

authority to practice described in subparagraph (A).

**(b) Section not to apply to communications regarding tax shelters**

The privilege under subsection (a) shall not apply to any written communication which is—

(1) between a federally authorized tax practitioner and—

- (A) any person,
- (B) any director, officer, employee, agent, or representative of the person, or
- (C) any other person holding a capital or profits interest in the person, and

(2) in connection with the promotion of the direct or indirect participation of the person in any tax shelter (as defined in section 6662(d)(2)(C)(ii)).

(Added Pub. L. 105-206, title III, §3411(a), July 22, 1998, 112 Stat. 750; amended Pub. L. 108-357, title VIII, §813(a), Oct. 22, 2004, 118 Stat. 1581.)

AMENDMENTS

2004—Subsec. (b). Pub. L. 108-357 amended heading and text of subsec. (b) generally. Prior to amendment, text read as follows: “The privilege under subsection (a) shall not apply to any written communication between a federally authorized tax practitioner and a director, shareholder, officer, or employee, agent, or representative of a corporation in connection with the promotion of the direct or indirect participation of such corporation in any tax shelter (as defined in section 6662(d)(2)(C)(iii)).”

EFFECTIVE DATE OF 2004 AMENDMENT

Pub. L. 108-357, title VIII, §813(b), Oct. 22, 2004, 118 Stat. 1581, provided that: “The amendment made by this section [amending this section] shall apply to communications made on or after the date of the enactment of this Act [Oct. 22, 2004].”

EFFECTIVE DATE

Pub. L. 105-206, title III, §3411(c), July 22, 1998, 112 Stat. 751, provided that: “The amendments made by this section [enacting this section] shall apply to communications made on or after the date of the enactment of this Act [July 22, 1998].”

**§ 7526. Low-income taxpayer clinics**

**(a) In general**

The Secretary may, subject to the availability of appropriated funds, make grants to provide matching funds for the development, expansion, or continuation of qualified low-income taxpayer clinics.

**(b) Definitions**

For purposes of this section—

**(1) Qualified low-income taxpayer clinic**

**(A) In general**

The term “qualified low-income taxpayer clinic” means a clinic that—

- (i) does not charge more than a nominal fee for its services (except for reimbursement of actual costs incurred); and
- (ii)(I) represents low-income taxpayers in controversies with the Internal Revenue Service; or

(II) operates programs to inform individuals for whom English is a second language about their rights and responsibilities under this title.

**(B) Representation of low-income taxpayers**

A clinic meets the requirements of subparagraph (A)(ii)(I) if—

- (i) at least 90 percent of the taxpayers represented by the clinic have incomes which do not exceed 250 percent of the poverty level, as determined in accordance with criteria established by the Director of the Office of Management and Budget; and
- (ii) the amount in controversy for any taxable year generally does not exceed the amount specified in section 7463.

**(2) Clinic**

The term “clinic” includes—

(A) a clinical program at an accredited law, business, or accounting school in which students represent low-income taxpayers in controversies arising under this title; and

(B) an organization described in section 501(c) and exempt from tax under section 501(a) which satisfies the requirements of paragraph (1) through representation of taxpayers or referral of taxpayers to qualified representatives.

**(3) Qualified representative**

The term “qualified representative” means any individual (whether or not an attorney) who is authorized to practice before the Internal Revenue Service or the applicable court.

**(c) Special rules and limitations**

**(1) Aggregate limitation**

Unless otherwise provided by specific appropriation, the Secretary shall not allocate more than \$6,000,000 per year (exclusive of costs of administering the program) to grants under this section.

**(2) Limitation on annual grants to a clinic**

The aggregate amount of grants which may be made under this section to a clinic for a year shall not exceed \$100,000.

**(3) Multi-year grants**

Upon application of a qualified low-income taxpayer clinic, the Secretary is authorized to award a multi-year grant not to exceed 3 years.

**(4) Criteria for awards**

In determining whether to make a grant under this section, the Secretary shall consider—

(A) the numbers of taxpayers who will be served by the clinic, including the number of taxpayers in the geographical area for whom English is a second language;

(B) the existence of other low-income taxpayer clinics serving the same population;

(C) the quality of the program offered by the low-income taxpayer clinic, including the qualifications of its administrators and qualified representatives, and its record, if any, in providing service to low-income taxpayers; and

(D) alternative funding sources available to the clinic, including amounts received from other grants and contributions, and the endowment and resources of the institution sponsoring the clinic.

**(5) Requirement of matching funds**

A low-income taxpayer clinic must provide matching funds on a dollar-for-dollar basis for all grants provided under this section. Matching funds may include—

- (A) the salary (including fringe benefits) of individuals performing services for the clinic; and
- (B) the cost of equipment used in the clinic.

Indirect expenses, including general overhead of the institution sponsoring the clinic, shall not be counted as matching funds.

**(6) Provision of information regarding qualified low-income taxpayer clinics**

Notwithstanding any other provision of law, officers and employees of the Department of the Treasury may—

- (A) advise taxpayers of the availability of, and eligibility requirements for receiving, advice and assistance from one or more specific qualified low-income taxpayer clinics receiving funding under this section, and
- (B) provide information regarding the location of, and contact information for, such clinics.

(Added Pub. L. 105-206, title III, §3601(a), July 22, 1998, 112 Stat. 774; amended Pub. L. 116-25, title I, §1402(a), July 1, 2019, 133 Stat. 997.)

AMENDMENTS

2019—Subsec. (c)(6). Pub. L. 116-25 added par. (6).

EFFECTIVE DATE OF 2019 AMENDMENT

Pub. L. 116-25, title I, §1402(b), July 1, 2019, 133 Stat. 997, provided that: “The amendment made by this section [amending this section] shall take effect on the date of the enactment of this Act [July 1, 2019].”

EFFECTIVE DATE

Pub. L. 105-206, title III, §3601(c), July 22, 1998, 112 Stat. 776, provided that: “The amendments made by this section [enacting this section] shall take effect on the date of the enactment of this Act [July 22, 1998].”

**§ 7526A. Return preparation programs for applicable taxpayers**

**(a) Establishment of Volunteer Income Tax Assistance Matching Grant Program**

The Secretary shall establish a Community Volunteer Income Tax Assistance Matching Grant Program under which the Secretary may, subject to the availability of appropriated funds, make grants to provide matching funds for the development, expansion, or continuation of qualified return preparation programs assisting applicable taxpayers and members of underserved populations.

**(b) Use of funds**

**(1) In general**

Qualified return preparation programs may use grants received under this section for—

- (A) ordinary and necessary costs associated with program operation in accordance with cost principles under the applicable Office of Management and Budget circular, including—
  - (i) wages or salaries of persons coordinating the activities of the program,

- (ii) developing training materials, conducting training, and performing quality reviews of the returns prepared under the program,

- (iii) equipment purchases, and
- (iv) vehicle-related expenses associated with remote or rural tax preparation services,

- (B) outreach and educational activities described in subsection (c)(2)(B), and

- (C) services related to financial education and capability, asset development, and the establishment of savings accounts in connection with tax return preparation.

**(2) Requirement of matching funds**

A qualified return preparation program must provide matching funds on a dollar-for-dollar basis for all grants provided under this section. Matching funds may include—

- (A) the salary (including fringe benefits) of individuals performing services for the program,
- (B) the cost of equipment used in the program, and
- (C) other ordinary and necessary costs associated with the program.

Indirect expenses, including general overhead of any entity administering the program, shall not be counted as matching funds.

**(c) Application**

**(1) In general**

Each applicant for a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

**(2) Priority**

In awarding grants under this section, the Secretary shall give priority to applications which demonstrate—

- (A) assistance to applicable taxpayers, with emphasis on outreach to, and services for, such taxpayers,
- (B) taxpayer outreach and educational activities relating to eligibility and availability of income supports available through this title, including the earned income tax credit, and
- (C) specific outreach and focus on one or more underserved populations.

**(3) Amounts taken into account**

In determining matching grants under this section, the Secretary shall only take into account amounts provided by the qualified return preparation program for expenses described in subsection (b).

**(d) Program adherence**

**(1) In general**

The Secretary shall establish procedures for, and shall conduct not less frequently than once every 5 calendar years during which a qualified return preparation program is operating under a grant under this section, periodic site visits—

- (A) to ensure the program is carrying out the purposes of this section, and