

# » 2023 PROGRAM REPORT



**Low Income  
Taxpayer Clinics**

REPRESENTATION • EDUCATION • ADVOCACY





# Low Income Taxpayer Clinics

REPRESENTATION • EDUCATION • ADVOCACY

## OUR MISSION

Low Income Taxpayer Clinics (LITCs) ensure the fairness and integrity of the tax system for taxpayers who are low-income or speak English as a second language 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. For grant year 2023, the maximum grant amount was increased to \$200,000. The program unites a nationwide network of independent organizations under a shared mission to protect taxpayer rights. The LITC Program Office is part of the Office of the Taxpayer Advocate.



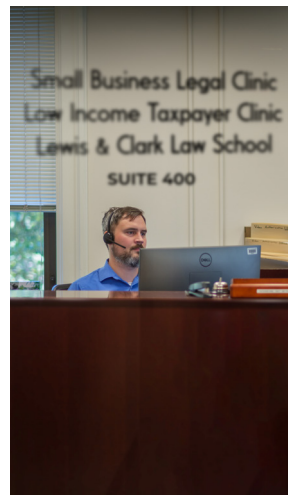
[www.TaxpayerAdvocate.irs.gov/litc](http://www.TaxpayerAdvocate.irs.gov/litc)

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The LITC Program Office thanks LITC clinicians Katherine Williams and Sarah Lora, as well as the staff and students at Lewis & Clark Law School and Oregon Law Center for their time and use of their images for this publication. We also thank Chris Germano for capturing these images for us.



# LETTER FROM THE NATIONAL TAXPAYER ADVOCATE

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Dear Reader:

It is my pleasure to introduce the 2023 Low Income Taxpayer Clinic Program Report. During the 2022 grant year (January 1 to December 31, 2022), LITC practitioners, students, and volunteers at legal services organizations, academic institutions, and nonprofits across the country worked diligently to represent and educate low-income and English as a second language (ESL) taxpayers and advocate for resolution of systemic issues impacting these groups of taxpayers.

In 2022, the IRS continued to struggle to meet the needs of taxpayers who were reaching out for assistance with tax issues, but the LITCs worked hard and provided top quality representation and education services to taxpayers during difficult times.

Each year during my work travels, I have the pleasure of visiting with LITCs in different parts of the United States. This year I met with clinics in Georgia, Oregon, and New York. I was impressed with the knowledge and dedication of the clinicians and the enthusiasm of the students with whom I met.

Volunteers also play an important role in expanding the reach of the LITCs. In October, in honor of the National Celebration of *Pro Bono*, [I thanked all the volunteers who help the LITCs](#). I encourage others reading this report to ask how they can give of their time to help others struggling to resolve their federal tax issues and consider assisting their local LITCs with *pro bono* resources, financial support, or include clinicians in free or low cost training opportunities. It takes a village to assist taxpayers in need. There are clinics that could use your help; visit the Taxpayer Advocate Service (TAS) website to locate an LITC near you and to learn more about the work of the clinics.

Thank you to all who made the 2022 grant year a success. I am grateful for and proud of the work of the LITCs! I look forward to the year ahead and strengthening clinic partnerships with TAS and other stakeholders as we continue to work together to ensure a fair and just tax system for all.

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 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.

\* For grant year 2023, the award funding cap was increased to \$200,000.

### 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
- Litigate cases in U.S. Tax Court and other federal courts

#### 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 2022 LITC Year-End Report, GrantSolutions; Funding data from 2023 PMS LITC Open Accounts Report as of 10-04-23.*



In grant year 2022, the LITC Program awarded **over \$12 million** in grants to **130 organizations** in 46 states and the District of Columbia.

Grant recipients 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 low-income individuals and their families.

**19,928**

Taxpayers represented

**2,575**

Taxpayers brought into filing compliance



**15,083**

Taxpayers provided consultation or advice

**2,982**

Taxpayers brought into collection compliance

**Over \$10 million**

Refunds secured for low-income taxpayers



**Over \$41 million**

Liabilities decreased or corrected

**1,136** Volunteers



**35,996** Volunteer hours

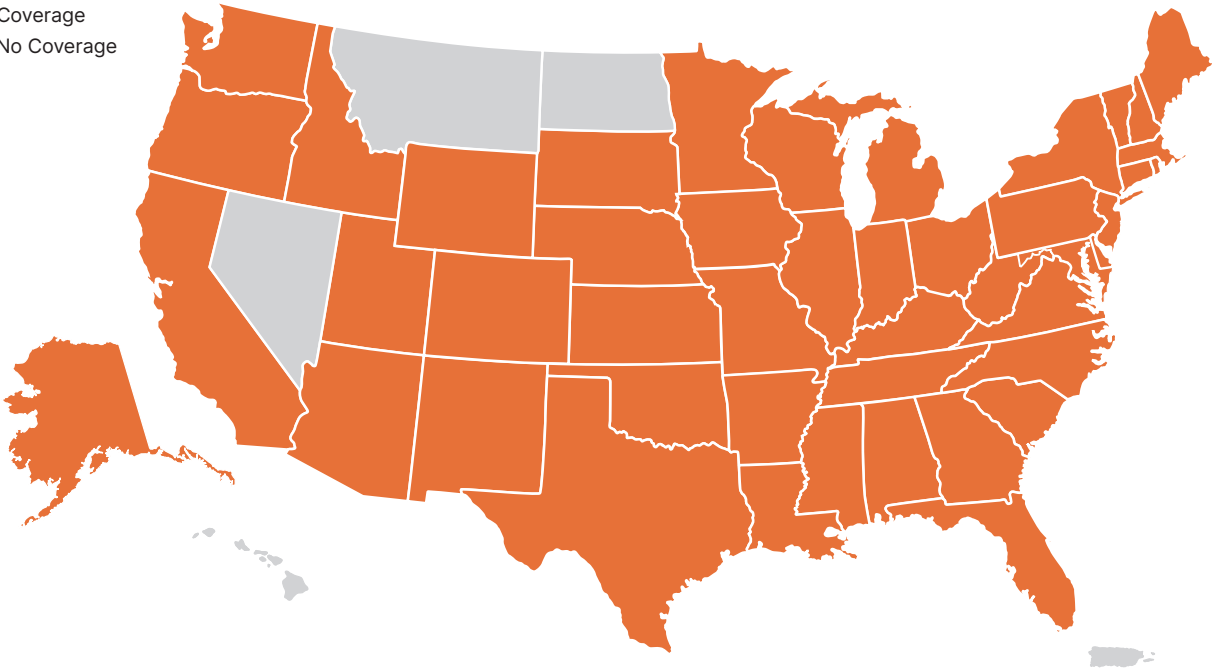
**1,403** Educational activities



**56,970** Attendees at educational activities

# LITC LOCATIONS: GRANT YEAR 2022

■ Coverage  
■ No Coverage



## 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  
KYCC Low Income Taxpayer Clinic  
Pepperdine LITC  
Bookstein Low Income Taxpayer Clinic
- **Mountain View**  
Elevate Community Center LITC
- **Orange**  
Chapman University Tax Law Clinic

## • Riverside

Inland Counties Legal Services LITC

## • San Diego

Legal Aid Society of San Diego LITC  
University of San Diego LITC

## • San Francisco

Chinese Newcomers Service Center  
Justice and Diversity Center of the Bar Association of San Francisco  
UC Law San Francisco LITC

## • San Luis Obispo

Cal Poly Low Income Taxpayer Clinic

## • Santa Ana

Public Law Center

## COLORADO

### • Denver

Colorado Legal Services LITC  
Denver Asset Building Coalition LITC  
University of Denver LITC

## CONNECTICUT

### • Hamden

Quinnipiac University School of Law LITC

### • Hartford

UConn Law School Tax Clinic

## DELAWARE

- **Georgetown**  
DCRAC LITC

## DISTRICT OF COLUMBIA

- **Washington**  
The Catholic University of America LITC  
American University Washington College of Law, Janet R. Spragens Tax Clinic

## FLORIDA

- **Ft. Myers**  
Florida Rural Legal Services Low Income Taxpayer Clinic
- **Gainesville**  
University of Florida Levin College of Law LITC
- **Miami**  
Legal Services of Greater Miami Community Tax Clinic
- **Plant City**  
Bay Area Legal Services Inc. LITC
- **Plantation**  
Legal Aid Services of Broward and Collier Counties
- **St. Petersburg**  
Gulfcoast Legal Services LITC
- **Tallahassee**  
Legal Services of North Florida
- **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

- **Twin Falls**  
La Posada Tax Clinic

## ILLINOIS

- **Chicago**  
Ladder Up Tax Clinic  
Legal Aid Chicago LITC
- **Wheaton**  
Prairie State Legal Services LITC

## INDIANA

- **Bloomington**  
Indiana Legal Services, Inc. LITC
- **Indianapolis**  
Neighborhood Christian Legal 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 Low Income Taxpayer Clinic
- **Richmond**  
AppalRed Low Income Taxpayer Clinic

## LOUISIANA

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

## MAINE

- **Bangor**  
Pine Tree Legal Assistance Inc. LITC

## MARYLAND

- **Baltimore**  
Maryland Volunteer Lawyers Service LITC  
University of Baltimore LITC  
University of Maryland Carey School of Law LITC

## MASSACHUSETTS

- **Boston**  
AACA LITC  
Greater Boston Legal Services LITC
- **Jamaica Plain**  
Legal Services Center of Harvard Law School LITC
- **Lawrence**  
Northeast Legal Aid LITC
- **Springfield**  
Springfield Partners for Community Action LITC

## MICHIGAN

- **Ann Arbor**  
University of Michigan LITC
- **Detroit**  
Accounting Aid Society
- **East Lansing**  
Alvin L. Storrs Low Income Taxpayer Clinic
- **Grand Rapids**  
West Michigan Low Income Taxpayer Clinic (Legal Aid of Western Michigan)

## MINNESOTA

- **Minneapolis**  
Mid-Minnesota Legal Aid Tax Law Project  
University of Minnesota LITC

## MISSISSIPPI

- **Oxford**  
Mississippi Taxpayer Assistance Project

## MISSOURI

- **Kansas City**  
Legal Aid of Western Missouri LITC  
UMKC School of Law LITC

- **St. Louis**  
Washington University School of Law LITC

## NEBRASKA

- **Lincoln**  
Legal Aid of Nebraska LITC

## NEW HAMPSHIRE

- **Concord**  
603 Legal Aid Low Income Taxpayer Project

## NEW JERSEY

- **Atlantic City**  
South Jersey Legal Services, Inc. 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 Low Income Taxpayer Clinic

## NEW YORK

- **Albany**  
Legal Aid Society of Northeastern New York LITC
- **Bronx**  
Bronx Legal Services
- **Brooklyn**  
Brooklyn Legal Services Corporation A LITC  
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**  
Fordham Law School  
Mobilization for Justice  
The Legal Aid Society LITC
- **Syracuse**  
Syracuse University College of Law LITC

## NORTH CAROLINA

- **Charlotte**  
North Carolina Low Income Taxpayer Clinic

## 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  
Southeastern Ohio Legal Services LITC

- **Toledo**  
Toledo Tax Controversy Clinic

## OKLAHOMA

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

## OREGON

- **Portland**  
Legal Aid Services of Oregon LITC  
Lewis & Clark Low Income Taxpayer Clinic  
Oregon Law Center LITC

## PENNSYLVANIA

- **Philadelphia**  
Philadelphia Legal Assistance Taxpayer Support Clinic  
Temple Law School 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
- **Nashville**  
Tennessee Taxpayer Project

## TEXAS

- **Fort Worth**  
Legal Aid of Northwest Texas LITC  
Texas A&M University School of Law, Tax Dispute Resolution Clinic
- **Houston**  
Houston Volunteer Lawyers LITC  
Lone Star Legal Aid LITC  
South Texas College of Law LITC
- **Lubbock**  
Texas Tech 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 Federal Tax Clinic

## WEST VIRGINIA

- **Morgantown**  
West Virginia University College of Law Legal Clinic

## WISCONSIN

- **Milwaukee**  
Legal Action of Wisconsin LITC
- **Wausau**  
Northwoods Tax Project

## WYOMING

- **Laramie**  
University of Wyoming LITC



Scan to view the most up-to-date clinic information

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



# INTRODUCTION

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Each year, LITC grant recipients are asked to share their successes. The narratives they share paint a portrait of the taxpayers who rely on LITCs to resolve their tax controversies. The most compelling aspect of the narratives, however, are the people on which they focus. The stories feature taxpayers of all ages, military veterans, unemployed individuals, retirees, and taxpayers working multiple jobs to stay financially afloat. Some are single parents, others are grandparents, and still others are from two-parent households trying to make ends meet to provide for their children. Others are grieving the loss of a loved one or trying to rebuild a life damaged by the struggles of addiction, incarceration, or other financial crises that caught them off guard. The taxpayers hail from locations as varied as their backgrounds and situations, from densely populated urban centers to small rural communities, and they speak many different languages. They are a cross section of the U.S. population, as are the tax professionals who provided assistance to them. What connects them all? Dr. Martin Luther King, Jr. once said, “The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy.” All the taxpayers in these stories faced challenges and controversies but did not give up. They found their way to an LITC, seeking help from those equally unwilling to give up until a right and just result was achieved. The success stories highlighted throughout this report are just a small sample of the many stories the LITC Program Office received, and they demonstrate the impact of the work of the LITCs on the lives of the determined taxpayers who sought their assistance.<sup>1</sup>

# PROGRAM OVERVIEW

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This report summarizes the work of the LITCs, including important statistics that help quantify the breadth of the work they performed. The statistics and other information about the clinics' casework, educational activities, and advocacy efforts pertain to grant year 2022, the most recent year for which complete data is available.<sup>2</sup> During the 2022 grant year, the IRS funded 130 LITCs in 46 states and the District of Columbia at academic institutions, legal services organizations, and other nonprofits throughout the country.<sup>3</sup>

In 1990, there were only 17 clinics assisting low-income taxpayers,<sup>4</sup> but the number grew significantly after the passage of the IRS Restructuring and Reform Act of 1998 (RRA 98), in which Congress enacted IRC § 7526.<sup>5</sup> This statute created the LITC Program and serves as the foundation for the operation of clinics today. It provides that the IRS may award a grant of up to \$100,000 per year with a dollar-for-dollar matching funds requirement to eligible low-income taxpayer clinics.<sup>6</sup> In December 2022, Congress included an additional \$13 million in funding for the program to provide additional representation, assistance, and education to more taxpayers across the country, bringing the total funding up to \$26 million. Congress also increased the per-clinic funding cap to \$200,000 for fiscal year (FY) 2023. The program is hopeful that both increases will continue to be extended into the 2024 grant year.

## A Unifying Mission

The LITC Program protects taxpayer rights by providing access to representation for low-income taxpayers. Congress recognized that achieving a correct outcome in an IRS dispute should not be dependent on an individual's ability to pay for representation. ESL taxpayers also face an added barrier understanding and complying with complex tax laws, therefore Congress also 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, evaluate, and advocate for taxpayers where the IRS's interpretation and implementation of the tax laws harm taxpayers or hinder them from exercising their rights. Encouraging clinics to identify problems and propose solutions benefits both the taxpayers and tax administration by helping the agency shape policies to better serve taxpayers and thus more fairly administer tax policy. A unifying three-pronged mission guides the work of the clinics and the LITC Program Office, helping to ensure low-income and ESL taxpayers have access to representation, education, and advocacy services.



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 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.

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 helps ensure that 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 ESL taxpayers and educating them about

their tax reporting and payment obligations also enhances voluntary compliance, the cornerstone of the U.S. tax system.<sup>7</sup>

## Important Tax Legislation Impacting LITCs

The Taxpayer Bill of Rights (TBOR) is a set of ten fundamental rights taxpayers should know when interacting with the IRS.<sup>8</sup> Pulling together these rights, which appear throughout the tax code, Treasury regulations, and guidance, into one document makes them more visible and accessible. Although the IRS formally adopted TBOR in June of 2014, the emphasis on it was heightened when Congress codified TBOR in IRC § 7803(a)(3) in 2015. One of the ten fundamental rights is the *right to retain representation*.<sup>9</sup>

### THE TAXPAYER BILL OF RIGHTS

*The Right to Be Informed*

*The Right to Quality Service*

*The Right to Pay No More Than the Correct Amount of Tax*

*The Right to Challenge the IRS's Position and Be Heard*

*The Right to Appeal an IRS Decision in an Independent Forum*

*The Right to Finality*

*The Right to Privacy*

*The Right to Confidentiality*

*The Right to Retain Representation*

*The Right to a Fair and Just Tax System*

The *right to retain representation* means a taxpayer may seek the help of an authorized representative to challenge an IRS notice, action, or inaction. LITCs are key in helping low-income taxpayers exercise this right by representing them regardless of their ability to pay for services. Representation is the primary way LITCs use grant funds to help taxpayers access justice and obtain fair resolutions in disputes with the IRS. Access to a representative who understands the complexities of the tax code empowers low-income taxpayers to also exercise other rights, including the *rights to pay no more than the correct amount of tax, to challenge the IRS's position and be heard, and to appeal an IRS decision in an independent forum*.<sup>10</sup> LITCs also use 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 advocating for adherence.

In fact, LITCs play an important role in empowering taxpayers to exercise all their rights and striving to ensure these rights are communicated, utilized, and protected through the education and advocacy they provide. The education that LITCs provide to low-income and ESL taxpayers and community partners who provide services to these groups promotes the *right to be informed*.<sup>11</sup> LITCs also help advocate for the *right to a fair and just tax system*,<sup>12</sup> elevating systemic issues to the IRS or TAS when they have the potential to harm taxpayers or interfere with their rights and proposing solutions.

With the enactment of IRC § 7803(a)(3)(I), Congress tasked the IRS to act in accordance with taxpayer rights, including informing taxpayers that they may be eligible for assistance from an LITC if they cannot afford to hire a representative. The IRS informs taxpayers of their rights in first contacts regarding examination and collection,<sup>13</sup> guidance on [IRS.gov](https://www.irs.gov),<sup>14</sup> and a variety of other taxpayer notices and correspondence.



## ESL Taxpayer Rights Education Leads to Life-Changing Results

An ESL taxpayer who was a survivor of domestic violence sought assistance from an LITC after learning about the clinic at one of its community education events about taxpayer rights and responsibilities. After attending the workshop, the taxpayer met with the clinic outreach coordinator who answered her individual tax questions. The taxpayer disclosed that she wanted to leave her abusive spouse but did not have funds to rent an apartment. Clinic staff researched the taxpayer's accounts and determined that the taxpayer had never received any of the joint tax refunds to which she was entitled because her abusive spouse owed unpaid student loans. The LITC submitted injured spouse claims on her behalf for six years and the taxpayer later received combined refunds totaling over \$8,000. She was able to leave her spouse, rent an apartment on her own, and become financially independent. Another legal unit within the organization that housed the LITC then represented the taxpayer in her divorce proceedings and helped her obtain an order of protection. The taxpayer rights education provided by the LITC was a catalyst in protecting and transforming the taxpayer's life.

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In 2019, Congress enacted the Taxpayer First Act (TFA).<sup>15</sup> The law includes several important provisions to improve taxpayer service and ensure the IRS enforces the tax laws in a fair and impartial manner. Two sections of the TFA are of particular importance to LITCs. Section 1402 provides that IRS employees may refer a taxpayer to a specific LITC for assistance without violating the standards of conduct.<sup>16</sup> Section 1401 promotes collaboration between LITCs and Volunteer Income Tax Assistance (VITA)<sup>17</sup> grant recipients by encouraging VITA sites to advise taxpayers about the availability of LITCs, eligibility requirements, and clinic contact information.<sup>18</sup> These provisions are encouraging referrals to LITCs from IRS offices, as well as VITA and Tax Counseling for the Elderly (TCE)<sup>19</sup> sites across the country.



In 2022, the LITC Program Office, in collaboration with the IRS Stakeholder Partnerships, Education and Communication (SPEC) office, laid the groundwork for the first annual LITC, VITA, and TCE Collaboration Summit. The summit's purpose is to support these IRS partners in strengthening existing collaborations, encouraging new ones, and fostering best practices with the ultimate goal of providing taxpayers with more holistic services. Another summit is planned for 2024.

## Annual LITC Grant Funding

In grant year 2022, the LITC Program awarded over \$12 million in grants to 130 organizations across the United States, including six that received an award for the first time. Although the maximum amount of an LITC grant in 2022 was \$100,000 per year<sup>20</sup>, some received smaller amounts. Despite the modest size of all the grants, each clinic was required to maintain a staff that includes an attorney, certified public accountant (CPA), or enrolled agent (EA) to represent taxpayers before the IRS. In 2022, the average award to an LITC was \$93,630, with many of the grant recipients receiving the maximum award of \$100,000.

Matching funds are provided in cash or third-party in-kind contributions (e.g., time worked by volunteers or donated case management software), often in excess of the award amount. For example, if every award recipient in 2022 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 approximately \$187,260. Yet, in 2022, the average award of \$93,630 saw an actual average matching funds contribution valued at approximately \$126,077.

The matching funds requirement creates a financial partnership between the clinic (grant recipient) and the federal government to benefit low-income and ESL taxpayers. The matching funds investment leverages the federal funding investment so an LITC can grow and assist more taxpayers. However, while some grant recipients provide excess match as detailed above, others are only able to provide the required match amount or are unable to use all their grant funds due to an inability to meet the dollar-for-dollar matching requirement. With the exception of grant year 2023, the maximum award the law allows for an LITC grant has stayed the same since the creation of the LITC Program, while the demands on grant recipients and costs to operate have increased. Although over half of the 34 organizations that received an award in 1999 are still with the program today,<sup>21</sup> it is anticipated that more organizations, especially those with smaller budgets and from economically disadvantaged areas, may leave the program because the dollar-for-dollar match requirement is too much of a strain on resources.

In late December 2022, however, there was a positive development when Congress passed omnibus legislation increasing the per-clinic funding cap from \$100,000 to \$200,000 and overall grant funding from \$13 million to \$26 million.<sup>22</sup> This was a big step forward, but it's not a permanent fix, as it was for the 2023 grant year only. In the National Taxpayer Advocate's 2023 Purple Book, she recommends that Congress implement a permanent fix by amending IRC § 7526 to remove the per-clinic funding cap and allowing the IRS to reduce the match requirement to 25 percent where doing so would provide coverage for additional taxpayers.<sup>23</sup>

Figure 1 details how LITCs spent federal and matching funds during grant year 2022. The major expenditures were 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 \$21 million. Equipment costs include only those items that cost \$5,000 or more,<sup>24</sup> and the other expenses matching funds category includes volunteer in-kind service contributions provided to LITCs. Grant recipients are prohibited from using matching funds to pay indirect expenses, including their general overhead costs.<sup>25</sup> This ensures more program funds are spent on direct taxpayer services rather than administrative costs.<sup>26</sup> The majority of LITCs operated with limited budgets but were resourceful with the funds provided.

**FIGURE 1**

<b>LITC Grant Funds Expended: Grant Year 2022 (as of 10/28/23)</b>				
<b>EXPENDITURES</b>	<b>FEDERAL FUNDS</b>	<b>+</b>	<b>MATCHING FUNDS</b>	<b>= TOTAL*</b>
<b>PERSONNEL</b>	<b>\$ 8,647,204</b>	<b>+</b>	<b>\$ 8,006,680</b>	<b>= \$ 16,653,884</b>
<b>FRINGE BENEFITS</b>	<b>\$ 1,716,034</b>	<b>+</b>	<b>\$ 3,016,651</b>	<b>= \$ 4,732,684</b>
<b>TRAVEL</b>	<b>\$ 115,324</b>	<b>+</b>	<b>\$ 132,148</b>	<b>= \$ 247,472</b>
<b>EQUIPMENT<sup>27</sup></b>	<b>\$ 2,133</b>	<b>+</b>	<b>\$ 424</b>	<b>= \$ 2,557</b>
<b>SUPPLIES</b>	<b>\$ 97,159</b>	<b>+</b>	<b>\$ 268,992</b>	<b>= \$ 366,151</b>
<b>CONTRACTUAL</b>	<b>\$ 248,707</b>	<b>+</b>	<b>\$ 847,112</b>	<b>= \$ 1,095,818</b>
<b>OTHER EXPENSES</b>	<b>\$ 73,876</b>	<b>+</b>	<b>\$ 4,118,041</b>	<b>= \$ 4,191,917</b>
<b>INDIRECT CHARGES</b>	<b>\$ 1,004,506</b>	<b>+</b>	<b>\$ -</b>	<b>= \$ 1,004,506</b>
<b>TOTALS</b>	<b>\$ 11,904,941</b>	<b>+</b>	<b>\$ 16,390,048</b>	<b>= \$ 28,294,989</b>

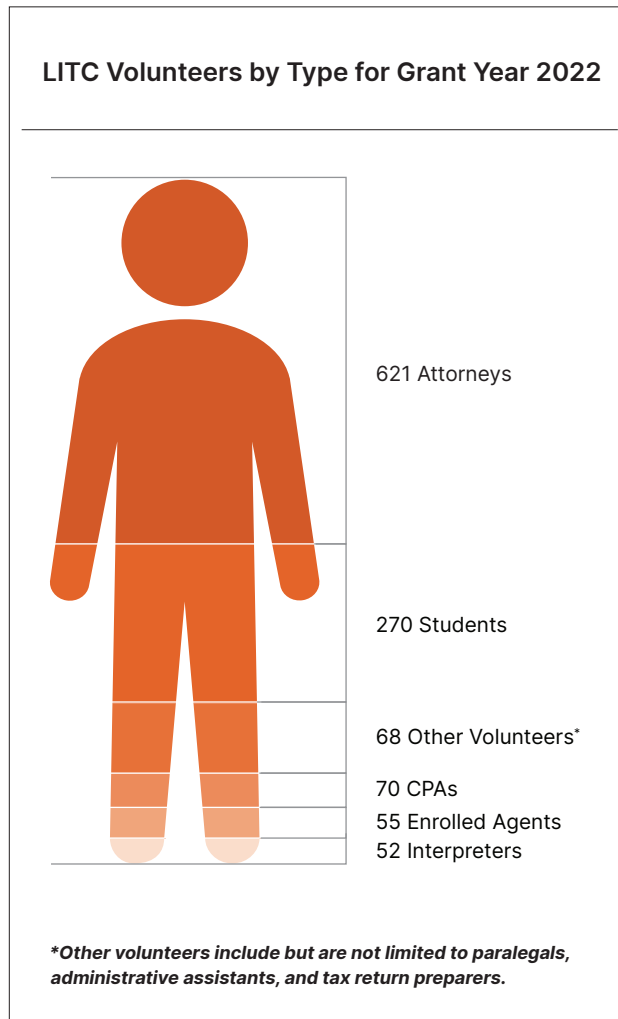
*\*Note: Numbers may not total due to rounding.*

## Volunteers Help Expand LITC Reach

Every LITC must staff key personnel (Clinic Director, Qualified Tax Expert, and Qualified Business Administrator), including one staff member authorized to represent taxpayers before the IRS.<sup>28</sup> Many clinics use volunteers to expand their reach and help more taxpayers. In fact, LITCs are strongly encouraged to develop and maintain a *pro bono* volunteer panel. Each LITC must have a staff member or a *pro bono* panel member who is admitted to practice before the U.S. Tax Court and other federal courts to represent taxpayers in litigation matters. LITCs may also partner with and make referrals to *pro bono* panels operated by state and local bar associations or other professional organizations.

Volunteers also assist LITCs in ways other than providing representation. For example, some LITCs utilize student volunteers to provide case support by researching tax laws and organizing tax documentation. Other volunteers assist by providing translation and interpretation assistance at community outreach and networking events, clerical support, and website development and maintenance. There are myriad ways volunteers can assist an LITC. Clinics are encouraged to think creatively about how they use volunteers to not only expand their reach but also enhance the services they offer and best utilize the resources available to operate the clinic. Many clinicians take on more than one role, providing administrative support, grant management, and taxpayer representation. For example, one LITC recruited a volunteer tax attorney to help mentor and supervise the clinic's student attorneys on the days when the clinic director was teaching a class or conducting an outreach or educational event offsite. The use of volunteers in these ways is a win-win for all involved. The volunteers have an opportunity to give back in a way that best utilizes their skills and experience or learn something new while the clinic staff can allocate its limited resources to most benefit the clinic and its clients.

FIGURE 2



If our stories of volunteerism inspire you, locate a clinic near you using the [locator tool](#) on the TAS website (scroll to the bottom of the page) or review IRS Publication 4134, [Low Income Taxpayer Clinic List](#), and contact an LITC today to explore the opportunities they offer and how you can help.



### **Pro Bono Volunteer Goes the Extra Mile**

A single mother in her 30s was denied her claims for the Earned Income Tax Credit (EITC) and related credits for tax year 2018 and missed the deadline to appeal the decision to the U.S. Tax Court. She sought help from an LITC, which connected her with a *pro bono* volunteer attorney who filed an audit reconsideration request on her behalf. The attorney presented new evidence to prove the taxpayer's son resided with her and that she provided his financial support. The IRS reversed its decision and awarded her the refund. The *pro bono* attorney went further, helping to amend the taxpayer's other tax returns to claim her son as a dependent and for the EITC, which provided much needed additional refunds.

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The commitment of tax professionals and others to LITCs and the taxpayers they assist is truly amazing and key to the overall success of the LITC Program. We thank all LITC volunteers for their hard work throughout the year. In 2022, over 1,100 volunteers provided nearly 36,000 hours of time to the LITCs across the country.

## **Volunteer Spotlight**



### **603 Legal Aid Low Income Taxpayer Project – Concord, NH**

According to Attorney Barbara Heggie, Clinic Director of the 603 Legal Aid Low Income Taxpayer Project (LITP), Mark Anderson is a highly skilled and experienced CPA, and best of all, he's willing to take cases that others may shy away from because of language barriers. In fact, he's not just willing; he's *eager* to help people new to this country, particularly refugees for whom English is a second language. Mark is fluent in French and nearly so in a couple other languages, making communication even easier with some clients from sub-Saharan African countries. But whether or not an interpreter is needed, Mark communicates his respect for the clients' culture and the hardships they've endured, and he does everything he can to resolve their tax issues.

Mark previously volunteered for the VITA program and remembering the great sense of satisfaction that brought him, he did not hesitate to accept Barbara's invitation to help. In Mark's words: "Some of the clients I have worked with experienced life-changing liberation from debt, fear of the government, and extreme poverty. The gratitude they express is more rewarding than any fees I might have collected if they were paying clients. We are all connected within our society and are hard-wired to lend a hand to help one another when in need. Volunteering for an organization such as the 603 Legal Aid LITP provides an ideal opportunity to fulfill that role and to come away with the feeling that you have actually made a difference in the community."

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# LITCs REPRESENT TAXPAYERS

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## Access to Representation Matters



Given the complexity of the tax code and how difficult it can be to communicate with the IRS and navigate the administrative processes required to resolve a tax controversy, it's not surprising that taxpayers who are represented during that process are more likely to stay engaged in the process and reach a successful result. A tax professional's knowledge of tax law and its practical application helps them to know what questions to ask the IRS and how the answers to those questions can lead to identifying the best solution

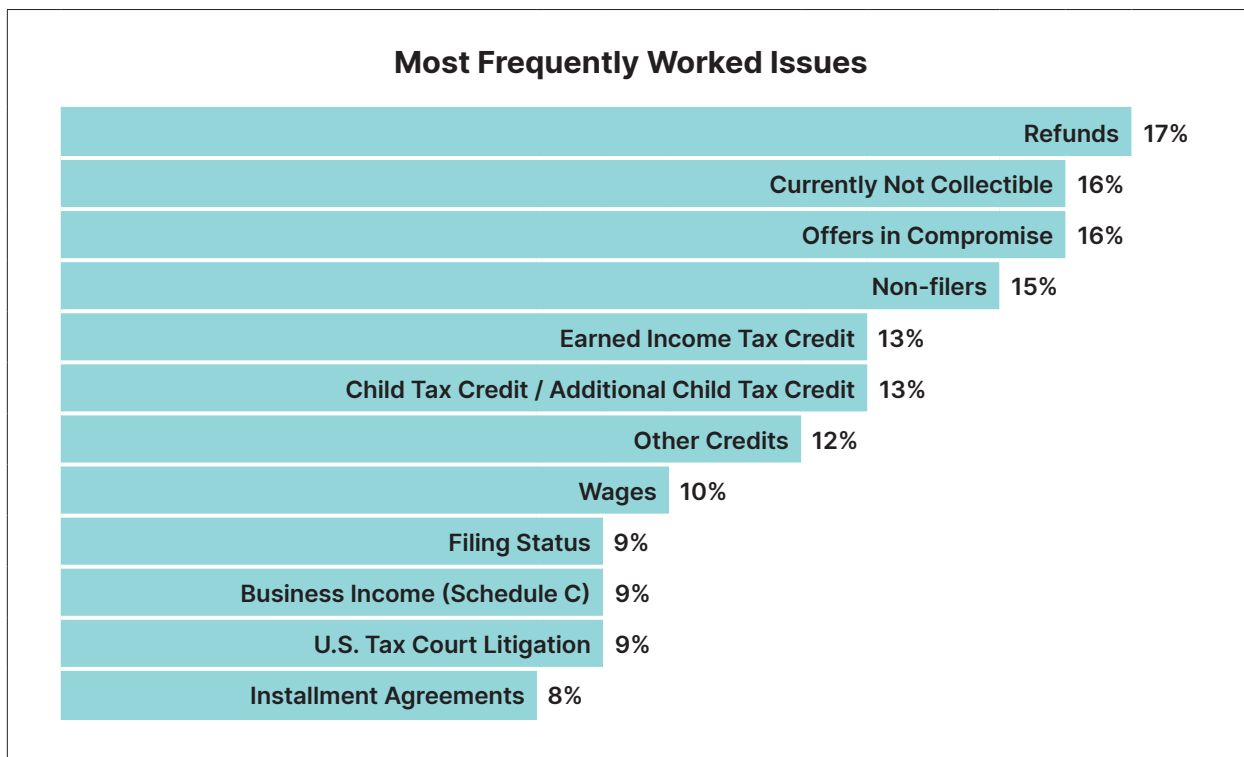
to a taxpayer's problem. Their familiarity with the IRS's structure and administrative procedures enables them to navigate the system on the taxpayer's behalf. However, the cost of professional tax services limits access for low-income taxpayers. LITCs make these representation services available to thousands of taxpayers who otherwise could not afford them. LITCs are required to provide all services for free or no more than a nominal fee (except for reimbursement of actual costs incurred)<sup>29</sup> but nearly all charge *no fee* for their assistance.

During the 2022 grant year, LITCs represented 19,928 taxpayers with an IRS tax controversy. A controversy with the IRS refers to a proceeding brought by a taxpayer under Title 26 of the U.S. Code (also called 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. The definition of a controversy is very broad and encompasses all disputes arising under the IRC except for criminal tax matters. The dispute does not have to arise under the IRC so long as the dispute is with the IRS. Controversies include examinations, issuance of math error notices, denial of refund claims, collection actions, or pursuit of other relief where the IRS is the other party involved.<sup>30</sup> LITC assistance with a federal tax controversy may also extend to addressing a related 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. Removing the assessment at the federal level without addressing the state or local tax assessment may leave the taxpayer still carrying the burden of unresolved tax issues.

Most cases with which LITCs help taxpayers involve collection, refund, and status issues. Collection issues arise when the IRS has issued a notice that a tax is due. The taxpayer may want to exercise the *right to challenge the IRS's position and be heard*, pay the amount due, or negotiate an alternative. Refund cases 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 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*, including filing a petition in the U.S. Tax Court or a complaint in other federal courts, as allowed.

Each year, LITCs gather data on the case issues they work, and Figure 3 shows the most frequently worked issues in 2022. The percentages are based on the number of cases worked with a particular issue as compared to the total cases 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 3



## Collection Issues

Approximately 33 percent of taxpayers represented by LITCs in 2022 sought help with IRS collection issues. Communicating with the IRS and choosing the appropriate avenue for seeking relief in a collection-related controversy can be an overwhelming process. A taxpayer may not be able to pay the balance due, may not understand the notice, or may be unable to communicate effectively with the IRS to provide needed information to dispute the amount owed or negotiate a collection alternative. They may not have funds or assets with which to fully pay the debt or may not have funds left to make payments after paying for basic living expenses. They may be experiencing an illness or a financial hardship that has reduced their income. Mounting penalties and interest may further exacerbate a taxpayer's difficult financial situation. Coupled with the IRS having powerful tools at its disposal to collect unpaid liabilities, such as the ability to impose liens and levies, it is not a surprise that many taxpayers seek LITC assistance each year with IRS collection issues. In 2022, LITCs provided relief for over 6,600 taxpayers facing IRS collection actions, allowing them to move forward with their lives free from the burden of unresolved IRS debt.

One common collection alternative involves asking the IRS to temporarily suspend collection efforts where a taxpayer is experiencing financial hardship by placing them in **currently not collectible (CNC) status**.<sup>31</sup> Once the IRS approves this option, it will cease collection efforts and annually reevaluate the taxpayer's ability to pay.<sup>32</sup> LITCs help taxpayers make an informed decision about whether seeking CNC status is the best option for their situation. When it is the right option, LITCs assist with the process of requesting CNC status, including helping the taxpayer gather and present their financial information and documentation. Clinicians also advise their clients about other collection alternatives that will resolve the outstanding tax debt and educate them about future compliance.

Another collection alternative offered by the IRS is **installment agreements** (or payment plans). 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. The taxpayer, however, has options to correct the default, including making back payments to bring the agreement current or renegotiating the repayment terms. LITCs help taxpayers determine the amount they can afford to pay, negotiate the agreement with the IRS, and educate taxpayers about the terms and conditions of the plan.

For taxpayers with little chance of a change in their economic situation, resolving their controversy with an **offer in compromise (OIC)** may be the best long-term solution for all parties.<sup>33</sup> The IRS saves resources attempting collection against someone unable to pay, and vulnerable taxpayers are provided an opportunity to fully resolve past due tax debts. Entering into an OIC requires the taxpayer to timely file delinquent tax returns and continue to file all tax returns and pay any federal tax obligations for five years from when an offer is accepted. Importantly, an OIC provides a final resolution that eliminates the debt that may have been weighing on the taxpayer for many years.



### LITC Helps Disabled Taxpayer Obtain an OIC

An LITC assisted a developmentally disabled single parent who received only Supplemental Security Income (SSI) and needed help amending the federal income tax return filed for her by a preparer who incorrectly claimed self-employment income and refundable tax credits on her behalf. The taxpayer reached out for help after receiving notice from the Social Security Administration about an overpayment, as the income made her ineligible for SSI. The LITC filed an amended tax return to resolve the self-employment income issue but the return resulted in a tax liability. The taxpayer was found eligible for CNC status, but the LITC transferred the case to a volunteer *pro bono* attorney who submitted an OIC request to address the remaining tax debt. The IRS accepted the offer and the tax liability of over \$2,000 was fully resolved. The LITC also educated the taxpayer to avoid another situation like this in the future.

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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 strive to ensure low-income taxpayers are afforded those protections to which they are entitled. The **Collection Due Process (CDP)** hearing procedure was created by RRA 98 and provides taxpayers with the right to appeal federal tax lien and levy actions. The determination of an Appeals Officer at a CDP hearing is subject to judicial review, an action with which an LITC may also assist. In 2022, LITCs helped with 278 CDP requests, educating taxpayers about the process, and representing those who exercised their right to appeal the IRS's decision in their collection matter.



## LITC Assists Taxpayer to Resolve Identify Theft Balance Due

An LITC assisted a young taxpayer who had recently enlisted in the Navy. In 2021, the taxpayer received an IRS notice of intent to levy claiming he had unreported income for the 2010 tax year and owed over \$8,000 in taxes. The taxpayer was a young child in 2010 and had not earned the reported income. The LITC researched the account and filed an identity theft affidavit on the taxpayer's behalf; however, he continued to receive levy notices from the IRS. This was a stressful and frustrating time for the taxpayer as he was trying to start his career in the military. The LITC requested a CDP hearing to stop the levy attempts and explain the taxpayer's situation. Following the hearing, the IRS processed and approved the identity theft affidavit and the tax liability was eliminated. The taxpayer was relieved and happy to turn his attention back to starting his military career without the fear of IRS enforcement actions.

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## Refund Issues

Refund issues arise when the IRS reviews a tax return and fully or partially disallows expenses, deductions, or credits claimed by a taxpayer. This results in taxpayers not receiving the full refund they expected or owing money to the IRS for a refund received that is later adjusted. As an added consequence, a taxpayer may be required to take extra steps to claim certain credits or face a ban from receiving credits on future tax returns. Over 16 percent of the cases worked by LITCs in 2022 involved refund issues and collectively LITCs helped secure over \$10.1 million in refunds for low-income taxpayers.

Often, parents or relatives of a child seek help from an LITC after they claim a child-related refundable tax credit such as the **EITC** or the **Child Tax Credit (CTC)** and their returns are audited by the IRS. When the audit is conducted after the credit has been paid to the taxpayer, it can result in a proposed balance due. If the audit takes place before the credit is paid, the refund may be denied. A delay or denial of a refund can create financial hardships for low-income taxpayers. Refundable credits provide a significant portion of the annual income for countless low-income families.

When the IRS disallows a tax credit or deduction because it finds the taxpayer did not provide sufficient documentation to justify entitlement to the claim, it may assess a tax liability or reduce a taxpayer's expected refund. LITCs can assist a taxpayer to challenge the IRS's findings through the **audit reconsideration** process, an administrative remedy used to reopen a prior audit when the taxpayer has new information to present. In 2022, LITCs worked over 560 audit reconsideration cases and helped correct or reduce over \$41 million in assessed liabilities through the audit reconsideration process and other remedies.



## Student Attorney Helps Resolve Tricky Case for Hardworking Refugee Taxpayer

A young refugee taxpayer received his green card and was working to support his elderly parents as well as a nephew whose mother had not survived travel to the United States. The taxpayer was denied Head of Household (HOH) status as well as the CTC, EITC, and other personal exemptions. An LITC student attorney worked tirelessly to gather the required supporting documentation, including a DNA test to prove the taxpayer's relationship to his nephew, travel documents, visa status, and proof of residency for two prior years. Following submission of the documentation, the IRS ruled in the taxpayer's favor, and he received a refund of over \$11,000.

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### Status Issues

A taxpayer's filing status is used to determine whether the taxpayer must file a return, whether or not the taxpayer should claim the standard deduction, and how much tax is due. Filing status also determines whether a taxpayer is eligible for other deductions and credits. 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 issue cases are a broad category that include a taxpayer's worker classification (employee vs. independent contractor) and non-filer cases. LITC representatives have the expertise needed to navigate the rules and laws involved in these cases and are especially helpful to low-income taxpayers facing controversies involving these issues. In 2022, LITCs assisted taxpayers in over 1,500 cases involving **filing status**, over 1,000 cases involving **personal/dependency exemptions**, and over 2,600 cases with **non-filer** issues.

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 for persons classified as employees. The IRS has procedures for reviewing the employment relationship if a taxpayer believes they have been misclassified. The factual and legal issues can be complex, and the process may take several months or longer. There may be ramifications of challenging a taxpayer's worker classification, including the possibility of being discharged from employment. LITCs help low-income taxpayers understand the possible ramifications of questioning employment status and determine the best course of action. In 2022, LITCs represented 218 taxpayers in **worker classification** cases.



## Academic LITC Goes the Distance for a Single Mother

A single mother of two young children properly filed her 2017 federal income tax return with her filing status as HOH, claiming both children for purposes of the EITC and CTC. She responded timely to an IRS examination letter, providing proof of the children's ages, relationship, and residency, as well as evidence of financial support. The IRS, however, failed to review the documentation and issued a Statutory Notice of Deficiency, proposing a denial of her HOH status, dependency exemptions, and other credits. The IRS also alleged she failed to report approximately \$10,000 in non-employee compensation from her work at a daycare program.

An academic LITC got involved to help the taxpayer. While preparing a Tax Court petition to challenge the IRS's findings, the LITC noticed the taxpayer had reported her daycare earnings as wages on her tax return, resulting in her income being counted twice. After talking with the taxpayer, the LITC concluded she had been misclassified by her employer as an independent contractor and also raised that issue in the petition. The case was assigned to an Appeals Officer who asked her to submit Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, for expedited processing.

The Tax Court case was set to be heard, but the SS-8 Unit had closed the taxpayer's request without making a determination about her worker status and without notifying the LITC, which had a Form 2848, Power of Attorney and Declaration of Representative, on file with the IRS. Although numerous requests were made to reopen and process the Form SS-8 request, the SS-8 Unit declined those requests. Consequently, the clinic asked TAS for help. A year later, after numerous phone calls, advocacy from TAS, resubmission of Form SS-8, and court continuances, the SS-8 Unit determined the taxpayer was misclassified. The IRS agreed to fully settle the case in the taxpayer's favor, reducing the tax debt to \$0. The IRS also audited the taxpayer for 2018 while the Tax Court case was pending for 2017, and that matter was also resolved in the taxpayer's favor. In total, she was relieved of all tax debt and received refunds of over \$13,000.

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When married taxpayers sign a joint tax return, the tax laws provide that both are responsible for the entire tax liability, a concept known as joint and several liability. Both taxpayers continue to be liable for the debt even if they later divorce and the final orders state that one spouse is responsible for all the taxes. The tax laws provide three types of relief from joint and several liability, one of which is **innocent spouse relief**. Understanding the various requirements for innocent spouse relief and navigating the process can be tricky for taxpayers on their own. In 2022, LITCs helped over 540 taxpayers understand and navigate the process to request innocent spouse relief – from the initial filing of the request through follow-up communications with the IRS and the hearing process. When the IRS did not rule in the taxpayers' favor, some LITCs also helped them file Tax Court petitions to appeal the decision.

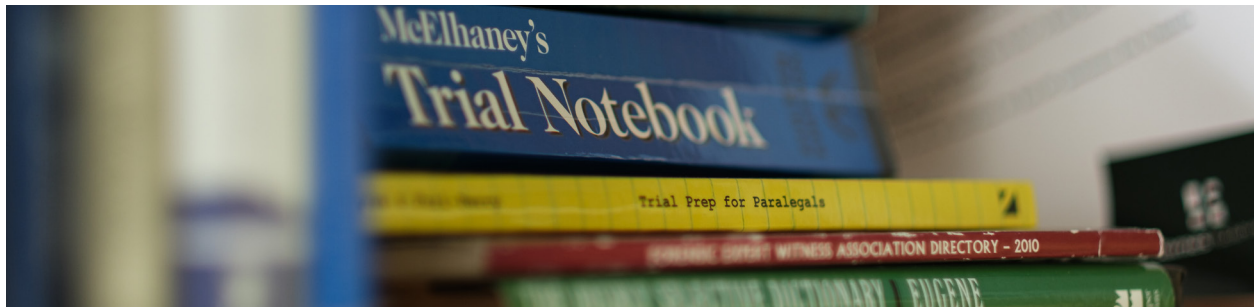


## Persistence Prevails for LITC Assisting a Widowed Taxpayer

A taxpayer contacted an LITC for help after her husband died and she discovered numerous IRS bills that he had hidden from her. The LITC initially filed a request for innocent spouse relief for tax years 2010 – 2016, and a second request for 2007 – 2009 when they learned there were even more balances due. The two requests made their way through the administrative maze at the IRS but were ultimately denied. The clinic responded by filing U.S. Tax Court petitions to challenge both determinations. Five years after the taxpayer first sought help from the LITC, both cases were fully conceded by the IRS Office of Chief Counsel (OCC), resolving about \$80,000 of tax debt.

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## Representing Taxpayers in Court



As evidenced in some of the spotlight stories above, taxpayers have a *right to challenge the IRS's position and be heard*<sup>34</sup> through the courts when they cannot resolve the controversy to their satisfaction 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 prepayment judicial forum in which taxpayers may challenge an IRS decision or action. The Tax Court provides taxpayers the opportunity to challenge IRS assessments before paying the disputed tax. For FY 2022, the Tax Court reports that taxpayers represented themselves in 80 percent of the cases filed.<sup>35</sup>

Although the Tax Court helps *pro se* taxpayers navigate the rules and procedures of the court, it can still be a difficult process to understand for a non-lawyer. LITCs are strongly encouraged to represent taxpayers in the Tax Court, especially those who may have filed a petition on their own because they could not afford representation. Approximately nine percent of all LITC cases worked in 2022 involved litigation, with the majority (over 1,500) in the Tax Court.

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, [www.ustaxcourt.gov](http://www.ustaxcourt.gov). The Tax Court also informs *pro se* taxpayers about the availability of LITC assistance for eligible taxpayers through its Clinical Program and facilitates the participation of practitioners from LITCs and volunteers from bar associations to participate in the Calendar Call Program.

The Clinical Program allows LITCs to submit a notice directed at self-represented taxpayers who file a petition in the Tax Court. The notice informs taxpayers about the availability of free or low-cost representation from LITCs and the contact information for the local participating clinics. The Tax Court includes the notice in its mailings to unrepresented petitioners who have elected a place of trial served by a particular clinic.

In 2022, 122 funded LITCs participated in the Tax Court's Clinical Program and attended calendar calls to consult with and advise self-represented taxpayers. In some cases, clinicians entered an appearance to represent the taxpayer in the Tax Court case. LTC representatives consulted with 552 self-represented taxpayers at Tax Court calendar calls and provided expert, independent, on-site counsel. This number has been steadily increasing over the past few years, from 445 in 2021 and 406 in 2020. This increase demonstrates the LITCs' dedication to ensuring *pro se* taxpayers have the information, guidance, and support they need to achieve a fair and just result in the Tax Court as they exercise their *right to challenge the IRS's position and be heard*.

Another component of the Tax Court's efforts to ensure access to justice is the Calendar Call Program. Participating LITCs provide informed advice and assistance to *pro se* taxpayers who are present for the court's calendar call sessions. In many cities, the Tax Court relies upon a local LTC clinician to coordinate services to taxpayers wanting assistance from available practitioners. Calendar call sessions take place on the first day the Tax Court is scheduled to hear cases in a particular location; cases that remain unresolved 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 taxpayers want a chance to explain their circumstances, while others want to litigate their case 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. Regardless of the reason for petitioning the Tax Court, LITCs are available at the session to consult with *pro se* petitioners as needed.

For years, practitioners from LITCs and individuals from the IRS OCC have worked together to try to settle cases prior to trial. In 2020, this effort gained a great boost when a cadre of OCC attorneys put together guidance for sponsoring these events and set a goal to hold events nationwide. The success of these events has led to a sustained effort to make settlement days a regular activity preceding Tax Court calendar call sessions. For example, the LTC at the Legal Services of Greater Miami reported organizing a virtual settlement event over a two-week period in March 2022, ahead of the April and May calendar call sessions. The LTC was able to help settle cases with the help of *pro bono* attorneys. Both court sessions were eventually canceled because no cases were left to be addressed. These partnerships help to conserve the resources of the Tax Court and local OCC offices, but the biggest benefit is to the taxpayers who resolve their cases without having to go through the trial process.

Tax Court judges are routinely invited to speak at the Annual LTC Grantee Conference. The conference provides the judges an opportunity to discuss the Tax Court, in general, and operation of its key programs, including any emerging issues or concerns. Likewise, LITCs are provided an opportunity to ask questions and discuss their experiences participating in the Tax Court's key programs. This is often when newly funded clinics learn about these programs and begin to plan for how they will participate. LITCs also interact with Tax Court judges throughout the year at American Bar Association (ABA) Tax Section meetings and on calls as needed to discuss concerns and any new issues.





## Faith in the Tax System is Restored After LITC's Advocacy Efforts in Tax Court

A disabled veteran who worked as a critical care flight nurse and his wife adopted two orphaned children from outside the United States. When the taxpayers filed their 2017 joint federal income tax return, they included a Form W-7, Application for IRS Individual Taxpayer Identification Number, for each child because they had not received Social Security numbers. The IRS reviewed the return and used math error authority under IRC § 6213(b)(1) to remove the dependency exemptions and assessed an additional \$1,300. The taxpayers were unaware of the right to respond within 60 days to request abatement and issuance of a Statutory Notice of Deficiency, and the IRS proceeded with the assessment and issued a Notice of Intent to Levy.

The taxpayers requested a CDP hearing and challenged the liability, but the Appeals Officer refused to consider the liability defense and issued a decision upholding the levy. The taxpayers filed a *pro se* petition to the U.S. Tax Court to challenge the decision. The court sent the taxpayers a notice, which listed the LITCs available to assist in their area, and they reached out for help. The LITC attorney took their case and convinced the IRS OCC to allow the dependency exemptions, remove the tax assessment of approximately \$1,300, and issue a refund of around \$1,500 for subsequent refunds that had been offset to pay the tax after the petition was filed.

This case was a tremendous help to the taxpayers working to raise and support two adopted children and exemplifies the value of LITCs and their partnership with the U.S. Tax Court. The taxpayers stopped filing tax returns in 2019 when they felt the IRS had treated them unfairly. The LITC's advocacy efforts helped restore the taxpayers' faith in the system and encouraged them to submit delinquent returns and get back into compliance.

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## Training Students to Provide High-Quality Representation Services

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. Qualified law school graduates or students at accredited accounting, business, or law schools who are working at an LITC may also represent taxpayers before the IRS.<sup>36</sup> In addition, the Tax Court permits law student assistance with cases.<sup>37</sup> These students and law graduates play an important role in delivering LITC services.

In academic clinical programs under the supervision of qualified representatives (attorneys, CPAs, or EAs), students and law graduates assist with all aspects of LITC cases, including determining a taxpayer's eligibility for services, researching issues, gathering 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 motions and 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 while also fostering a *pro bono* tradition that they will hopefully take with them as they progress in their professional careers.



Clinic Director Sarah Lora and the students of the Lewis & Clark Law School LITC



### LITC Student Assistance Makes a Difference

A community organization assisted a taxpayer, who was a survivor of sexual assault and homelessness, to obtain housing and apply for Social Security disability benefits. However, she also had an unresolved federal tax debt. The organization referred the taxpayer to an academic LITC. Law students met with her in 2021, explained various options for resolving the debt, and assisted with an application for an OIC. In 2022, a low-dollar offer was accepted, saving the taxpayer over \$12,000 in taxes, penalties, and interest. She can now continue to rebuild her life free of the tax debt and related stress.

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# LITCs EDUCATE TAXPAYERS

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Taxpayers assisted by LITCs over the past 20-plus years often share a common trait – the desire to comply with tax return filing requirements and payment responsibilities. For many with tax controversies, however, the root of the problem is an inadequate knowledge of the tax system and how to navigate the numerous and often complex laws. LITCs inform ESL and low-income individuals about their taxpayer rights and responsibilities and help demystify important tax concepts, such as the availability of and eligibility rules for certain credits, the danger of tax scams and how to avoid them, and proper tax-related recordkeeping.

ESL taxpayers face additional barriers to finding understandable and reliable tax information. Those who have immigrated to the U.S. 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. They are also exposed to risks such as identity theft or return preparer misconduct from unscrupulous tax return preparers who steal or divert refunds and disappear long before their bad acts are discovered.

In contrast to the IRS which has been moving to more online, self-help resources as a cost-cutting measure, LITCs offer personalized, one-on-one services. When LITCs educate taxpayers, they create an environment where participants can interact with the instructor and pose questions regarding their unique situations. Tailoring taxpayer education topics to the needs of specific communities and presenting the information in a taxpayer's native language helps LITCs reach those who may be experiencing communication barriers with the IRS. LITCs distribute tax materials in many different languages and have staff, volunteers, and interpreter services available to conduct educational activities in languages spoken by the clinics' targeted audiences. IRS [Publication 4134](#) reflects the languages in which services are offered by each LITC.

LITCs address a wide range of substantive tax topics in their educational programs and materials. Topics include filing requirements, tax-related recordkeeping, family status issues, refundable credits, worker classification, identity theft, information about the audit and appeals processes, and collection alternatives. In addition to education, clinics also conduct outreach. While outreach generally informs others about the availability of LITCs and the services they provide, many clinics also provide basic tax-related education at these events on topics such as the EITC. They also share information about the availability of TAS, VITA sites, and other resources for taxpayer assistance in their local communities.



Centro Hispano LITC at an Outreach Event

LITCs collaborate and work extensively with many community partners and stakeholders, such as VITA sites and ESL class providers, to schedule and conduct training and outreach for low-income and ESL taxpayers. These partner organizations provide LITCs with audiences with whom they have gained trust. In 2022, LITCs conducted over 1,400 educational activities to over 56,000 low-income and ESL taxpayers. LITCs provided over 350 additional educational training sessions about tax law basics and other tax topics to over 13,000 staff members and volunteers at partner community groups, government agencies,

and other organizations that assist low-income and ESL taxpayers. These activities strengthen the LITCs' relationships and networks with community stakeholders, expand the scope of their outreach and education efforts, and enable other service providers to look at client issues holistically to ensure their tax issues are also addressed. These networks and partnerships also allow for mutual referrals to address the different needs of low-income and ESL individuals.



## LITC's Innovative Education Campaign Reaches Many

The LITC at Legal Aid of Arkansas is a leader in providing timely and effective educational opportunities for the low-income and ESL taxpayers in the communities they serve. In 2022, the clinic spearheaded an educational campaign using Facebook Live to provide a series of informative seminars. They collaborated with numerous community partners, including IRS SPEC, Arkansas Asset Builders, CARE Tax Center, Center for Arkansas Legal Services, the Marshallese Consulate, and the IRS Arkansas Local Taxpayer Advocate with whom they also worked at a Problem Solving Day in Northwest Arkansas. More than ten online sessions covered a diverse range of topics including eligibility for VITA, tax return filing requirements, and collection alternatives. These sessions were also instrumental in enabling newly eligible taxpayers to claim much-needed refunds composed of three crucial tax credits – the EITC, the CTC, and the Child and Dependent Care Credit. The sessions reached over 4,000 viewers and highlighted the clinic's efforts to empower low-income and ESL taxpayers to navigate complex legal and tax-related issues with confidence.

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At many academic LITCs, students may lead or participate in outreach and educational events. 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.

# LITCs ADVOCATE FOR TAXPAYERS

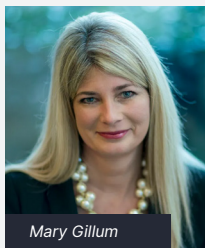
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The third prong of the LITC mission is advocacy. Advocacy efforts are meant to have a larger impact and scope. LITCs are uniquely positioned to identify emerging issues or trends in tax administration that impact low-income and ESL taxpayers. As representatives, educators, and advocates for these 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.

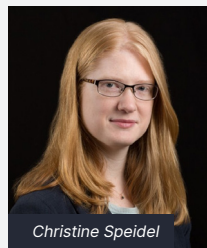
LITCs are also encouraged to share what they have learned to help improve service delivery by the IRS and the broader practitioner community. Clinicians share this knowledge in many ways, including developing resource materials and providing training to other practitioners. The knowledge they share is not limited to substantive tax expertise but may also address removing barriers and improving outcomes by changing the way service is delivered.



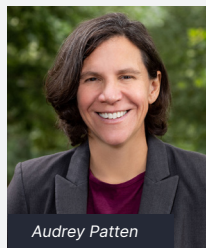
## LITC Clinicians Share Their Perspectives to Help Effect Change



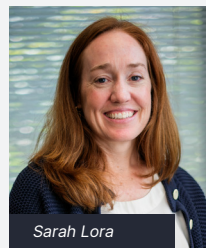
Mary Gillum



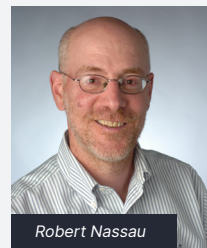
Christine Speidel



Audrey Patten



Sarah Lora



Robert Nassau

The Tennessee Taxpayer Project, an LITC operated by the Legal Aid Society of Middle Tennessee and the Cumberland, recognized a valuable advocacy opportunity when Clinic Director, Attorney Mary Gillum, was invited by the Chief of the IRS Independent Office of Appeals, Andrew Keyso, to help with a virtual training for over 500 IRS Appeals employees. Working with IRS Appeals on a weekly basis on different controversy cases, Attorney Gillum shared her clients' perspectives on the Appeals process with Appeals employees and made recommendations for improvement. Since the initial virtual training, the LITC has continued to work with Chief Keyso's staff to help improve the IRS Appeals experience for all taxpayers.

In 2022, several LITC clinicians published books that help other clinicians and practitioners effectively represent their clients. **A Practitioner's Guide to Innocent Spouse Relief, Third Edition** was authored by Christine S. Speidel of the Villanova Federal Tax Clinic and Audrey Patten of the Federal Tax Clinic of the Legal Services Center at Harvard Law. Sarah Lora of the Lewis & Clark LITC and Robert G. Nassau of the Syracuse University College of Law LITC joined with private practitioner Sam Rock to write **Tax Issues for Immigrants: A Practical Guide to Understanding Tax Law for Immigrant Taxpayers**. Both these books are tremendous resources for LITCs and others who represent low-income and ESL taxpayers.

Advocacy efforts often require sustained effort. Raising awareness and building understanding takes the time and efforts of many. It is often only once this initial work is done that real work on implementing change can begin. Advocacy efforts can be undertaken by one organization or may be the result of collaboration across organizations. LITCs support advocacy through many channels, including organizing and leading networking groups and participating in listservs or other practitioner events to discuss emerging issues or ongoing problems.

Clinics are also encouraged to use the [Systemic Advocacy Management System \(SAMS\)](#) on the TAS website to report potential systemic issues. 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 in [National Taxpayer Advocate blogs](#)) and propose administrative and legislative recommendations to resolve those issues. In 2022, LITCs submitted 115 issues through SAMS.

When public comment is sought on IRS proposed administrative rules, LITCs often respond individually or in collaboration with the ABA'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.

# LITC PROGRAM OFFICE RESPONSIBILITIES

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The LITC Program Office manages and administers the LITC grant program to ensure federal funding is expended and funded programs are implemented in full accordance with all applicable statutory, regulatory, 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 grant recipients; and
- ◆ Overseeing and monitoring the performance of grant recipients.

**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 grant recipients and provide resources to assist clinics in implementing their program plans in support of the program mission;
- ◆ 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 grant recipients to identify trends and recognize best practices; and
- ◆ Submitting grant award information for posting on [USASpending.gov](https://www.USASpending.gov).

**The LITC Program Office guides and assists potential applicants and grant recipients 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 grant recipients and provides an opportunity for attendees to meet and network 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 grant recipients with program requirements and identify potential areas where the clinic may need to create systems, improve processes, or otherwise need assistance;
- ◆ Fostering the working relationships between grant recipients and Local Taxpayer Advocate (LTA) offices by facilitating annual LTA visits and providing resources to assist LTAs in collaborating with clinics on outreach and education opportunities;
- ◆ Issuing special appearance authorizations, permitting students and law graduates supervised by a practitioner to represent taxpayers before the IRS; and
- ◆ Coordinating access to IRS e-Services products.

**The LITC Program Office conducts oversight and monitoring of grant recipients by:**

- ◆ Processing Interim and Year-end Reports, assessing grant recipients' progress in meeting program goals and any challenges in delivering the agreed-upon programs, identifying emerging issues, and aggregating performance data submitted by grant recipients;
- ◆ Reviewing budgets and financial reports submitted by grant recipients to ensure federal funds are properly expended and matching funds 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
- ◆ Conducting other required compliance reviews, such as federal tax compliance checks.



### LITC Program Office Highlights

- ◆ Coordinated a week-long recognition of LITC volunteers in conjunction with national Celebrate *Pro Bono* week, including a video message by the NTA thanking our volunteers and several volunteer spotlights that appeared on the LITC Toolkit and in Publication 5066, LITC Annual Report.
  - ◆ Established a collaboration with IRS SPEC leadership to promote VITAs and LITCs working together more. This led to the planning of the first ever VITA LITC Summit, which was held in January 2023.
  - ◆ Planned and executed the Annual LITC Grantee Conference in a new location in Phoenix, Arizona, which included an in-person and hybrid component for both the attendees and speakers while also juggling the still present concerns around COVID-19 exposure.
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# CONCLUSION

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Thank you to members of Congress for your continued support and recent increase in the individual award cap and overall funding to the program. We also thank the many LITC clinicians, students, law graduates, and volunteers across the country for your hard work and dedication in assisting many thousands of low-income and ESL taxpayers through your representation, education, and advocacy efforts in 2022. Your work inspires others and changes lives every day. We look forward to continuing this work in the year ahead, including tackling the challenges that may arise and embracing opportunities to improve and collaborate with partners in your communities to think creatively about service delivery and solutions to barriers that may impede progress. We look ahead with resolve and a steadfast commitment to helping taxpayers and ensuring a fair and just tax system for all.

# ENDNOTES

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- 1 Information about cases has been redacted or revised as necessary to protect the identity of the taxpayers involved.
- 2 All case-related data provided in this publication is from year-end reports for grant year 2022 (Form 13424 series) obtained from GrantSolutions, the grants management system utilized by the LITC Program Office.
- 3 See IRS Pub. 4134, Low Income Taxpayer Clinic List (Rev. 9-2023).
- 4 For a detailed chronological history of the growth of the LITC Program, see T. Keith Fogg, *History of Low-Income Taxpayer Clinics*, WORKING PAPER SERIES, <https://digitalcommons.law.villanova.edu/wps/art177> (Feb. 6, 2013).
- 5 Pub. L. No. 105-206, § 3601, 112 Stat. 685, 774 (1998).
- 6 IRC § 7526.
- 7 See *IRS Restructuring Hearing Before the Senate Committee on Finance*, 105th Cong. (Feb. 5, 1998) (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.”).
- 8 See IR-2014-72, IRS Unveils Taxpayer Bill of Rights (June 10, 2014).
- 9 IRC § 7803(a)(3)(I).
- 10 See IRC § 7803(a)(3)(C), (D), (E).
- 11 See IRC § 7803(a)(3)(A).
- 12 See IRC § 7803(a)(3)(J).
- 13 IRS Pub. 1, Your Rights as a Taxpayer (Rev. 9-2017).
- 14 See IRS Tax Tip 2022-174 (Nov. 14, 2022). See also IRS Tax Tip 2022-143 (Sept. 19, 2022).
- 15 Taxpayer First Act, Pub. L. No. 116-25, 133 Stat. 981 (2019).
- 16 *Id.* at 997.
- 17 VITA sites offer free tax help to people who need assistance preparing their own tax returns, including people who generally make \$60,000 or less, persons with disabilities, and limited English-speaking taxpayers.
- 18 Taxpayer First Act, Pub. L. No. 116-25, § 1401, 133 Stat. 981, 993 (2019).
- 19 TCE offers free tax assistance for taxpayers age 60 or older, specializing in questions about pensions and retirement-related issues unique to seniors.
- 20 For FY 2023, Congress appropriated \$26 million and increased the cap on grants to \$200,000 per clinic per year. See Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, Div. E, 136 Stat. 4459, 4655-56 (2022).
- 21 Compare IRS, IR-1999-63, IRS Encourages Growth of Low-Income Taxpayer Clinics with \$1.5 Million in Grants (July 14, 1999) with IRS Pub. 4134, Low Income Taxpayer Clinic List (Rev. 9-2023).
- 22 See Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, Div. E, 136 Stat. 4459, 4655-56 (2022).
- 23 See National Taxpayer Advocate 2023 Purple Book, *Compilation of Legislative Recommendations to Strengthen Taxpayer Rights and Improve Tax Administration* 145-147 (Legislative Recommendation: Expand the Protection of Taxpayer Rights by Strengthening the Low Income Taxpayer Clinic Program).
- 24 See 2 CFR § 200.1
- 25 See IRC § 7526(c)(5).
- 26 Numbers may not total due to rounding; LITC 2022 Year-End Report, Form 13424-L, Statement of Grant Expenditures, data compiled from GrantSolutions.
- 27 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.
- 28 See IRC § 7526(b)(3). See also IRS Pub. 3319, LITC Grant Application Package and Guidelines 38 (Rev. 5-2023).
- 29 See IRC § 7526(b)(1)(A)(i).
- 30 See IRS Pub. 3319, LITC Grant Application Package and Guidelines, 6-7 (Rev. 5-2023).
- 31 See IRM 5.16.1, Currently Not Collectible (April 13, 2021).
- 32 IRM 5.16.1.2, Currently Not Collectible Procedures (April 13, 2021).
- 33 See IRC § 7122. See also IRM 5.8.1, Offer in Compromise Overview (May 25, 2023).
- 34 See IRC § 7803(a)(3)(D).
- 35 United States Tax Court Congressional Budget Justification, FY 2024 at page 23 [https://www.ustaxcourt.gov/resources/budget\\_justification/FY\\_2024\\_Congressional\\_Budget\\_Justification.pdf](https://www.ustaxcourt.gov/resources/budget_justification/FY_2024_Congressional_Budget_Justification.pdf) (Feb. 1, 2023).
- 36 See IRM 1.2.2.15.18, Delegation Order 25-18 (Rev. 5), Authority to Authorize Students and Law Graduates at Low Income Taxpayer Clinics (LITCs) and Student Tax Clinic Programs (STCPs) to Practice Before the Internal Revenue Service (IRS) (June 30, 2023).
- 37 See Tax Court Rule 24(a)(5).





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



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