic
- Method to be used to track staff and student volunteer time
  - Including system for recording time (case management software (preferred), excel, pen and paper)
  - Codes for tracking different types of activities, administrative, outreach, education, case work etc.
    - See 2 CFR 200.430 (i), Standards for Documentation of Personnel Expenses.
  - Time devoted by students receiving credit may not be billed to the grant but time tracking may be beneficial to establish habit for billing.
  - A student volunteer whose time will be used for match must be tracked.

Taxpayer Eligibility

- Procedures used to ensure clinic properly tracks:
  - 90/250 requirement
    - Describe how LITC will track cases accepted for taxpayers with income above 250% of federal poverty level to keep within limit.
  - Amount in controversy limit of $50,000
    - Policy for exceptions to the amount in controversy limit, if any, including factors considered

Service Area and Population

Taxpayer Services

- Geographic area(s) the clinic will serve:
- Demographic information, and
- Identified population to which services will be directed (low-income and ESL taxpayer representation, education, and outreach)
- Include the source for data used to ascertain the demographics of the area to be served

The score for Program Coverage is based upon responses to this question and taxpayers served from goals. See Publication 3319, pp. 33.

Services Provided and Service Delivery Approach

Taxpayer Services

- Type of representation services to be provided
- Procedures for intake, assignment, and monitoring of cases
- Consultation services and how they will be made available to taxpayers
- Educational activities
  - Topics covered
  - How they will be made available to taxpayers

Clinic Operations

- Tracking delivery of services to low-income and ESL taxpayers
- Protecting taxpayer privacy, maintaining confidentiality, and safeguarding client records
- Publicity plan, including potential venues for outreach to low-income and ESL taxpayers
- Dates, days, and hours of clinic operation
- Plans for charging nominal fees, if any, and amount

Volunteers

- Applicant's *pro bono* panel and how members will be identified and recruited
- Referral process if to a local, state, or national *pro bono* panel
- Procedures used to assign cases to volunteers, monitor case progress, and evaluate services to ensure that taxpayers receive quality assistance
- Method used to track volunteer time

Training and Resources

- In-house training to be provided to clinic staff, students, and volunteers
- Continuing professional education activities of clinic staff and volunteers
- Tax law library and access to other research sources

Program Monitoring, Evaluation, Reporting

- Strategy for monitoring and evaluating program results (in short and long-term)
- Method to be used to measure and address client satisfaction

Program Numerical Goals

- Identify the Program Numerical Goals for the first year in the following areas:
  - New representation cases opened in the calendar year
  - Consultations with low-income and ESL taxpayers
  - Educational activities to low-income and ESL taxpayers
  - Low-income and ESL taxpayers to be reached in educational activities

Program Numeric Goals Tips

- Address each one in turn
- Applicants often want to know what are good goals? It depends…
- When setting goals for a new LITC consider what start up activities need to be conducted
  - Do you have procedures and systems in place or do they need to be transformed from notional to actual?
  - Do you have a likely pool of eligible clients?
  - Do you have opportunities identified for Education and Outreach already?
  - Do you have staff onboard or do you need to hire?
- If you provide other services currently, are they sufficiently similar to your proposal can you use those numbers to estimate performance under this grant?

Civil Rights

Providing Civil Rights Information

- 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.
- A description of all pending applications for financial assistance and all financial assistance being provided by other federal agencies.
- A summary of all civil rights compliance review activities conducted in the last 3 years.

Providing Access and Notice

- Provide a description of how the clinic will meet the needs of individual's for the following:
  1. Who have Limited English Proficiency; and
  2. Who may need a reasonable accommodation
- Be sure that you complete each check box to acknowledge
  - Your clinic is required to request certain information from applicants, retain that information, and supply it, if requested by the agency.
  - Notify taxpayers of their rights by displaying the Poster "Your Taxpayer Rights are Protected" (Publication 4053)

See, Publication 3319 pp. 35-36

Form 13424-J, Detailed Budget Worksheet

See Publication 3319 pp. 107-117

Detailed Budget Worksheet (First Page)

Form **13424-J** (May 2018)	Department of the Treasury - Internal Revenue Service **Detailed Budget Worksheet**	OMB Number 1545-1648

Name of Low Income Taxpayer Clinic	Grant Period From To

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

Budget Narrative (Second Page)

- Personnel
  - Name, title, Full Time Equivalent (FTE), wage (salary or hourly)
  - Federal amount, match amount, total
  - Any additional explanation
- Fringe Benefits
- Travel
- Equipment (equals or exceeds $5,000)
- Supplies
- Contractual
- Other Expenses
- Indirect Charges (Indirect Costs)
- Matching Funds

Presenting Budget Information

- Be sure to:
  - State your organization's FTE
    - Example 1 FTE=2080 hours (A full-time employee at your organization works 40 hours per week x 52 weeks)
  - The FTE effects calculations:
    - .5 at 37.5 hrs./week = 18.75 hrs. <u>vs.</u>
      .5 at 40 hrs./week = 20 hrs.
  - Budgeted Narratives for each Expense Category should support the budget amount in the Detailed Budget Worksheet
  - Be consistent in how you list an item of cost

Most Common Errors

- Math Errors– Calculation errors in the narrative section.
- FTE Determination– Number of hours in 1.0 FTE not provided.
- Personnel– Annual salary for salaried employees not provided.
- Inconsistency in Budget Worksheet vs. Narrative- Calculations in the narrative description do not match the amounts provided in the worksheet section (top of Form 13424-J).
- Incorrect Category– Costs for equipment-type items are incorrectly listed in the Equipment category. Only items over $5K are included in Equipment. If less than that, list in the Supply category.
- Incorrect Category – Volunteer in-kind hours are incorrectly listed in Personnel when they should be included in the Other category.
- Unallowable Expenses – Professional licensing (or Bar Dues) fees for employees or volunteers. See 2 CFR § 200.445.

See Pubilcation 3319 pp. iv.-v.

Review and Evaluation of Full Grant Applications

Application Review Process

Applications received by the LITC Program Office are subject to several layers of review, including:

- Validation by the Program Office *(are applications timely and complete and filled out in accordance with the instructions*)
- Technical Evaluation by a Ranking Panel *(to what extent will the proposed clinic program align with the requirements of the LITC grant)*
- Evaluation by the Program Office *(review of Ranking Panel findings, financial and compliance reviews, past and current performance if current grantee, etc.)*
- National Taxpayer Advocate Review

Ranking Panel Technical Evaluation

- A panel of TAS employees conducts the Technical Evaluation
- The Technical Evaluation:
  - Is based only upon information included in the application form (Form 13424-M)
  - Evaluates the program the applicant is proposing in relation to the expectations and guidelines outlined in Publication 3319
  - Does not include review of clinics' proposed budgets

See Publication 3319, Standards for Operations pp. 37-63

Technical Evaluation Scoring

- Ranking Panel members award points to each application in the areas noted below and the points are totaled for an overall score of up to 100 points
- Applicants generally only move on to the next level of review (Program Office Evaluation) if they receive 50 points or more
- Applicants receiving less than 50 points will have an additional review confirming the score
- Points Awarded:
  - Experience (up to 13 points)
  - Financial Responsibility (up to 11 points)
  - Program Performance Plan (up to 71 points)
  - Program Coverage (up to 5 points)

Program Office Evaluation

- Various LITC Program Office staff contribute to or conduct the Program Office Evaluation
  - Applicant information may be subject to verification utilizing outside sources
- The Evaluation will consider:
  - Quality of the proposed program
  - Soundness of the proposed budget
  - Any significant concerns identified during the Technical Evaluation
  - History of performance under LITC grants in prior years, if applicable

Other Evaluation Considerations

- Existence of other clinics in the applicant's geographic coverage area assisting the same population of taxpayers
- Scope of services that the clinic will provide
- Number of low-income and ESL taxpayers who the clinic will assist
- Languages in which the clinic will provide taxpayer assistance
- Days and hours of clinic operation

Other Evaluation Considerations

- Reasonableness of funds sought for the quantity and quality of services to be offered
- Other sources of funding available to the grant recipient and how it plans to provide matching funds
- Anticipated funding available to the LITC Program
- Any noncompliance with federal tax and nontax obligations, or national policy requirements

Final Funding Decisions

- The National Taxpayer Advocate makes final funding decisions, unless recused
- In recusal situations, the Deputy National Taxpayer Advocate makes final funding decisions

Application Resources

- 2023 Publication 3319, Low Income Taxpayer Clinics (LITC) Grant Application Package and Guidelines
- 2 CFR Parts 200 and 1000, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
- Internal Revenue Code Section 7526
- Application period is May 2, 2022- June 16, 2022

Final Tips

- Please read the instructions carefully
- Do not leave it to the last minute!
- Provide specific examples and sufficient details
- Avoid repetition. Each question is designed to get at different aspects of your program

LITC Program Office Contacts

Questions about LITC rules, Set-up and Structure:

- Joceline Champagne, Technical Advisor
- Karen Tober, Technical Advisor

Questions about Application Process or working within Grants.gov and SAM.gov:

- Bill Beard, Senior Program Analyst

Questions about Tax Compliance Officer Designation/Requirements:

- Alayka Davis, Operations Manager

Unsure whom to contact? Email our general email box and it will be routed to the correct person.

Questions?

Thank You

Thank you for your interest in the LITC program!!