



**LITC**

**Low Income  
Taxpayer Clinics**

**2020 Program Report**





# Low Income Taxpayer Clinics

REPRESENTATION • EDUCATION • ADVOCACY

## OUR MISSION

Low Income Taxpayer Clinics ensure the fairness and integrity of the tax system for taxpayers who are low-income or speak English as a second language 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.

## ABOUT THE PROGRAM

The LITC Program is a federal grant program that provides up to \$100,000 per year to qualifying organizations. The program unites a nationwide network of independent organizations under a shared mission to protect taxpayer rights. The Program Office is part of the Office of the Taxpayer Advocate.



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

## TABLE OF CONTENTS

Letter From the National Taxpayer Advocate .....	3
LITC Locations .....	6
Introduction .....	8
Program Overview .....	9
LITC Representation .....	14
LITC Education .....	25
LITC Advocacy .....	27
LITC Program Office Responsibilities .....	29
Conclusion .....	32
LITC List .....	33
Endnotes .....	38

# LETTER FROM THE NATIONAL TAXPAYER ADVOCATE

---



Dear Readers,

It is my pleasure to introduce the 2020 Low Income Taxpayer Clinics (LITC) Annual Program Report. On March 30, 2020, I had the honor of being sworn in as the National Taxpayer Advocate and the leader of the Office of the Taxpayer Advocate (commonly referred to as the Taxpayer Advocate Service (TAS)), which administers the LITC grant program. I, like many of the employees, students, and volunteers at the clinics, have been working remotely, which has presented obvious challenges in resolving issues for taxpayers while focusing on the health and safety of those within our communities. Despite the limitations, however, the clinics rose to the challenge and are successfully working through these unprecedented circumstances. In response to the pandemic, LITCs quickly moved their operations to virtual platforms to provide services to low-income and English as a second language (ESL) taxpayers. The clinics did a great job educating the public about Economic Impact Payments and helping eligible taxpayers take the necessary actions to obtain the funds. Some clinics also partnered with IRS Office of Chief Counsel to hold virtual settlements days across the country that allowed taxpayers the opportunity to resolve their tax disputes even when the U.S. Tax Court and much of the IRS had suspended operations in response to the pandemic.

The infographic that follows this letter demonstrates the many ways that LITCs impact taxpayers and tax administration. LITCs help identify issues and suggest ways to improve IRS processes and procedures that negatively affect some of the most vulnerable taxpayers. LITCs are there to speak up and help when they are needed most.

Some clinics are housed in academic institutions and supervise students. There are many benefits of involving students in LITC programs. Students are provided an opportunity to develop skills enabling them to deliver competent and high-quality service as future tax professionals while experiencing the rewards of public service.

Over the years, many LITC clinicians brought their invaluable experience working with taxpayers to later serve in TAS offices and the broader IRS. Not only do LITCs benefit individual taxpayers, but they benefit our communities and expand their reach through their work with volunteers. LITCs provide tax professionals an invaluable means of using their expertise by giving back to their community. This report provides just a few examples of the successes that volunteer tax professionals and LITCs have experienced over the past grant year.

Each year, the LITCs accomplish so much on behalf of low-income and ESL taxpayers and in their work toward improving tax administration on behalf of all Americans. I appreciate their professionalism, passion, and desire to assist those in need and look forward to our continued partnership. I am proud of all that the LITCs across the country have accomplished over the past year with the grants awarded by TAS and want to thank them for their hard work.

Sincerely,

A handwritten signature in black ink that reads "Erin M. Collins". The signature is fluid and cursive, written in a professional style.

**ERIN M. COLLINS**  
National Taxpayer Advocate



REPRESENTATION • EDUCATION • ADVOCACY

The Low Income Taxpayer Clinic (LITC) Program provides matching grants of up to \$100,000 per year to qualifying organizations to operate a low-income taxpayer clinic. LITCs provide service to low-income and English as a second language (ESL) taxpayers. Representation is provided for free or a nominal fee.

How do LITCs help low-income taxpayers?

**REPRESENT**

Represent low-income individuals in disputes with the IRS and state tax agencies and help taxpayers:

- Achieve better outcomes in cases
- Access benefits administered through the tax code
- Resolve tax debts, levies, and liens

**EDUCATE**

Educate ESL and low-income taxpayers about their rights and responsibilities and help them:

- Understand the U.S. tax system
- Exercise their rights as taxpayers
- Comply with their responsibilities as taxpayers

**ADVOCATE**

Advocate for low-income and ESL taxpayers about relevant issues that impact them and help the IRS:

- Identify and fix problems with the tax system
- Ensure the fairness and integrity of the tax system for all taxpayers

Performance data from 2019 LITC Year-End Report, GrantSolutions; Funding data from Open LITC PMS Accts Report, 9/30/20.



In grant year 2020, the LITC Program awarded **over \$11.7 million** in grants to **131 organizations** in 45 states and the District of Columbia.

Grantees are generally legal aid or legal services organizations; clinics at law, business, or accounting schools; and other not-for-profit organizations that provide services to the poor.

**20,259**  
Taxpayers represented

**3,088**  
Taxpayers brought into filing compliance



**15,802**  
Taxpayers provided consultation or advice

**4,156**  
Taxpayers brought into collection compliance

**Over \$6.8 million**  
Refunds secured for low-income taxpayers

**1,555** Volunteers



**52,564** Volunteer hours



**Over \$50 million**  
Liabilities decreased or corrected

**1,846** Educational activities



**41,840** Attendees at educational activities



Publication 5066-A (Rev. 11-2020)  
Catalog Number 66499Z  
Department of the Treasury  
Internal Revenue Service  
www.irs.gov

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



The work of the LITCs has a tremendous impact on the lives of low-income and ESL taxpayers across the country as well as on the fairness and integrity of the U.S. tax system. The best way to understand that impact is through the projects and initiatives that LITCs conduct and the stories of those who have been helped. Below are three examples, and additional spotlight stories are included throughout this report.

## REPRESENTATION



A homeless disabled veteran walked into an LITC looking for help with large past due tax liabilities. His only source of income was a nominal monthly Veterans Administration disability pension payment. He owed the IRS over \$20,000 and had not filed several past due tax returns. The LITC enrolled agent helped him file his past due returns and prepared an offer in compromise package explaining the taxpayer's medical and financial struggles. The IRS accepted \$1 to resolve the tax liabilities, and this veteran taxpayer got a fresh financial start.

## EDUCATION



While serving as an American Bar Association Tax Section Christine A. Brunswick Public Service Fellow at Philadelphia Legal Assistance (PLA) LITC, Omeed Firouzi's main project focused on educating specific communities about worker misclassification and the assistance the LITC could provide to taxpayers who were misclassified as independent contractors. His efforts included developing one-page flyers, a poster, and website materials to raise awareness about the issue; writing on the topic for local publications; appearing on two tax-related podcasts; helping conduct continuing professional education on the topic for tax professionals, and speaking at different community events sponsored by local partner organizations. He also engaged community leaders on the topic, which helped spread the word and drove low-income and ESL taxpayers to PLA for assistance.

## ADVOCACY



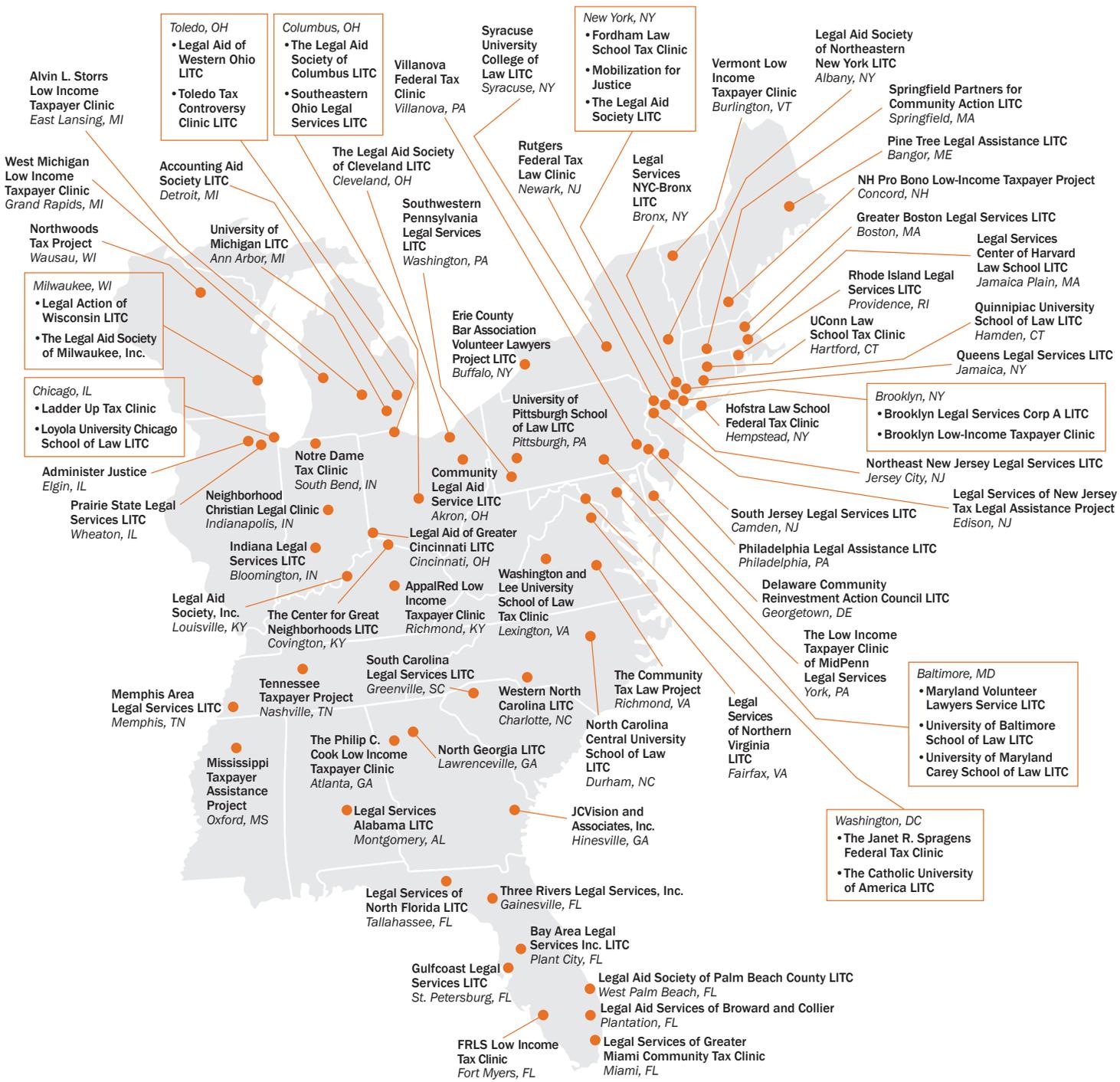
Several LITC tax professionals identified concerns about the IRS's Collection Due Process (CDP) procedures. Discussions about these concerns led to the formation of a CDP Summit Initiative, the goal of which was to build a dialogue between the IRS, U.S. Tax Court judges, tax professionals from the private sector, LITCs, and others to improve the CDP process for all taxpayers. The group members wrote articles, attended workgroup sessions, and created presentations on the topic. The collaborative approach gave members the opportunity to share concerns and develop ideas for improving the CDP process.



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

# LITC LOCATIONS





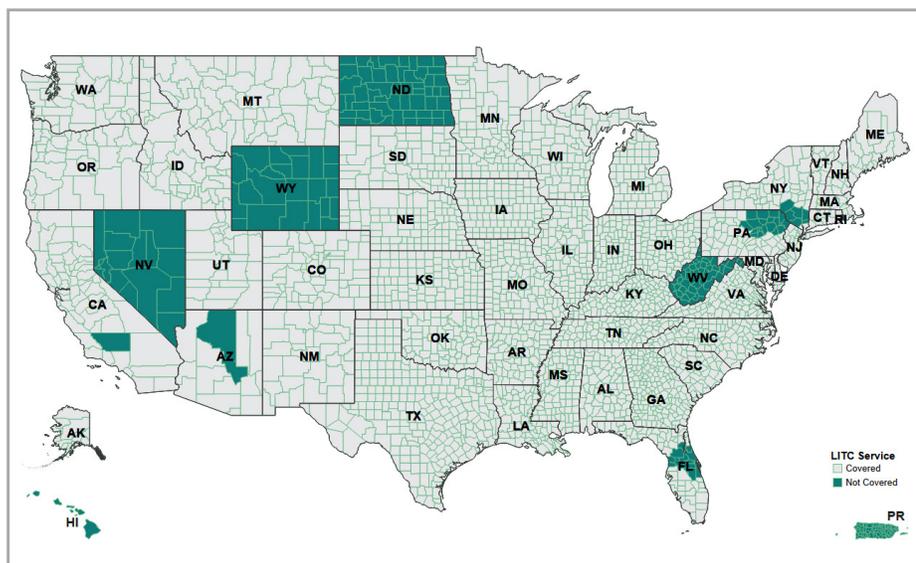
# INTRODUCTION

At the writing of this introduction, the United States mourns the recent death of Supreme Court Justice Ruth Bader Ginsburg who served on the bench of the country's highest Court from 1993 until her death on September 18, 2020. Several books have been written and movies made about Justice Ginsburg's life. One such film focused on her work in the appellate case of *Moritz v. Commissioner*.<sup>1</sup> It began as a United States Tax Court case,<sup>2</sup> in which the petitioner, Charles E. Moritz, represented himself to challenge a \$328.80 tax bill; the Tax Court decided in favor of the Government. Attorney Ruth Bader Ginsburg and her husband, Attorney Martin D. Ginsburg, represented Mr. Moritz in the appeal to the U.S. Court of Appeals for the Tenth Circuit. The two, along with counsel from the American Civil Liberties Union, provided their services on a *pro bono* basis, and the Tax Court decision was overturned, relieving Mr. Moritz of the tax liability. The *Moritz* case calls to mind the work of LITC practitioners who regularly provide *pro bono* assistance to *pro se* taxpayers at Tax Court sessions across the country and litigate cases for low-income taxpayers in Tax Court and other federal courts. Although the many *pro bono* consultations and cases handled by LITCs aren't the subject of a Hollywood movie, they each impact the lives of the individual taxpayers they help, much like Mr. Moritz's life was impacted by the help provided by the Ginsburgs. The tax law was found invalid, and the Tenth Circuit held that the benefit of the deduction for providing care for his mother who was disabled should be extended to Mr. Moritz regardless of his sex or marital status. Similarly, the cases for which the LITCs provide representation are also important because they often challenge the tax laws and their application, which helps ensure the fairness of the system for all taxpayers. This report focuses on the work of the LITCs, including the *pro se* representation of low-income taxpayers in tax litigation matters. You won't find a red carpet here, but the LITCs are the stars of this report, and we hope you will enjoy learning more about the work they do and how it's making a difference.

During the 2020 grant year, the IRS funded 131 LITCs<sup>3</sup> in 45 states and the District of Columbia at academic institutions, legal services organizations, and other nonprofits.<sup>4</sup> LITCs represent low-income taxpayers who need help addressing federal tax disputes and cannot afford to hire representatives to advocate on their behalf before the IRS or federal courts. LITCs also educate low-income and English as a second language

(ESL) taxpayers about their taxpayer rights and responsibilities. Besides providing representation and education, LITCs also identify systemic problems within the IRS and advocate for changes that often benefit taxpayers beyond the low-income and ESL taxpayers whom the LITCs directly assist.

FIGURE 1: 2020 LITC COVERAGE BY COUNTY



In this report, we will summarize the work of LITCs, including important statistics that help quantify the breadth of the work they perform. Award amounts and congressional funding information is for the 2020 grant year, unless indicated. An LITC grant year covers the period January 1 – December 31. The statistics and other information about the clinics' casework, educational activities, and advocacy efforts pertain to grant year 2019, the most recent grant year for which complete data is available. The success stories shared throughout the report are also from the 2019 grant year and are only a few of the many that clinics reported throughout the grant year.<sup>5</sup>

## History of the LITC Program

In the 1970s, law schools established clinical programs to help teach students practical skills. At that time, a broader social movement to provide free or low-cost legal services to low-income individuals was also developing. As the two efforts moved forward, the establishment of legal clinics to assist in tax matters also took root. By 1990, 17 clinics were assisting low-income taxpayers.<sup>6</sup> This number grew significantly after the passage of the IRS Restructuring and Reform Act of 1998 (RRA 98), in which Congress enacted Internal Revenue Code (IRC) § 7526.<sup>7</sup>

The statute authorized up to \$6 million in dollar-for-dollar matching grants and set forth the key parameters of the LITC Program, including the definition of a low-income taxpayer clinic, the requirements for representation, the \$100,000 limit on each award, and the criteria for funding.<sup>8</sup> Along with the authority to grant funds to LITCs, the IRS was tasked with providing administrative oversight and guidance to grantees. From 1999 to 2003, the IRS Wage & Investment Division filled this role. In May 2003, the responsibility was transferred to the Office of the Taxpayer Advocate (commonly called the Taxpayer Advocate Service (TAS)), which continues to administer and oversee the grant program today through the LITC Program Office.

## A Unifying Mission

The LITC Program protects rights by providing access to representation for low-income taxpayers so that achieving a correct outcome in an IRS dispute is not dependent on the taxpayer's ability to pay for representation. ESL taxpayers face an added barrier to understanding and complying with the tax laws. In addition to representing low-income taxpayers in controversies with the IRS, Congress authorized funding for organizations to provide education about taxpayer rights and responsibilities to ESL taxpayers. Clinics providing representation and education to low-income and ESL taxpayers are well-situated to identify and evaluate instances where the IRS's interpretation and implementation of the tax laws harms taxpayers or hinders them from exercising their taxpayer rights. Encouraging clinics to identify problems and propose solutions benefits both the taxpayers and the IRS by helping the agency to shape policies to better serve taxpayers and thus more fairly administer federal tax policy. To help ensure low-income and ESL taxpayer access to representation, education, and advocacy services throughout the United States, the LITC unifying three-pronged mission was developed and continues to guide the work of the LITC Program Office and the clinics it funds.

The mission of the LITC Program is to ensure the fairness and integrity of the tax system for taxpayers who are low-income or speak 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.

When low-income taxpayers have access to free or low-cost tax advocacy, either in a controversy with the IRS or as part of an educational program, important public policies are served. The access ultimately helps ensure that all taxpayers obtain fair results within the tax system and that tax administration becomes more responsive to the needs of all taxpayers, regardless of income level. Assisting and educating ESL taxpayers about their tax reporting and payment obligations also enhances voluntary compliance, the cornerstone of the U.S. tax system.<sup>9</sup>

## Important IRS Administrative Action and Tax Legislation Impacting LITCs

In June 2014, the IRS adopted the Taxpayer Bill of Rights (TBOR), a set of ten fundamental rights taxpayers should know when interacting with the IRS.<sup>10</sup> Pulling together these rights that appear throughout the tax code, regulations, and guidance into one document makes them more visible and accessible to all taxpayers. One of these ten rights is the *right to retain representation*.<sup>11</sup> This right helps ensure a taxpayer can seek the help of an authorized representative to challenge an IRS notice, action, or inaction. LITCs help low-income taxpayers exercise this right by representing these taxpayers regardless of their ability to pay for services. Representation, in fact, is a vital way LITCs use grant funds to help taxpayers access justice and obtain fair resolutions in disputes with the IRS.<sup>12</sup> Access to a representative who understands the complexities of the tax code empowers low-income taxpayers to exercise their *rights to challenge the IRS's position and be heard, to pay no more than the correct amount of tax, and to appeal an IRS decision in an independent forum*. LITCs also utilize the tenets of TBOR as a tool to bolster their arguments on behalf of taxpayers before the IRS and in the courts, pointing out when rights may be violated and demanding adherence.

Besides providing a means for taxpayers to obtain representation, LITCs play an important role in empowering taxpayers to exercise their other rights. LITCs ensure taxpayers' rights are communicated, utilized, and protected through education and advocacy they provide. Also, the education about taxpayer rights and responsibilities that LITCs provide to low-income and ESL taxpayers, and to community partners who provide services to these groups, furthers taxpayers' *right to be informed*. Another important responsibility of LITCs is to help advocate for a taxpayer's *right to a fair and just tax system*. LITCs elevate concerns to the IRS or TAS when they identify systemic issues or IRS practices that have the potential to harm taxpayers or interfere with taxpayer rights. Once issues are identified, LITCs continue their advocacy by proposing solutions.

In December 2015, Congress enacted IRC § 7803(a)(3)(1), which codified the ten taxpayer rights into part of the tax code. The law also tasked the IRS Commissioner and all IRS employees to act in accordance with taxpayer rights, including the right for taxpayers to be informed that they may be eligible for assistance from an LITC if they cannot afford to hire a representative. Consequently, the IRS informs taxpayers of their rights in first contacts regarding examination and collection notices.<sup>13</sup> To help educate taxpayers about what the *right to retain representation* means, the IRS issued guidance on IRS.gov.<sup>14</sup> The agency has further emphasized this right by adding information about the availability of LITCs in taxpayer notices and correspondence.

More recently in 2019, Congress enacted the Taxpayer First Act.<sup>15</sup> The new law includes several important provisions that the National Taxpayer Advocate had recommended to help improve taxpayer service and ensure that the IRS enforces the tax laws in a fair and impartial manner. Two sections of the Taxpayer First Act are of particular importance to the mission of the LITC Program.

**The Taxpayer First Act gives IRS employees the ability to refer a taxpayer to a specific LITC in the taxpayer’s geographic area for assistance, which was previously prohibited.**

Section 1402 of the Act gives IRS employees the ability to refer a taxpayer to a specific LITC for assistance without violating the standards of conduct.<sup>16</sup> Before the change in law, IRS employees were prohibited from referring a taxpayer to a particular tax professional or a specific LITC for assistance with an IRS issue.<sup>17</sup> Section 1401 promotes collaboration between LITCs and Volunteer Income Tax Assistance (VITA) grant recipients by encouraging VITA grantees to advise taxpayers about the availability of LITCs, eligibility requirements for LITC assistance, and clinic locations and contact information.<sup>18</sup>

## **LITC Program’s Current Status and Spending Transparency**

In grant year 2019, the LITC Program awarded over \$11.7 million in grants to 131 organizations across the United States, including three that received an award for the first time. Although the maximum amount of an LITC grant is \$100,000 per year, many recipients receive smaller sums. Despite the modest size of the grants, each clinic maintains a staff that includes an attorney, certified public accountant (CPA), or enrolled agent (EA) who can represent taxpayers before the IRS. In 2019, the average award to an LITC was \$89,757, with some programs receiving the maximum award of \$100,000. The LITC Program requires a dollar-for-dollar match from each grant recipient,<sup>19</sup> and programs provide matching funds in cash or third-party in-kind contributions (e.g., time worked by volunteers), often over the award amount. For example, if every award recipient in 2019 provided only the minimum match, the average total resources (grant award plus matching funds) expended on behalf of taxpayers for each clinic program would have been about \$179,514. Yet, in 2019, the average award of about \$89,757 saw an average matching funds contribution valued at over \$121,569. In 2019, the additional contributions of

award recipients increased the average total program resources for each clinic program to over \$210,144.

The matching funds requirement ensures that each LITC grant represents a financial partnership between the grantee and the federal government to benefit low-income and ESL taxpayers. The commitment of matching funds by the grantee leverages the federal funding investment so an LITC can assist more taxpayers in need. However, the maximum award the law allows for an LITC grant has stayed constant since the creation of the LITC Program, while the demand on grantees has grown and continues to intensify. The cost of providing service has not remained static; however, LITCs have continued to deliver superb results despite the challenges and pressures they face. Half of the 34 organizations that received an award in the first year of the LITC Program are still with the program today.<sup>20</sup> In the 2019 Purple Book, the National Taxpayer Advocate recommended that Congress increase the Low Income Taxpayer Clinic grant cap to \$150,000 and index it to inflation.<sup>21</sup>

Figure 2 details how LITCs spent federal and matching funds during grant year 2019. The major expenditures incurred by LITCs are personnel costs and fringe benefits paid to provide direct representation, education, and advocacy services to low-income and ESL taxpayers. Personnel costs and fringe benefits total more than \$19.8 million. Grantees are prohibited from using matching funds to pay indirect expenses, including their general overhead expenses.<sup>22</sup> This ensures more program funds are spent on direct taxpayer services rather than administrative costs.<sup>23</sup>

FIGURE 2

Expenditures	Federal Funds	+	Matching Funds	=	Total*
PERSONNEL	\$ 8,464,643	+	\$ 7,216,342	=	\$ 15,680,985
FRINGE BENEFITS	\$ 1,722,662	+	\$ 2,569,534	=	\$ 4,292,196
TRAVEL	\$ 230,133	+	\$ 224,885	=	\$ 455,018
EQUIPMENT <sup>24</sup>	\$ 100	+	\$ 89	=	\$ 189
SUPPLIES	\$ 92,709	+	\$ 239,751	=	\$ 332,460
CONTRACTUAL	\$ 179,554	+	\$ 784,005	=	\$ 963,560
OTHER EXPENSES	\$ 67,463	+	\$ 4,890,939 <sup>25</sup>	=	\$ 4,958,402
INDIRECT CHARGES	\$ 846,051	+	\$ 0	=	\$ 846,051
<b>TOTALS</b>	<b>\$ 11,603,315</b>	<b>+</b>	<b>\$ 15,925,546</b>	<b>=</b>	<b>\$ 27,528,861</b>

\* Note: Numbers may not total due to rounding.

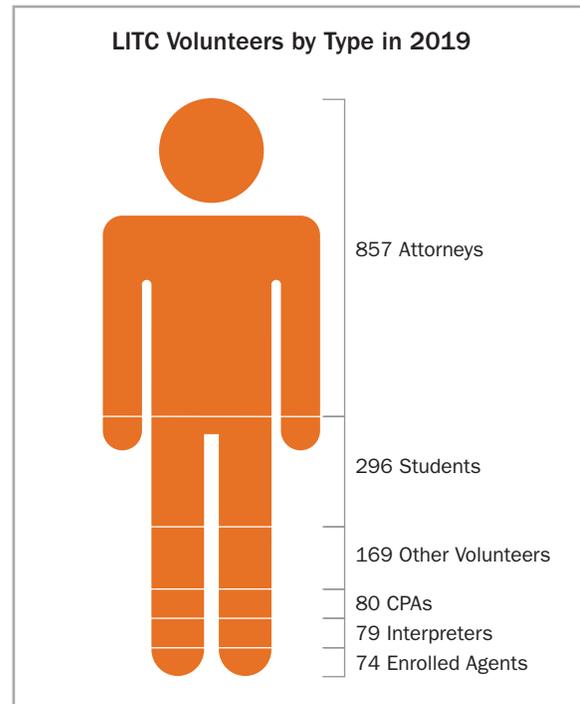
## Volunteers Help Expand LITC Reach

LITCs must have key personnel on staff, but many clinics use volunteers to help expand their reach and the number of taxpayers they can assist. LITCs are strongly encouraged to develop and maintain a *pro bono* volunteer panel to whom they may refer taxpayers needing representation, or in the alternative, utilize an existing *pro bono* panel to which they can refer cases. *Pro bono* panel members include volunteers (attorneys, CPAs, and EAs) who are qualified to practice before the IRS and the Tax Court or

other federal courts. Volunteers also assist LITCs in ways other than by providing representation. For example, at some LITCs, student volunteers provide case support by doing research and organizing tax documentation. Other volunteers help by providing translation and interpretation assistance at community outreach and networking events, clerical support, and website development and maintenance.

In 2019, over 1,555 volunteers provided 52,564 hours to LITCs.<sup>26</sup> Sixty-five percent of the volunteers were attorneys, CPAs, or EAs.<sup>27</sup>

FIGURE 3



### *Pro Bono* Volunteer and LITC Attorney Work Together to Assist Disabled Taxpayer

A low-income taxpayer, born without the ability to hear, received letters from the IRS about a large proposed federal tax bill she received from the IRS for tax year 2017. The proposed tax was due to a settlement that the taxpayer was awarded as the result of litigation involving her disability. She was unaware that she needed to report a portion of the court settlement as income and contacted an LITC for assistance. The IRS was proposing to include all the settlement funds in the taxpayer's income, plus penalties and interest. The LITC referred the case to a *pro bono* volunteer attorney who filed a Tax Court petition on the taxpayer's behalf. Through negotiations with the IRS Office of Appeals and the Office of Chief Counsel, the IRS agreed to reduce the proposed balance by more than \$7,000. The case, however, did not stop there. The LITC attorney took over the case to address the remaining federal tax liability and the related state income tax. The LITC filed an amended state income tax return to match the federal account. Then, the LITC worked with the taxpayer to gather the documentation needed to request an offer in compromise (OIC) with both the IRS and state taxing authority. Both OICs were accepted, and the taxpayer was relieved of nearly \$8,000 in federal income tax and over \$2,000 in state income tax.

## **LITCs Use a Full Range of Tools and Remedies in Representing and Advocating for Taxpayers Facing a Wide Range of Issues**

Studies have found that a represented taxpayer is nearly twice as likely to receive a positive outcome as an unrepresented taxpayer in a dispute with the IRS, both in administrative proceedings<sup>28</sup> and in the Tax Court.<sup>29</sup> Despite having the right to hire an attorney, CPA, or EA for representation and advice, however, the cost of professional tax services limits access for low-income taxpayers. LITCs represent thousands of taxpayers who otherwise may not be able to afford assistance, as the statute requires LITCs to provide all services for no more than a nominal fee (except for reimbursement of actual costs incurred).<sup>30</sup> They help taxpayers understand the problem and what they need to do to address it, particularly when the IRS fails to provide adequate customer service, citing limited resources and shifts to reduced telephone and in-person contacts and online-only services.

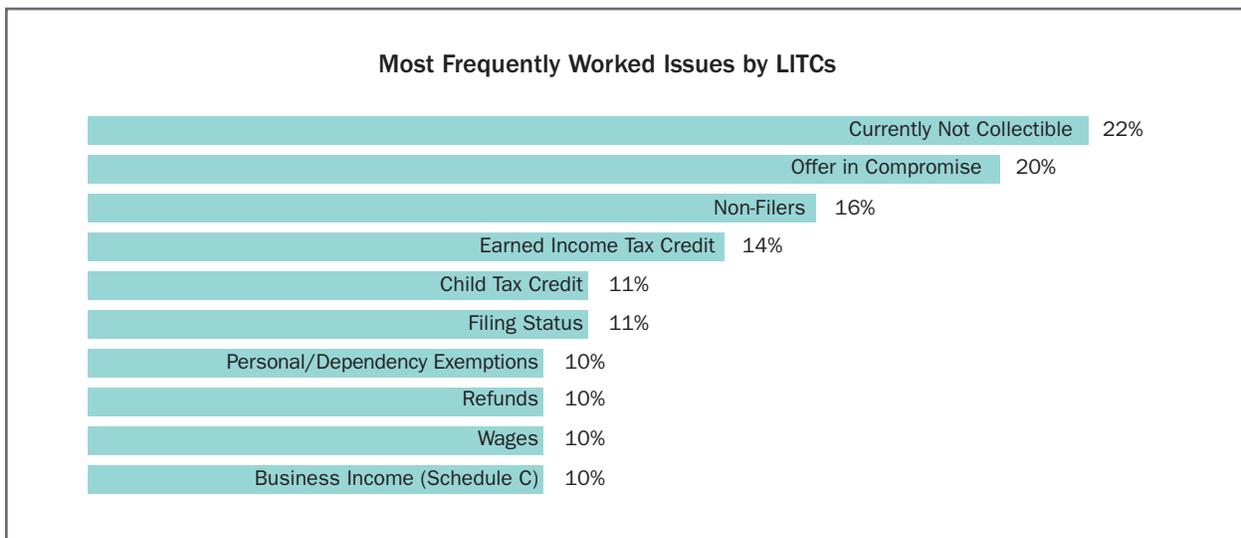
In 2019, LITCs represented 20,259 taxpayers with an IRS tax controversy.<sup>31</sup> A controversy with the IRS refers to a proceeding brought by a taxpayer under Title 26 of the U.S. Code (also referred to as the Internal Revenue Code, or IRC) or any dispute between an individual and the IRS concerning the determination, collection, or refund of any tax, penalty, or interest under the IRC. The definition of a controversy is very broad and encompasses many disputes arising under the IRC except for criminal tax matters. Thus, controversies include examinations, issuance of math error notices, denial of refund claims, collection actions, or pursuit of other relief under the IRC.<sup>32</sup> An LITC's assistance with a federal tax controversy may also extend to addressing a companion state or local tax issue. For example, an audit finding at the federal level can cause an assessment of state or local tax due to information sharing between the IRS and state and local taxing authorities.<sup>33</sup> Removing the assessment at the federal level without addressing the state assessment may leave the taxpayer in a financially precarious position and still carrying the burden of unresolved tax issues.

Each LITC is required to have staff with tax law expertise needed to work technical, substantive, and procedural federal tax matters. At least one staff member must be qualified to represent taxpayers before the IRS, which requires that they be an attorney, CPA, or EA.<sup>34</sup> Some LITCs also utilize volunteers with the needed skill set to help the clinic reach and assist even more taxpayers. With tax experts available, LITCs can assist low-income taxpayers with a wide range of tax issues, and they have the experience needed to effectively work with the IRS to address these issues on behalf of taxpayers. This combination of the necessary skills and expertise allows LITC practitioners to help taxpayers navigate the complex IRS system and tax laws, exercise the rights available to them, and achieve fair and just outcomes.

Most cases with which LITCs help taxpayers involve collection, refund, and status issues. Collection issues are a common reason why low-income taxpayers contact clinics for assistance. These issues arise when the IRS has issued a notice that a tax is due, and the taxpayer must pay the amount due or negotiate an alternative. Refund cases are also common for low-income taxpayers and involve disputes over the amount of a refund or the IRS’s audit of a taxpayer’s return and a determination that the taxpayer is not eligible for certain credits, which may affect the amount of a taxpayer’s refund. A third category, status issues, includes an individual’s tax return filing status, worker classification as an employee or independent contractor, and navigation of the consequences of unfiled returns. When the right outcome isn’t reached with the IRS through administrative channels, LITCs continue to help taxpayers with exercising the *right to appeal an IRS decision in an independent forum*,<sup>35</sup> including filing a case in the U.S. Tax Court or other federal courts as allowed.

Each grant year, LITCs gather data on the case issues they work, and Figure 4 shows the most frequently worked issues in 2019. The percentages are based on the number of cases worked with a particular issue as compared to the total worked. 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 might want help resolving their cases but can’t afford to pay for representation.

FIGURE 4<sup>36</sup>



## Collection Issues

Approximately 42 percent of all taxpayers that clinics represented in 2019 sought help with IRS collection issues.<sup>37</sup> Communicating with the IRS and choosing the appropriate avenue for seeking relief in a collection-related controversy can be overwhelming. A taxpayer may not be able to pay the balance shown as due in an IRS notice, understand the notice, or communicate effectively with the IRS to provide needed information to dispute the amount owed or negotiate a collection alternative. Taxpayers may be unable to pay their balances for several reasons. They may not have funds or assets with which they can full-pay or may not have funds left over to make payments after they meet their basic living expenses. They may be experiencing an illness or a hardship that has temporarily or permanently reduced their income, such as a sudden job loss. Mounting penalties and interest on the original tax balance may further exacerbate a taxpayer's difficult financial situation. Coupled with the IRS having a variety of powerful tools at its disposal to collect unpaid liabilities, such as the ability to impose liens and levies,<sup>38</sup> it is not a surprise that many taxpayers seek LITC assistance each year. In 2019, the combined efforts of clinic staff, students, and volunteers provided relief for 8,500 taxpayers facing IRS collection actions, which enabled these taxpayers to move forward with their lives, free from the burden of that unresolved debt. The relief pursued by LITCs included currently not collectible status, installment agreements, and OICs.<sup>39</sup>

One possible alternative involves asking the IRS to temporarily suspend collection efforts against a taxpayer experiencing financial hardship by placing the taxpayer in **currently not collectible (CNC) status**. Once the IRS approves this option, it will cease collection efforts and annually evaluate the taxpayer's circumstances and potential ability to pay when the taxpayer files an income tax return.<sup>40</sup> LITC representatives help taxpayers make an informed decision about whether seeking CNC status is right for them. When it is the right option, LITCs assist with the process to obtain the status. They also talk with clients about other collection alternatives that will resolve the outstanding tax debt and educate them about future compliance.

One such collection alternative offered by the IRS is **installment agreements** (payment plans), including streamlined installment agreements guaranteed for taxpayers who owe tax under a certain amount and who indicate they can pay the tax in installments over six years or less.<sup>41</sup> If a taxpayer falls behind on installment agreement payments or stops paying, the IRS can cancel the agreement and place the taxpayer in default. If this occurs, the IRS has several collection options, including garnishing wages or seizing assets of the taxpayer. The taxpayer has options to correct the default, including making back payments to bring the agreement current or renegotiating the repayment terms. LITCs play a significant role in helping taxpayers accurately determine the amount they can afford to pay and navigate negotiating such an agreement with the IRS.

For taxpayers with little chance of a change in economic status, resolving their controversy with an **offer in compromise (OIC)** can provide a better long-term solution for all parties. The IRS saves resources wasted on attempting collection against someone unable to pay, and vulnerable taxpayers are provided opportunities to resolve past due debts. Entering an OIC also encourages the taxpayer to become compliant and remain compliant by requiring the taxpayer to timely file returns and pay tax obligations for five years after the OIC is accepted.



## LITC Helps Disabled Veteran Secure Much-Needed Relief

A disabled veteran in his sixties was overwhelmed with his federal tax liability. He could not work, received food stamps, and was riddled with health problems, some due to his military service. As a member of the U.S. Army, he had completed dozens of parachute jumps, which caused arthritis and chronic debilitating knee and back pain. Exposure to noise from aircraft and weapons reduced his hearing, so he wore hearing aids in both ears.

After his military service, the taxpayer was employed as a truck driver. After several years, he became self-employed. However, his health continued to deteriorate as additional ailments developed, and he was forced to stop working in 2013. The taxpayer did not file tax returns to report his self-employment income for the last three years he had worked. The IRS subsequently prepared tax returns for the taxpayer based on his gross income, resulting in taxes and penalties totaling approximately \$145,000.

When the taxpayer contacted the LITC for assistance, he did not have all his expense records for those three years. He had also claimed a net operating loss in a prior tax year but did not have the records to substantiate the loss. Because of this, the LITC could not prepare accurate tax returns to replace the substitute returns that the IRS had prepared.

The taxpayer had no ability to pay this tax debt and no assets or income aside from his old truck and Veterans Administration (VA) reimbursements for visits to his doctors. He drove several hours each way to the VA hospital, multiple times a month, for treatment.

The LITC helped him file an OIC and negotiated with the IRS on the taxpayer's behalf. The IRS accepted the OIC, and the taxpayer settled a tax liability of more than \$100,000 for \$100. The LITC, however, didn't stop there. It also negotiated a 12-month collection hold with the state so the taxpayer would have relief from his state tax obligations as well.

Taxpayers may experience financial hardship when the IRS takes a collection action. Fortunately, taxpayers are afforded important due process protections against collection actions, and LITCs can help ensure low-income taxpayers receive the important protections to which they are entitled. The **Collection Due Process (CDP)** hearing procedure was created by RRA 98 and provides taxpayers with rights to appeal federal tax lien and levy actions. The United States has an automatic lien upon all property belonging to the taxpayer if, after notice and demand, the taxpayer refuses to pay his or her tax liability.<sup>42</sup> The IRS must notify a taxpayer in writing within five business days after it files a Notice of Federal Tax Lien and at least 30 days prior to serving a Notice of Levy.<sup>43</sup> These statutory notices outline the appeal rights of the taxpayer. Determinations of an Appeals Officer at a CDP hearing are subject to judicial review. In 2019, LITCs worked 360 CDP cases for taxpayers, educating them about the CDP process and representing those who exercised their *right to appeal an IRS decision in an independent forum*.



### Disabled Low-Income Veteran Taxpayer Exercises Collection Due Process Rights With LTC Assistance



A disabled low-income taxpayer who was also a veteran contacted an LTC for assistance when the IRS levied over 70 percent of his monthly Social Security check, his only source of income. The reduced benefit made it impossible for him to pay all his basic living expenses, and he faced eviction and utility shut off. First, the LTC persuaded the IRS to place his tax accounts in CNC status and release the levy. Next, the LTC exercised the taxpayer's CDP rights in response to the IRS Notice of Federal Tax Lien. The taxpayer was afforded a CDP hearing at which a tax debt of almost \$100,000 was resolved with a \$25 OIC, and the lien was released.

## Refund Issues

Refund issues arise when the IRS fully or partially disallows expenses, deductions, or credits that taxpayers claimed on their returns, resulting in the taxpayers not receiving the full refund they expected or owing money to the IRS for a refund received that is later adjusted. An added consequence is that a taxpayer may have to take extra steps to claim certain credits or face a ban from receiving credits on future tax returns. Cases involving refunds accounted for over ten percent of the overall caseload LITCs worked in 2019,<sup>44</sup> and clinics secured over \$6.8 million dollars in refunds for low-income taxpayers.<sup>45</sup> It is not uncommon for a parent or relative of a child to come to a clinic because the taxpayer claimed on his or her federal income tax return child-related refundable tax credits such as the **Earned Income Tax Credit (EITC)**<sup>46</sup> or the **Child Tax Credit (CTC)**<sup>47</sup> and is now being audited. When the audit is conducted after the credit has been paid to the taxpayer, it can cause a proposed balance due. If the audit takes place before the credit is paid, the refund may be denied. A delay or a denial of a refund can create financial hardships for low-income taxpayers because refundable credits provide a significant portion of the annual income for many low-income families.



LITCs helped secure over \$6.8 million in refunds for low-income taxpayers.

In some instances, the IRS partially or fully disallows a tax credit or tax deduction because the taxpayer cannot sufficiently document he or she is entitled to it. In those instances, the IRS may assess a tax liability instead of issuing the refund the taxpayer expected. LITCs, however, can assist a taxpayer to challenge a tax liability through an **audit reconsideration**, which may eliminate or reduce the amount the taxpayer owes and increase the expected refund. This administrative remedy is used to reopen the results of a prior audit and is available where the taxpayer has new information to present that the IRS did not previously consider. For an audit reconsideration, the IRS must have either assessed additional tax that remains unpaid or disallowed a tax credit.<sup>48</sup> The audit reconsideration process provides the taxpayer with the opportunity to challenge the tax assessed and pay only the correct amount of tax. In 2019, LITCs worked over 660 audit reconsideration cases<sup>49</sup> and, overall, helped correct or reduce over \$50 million in taxpayer liabilities through the audit reconsideration process and other remedies.



## LITC Helps Low-Income Family of Six Receive Their Refundable Credits

An ESL taxpayer who was the father of four minor children contacted an LITC for assistance. From 2014 through 2016, he earned less than \$20,000 per year as a construction worker. The children's mother was the full-time caregiver of the minor children and did not work outside of the home. The family lived together and moved six times during 2014 to find work. In November 2014, they moved across the country to live with the taxpayer's parents. In early 2016, they moved again with the promise of more work and a lower cost of living.

The taxpayer filed a 2014 tax return claiming a refund of more than \$8,000, primarily due to the EITC and ACTC. The IRS, however, froze the refund. The taxpayer called the IRS, but communications broke down, and he could not secure release of the refund. The taxpayer later filed 2015 and 2016 tax returns claiming EITC and ACTC, with refunds of at least \$7,000 for each year; however, the IRS did not issue either refund. Besides disallowing the taxpayer's 2014 EITC and ACTC, the IRS placed a two-year ban on claiming these refundable credits, and instead of receiving refunds, the taxpayer faced tax liabilities for all three years.

The IRS pursued enforced collection action on an original balance due of about \$4,700. However, the taxpayer attended an educational program at a local community service organization where he learned about the LITC, which he contacted for help. By the time the taxpayer connected with the LITC, the balance had grown to nearly \$7,000. The IRS had allowed the taxpayer's EITC and ACTC for a subsequent year but applied a sizeable overpayment to the taxpayer's prior year liabilities.

For nearly a year, the LITC prepared witness affidavits and compiled records, including Department of Human Services records from three states, to verify the residence of both the taxpayer and his children. The clinic filed audit reconsideration requests for all three years. In response, the IRS agreed to reverse the taxes due for only one year, even though the other two years involved similar facts and evidence.

Next, the LITC appealed the matter to the IRS Independent Office of Appeals. The IRS did not respond on one appeal, so the LITC contacted TAS for help locating the appeal. With the combined efforts of the LITC and TAS, the entire tax liability was reversed, and the taxpayer received refunds for all three years, plus the sizeable overpayment that the IRS had intercepted from another tax return. The LITC's efforts not only provided the taxpayer and his family with a just result but also helped them obtain financial stability, which allowed them to purchase their first home.

## Status Issues

A taxpayer's filing status is important because it's used to determine whether a taxpayer is required to file a return, the amount of the standard deduction to be applied, and the tax to be paid. Filing status also determines whether a taxpayer is eligible for certain other deductions and credits.<sup>50</sup> Controversy cases that involve a taxpayer's filing status often involve the application of different laws and administrative rules and policies that an unrepresented taxpayer may find difficult to understand and challenge. Status issues are a broad category and also include a taxpayer's worker classification (employee vs. independent contractor) and non-filer cases where a taxpayer has not filed the required tax returns. LITC representatives are especially helpful to low-income taxpayers facing controversies involving these issues. In 2019, for example, LITCs assisted taxpayers in over 1,800 cases involving **filing status**, over 1,800 cases involving **personal/dependency exemptions**, and over 2,800 cases for **non-filer** taxpayers.<sup>51</sup>



### LITC Volunteer Successfully Argues Financial Disability

A taxpayer was employed, having taxes withheld, and providing for his family. However, when his son was diagnosed with autism, he found himself in a downward spiral of depression, drinking, drug use, and divorce. Although the taxes withheld from his wages were more than his tax liabilities, the taxpayer was unable to file his tax returns when they were due. The IRS filed tax returns on his behalf but did not include exemptions and deductions to which the taxpayer was entitled. The taxpayer was left with a large tax debt, and the IRS seized \$180,000 from his retirement account.

An LITC *pro bono* volunteer worked diligently to help the taxpayer file his past-due tax returns, claiming the exemptions and deductions to which he was entitled and requesting his refunds. However, the IRS denied the refunds because the claims were filed more than three years after the returns were due. The volunteer explained that the client was unable to manage his financial affairs following his son's diagnosis and filed an appeal, which was denied. The volunteer was not discouraged and continued to exhaust all administrative forms of relief. She collaborated with an experienced tax attorney and filed suit on behalf of the taxpayer in a U.S. district court. After more than three years of diligent advocacy, the volunteer successfully argued that the taxpayer had a financial disability as he was depressed and using drugs, and that suspended the statute of limitations for claiming the refunds.<sup>52</sup> The Department of Justice agreed to settle the case, and the taxpayer received a refund of over \$200,000.

Whether a worker is classified by his or her employer as an employee or an independent contractor for federal and state employment tax purposes can make a big difference in the Social Security and Medicare tax an individual will owe. Independent contractors may be responsible for a larger portion of tax that an employer would otherwise pay. The IRS has procedures for reviewing the employment relationship if individual taxpayers believe they have been misclassified.<sup>53</sup> The factual and legal issues can be complex, causing the process to take several months or longer, particularly when they involve employers who misclassify employees as independent contractors to avoid paying the additional expenses of treating them as employees. There may also be other ramifications of challenging a taxpayer's worker classification. LITCs help low-income taxpayers weigh the possible ramifications and determine if challenging the classification is the best course of action. LITCs represented 226 taxpayers in **worker classification** cases during the 2019 grant year.

**LITCs helped bring 4,156 taxpayers into collection compliance and 3,088 into filing compliance.**

When two taxpayers sign a joint tax return, the tax laws provide that both are responsible for the entire tax liability, or joint and severally liable, and both taxpayers continue to be liable for the debt even if they later divorce and the divorce decree states that one spouse will be held responsible for the tax.<sup>54</sup> The law provides three types of relief from joint and several liability,<sup>55</sup> however, the law can be tricky for *pro se* taxpayers (those representing themselves) to navigate and argue on their own. In 2019, LITCs assisted 672 taxpayers with **innocent spouse** relief requests.<sup>56</sup>



### LITC Assists a Victim of Domestic Violence

A domestic violence shelter referred a recently divorced mother to an LITC for assistance with a large tax liability. The taxpayer explained that her ex-husband was a heroin addict who abused her for years. The taxpayer's divorce decree ordered her ex-husband to pay their large tax bill to the IRS, but the taxpayer was concerned he would not pay it. She explained that her ex-husband had hidden income from her and did not provide all his income documents when she prepared their joint tax returns. The IRS discovered the unreported income and adjusted their tax returns, resulting in a large tax liability. The LITC helped the taxpayer gather supporting documentation and prepared a Form 8857, Request for Innocent Spouse Relief. With the documentation gathered by the taxpayer, the LITC established that the tax liability resulted from the ex-husband's unreported income and that the taxpayer experiencing domestic violence didn't know, or have any reason to know, of the unreported income when she signed the joint tax returns. The IRS determined it would be unfair to hold this taxpayer liable and granted her full relief.

## LITCs Represent Taxpayers in Court

Some taxpayers may challenge IRS determinations through the courts when they are unable to resolve their controversy using IRS administrative channels. LITCs represent taxpayers in the U.S. Tax Court (“Tax Court”) and other federal courts, including U.S. district courts, the U.S. Court of Federal Claims, U.S. Courts of Appeals, and even the U.S. Supreme Court. The Tax Court, however, is the only pre-payment judicial forum for taxpayers to challenge an IRS examination decision or collection action. The Tax Court provides taxpayers the opportunity to challenge IRS assessments before paying the disputed tax.

According to a 2015 study, the number of self-represented petitioners filing Tax Court petitions was increasing, accounting for over 70 percent of all the Tax Court’s petitions being filed.<sup>57</sup> Although the Tax Court tries to help *pro se* taxpayers navigate the rules and procedures of the Tax Court, it can still be a difficult process for a non-lawyer. LITCs, therefore, are strongly encouraged to represent taxpayers in the Tax Court, especially those who may have filed a petition on their own and intended to represent themselves because they could not afford an attorney. Over nine percent of all LITC cases worked in 2019 involved litigation, with the majority in the Tax Court.<sup>58</sup>

## U.S. Tax Court Programs

The Tax Court is committed to access to justice for all petitioners and has taken significant steps to inform self-represented petitioners about the court and its processes and procedures via printed information and the Tax Court’s website.<sup>59</sup> The Tax Court works diligently to alert taxpayers to the availability of free representation by LITCs through its Clinical Program and to facilitate the participation of practitioners from LITCs and volunteers from bar associations to participate in its Calendar Call Program.

The Clinical Program allows LITCs to submit a “stuffer notice” directed at self-represented taxpayers who file a petition in the Tax Court. The notice informs taxpayers about the availability of free representation through the LITC and the contact information for the local participating clinic. The Tax Court will include the “stuffer notice” in its mailings to unrepresented petitioners who have elected a place of trial served by the clinic.

Another component of the Tax Court’s efforts to ensure access to justice is the Tax Court’s Calendar Call Program. The Tax Court’s website contains the following statement: “Tax clinics and Bar sponsored calendar call programs provide important advice and assistance to many low income, self-represented taxpayers who have disputes with the Internal Revenue Service.”<sup>60</sup> The calendar call takes place on the first day the Tax Court schedules hearing cases in a particular location. The clerk reads the names of all the cases that remain unresolved and are set for trial. For many taxpayers, the day of the calendar call will be the first time they speak with an IRS employee face-to-face. Some may simply want a chance to explain their circumstances. Others may want to take advantage of the prepayment forum in which to litigate their cases instead of having to pay the liability and sue for a refund in a U.S. district court or the U.S. Court of Federal Claims.

Effective September 9, 2019, the Tax Court allowed for limited scope appearances. This change allows LITCs and volunteers to assist *pro se* taxpayers with their cases on the day of the calendar call without having to commit to providing full representation.<sup>61</sup> Enactment of this rule is a positive development that LITCs and others who assist *pro se* petitioners had been advocating for because it allows them to help even more taxpayers reach fair outcomes in their Tax Court cases.

LITCs are required to have a staff member or a *pro bono* panel member who is admitted to practice before the Tax Court to handle litigation matters. Students and recent law graduates working at an LITC may also be authorized to represent taxpayers before the IRS and Tax Court. In 2019, 129 (of the 131 funded) LITCs participated in the Tax Court's Clinical Program and attended calendar calls to consult and advise self-represented taxpayers, and in some cases, to enter an appearance before the Tax Court as a taxpayer's representative.<sup>62</sup> LITC representatives consulted with 807 self-represented taxpayers at Tax Court calendar calls in 2019 and provided expert, on-site counsel, independent of IRS interests.<sup>63</sup> This assistance better equipped taxpayers with information about how the tax law applied to the facts of their cases before they spoke to the judge and ensured they were afforded an informed opportunity to exercise their *right to challenge the IRS's position and be heard*.

## Training Students to Provide High-Quality Representation Services

Students enrolled in accredited accounting, business, or law schools also play an important role in delivering LITC services. In academic clinical programs under the direct supervision of qualified representatives (attorneys, CPAs, or EAs), students and law graduates assist with all aspects of LITC cases, including everything from determining a taxpayer's eligibility for services, opening a taxpayer's case, researching the issues, gathering more information from the taxpayer and the IRS, and helping to develop a strategy for representation. They also assist with litigation-related tasks such as collecting and reviewing evidence, drafting briefs, and participating in hearings and oral arguments. Creating an environment where students work directly with taxpayers to resolve disputes with the IRS allows the students to develop their advocacy skills and instills in them a professional commitment to community involvement, fostering a *pro bono* tradition and helping to keep low-income taxpayers' costs for representation to a minimum.



### LITC Students Resolve Independent Contractor vs. Employee Dispute



LITC law school students assisted a taxpayer whose long-time employer had filed both a Form W-2, Wage and Tax Statement, and a Form 1099-MISC, Miscellaneous Income, claiming it had paid wages and additional non-wage income to the taxpayer. The taxpayer did not agree with the additional income on Form 1099-MISC. The LITC stepped in after the taxpayer had filed a Tax Court petition to dispute this non-wage income.

To complicate matters, the taxpayer had been married in 2017 but later separated, and his spouse was unreachable. LITC students spent countless hours researching the issue, gathering facts, and reviewing the taxpayer's bank records. They even obtained a statement from a coworker who had also received both a Form W-2 and a Form 1099-MISC for the same year. The employer would not cooperate. The LITC students drafted a persuasive memorandum to dispute the Form 1099-MISC income and the classification of the taxpayer as an independent contractor. The LITC students presented the memorandum and supporting documents to opposing IRS Counsel and successfully negotiated a favorable settlement for the taxpayer.

Taxpayers who have received LITC assistance over the last 20+ years often share a common trait — the desire to comply with their tax return filing and payment responsibilities. Many simply need assistance in navigating the complex tax system. They may need complete and accurate information about their filing requirements, how and when to make payments, their eligibility for tax credits, and how to respond to IRS notices. In providing education, the second prong of the LITC Program mission, clinics present information to ESL and low-income taxpayers on taxpayer rights and responsibilities, and other tax topics including the availability and eligibility rules for certain credits, the danger of tax scams and how to avoid them, and proper tax-related record keeping. ESL taxpayers may especially face barriers to finding understandable and reliable information about their rights and responsibilities as taxpayers. Those who have immigrated to the United States may come from countries where the tax systems operate much differently, and those arriving from countries with pervasive corruption may distrust government institutions such as the IRS. When seeking to comply with the tax laws, they may be exposed to risks like identity theft from unscrupulous tax return preparers who may steal or divert refunds and disappear long before their bad acts are discovered. Taxpayers also face difficulty in receiving live assistance from the IRS given, in recent years, its move to more online, self-help resources as a cost-cutting measure.<sup>64</sup> LITCs offer personalized, one-on-one services for low-income and ESL taxpayers that online tools may not provide. When LITCs educate taxpayers, they create an environment where participants can interact with the instructor and other participants and pose questions regarding their unique situations. LITCs break down complex tax topics and address the needs of taxpayers who require information be provided in a language other than English.



**LITCs hosted over 1,800 educational activities serving over 41,000 attendees.**

Tailoring taxpayer education topics to the needs of specific communities and presenting this information in a taxpayer's native language helps LITCs reach taxpayers who may otherwise be unable to overcome communication barriers with the IRS. While the IRS offers publications and online resources in seven different languages on its website,<sup>65</sup> LITCs go further by assisting and distributing tax materials they have prepared to taxpayers in a far greater number of languages.<sup>66</sup> Clinics also have staff, volunteers, and interpreter services available to conduct educational activities in the languages spoken by the clinic's targeted audiences. Clinics address a wide range of substantive tax topics in their educational programs and materials. Some of the topics covered include filing requirements, tax recordkeeping, family status issues, refundable credits, the Affordable Care Act, worker classification, identity theft, information about the audit and appeals process, and collection alternatives. In addition to education, clinics also conduct outreach. Although the main purpose of outreach is generally to inform others about the availability of LITCs and the types of services they can provide, many clinics use outreach as an opportunity to provide some basic tax-related education, such as letting members of the community know about the availability of the EITC. They also share information about the availability of TAS, VITA sites,<sup>67</sup> and other resources for taxpayer assistance in their local communities. LITCs work with community partners and stakeholders

to schedule and conduct training and outreach for low-income and ESL taxpayers, such VITA events or ESL classes; often the partnering organizations already have a captive audience or have gained the trust of the taxpayers the LITC is trying to reach.

During the 2019 grant year, LITCs provided more than 1,846 free educational activities, attended by over 41,800 low-income and ESL taxpayers.<sup>68</sup> LITCs also provided an additional 456 educational trainings about tax law basics and other tax topics to over 11,846 staff members and volunteers of partner community groups, government agencies, and other organizations that serve low-income and ESL taxpayers.<sup>69</sup> Such activities strengthen LITCs' relationships and networks with community stakeholders, expand the scope of LITCs' outreach and education, and enable other service providers to look at a client's problems holistically and ensure the individual's tax issues are also addressed. These vast networks and partnerships that LITCs have developed throughout the country allow for mutual referrals to address the many needs of low-income and ESL individuals.

LITCs that are part of a larger entity may work with other clinics within the academic institution or groups within the legal services organization of which they are a part to deliver outreach and training. At many academic LITCs, students may lead or participate in outreach and educational events focusing on low-income and ESL taxpayers. The positive impact of this involvement is twofold: students learn how to explain complex tax law in a way that lay people can understand, and clinics meet their obligation to educate low-income and ESL taxpayers. More importantly, this involvement instills in the students a sense of empathy and a commitment to community service.



## LITC Collaborates With Local Partners to Help Educate Refugee Taxpayers

The North Carolina LITC at the Charlotte Center for Legal Advocacy continued its partnership with Refugee Support Services of the Carolinas (RSS). The mission of RSS is to facilitate programs and intercultural relationships that promote refugee self-sufficiency and enrich the community. On the fourth Thursday of most months, LITC staff visited the organization's facility and conducted client intakes. In coordination with RSS, VITA, and PricewaterhouseCoopers, the LITC also held an educational event at the RSS center and educated taxpayers about how to avoid falling victim to unscrupulous tax return preparers. This collaboration to provide education was a catalyst for case referrals to the clinic; the LITC worked over 30 cases for refugee taxpayers during the grant year. They continue to work with RSS to ensure their clients are encouraged to seek tax return preparation assistance at local VITA sites and to contact the LITC for assistance with any tax issues that might arise.

Advocacy, the third prong of the LITC Program mission, recognizes that LITCs are uniquely positioned to identify emerging issues or trends in tax administration that impact low-income and ESL taxpayers. As representatives, educators, and advocates for low-income and ESL taxpayers, LITCs see firsthand how IRS policies and procedures affect individual taxpayers and entire populations. LITCs also network with one another, which permits clinicians to gain a broader perspective on the extent to which taxpayers in other localities experience similar problems. When LITCs identify problems that impact multiple taxpayers, they can work with the IRS and the TAS Office of Systemic Advocacy to find solutions on a systemic level. Clinics are encouraged to use the Systemic Advocacy Management System (SAMS) on the TAS website to report potential systemic issues.<sup>70</sup>

TAS analysts follow up on every SAMS submission, conducting research to determine the extent of the impact of the reported issue, ascertaining whether there is already a similar or related project underway, and formulating the next steps to address the problem. TAS works with various IRS business units to propose and implement solutions. If TAS and the IRS cannot reach resolution, the National Taxpayer Advocate may write about the systemic issues in reports to Congress and propose administrative and legislative recommendations to resolve those issues.<sup>71</sup>

When public comment is sought on IRS proposed administrative rules, LITCs often respond individually or in collaboration with the American Bar Association's Tax Section *Pro Bono* and Tax Clinics Committee. They advocate through the comments they provide to help ensure IRS rules and procedures are fair and equitable for taxpayer populations who may not have the knowledge or resources to advocate for their own interests.

LITCs also successfully contest systemic issues administratively within the IRS and through the cases they litigate in the Tax Court and other federal courts. Litigating cases reaches beyond helping one taxpayer and can affect whole groups of taxpayers and how they are treated under the tax laws in future court cases and administrative processes.



## Tax Clinic at Harvard Law School Advocates for Low-Income Taxpayers Through Amicus Brief in DC Court of Appeals Case

Since its inception in 2015, the Tax Clinic at the Legal Services Center of Harvard Law School has been arguing that judicial filing deadlines in tax are not jurisdictional and are subject to equitable tolling under recent Supreme Court case law. (Equitable tolling provides that a statute of limitations will not bar a claim if an individual uses due diligence but could not discover the injury until after the expiration of the limitations period.) Accepting this argument would up-end decades of case law in the appellate courts and the Tax Court. The first favorable ruling on the issue of Tax Court jurisdiction when a petition is filed late was rendered by the DC Circuit in *Myers v. Commissioner*, 928 F.3d 1025 (D.C. Cir. 2019), *rev'g and remanding* 148 T.C. 438 (2017). The Harvard LITC filed an amicus brief in the case. Although it may seem like a case involving the whistleblower statute<sup>72</sup> has only remote application to low-income taxpayers, the language of the statute is essentially identical to the Collection Due Process (CDP) provisions,<sup>73</sup> to which many low-income taxpayers exercise their right to challenge the position of the IRS. CDP also includes a right to appeal an adverse IRS determination to the Tax Court.<sup>74</sup> The *Meyers* decision could have a positive impact for many low-income taxpayers, and the advocacy work of the Harvard LITC allowed the voice of those taxpayers to be heard.

# LITC PROGRAM OFFICE RESPONSIBILITIES

---

## Program Support

The LITC Program Office manages and administers the LITC grant program so it ensures federal funding is expended and funded programs are implemented in full accordance with all applicable statutory and public policy requirements. The LITC Program Office fulfills its responsibilities by:

- ◆ Administering the award and payment of grant funds;
- ◆ Providing guidance and assistance to prospective applicants and grantees; and
- ◆ Overseeing and monitoring the performance of grantees.

The LITC Program Office staff consists of:

- ◆ The LITC Program Director who reports directly to the National Taxpayer Advocate;
- ◆ The LITC Program Deputy Director who reports to the LITC Program Director;
- ◆ Headquarters staff who report to the LITC Program Director and Deputy Director;
- ◆ Operations staff who report to the Operations Manager and process grant applications, awards, payments, and reports; and
- ◆ Advocacy staff who report to the Advocacy Manager and review and analyze clinic reports, conduct site assistance visits, assess grantee performance, and serve as the primary liaison between grantees and the LITC Program Office.

## Grant Administration

The LITC Program Office administers the grant by:

- ◆ Publicly advertising the opening of the grant application period on IRS.gov and in the *Federal Register*;
- ◆ Processing LITC grant applications and making awards to qualifying and successful applicants;
- ◆ Revising and annually issuing Publication 3319, Low Income Taxpayer Clinic Grant Application Package and Guidelines;
- ◆ Maintaining the LITC Toolkit, a website used to disseminate program information and guidance to grantees and provide resources to assist clinics in assisting low-income and ESL taxpayers;
- ◆ Updating and maintaining Publication 4134, Low Income Taxpayer Clinic List, a list of all federally-funded LITCs, and ensuring that the publication is included in IRS mailings and referenced in IRS publications and notices;
- ◆ Publishing annually Publication 5066, LITC Program Report, which reports the activities of the LITCs to internal and external stakeholders;

- ◆ Reviewing and analyzing data from reports submitted by grantees to identify trends and recognize best practices; and
- ◆ Submitting grant award information for posting on USASpending.gov.

## **Grant Guidance and Assistance**

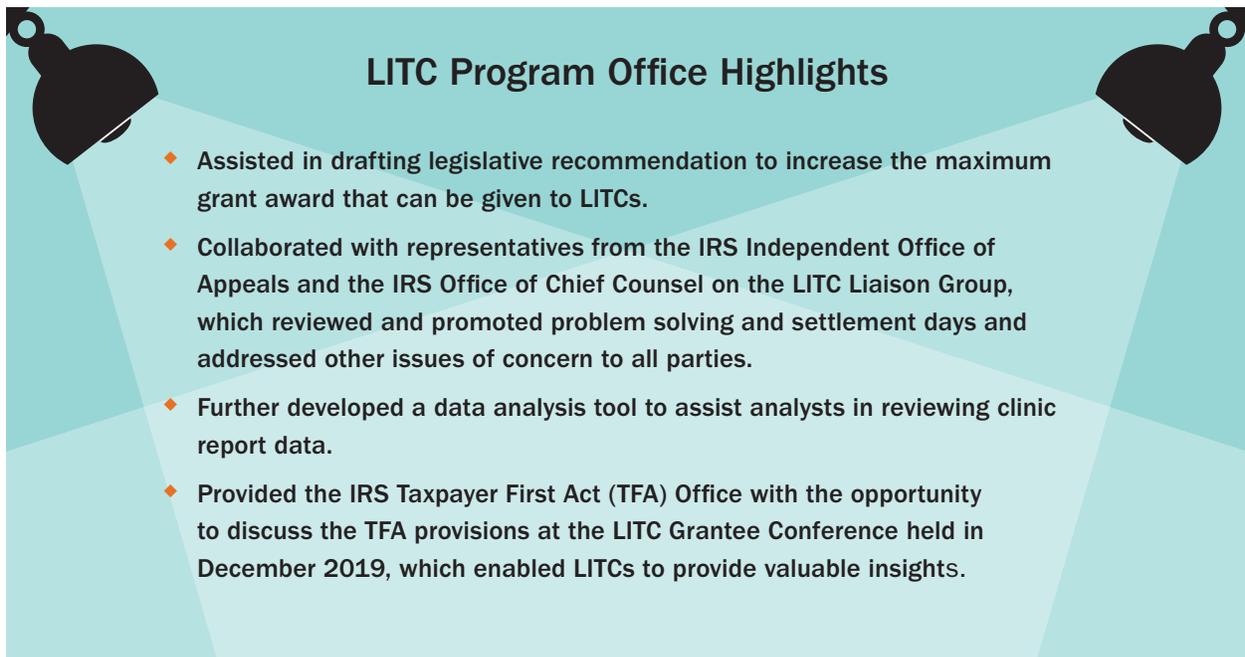
The LITC Program Office guides and assists potential applicants and grantees by:

- ◆ Providing technical assistance and guidance, including pairing new LITCs with mentors and LITC networks;
- ◆ Informing the public about the availability of LITCs and maintaining up-to-date information on IRS.gov;
- ◆ Sponsoring and organizing the Annual LITC Grantee Conference that delivers instruction and continuing education to all grantees and provides an opportunity for attendees to meet face-to-face with colleagues from LITCs throughout the country to share ideas and strategies to better assist low-income and ESL taxpayers;
- ◆ Conducting orientation site assistance visits to familiarize new grantees with LITC Program requirements and to identify potential areas where the clinic may need to create systems, improve processes, or otherwise need assistance;
- ◆ Fostering the working relationship between grantees and Local Taxpayer Advocate (LTA) offices by facilitating annual LTA visits to each LITC and providing resources to assist LTAs in collaborating with the clinic on outreach and education opportunities;
- ◆ Issuing special appearance authorizations that permit students and law graduates supervised by a practitioner to represent taxpayers before the IRS; and
- ◆ Coordinating access to e-Services products offered by the IRS.

## Grant Oversight and Monitoring

The LITC Program conducts oversight and monitoring of grantees by:

- ◆ Processing Interim and Year-End Reports, assessing grantees' progress in meeting program goals and any challenges in delivering the agreed-upon programs, identifying emerging issues, and aggregating performance data submitted by grantees;
- ◆ Reviewing budgets and financial reports submitted by grantees to ensure that federal funds are properly expended and that matching funds are properly sourced, spent, and valued;
- ◆ Conducting operational site assistance visits to interview clinic personnel, observe facilities, review procedures and internal controls, corroborate report information, and evaluate operations;
- ◆ Coordinating Civil Rights pre-award compliance reviews for all grant applicants with the IRS Office of Equity, Diversity and Inclusion; and
- ◆ Coordinating or conducting other required compliance reviews, such as federal tax compliance.

A graphic titled "LITC Program Office Highlights" with a light blue background and two black lamp icons at the top corners. The text is centered and lists four key achievements.

### LITC Program Office Highlights

- ◆ Assisted in drafting legislative recommendation to increase the maximum grant award that can be given to LITCs.
- ◆ Collaborated with representatives from the IRS Independent Office of Appeals and the IRS Office of Chief Counsel on the LITC Liaison Group, which reviewed and promoted problem solving and settlement days and addressed other issues of concern to all parties.
- ◆ Further developed a data analysis tool to assist analysts in reviewing clinic report data.
- ◆ Provided the IRS Taxpayer First Act (TFA) Office with the opportunity to discuss the TFA provisions at the LITC Grantee Conference held in December 2019, which enabled LITCs to provide valuable insights.

# CONCLUSION

---

Thank you to Congress for its continued support in providing the resources that allow the LITC Program to assist taxpayers. We also thank all the LITC clinicians, students, law graduates, and volunteers who work tirelessly to represent, educate, and advocate for low-income and ESL taxpayers throughout the United States. The impact they have often goes unseen but is experienced in a profound way by the many taxpayers they assist.

As we conclude this report, we also want to acknowledge the LITCs' response to the nationwide pandemic the country continues to battle. COVID-19 has challenged how clinics normally conduct the business of helping low-income taxpayers and educating vulnerable taxpayer populations. Without advance warning, clinicians across the country were forced to move to home offices, quickly adapt to teaching and conducting all contacts virtually, and determine how to assist in the face of reduced IRS operations and new taxpayer hardships. With minimal if any delay, clinics met with and assisted taxpayers from a distance and have been instrumental in getting word out to taxpayers about IRS COVID-19 related relief. In addition, clinics have helped taxpayers with the actions needed to secure Economic Impact Payments to which they were entitled. Even with all the challenges the COVID-19 pandemic has presented, LITCs have continued to respond to calls for help and meet the tenets of the program's mission, and for that, we thank them. The LITC Program Office also extends condolences to all those who have lost family, friends, and colleagues during these trying times. We hope the months ahead bring relief and a return to normalcy. We know, however, that whatever the future brings, LITCs will forge forward, guided not by the fanfare of a red carpet but by their purpose and passion to advocate for low-income taxpayers and a tax system that is fair and just for all.

Below is a list of LITCs in each state, plus the District of Columbia, from the January 2020 revision of Publication 4134, Low Income Taxpayer Clinic List. The publication includes clinic contact information and the languages other than English in which each clinic provides taxpayer assistance. The publication is updated at least annually and other times throughout the year as needed; it is available at [IRS.gov](https://irs.gov). LITC contact information may change throughout the year, so please check for the most up-to-date information at <https://taxpayeradvocate.irs.gov/about/litc>. For general questions about the LITC Program, contact the LITC Program Office by phone at 202-317-4700 (not a toll-free call) or by email at [LITCProgramOffice@irs.gov](mailto:LITCProgramOffice@irs.gov).

## ALABAMA

Montgomery	Legal Services Alabama LITC
------------	-----------------------------

## ALASKA

Anchorage	Alaska Business Development Center LITC
-----------	-----------------------------------------

## ARIZONA

Phoenix	Community Legal Services LITC
Tucson	Southern Arizona Tax Clinic

## ARKANSAS

Little Rock	UA Little Rock Bowen School of Law LITC
Springdale	Legal Aid of Arkansas LITC

## CALIFORNIA

Los Angeles	Bet Tzedek Legal Services Tax Clinic
Los Angeles	KYCC Low Income Taxpayer Clinic
Los Angeles	Pepperdine LITC
Northridge	Bookstein Low Income Taxpayer Clinic
Orange	Chapman University Tax Law Clinic
Riverside	Inland Counties Legal Services LITC

San Diego	Legal Aid Society of San Diego LITC
-----------	-------------------------------------

San Diego	University of San Diego LITC
-----------	------------------------------

San Francisco	Chinese Newcomers Service Center
---------------	----------------------------------

San Francisco	Justice and Diversity Center of the Bar Association of San Francisco
---------------	----------------------------------------------------------------------

San Francisco	UC Hastings Low-Income Taxpayer Clinic
---------------	----------------------------------------

San Luis Obispo	Cal Poly Low Income Taxpayer Clinic
-----------------	-------------------------------------

Santa Ana	Community Legal Aid So Cal LITC
-----------	---------------------------------

## COLORADO

Denver	Colorado Legal Services LITC
--------	------------------------------

Denver	Denver Asset Building Coalition LITC
--------	--------------------------------------

Denver	University of Denver LITC
--------	---------------------------

## CONNECTICUT

Hamden	Quinnipiac University School of Law LITC
--------	------------------------------------------

Hartford	UConn Law School Tax Clinic
----------	-----------------------------

## DELAWARE

---

Georgetown	Delaware Community Reinvestment Action Council LITC
------------	-----------------------------------------------------

## DISTRICT OF COLUMBIA

---

Washington	The Catholic University of America LITC
Washington	The Janet R. Spragens Federal Tax Clinic
Washington	University of the District of Columbia David A. Clarke School of Law LITC

## FLORIDA

---

Ft. Myers	Florida Rural Legal Services Low Income Taxpayer Clinic
Gainesville	Three Rivers Legal Services LITC
Miami	Legal Services of Greater Miami Community Tax Clinic
Plant City	Bay Area Legal Services, Inc. LITC
Plantation	Legal Aid Services of Broward & Collier Counties
St. Petersburg	Gulfcoast Legal Services LITC
Tallahassee	Legal Services of North Florida LITC
West Palm Beach	Legal Aid Society of Palm Beach County LITC

## GEORGIA

---

Atlanta	The Philip C. Cook Low-Income Taxpayer Clinic
Hinesville	JCVision and Associates, Inc.
Lawrenceville	North Georgia Low Income Taxpayer Clinic

## IDAHO

---

Boise	University of Idaho College of Law LITC ( <i>closed as of 6/30/20</i> )
Twin Falls	La Posada Tax Clinic

## ILLINOIS

---

Chicago	Ladder Up Tax Clinic
Chicago	Loyola Federal Income Tax Clinic
Elgin	Administer Justice LITC
Wheaton	Prairie State Legal Services LITC

## INDIANA

---

Bloomington	Indiana Legal Services LITC
Indianapolis	Neighborhood Christian Legal Clinic
South Bend	Notre Dame Tax Clinic

## IOWA

---

Des Moines	Iowa Legal Aid LITC
------------	---------------------

## KANSAS

---

Kansas City	Kansas Legal Services, Inc. LITC
-------------	----------------------------------

## KENTUCKY

---

Covington	The Center for Great Neighborhoods LITC
Louisville	Legal Aid Society, Inc.
Richmond	AppalRed Low Income Taxpayer Clinic

## LOUISIANA

---

New Orleans	Southeast Louisiana Legal Services LITC
-------------	-----------------------------------------

## MAINE

---

Bangor Pine Tree Legal Assistance LITC

## MARYLAND

---

Baltimore Maryland Volunteer Lawyers Service LITC

Baltimore University of Baltimore School of Law LITC

Baltimore University of Maryland Carey School of Law LITC

## MASSACHUSETTS

---

Boston Greater Boston Legal Services LITC

Jamaica Plain Legal Services Center of Harvard Law School LITC

Springfield Springfield Partners for Community Action LITC

## MICHIGAN

---

Ann Arbor University of Michigan LITC

Detroit Accounting Aid Society LITC

East Lansing Alvin L. Storrs Low Income Taxpayer Clinic

Grand Rapids West Michigan Low Income Taxpayer Clinic

## MINNESOTA

---

Minneapolis Mid-Minnesota Legal Aid Tax Law Project

Minneapolis University of Minnesota LITC

## MISSISSIPPI

---

Oxford Mississippi Taxpayer Assistance Project

## MISSOURI

---

Kansas City Legal Aid of Western Missouri LITC

Kansas City Kansas City Tax Clinic

St. Louis Washington University School of Law LITC

## MONTANA

---

Helena Montana Legal Services Association LITC

## NEBRASKA

---

Lincoln Legal Aid of Nebraska LITC

## NEW HAMPSHIRE

---

Concord NH Pro Bono Low-Income Taxpayer Project

## NEW JERSEY

---

Camden South Jersey Legal Services LITC

Edison Legal Services of New Jersey Tax Legal Assistance Project

Jersey City Northeast New Jersey Legal Services LITC

Newark Rutgers Federal Tax Law Clinic

## NEW MEXICO

---

Albuquerque New Mexico Legal Aid LITC

Farmington Four Corners LITC

## NEW YORK

---

Albany Legal Aid Society of Northeastern New York LITC

Bronx Legal Services NYC- Bronx LITC

Brooklyn Brooklyn Legal Services Corp A LITC

Brooklyn Brooklyn Low-Income Taxpayer Clinic

Buffalo	Erie County Bar Association Volunteer Lawyers Project LITC
Hempstead	Hofstra Law School Federal Tax Clinic
Jamaica	Queens Legal Services LITC
New York City	Fordham Law School Tax Litigation Clinic
New York City	The Legal Aid Society LITC
New York City	Mobilization for Justice
Staten Island	Migration Resources Center LITC ( <i>closed as of 6/30/20</i> )
Syracuse	Syracuse University College of Law LITC

### **NORTH CAROLINA**

---

Charlotte	North Carolina Low Income Taxpayer Clinic
Durham	North Carolina Central University School of Law LITC

### **OHIO**

---

Akron	Community Legal Aid Services LITC
Cincinnati	Legal Aid of Greater Cincinnati LITC
Cleveland	The Legal Aid Society of Cleveland LITC
Columbus	The Legal Aid Society of Columbus LITC
Columbus	Southeastern Ohio Legal Services LITC
Toledo	Legal Aid of Western Ohio LITC
Toledo	Toledo Tax Controversy Clinic LITC

### **OKLAHOMA**

---

Tulsa	Legal Aid Services of Oklahoma LITC
-------	----------------------------------------

### **OREGON**

---

Gresham	El Programa Hispano Catolico LITC
Portland	Legal Aid Services of Oregon LITC
Portland	Lewis & Clark Low Income Taxpayer Clinic

### **PENNSYLVANIA**

---

Philadelphia	Philadelphia Legal Assistance LITC
Pittsburgh	University of Pittsburgh School of Law LITC
Villanova	Villanova Federal Tax Clinic
Washington	Southwestern Pennsylvania Legal Services LITC
York	MidPenn Legal Services Low Income Taxpayer Clinic

### **RHODE ISLAND**

---

Providence	Rhode Island Legal Services LITC
------------	-------------------------------------

### **SOUTH CAROLINA**

---

Greenville	South Carolina Legal Services LITC
------------	---------------------------------------

### **SOUTH DAKOTA**

---

Vermillion	University of South Dakota School of Law Federal Tax Clinic
------------	-------------------------------------------------------------------

### **TENNESSEE**

---

Memphis	Memphis Area Legal Services LITC
Nashville	Tennessee Taxpayer Project

## TEXAS

---

Fort Worth	Legal Aid of Northwest Texas LITC
Fort Worth	Texas A&M University School of Law Tax Clinic
Houston	Houston Volunteer Lawyers LITC
Houston	Lone Star Legal Aid LITC
Houston	South Texas College of Law LITC
Lubbock	Texas Tech University School of Law LITC
San Antonio	Texas Taxpayer Assistance Project

## UTAH

---

Provo	Centro Hispano LITC
-------	---------------------

## VERMONT

---

Burlington	Vermont Low Income Taxpayer Clinic
------------	------------------------------------

## VIRGINIA

---

Fairfax	Legal Services of Northern Virginia LITC
Lexington	Washington and Lee University School of Law Tax Clinic
Richmond	The Community Tax Law Project

## WASHINGTON

---

Seattle	University of Washington Federal Tax Clinic
Spokane	Gonzaga University School of Law Federal Tax Clinic

## WISCONSIN

---

Milwaukee	Legal Action of Wisconsin LITC
Milwaukee	The Legal Aid Society of Milwaukee, Inc.
Wausau	Northwoods Tax Project

# ENDNOTES

---

- 1 *Moritz v. Commissioner*, 469 F.2d 466 (10th Cir. 1972). To read more about this case and its relevance in Justice Ginsburg’s phenomenal career, see Francine J. Lipman, *Pro Bono Matters in On the Basis of Sex*, 164 TAX NOTES 1037 (2019), available at <https://ssrn.com/abstract=3551743>.
- 2 *Moritz v. Commissioner*, 55 T.C. 113 (1970).
- 3 As of June 30, 2020, the Migration Resource Center LITC and University of Idaho LITC ceased operations, and the number of clinics receiving funding dropped to 129.
- 4 See IRS Pub. 4134, Low Income Taxpayer Clinic List (1-2020).
- 5 Information about cases has been redacted or revised as necessary to protect the identity of the taxpayers involved.
- 6 For a detailed chronological history of the growth of the LITC Program, see T. Keith Fogg, *History of Low-Income Taxpayer Clinics* (2013), <https://digitalcommons.law.villanova.edu/wps/art177>.
- 7 Pub. L. No. 105-206, § 3601, 112 Stat. 685, 774 (1998).
- 8 IRC § 7526.
- 9 See IRS Restructuring Hearing Before the Senate Committee on Finance. February 5, 1998. 105th Cong. (statement of Nina E. Olson, Executive Director, Community Tax Law Project) (“[F]or the vast majority of taxpayers in this country there is no conflict between taxpayer compliance and taxpayer rights. The latter enhances the former. Access to justice and representation within the tax system bring these two goals into harmony.”).
- 10 See, IRS Unveils Taxpayer Bill of Rights, IR-2014-72 (June 10, 2014).
- 11 *Id.*
- 12 “Taxpayers without access to representation will receive vastly different and less favorable results in the tax system than those who are represented by a tax professional.” *Taxpayer Rights Proposals and Recommendations of the National Commission on Restructuring the Internal Revenue Service on Taxpayer Protections and Rights*: Hearing Before the Subcommittee on Oversight of the House Committee on Ways and Means, 105th Cong. 148-50 (Sept. 26, 1997) (statement of Nina E. Olson, Executive Director, The Community Tax Law Project), available at <https://www.gpo.gov/fdsys/pkg/CHRG-105hrg53803/pdf/CHRG-105hrg53803.pdf>.
- 13 IRS Publication 1, Your Rights as a Taxpayer (Rev. 9-2017).
- 14 See IRS Tax Tip 2018-60 (April 18, 2018).
- 15 Taxpayer First Act, Pub. L. No. 116-25, 133 Stat. 981 (2019).
- 16 *Id.* at 997.
- 17 The Supplemental Standards of Ethical Conduct for Employees of the Department of the Treasury prohibit IRS employees from recommending or referring taxpayers to specific attorneys or accountants. See 5 C.F.R. § 3101.106(a). In addition, the Office of Government Ethics’ Standards of Ethical Conduct for Employees of the Executive Branch prohibit IRS employees from endorsing any product, service or enterprise, and thus further limit the ability to refer taxpayers to tax professionals. See 5 C.F.R. § 2635.702(c)(1) and 5 C.F.R. § 2635.101(b)(8). Notwithstanding these standards of conduct, the Taxpayer First Act provision means that IRS employees are no longer prohibited from directing a taxpayer to a particular LITC and should do so whenever it appears a taxpayer might be eligible and in need of LITC assistance.
- 18 Taxpayer First Act, Pub. L. No. 116-25, § 1401, 133 Stat. 981, 993 (2019).
- 19 IRC § 7526(c)(5).
- 20 See IR-1999-63, IRS Encourages Growth of Low-Income Taxpayer Clinics with \$1.5 Million in Grants; Publication 4134, Low Income Taxpayer Clinic List (Rev.1-2020).
- 21 See National Taxpayer Advocate 2020 Purple Book 103 (Legislative Recommendation: *Increase the Individual Low Income Taxpayer Clinic Grant Cap and Index it for Inflation*).

- 22 See IRC §7526(c)(5).
- 23 Numbers may not total due to rounding; LITC 2019 Year-End Report, Form 13424-L, Statement of Grant Expenditures, data compiled from GrantSolutions.
- 24 Only those items that cost \$5,000 or more should be included in this category. See 2 CFR § 200.33. Grant recipients were advised that in the future these expenses should be reported in the “Supplies” category.
- 25 LITCs that report the value of volunteer services as part of the required matching funds include the amount in the “Other Expenses” category.
- 26 LITC 2019 Year-End Report, Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report, data compiled from GrantSolutions.
- 27 *Id.*
- 28 See National Taxpayer Advocate 2007 Annual Report to Congress vol. 2, at 93-116, 96 (Research Studies and Reports: *IRS Earned Income Credit Audits – A Challenge to Taxpayers*).
- 29 Janene R. Finley & Allan Karnes, *An Empirical Study of the Effectiveness of Counsel in United States Tax Court Cases*, 16 J. OF AM. ACAD. OF BUS. 1-10 (Sept. 2010).
- 30 See IRC § 7526(b)(1)(A)(i).
- 31 LITC 2019 Year-End Report, Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report, data compiled from GrantSolutions.
- 32 See Publication 3319, LITC Grant Application Package and Guidelines, page 6 (Rev. 4-2020). For example, a controversy includes a dispute related to the tax provisions of the Affordable Care Act, a revocation or denial of a passport under § 7345, and certain civil actions arising under §§ 7431 to 7435. The dispute may be pending in a federal court or in any tax administration function of the IRS (e.g., Examination, Collection, Appeals, Accounts Management). Although a controversy does not include a federal criminal tax matter, it may include a state criminal matter. For example, a controversy may be considered a civil matter in the federal context, but a criminal matter under state or local law. If the LITC is already representing the taxpayer in the federal civil matter, it may be appropriate for the LITC to expand the scope of the representation to include the state or local matter even if it is a criminal matter.
- 33 See <https://www.irs.gov/government-entities/governmental-liaisons/state-information-sharing>.
- 34 See IRC § 7526(b)(3). See also Publication 3319, LITC Grant Application Package and Guidelines, page 34-35 (Rev. 4-2020).
- 35 IRC § 7803(a)(3)(E).
- 36 LITC 2019 Year-End Report, Form 13424-B, Low Income Taxpayer Clinic (LITC) Case Issues Report, and Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report, data compiled from GrantSolutions. Each case can have more than one issue so the total will not equal 100 percent.
- 37 LITC 2019 Year-End Report, Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report, data compiled from GrantSolutions.
- 38 A lien is a legal claim against a taxpayer’s property to secure payment of an outstanding tax debt, while a levy is a legal seizure of property to satisfy the tax debt. See IRC §§ 6321 and 6331, respectively.
- 39 See, e.g., IRC § 7122, Internal Revenue Manual (IRM) 5.16.1, Currently Not Collectible (Sept. 18, 2018), and IRC § 6159.
- 40 IRM 5.16.1.2, Currently Not Collectible Procedures (Sep. 18, 2018).
- 41 If taxpayers are eligible for Streamlined, Guaranteed, or In-Business Trust Fund Express installment agreements, financial statements are not required. See IRM 5.14.1.4, Installment Agreement Acceptance and Rejection Determinations (Sept. 19, 2014). For streamlined installment agreements, the aggregate unpaid balance of assessments for an individual must be \$50,000 or less. See IRM 5.14.5.2, Streamlined Installment Agreements (Dec. 23, 2015). For Guaranteed installment agreements, the individual must owe \$10,000 or less (excluding penalties and interest). See IRM 5.14.5.3(1)(a), Guaranteed Installment Agreements (Dec. 23, 2015). In-Business Trust Fund

Express installment agreements are for businesses that owe up to \$25,000. See IRM 5.14.5.1, Overview (May 23, 2014).

- 42 See IRC § 6321.
- 43 See IRC §§ 6320 and 6330.
- 44 LITC 2019 Year-End Report, Form 13424-B, Low Income Taxpayer Clinic (LITC) Case Issues Report, and Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report, data compiled from GrantSolutions.
- 45 LITC 2019 Year-End Report, Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report, data compiled from GrantSolutions.
- 46 See IRC § 32. The EITC is a tax credit designed for the benefit of low-income workers (primarily workers with children). It has become one of the government's largest means-tested anti-poverty programs. For instance, in 2017, 27 million eligible workers and families received about \$65 billion in EITC. See IRS, About EITC, <https://www.eitc.irs.gov/eitc-central/about-eitc/about-eitc>.
- 47 See IRC § 24. The CTC entitles a taxpayer to claim a credit for each qualifying child, as defined in IRC § 152(c), who is under age 17 at the end of the tax year (with an exception for certain non-citizens). The amount of the credit is applied to any taxes due and, in some instances, is refundable (known as the Additional Child Tax Credit, or ACTC). Under the tax reform legislation passed in December of 2017, the amount of the credit and income qualifications for the credit have changed. See Tax Cuts and Jobs Act, Pub. L. No. 115-97, § 11022, 131 Stat. 2054, 2073 (2017). Whereas in previous tax years, the credit has only been available for low- to middle-income households, it is now available to many more taxpayers due to an increase in phaseout thresholds. For instance, the credit began to disappear in 2017 for married couples filing a joint return who earned more than \$110,000 and for single filers with modified adjusted gross income above \$75,000. Although the earned income threshold for the refundable credit was lowered to \$2,500 for tax year 2018, the beginning credit phaseout for the CTC increased to \$200,000 (\$400,000 for joint filers). In 2018, the CTC was worth up to \$2,000 (up from \$1,000) per qualifying child, and the refundable portion of the credit is limited to \$1,400 per qualifying child (adjusted for inflation after 2018). All changes to the CTC made under the Tax Cuts and Jobs Act will expire after December 31, 2025.
- 48 For more information about audit reconsideration, see Publication 3598, What You Should Know About The Audit Reconsideration Process (2-2015).
- 49 LITC 2019 Year-End Report, Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report, data compiled from GrantSolutions.
- 50 See IRS Publication 501, Dependents, Standard Deduction, and Filing Information (2019).
- 51 LITC 2019 Year-End Report, Form 13424-B, Low Income Taxpayer Clinic (LITC) Case Issues Report and Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report, data compiled from GrantSolutions. A taxpayer can claim a deduction for personal exemptions for himself, spouse, and for each person claimed as a dependent on the tax return. The Tax Cuts and Jobs Act (TCJA) reduced the personal exemption amount to \$0 for tax years 2018 through 2025. See Pub. L. No. 115-97, § 11041, 131 Stat. 2054, 2082 (2017). But eligibility for exemption in years prior to enactment of TCJA continue to be an issue for many taxpayers.
- 52 See IRC § 6511(h).
- 53 See IRM 7.50.1, Form SS-8 Worker Classification Determinations – Form SS-8 Processing Handbook (Sept. 17, 2018).
- 54 IRC § 6013(d)(3).
- 55 IRC § 6015; Publication 971, Innocent Spouse Relief (Rev. October 2014).
- 56 LITC 2019 Year-End Report, Form 13424-B, Low Income Taxpayer Clinic (LITC) Case Issues Report, and Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report, data compiled from GrantSolutions.
- 57 *The United States Tax Court and Calendar Call Programs*, Panuthos, Hon. Peter J., 68 Tax Law. 439, 440 (Spring 2015).

- 58 LITC 2019 Year-End Report, Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report, data compiled from GrantSolutions.
- 59 See <https://www.ustaxcourt.gov>.
- 60 See <https://www.ustaxcourt.gov/clinics.html>.
- 61 On May 10, 2019, the Tax Court issued Administrative Order No. 2019-01, which outlines the procedures for entering a limited entry of appearance. The procedures became effective September 9, 2019.
- 62 LITC 2019 Year-End Report, Form 13424-K, Low Income Taxpayer Clinic (LITC) Case Information Report, data compiled from GrantSolutions.
- 63 *Id.*
- 64 See National Taxpayer Advocate 2016 Annual Report to Congress 1-41 (Special Focus: *IRS Future State: The National Taxpayer Advocate's Vision for a Taxpayer-Centric 21st Century Tax Administration*).
- 65 See IRS Tax Tip 2018-78 (May 21, 2018). In addition, Publication 1, Your Rights as a Taxpayer, is now available in 20 languages, and the 2020 Form 1040 will be available in Spanish for the first time. See, IRS expands tax help into more languages; Form 1040 offered in Spanish and more services, information available in multiple languages, IR-2020-204 (Sept. 9, 2020).
- 66 For a complete list of LITC names, geographic locations, and languages in which services are available, see Publication 4134, Low Income Taxpayer Clinic List (Rev. 1-2020).
- 67 The VITA program assists low- to moderate-income, elderly, disabled, and limited English-speaking taxpayers in preparing and filing their federal income tax returns.
- 68 LITC 2019 Year-End Report, Form 13424-A, Low Income Taxpayer Clinic (LITC) General Information Report, data compiled from GrantSolutions.
- 69 *Id.*
- 70 See [www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS](http://www.irs.gov/Advocate/Systemic-Advocacy-Management-System-SAMS).
- 71 See IRC § 7803(c)(2)(B)(ii)(IX).
- 72 See IRC § 7623.
- 73 See IRC §§ 6320, 6330.
- 74 See Carlton Smith, *D.C. Circuit Holds Tax Court Whistleblower Award Filing Deadline Not Jurisdictional and Subject to Equitable tolling*. Procedurally Taxing Blog (July 3, 2019), <https://procedurallytaxing.com/d-c-circuit-holds-tax-court-whistleblower-award-filing-deadline-not-jurisdictional-and-subject-to-equitable-tolling/>.

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



YOUR VOICE AT THE IRS

