

Reminders and Tips for Completing Form 13424-M, Low Income Taxpayer Clinic (LITC) Application Narrative

updated March 2023

The LITC Program Office has made a number of changes to the LITC Program after release of the current version of Publication 3319, 2023 Grant Application Package and Guidelines, including Form 13424-M, Low Income Taxpayer Clinic (LITC) Application Narrative. Thus, it is very important that all applicants review this guidance when preparing their 2023 Supplemental Application. Unless otherwise provided, this guidance and the additional information provided is applicable to all applicants. When applying for a grant as an English as a Second Language (ESL) taxpayer education pilot program (“pilot grant”), also take note of the text in blue font as it denotes whether different information, additional information, or no response is required.

The LITC Application Narrative form is divided into three sections:

1. Background Information,
2. Program Performance Plan, and
3. Civil Rights Review.

Each section is further divided into subsections. The numbering for each subsection below corresponds with the numbering in the text of the form. It is important to read all introductory statements to a section or subsection, as these provide additional context and should be considered when the applicant formulates their response. The Program Office uses the information provided to determine whether the applicant has sufficient experience and qualifications, as well as a solid plan to execute a high-quality program for which the funding is requested. The information collected with this form will be closely evaluated when reviewing and scoring the grant application.

Please respond to each statement carefully and report all information completely and accurately. A response must be provided for each field and all parts of each question, unless otherwise stated in this guidance.

TIP: When addressing experience or qualifications of an individual or the organization, be sure to include key details such as the length of experience and relevant education or training, including degrees, certifications, or targeted continuing education that will help quantify the level of experience, qualifications, or areas of expertise.

Background Information

I. Experience

A. Pilot grant: When responding about the applicant’s experience delivering services, focus on experience educating ESL taxpayers, including the languages served and number of individuals reached.

B. Include only organizations with whom the clinic has or will have a formal or legal relationship, such as situations where the clinic will be housed within a larger organization (as a project or unit of that organization) or situations where a formal Memorandum of Understanding exists with

another organization that will support service delivery of the clinic.

D. Pilot grant: Special consideration will be given to established organizations with existing community partnerships that can swiftly implement and deliver education services to ESL taxpayers. As such, it is important to highlight existing partnerships that will assist the applicant in reaching the ESL communities identified in I.A.

II. Financial Responsibility

A1. When describing accounting procedures and accounting support staff, ensure that the applicant incorporates the factors discussed under A. The response should include an overview of major accounting procedures, whether they are written, what accounting system/product is used, and whether the organization or staff has experience managing federal funds. The discussion of accounting support staff should include the separation of duties, who provides supervision, and the relevant qualifications and experience of the accounting support staff.

A2. Include in the response how staff will determine what is and what is not a qualifying expenditure and how identified expenditures will be tracked and reported.

A2.ii. If an applicant also provides VITA/TCE services, describe the methodology for allocating expenditures to the correct source of funding so that each program pays only its proportionate share.

A3. As a part of applicant's response, discuss whether internal and external audits are conducted. Note how often audits are performed. If an organization is audited by an external party, explain how the auditor is selected. Provide a brief overview of internal controls not already addressed under A1 or A2.

Program Performance Plan

I. Program Staff

A1 & A2. When discussing qualifications for the staff member who will fill this position, include information about their experience fulfilling this or similar roles and performing similar responsibilities. Publication 3319 includes a description of these roles under *Standards for Operating a Low-Income Taxpayer Clinic (LITC)*. If the position is vacant at the time an application is submitted, detail what qualifications a successful candidate for the position will be expected to demonstrate. If one person will fill both roles, separate out which experiences and qualifications make them qualified to fulfill the role being discussed. Do not repeat the same information in both responses.

Pilot grant: Applicants are encouraged but not required to have a Qualified Tax Expert (QTE) on staff. When using a volunteer to fill this role, that individual's name and qualifications must be provided. At a minimum, the volunteer QTE must be willing to review all educational materials for accuracy before distribution and assist in responding to follow-up questions posed by audience members at education events.

B. In discussing qualifications of other staff, include information about each individual's experience performing similar responsibilities.

C. If the clinic plans to utilize students to provide LITC services, remember to specify the number of students participating per semester and the type (*i.e.*, law students, graduate accounting students). Other helpful information to provide includes how many cases each student will be expected to handle, whether the students will assist with the delivery of other clinic services such

as education, and how they will assist (*e.g.*, drafting materials, scheduling sessions, presenting trainings), and how often (*i.e.*, the number of hours they will assist, the number of sessions they will present).

TIP: The use of students should also include a plan for how the students will be supervised. Include supervision plans in the response to C above.

Pilot grant: No response required for C1 & C2.

D & E. List qualifications and experience, including the extent of federal tax knowledge and whether more than one person is qualified to practice before the IRS or admitted to practice in the U.S. Tax Court. If a volunteer(s) will fulfill the role of representative admitted to practice in the U.S. Tax Court, please include information for that individual(s). For applicants requesting a grant for referring low-income taxpayers in a controversy with the IRS to qualified representatives instead of providing controversy representation directly to those taxpayers, include the qualifications of those representatives.

Pilot grant: No response required.

TIP: For pilot grant applicants, special consideration will be given to established organizations with existing community partnerships that can swiftly implement and deliver services to the target ESL audiences.

F. Indicate the interval used to track time (*e.g.*, in tenths or quarters of an hour). Identify how time is tracked, for example, if time is coded by type of activity, such as case work, education, outreach, advocacy, or administrative time. Note who tracks, reviews, and approves time and how often.

II. Taxpayer Services

A1. Note the organization's ability to provide services in languages other than English. Be sure to cite a source for demographic data (*e.g.*, U.S. Census [see, [Factfinder for the Nation \(census.gov\)](https://factfinder.census.gov)], state statistics, local statistics, data gathered by the applicant).

A2. Include specific examples of the range of services provided by the clinic. Share any additional information, including the factors the clinic uses to determine what level and type of service to provide to a taxpayer.

A2.i & A2.ii. Indicate what financial information is gathered and how it is verified to determine income and balance due information. Describe what policies are in place to determine whether or when to make exceptions to acceptance criteria for taxpayers whose income exceeds 250% of poverty guidelines or whose amount in controversy is above \$50,000 for one tax year. Note how exceptions are tracked, who monitors them, and how often.

Pilot grant: No responses required for A2.i-iii & B.

C. A clinic that proposes to serve multiple states or jurisdictions (*i.e.*, District of Columbia, Puerto Rico) must conduct outreach and provide taxpayer education throughout its service area. Where the applicant will not have a physical location within each state or jurisdiction, the applicant will need to address its strategy for accomplishing this.

Pilot grant: When scoring the application, the LITC Program Office considers the number of taxpayers who will be assisted by the organization, including the number of ESL taxpayers in that geographic area. All points for this section are derived from A1 and C; therefore, it is important to give special attention in responses to these questions. Given the shortened timeline for delivery, be sure to demonstrate that the applicant has ESL education plans, including a timeline for when services will be provided, topics to be covered, and details about the review process for the training materials. Also, discuss how applicant will utilize existing community partnerships and engage with new community partners.

III. Clinic Operations

A. Specify systems used to track services and the data that's tracked to help shape future service delivery. Note the case management system used and whether information is easily retrieved. Discuss how often information will be reviewed, how the information will be utilized, and the type of information to be tracked (*e.g.*, case status, notes, staff time, status, events, number of participants, topics, locations).

Pilot grant: Respond to this question as it relates to ESL education activities only.

B. Describe how the applicant plans to protect both paper and electronic documents, where case records will be kept, and who has access to them. Note whether paper and electronic records are protected (under lock and key or with passwords) and how passwords are safeguarded.

Pilot grant: No response needed unless the applicant anticipates receiving taxpayer data in the delivery of ESL education services.

C. Include information about the ESL population applicant will be serving and the languages into which the publicity materials will be translated. Note the methods used to identify taxpayers.

Pilot grant: Respond as it relates to the clinic's publicity plan and materials for ESL taxpayers only.

D. Notate whether services are accessible for taxpayers with challenging schedules (nights, weekends, transportation issues, etc.).

E. Provide what clinic services/activities the fees will cover, and the reasoning and methodology used in determining the fee.

IV. Volunteers

A. In describing applicant's *pro bono* panel, provide details such as the number and types of qualified representatives (*i.e.*, attorneys, certified public accountants, and enrolled agents), as well as other qualifications (level of experience, education) the organization will seek in its volunteers. If an organization will accept less experienced volunteers, explain how the organization will ensure quality services are provided. For programs intending to refer all or a majority of cases to qualified representatives, applicant must describe how the clinic will handle requests for assistance from taxpayers from localities with an existing LITC. A referral based LITC should determine whether the LITC in the same locale will accept the case in-house before referring to a *pro bono* volunteer on its panel.

C. Describe how volunteer time will be tracked to differentiate between different activities, such as representation, consultation, and outreach.

Tip: Not all volunteer services are valued the same, therefore having a methodology for tracking types of volunteer services will ease tracking and reporting of in-kind match.

Pilot grant: Responses are required for A-C only if the applicant plans to utilize volunteers to help provide ESL education services.

v. Training and Resources

A. Note how and the type of training to be provided to administrative staff about the guidelines in Publication 3319 and all legal requirements for maintaining a successful clinic.

B. Include details about continuing education opportunities provided for clinic staff and volunteers, such as the type of training, the sponsor, who is to be trained, and the expected benefit to the LITC.

vi. Program Monitoring, Evaluation, and Reporting

A. Describe how success will be defined and measured and whether there are specific numerical and qualitative goals. Include in the description how both short-term and long-term goals were determined.

B. Share how applicant intends to utilize data collected from clients to measure and address client satisfaction. Demonstrate how results are used to improve the breadth and quality of services. Note who evaluates the data and how often.

vii. Program Numerical Goals

A-D. Ensure the goals are realistic based upon the amount of funding requested, taking into consideration factors such as whether the organization is newly formed or is an existing organization or clinic, the applicant's experience providing similar services, the program plan proposed, and the resources provided (e.g., staffing and the use of volunteers). Given the six month project period for this funding opportunity, state applicant's goals for that period only and list them in the one year column.

In setting goals and reporting results, an LITC that refers a case may only report the case in its inventory if it continues to provide ongoing monitoring and support.

Pilot grant: Provide responses to C and D only as they relate to ESL taxpayers. Also, include a goal for B if there is a plan to provide consultation in connection with educational activities.

Civil Rights Review

If an organization has not received complaints or undertaken any activities, indicate this in lieu of answering not applicable.

D. The response should address meeting the needs of individuals with limited English proficiency (LEP) and how services will be provided to those who may need a reasonable accommodation to access services. Responses to both parts of this question must be provided.

TIP: Review the responses one last time to be sure all questions are fully answered. If questions are not answered, it could result in a lower ranking score or a delay in the review of applicant's submission.

Publication 3319 Updates

Wherever the Publication (including any Forms and Instructions) references that the maximum annual federal funding available is \$100,000, please substitute \$200,000. Note, however, that this change in limitation on annual grants is currently for 2023 only.

Whenever the publication references providing services to low-income *and* ESL taxpayers, keep in mind that for 2023, applicants are under no obligation to provide both representation and education services, but are encouraged to provide both services if their resources allow.

LITC Program Coverage (Page 2)

The following has been added: "A clinic proposing to cover multiple states or jurisdictions (District of Columbia or Puerto Rico) must conduct outreach and education to taxpayers throughout the proposed service area."

Key Terms and Definitions (Pages 6-9)

"Cases" is modified to include the following: If a clinic refers the matter to a qualified representative, it may count the matter as a "case" if it provides ongoing monitoring and support.

"Referral" is modified to read as follows: "Referral means the referral of low-income taxpayers to qualified volunteer or an LITC for representation or consultation." This change removed language that did not allow a grant solely for referring low-income taxpayers to qualified representatives.

Note: A new subsection will be added to **Recruiting and Supervising Volunteers** (Page 45). See below "**Representation through Referral.**"

Eligible Applicants (Page 12)

Replaced with the following:

To receive a grant pursuant to IRC § 7526, an applicant must: (1) ensure low-income taxpayers have access to representation (either by providing the representation directly, or by providing it indirectly with a referral to a qualified representative) in controversies with the IRS, or (2) provide ESL taxpayers education about their taxpayer rights and responsibilities under the IRC. Examples of an eligible applicant include:

- a clinical program at an accredited law, business, or accounting school whose students represent low-income taxpayers in tax controversies with the IRS (and when necessary, refer to qualified volunteers to provide representation when the students cannot do so),
- an organization exempt from tax under IRC § 501(a) whose employees and volunteers represent low-income taxpayers in controversies with the IRS,
- an organization exempt from tax under IRC § 501(a) whose employees and volunteers refer to qualified representatives to provide representation,
- an organization that operates a program to inform ESL taxpayers about their taxpayer rights and responsibilities, and
- an organization that operates a program to inform ESL taxpayers about their taxpayer rights and responsibilities and functions as a referral service to refer taxpayers to qualified representatives for controversy representation, but such organization must be tax-exempt under IRC § 501(a).

This list is not all-inclusive. Contact the LITC Program Office with any questions about eligibility.

Special Rule for Valuing Volunteer Services of a Qualified Representative (pages 29-30)

This subsection is updated with the following:

For the 2023 calendar year, the maximum rate at which to value services provided by a qualified representative is \$230 per hour, as prescribed in Revenue Procedure 2022-38, 2022-45 I.R.B. 445, unless the representative can establish that a special factor, as described in IRC § 7430(c)(1)(B)(iii), applies.

Additional Considerations (Page 34)

In addition to the nine enumerated considerations currently in the Publication, award decisions will take into account the following two considerations for organizations that are requesting a grant solely for referring taxpayers to qualified representatives:

- the qualifications of the representatives who have agreed to accept taxpayer referrals from the LITC and provide representation or consultation services for free; and
- the ability of the organization to monitor referrals and ensure that the *pro bono* representatives are handling the cases properly, including taking timely case actions and ensuring services are offered for free.

Qualified Tax Expert (Page 38)

The first sentence is replaced with the following:

Qualified Tax Expert (QTE) is, generally, a staff member of the clinic (or a volunteer in the case of the pilot grant). The QTE must have sufficient tax law expertise to oversee technical, substantive, and procedural tax matters.

Staff Member Must Be Able to Represent Taxpayers (Page 38)

Replaced with the following:

Access to Representation in U.S. Tax Court and Other Federal Courts

All LITCs providing representation services must have a staff member or a *pro bono* panel member who is admitted to practice before the U.S. Tax Court and other federal courts to represent taxpayers in litigation matters.

Maintaining a Physical Location (Page 38)

Replaced with the following:

LITCs must maintain a physical place of business and a permanent address. A physical place of business means a permanent office space where clients can be received and files are kept. Telephones must be answered during business hours; however, the telephone need not be answered at the same location as the physical place of business.

If an applicant proposes to utilize workshare space as a physical place of business, the workshare space must satisfy the following criteria:

- The clinic must be able to identify it as the clinic's place of business in letterhead and correspondence.
- The clinic must have access to a private office and private meeting space to enable confidential conduct of business.
- Taxpayer records or information may only be received and stored at the location if the individual receiving the information has been trained to maintain confidentiality and security.
- Maintaining confidentiality and security requires that information received must be kept in a secure location, access must be limited to only those who have a need to access, and those receiving information agree to hold the information in confidence.

Applicants with only a virtual office will not be awarded LITC grant funds.

Representation Through Referral (Page 45)

The following new subsection has been added to **Recruiting and Supervising Volunteers**:

An LITC can meet the requirement to provide representation by referring qualified taxpayers to a qualified representative. The representative must agree to provide representation free of charge. One goal in expanding qualifying activities to allow an LITC to refer the majority of or all cases to a qualified representative is to expand access to unserved taxpayers or underserved areas of the country. These types of LITCs can also help to ensure that the resources of current LITCs are maximized. To the extent that these programs are contacted by taxpayers from a locality where existing LITC(s) operate, the program should determine whether a local LITC is able to take the case.

Monitoring Referrals to Low Income Taxpayer Clinic Volunteers (Page 45)

Replaced with the following:

LITCs must have a system to monitor referrals and ensure that the *pro bono* representative is handling the case properly, including taking timely case actions and providing the services for free. Ongoing

monitoring is not required if referring a case to another LITC. *Pro bono* representatives may not charge a fee for services (other than asking for reimbursement of expenses such as photocopying and court filing fees).

Standard Form 424, Application for Federal Assistance (Page 100)

Revised language

Line 14, Areas Affected by Project- Add an attachment listing the areas affected which must be reported at the county level. If the applicant defines service area by city or region (*e.g.*, northwest region of the state), list all counties by name within the geographical bounds of the region. If the clinic serves the entire state, list the state and note "All Counties." If coverage includes multiple states, list each state separately and "All Counties" or if not serving an entire state, list all counties served by name within the state.

Line 17(a)- Proposed Project Start Date: 7/1/2023

Line 17(b)- Proposed Project End Date: 12/31/2023

*Those applicants wishing to apply for a grant for 2024 must submit another application when the application period opens on or about May 1, 2023. The decision as to whether the pilot program on education ESL taxpayers will be extended into 2024 will be dependent on interest, the results of the pilot, and the 2024 Congressional appropriations. If such an opportunity will be offered, it will be announced separately."