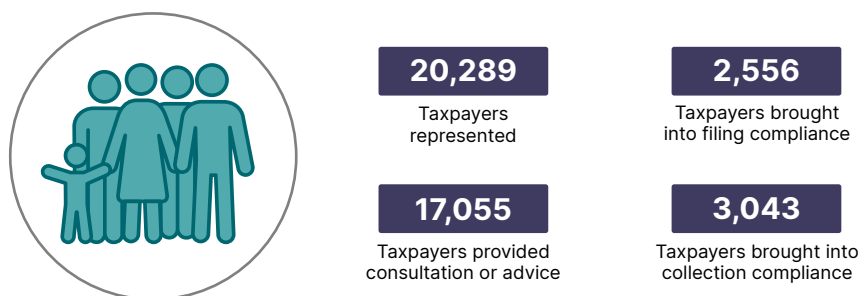


LITCs must provide dollar-for-dollar matching funds and offer services for free or for no more than a nominal fee. In the 2023 grant year, the program awarded over \$18.7 million in grants to 138 organizations, including ten that received an award for the first time. Although the maximum amount for an LITC grant in 2023 was \$200,000 per year, some clinics received smaller amounts.⁷³

During the 2023 grant year, LITCs represented 20,289 taxpayers with an IRS tax controversy. LITCs assist taxpayers with topics that involve collection, refund, and status issues, as shown in Figure 4.12. Cases often include more than one issue, which can increase the complexity of a matter, making it important for LITCs to be available for low-income taxpayers who need help resolving their cases but cannot afford to pay for representation.

FIGURE 4.12⁷⁴

Results LITCs Delivered in 2023 for Low-Income Individual Taxpayers and Their Families



LITCs collaborate with community partners and stakeholders to provide education and outreach for low-income and ESL taxpayers. In 2023, clinics conducted over 1,800 educational activities for more than 90,000 low-income and ESL taxpayers and provided over 300 educational sessions to more than 18,000 staff members and volunteers at partner community groups, government agencies, and other organizations that assist low-income and ESL taxpayers. These activities strengthen clinics' relationships with community stakeholders and expand the scope of their outreach and education efforts.

In 2023, the LITC Program Office, in collaboration with the IRS Stakeholder Partnerships, Education and Communication function, held the second annual LITC, Volunteer Income Tax Assistance, and Tax Counseling for the Elderly Collaboration Summit in January 2024. The summit supports IRS partners in promoting existing collaborations, encouraging new relationships, and fostering best practices with the goal of providing taxpayers more holistic services. The third summit will occur in January 2025.

TAXPAYER ADVOCATE DIRECTIVES

A Taxpayer Advocate Directive (TAD) is a mechanism the National Taxpayer Advocate uses to formally raise systemic issues to IRS officials, requesting that they address her concerns and implement improvements to processes that affect taxpayer rights. IRS Delegation Order 13-3 authorizes the National Taxpayer Advocate

⁷³ See Further Consolidated Appropriations Act, 2024, Pub. L. No. 118-47, 138 Stat. 460, 526 (2024).

⁷⁴ Data obtained from LITC Program Office (Nov. 4, 2024).

to issue a TAD “to mandate administrative or procedural changes to improve the operation of a functional process or to grant relief to groups of taxpayers (or all taxpayers) when implementation will protect the rights of taxpayers, prevent undue burden, ensure equitable treatment, or provide an essential service to taxpayers.”⁷⁵

Before TAS issues a TAD, it works with the responsible IRS BOD or function to resolve the issues at lower levels.⁷⁶ Under procedures prescribed in the IRM, the National Taxpayer Advocate generally issues a “proposed TAD” before issuing a TAD to apprise senior IRS leaders of her concerns and allow them to address those concerns.⁷⁷ However, the National Taxpayer Advocate may dispense with issuing a proposed TAD if she “determines that the problem is immediate in nature and a delay in addressing it would have significant negative impact on taxpayers.”⁷⁸

With any TAD issued by the National Taxpayer Advocate, the Commissioner or Deputy Commissioner must modify, rescind, or ensure compliance with the TAD within 90 days of issuance.⁷⁹ If the Deputy Commissioner modifies or rescinds the TAD, the National Taxpayer Advocate may (not later than 90 days after such modification or rescission) appeal to the Commissioner, and the Commissioner must (not later than 90 days after the National Taxpayer Advocate makes such an appeal) either (1) ensure compliance with such directive as issued by the National Taxpayer Advocate, or (2) provide the National Taxpayer Advocate with the reasons in writing for any modification or rescission made or upheld by the Commissioner.⁸⁰ The law requires the National Taxpayer Advocate to identify in the Annual Report to Congress any TADs the IRS did not honor in a timely manner.⁸¹ She may also summarize such TAD activity in the Annual Report to Congress and include copies of TADs (redacted, if necessary).⁸² In addition, the National Taxpayer Advocate may publish TADs, TAD appeals, and the IRS’s formal response to TADs on the TAS website after making any necessary redactions.⁸³

Taxpayer Advocate Directives Issued in Fiscal Year 2024

The National Taxpayer Advocate did not issue any TADs in FY 2024. However, she did issue one proposed TAD on July 5, 2024, to the Deputy Commissioner urging the IRS to significantly change the current ERC claim processing, lift the moratorium, and provide greater public transparency over the process.⁸⁴

75 IRM 1.2.2.13.3, Delegation Order 13-3 (formerly DO-250, Rev. 1), Authority to Issue Taxpayer Advocate Directives (Jan. 17, 2001), https://www.irs.gov/irm/part1/irm_01-002-002. Section 1301 of the Taxpayer First Act, Pub. L. No. 116-25, 133 Stat. 981, 991 (2019) amended IRC § 7803(c) to codify the process for the IRS to respond to a TAD and for the National Taxpayer Advocate to appeal a modified or rescinded TAD, and it imposed a reporting requirement on the National Taxpayer Advocate for any TAD not honored by the IRS in a timely manner.

76 IRM 13.9.1.2, The Pre-TAD Process (Feb. 16, 2023), https://www.irs.gov/irm/part13/irm_13-009-001.

77 A proposed TAD is a written communication from the National Taxpayer Advocate that recommends action (or forbearance of action) to address a systemic problem that affects multiple taxpayers that TAS has brought to the attention of the responsible head of office. IRM 13.9.1.1.4, Terms (Feb. 16, 2023), https://www.irs.gov/irm/part13/irm_13-009-001.

78 IRC § 7803(c)(5)(A); IRM 13.9.1.3(2), The TAD Process (Feb. 16, 2023), https://www.irs.gov/irm/part13/irm_13-009-001; IRM 13.9.1.3.1(2), Examples of When TADS May Be Issued and to Whom (Oct. 8, 2020), https://www.irs.gov/irm/part13/irm_13-009-001.

79 IRC § 7803(c)(5)(A); IRM 13.9.1.4, The TAD Appeal Process (Feb. 16, 2023), https://www.irs.gov/irm/part13/irm_13-009-001.

80 IRC § 7803(c)(5)(B).

81 IRC § 7803(c)(2)(B)(ii)(VIII).

82 IRM 13.9.1.1.3(1), Program Management and Review (Feb. 16, 2023), https://www.irs.gov/irm/part13/irm_13-009-001.

83 IRM 13.9.1.1.3(3), Program Management and Review (Feb. 16, 2023), https://www.irs.gov/irm/part13/irm_13-009-001.

84 National Taxpayer Advocate Memorandum, Proposed Taxpayer Advocate Directive 2024-1: *Accelerate the Processing of Backlogged Employee Retention Tax Credit Claims and Provide Greater Public Transparency Regarding Processing Status*. (June 14, 2024) (on file with TAS).