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Tax Regs in Plain English

# IRS Restructuring and Reform Act of 1998

## 3601 - Low Income Taxpayer Clinics

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### Section 3601

**A. Provision(s) covered:** Section 3601 (New Code § 7526) Low Income Taxpayer Clinics.

**B. Background:** Some tax practitioner organizations and legal assistance clinics offer free or reduced rate assistance to taxpayers engaged in controversies with the IRS. In addition, some law, accounting and business schools programs allow students, under the supervision of an authorized tax practitioner, to represent taxpayers in administrative proceedings before the IRS. Many of these programs limit assistance to low income taxpayers. Congress wanted to increase the assistance available to low income taxpayers in controversies with the IRS in order to protect the rights of such taxpayers and ensure fair results.

**C. Change(s):** New section 7526 authorizes the Secretary of the Treasury to award matching grants of up to \$100,000 per year to develop, expand or continue qualifying low income taxpayer clinics. A qualifying clinic may charge no more than a nominal fee for its services. Qualifying clinics must also represent low income taxpayers or operate programs to inform individuals for whom English is a second language about their rights and responsibilities under the Internal Revenue Code. The statute also describes criteria that the Secretary shall consider in making grants.

**D. Impact:** This provision does not affect the taxation of any taxpayers. It contemplates

a relatively small grant program that should not require significant staff to administer. Customer Service representatives should know about the program and how applicants may obtain information about applying for grants.

### **E. Necessary Actions**

Actions/Procedures. Grant application and approval procedures must be adopted. Consideration must be given for funding of these grants in the budgetary process.

**F. Other Special Comments:** IRS administration of a grant program for clinics that represent taxpayers in controversies with the IRS creates the potential for an appearance of conflict. Program administrators should exercise care to fully document all grant application decisions. Administrators should also avoid inappropriate influence on the program by offices within the IRS that interact with, or are affected by, the grant applicants in the course of those offices' duties.

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