



JOINT COMMITTEE ON TAXATION

April 10, 2018

JCX-16-18

**DESCRIPTION OF AN AMENDMENT IN THE NATURE OF
A SUBSTITUTE TO THE PROVISIONS OF H.R. 2901, THE
“VOLUNTEER INCOME TAX ASSISTANCE PERMANENCE ACT OF 2017”**

The Chairman’s amendment in the nature of a substitute replaces H.R. 2901 with the following:

Description of Proposal

The proposal codifies the VITA program and provides that the Secretary, unless otherwise provided by specific appropriation, may allocate from otherwise appropriated funds up to \$30 million per year in matching grants to qualified entities for the development, expansion, or continuation of qualified tax return preparation programs assisting low-income taxpayers and members of underserved populations. The Secretary is authorized to award a multi-year grant not to exceed three years.

The grant funds may be used for ordinary and necessary operation costs (including for wages or salaries of persons coordinating the activities of the program, to develop training materials, conduct training, and perform quality reviews of the returns for which assistance has been provided under the program, and for equipment purchases and vehicle-related expenses associated with remote or rural tax preparation services), outreach and educational activities relating to the eligibility and availability of income supports available through the Code, and services related to financial education and capability, asset development, and the establishment of savings accounts in connection with tax return preparation.

Matching funds are required to be provided on a dollar-for-dollar basis for all grants provided. Matching funds may include (1) the salary (including fringe benefits) of individuals performing services for the program; (2) the cost of equipment used in the program; and (3) other ordinary and necessary costs that may be associated with the program. Indirect expenses, including general overhead of any entity administering the program are not counted as matching funds.

In awarding grants, priority is given to applications that (i) demonstrate assistance to certain low-income taxpayers with an emphasis on outreach, (ii) demonstrate taxpayer outreach and education around available income supports available through the Code, and (iii) demonstrate specific outreach and focus on one or more underserved populations.

The proposal requires the Secretary to establish procedures for periodic site visits not less than once every five calendar years (i) to ensure the program is carrying out the stated purpose; and (ii) to determine whether the VITA grant program meets certain program adherence standards as the Secretary will require. If any qualified return preparation program which is awarded a grant and is subsequently determined not to meet the adherence standards or not to be carrying out the stated purposes, such program will not be eligible for additional grants unless the program provides sufficient documentation of corrective measures established to address any deficiencies determined.

Qualified return preparation program means any program which provides assistance to individuals, at least 90 percent of whom are low-income taxpayers, in preparing and filing Federal income tax returns, which is administered by a qualified entity, in which all volunteers who assist in the preparation of Federal income tax returns meet the training requirements prescribed by the Secretary, and which uses a quality review process which reviews 100 percent of all returns. Qualified entity means any entity which is an eligible organization (as defined), is in compliance with Federal tax filing and payment requirements, is not debarred or suspended from Federal contracts, grants, or cooperative agreements, and agrees to provide documentation to substantiate any matching funds provided under the VITA grant program. Eligible organization means an institution of higher education described in section 102 (other than subsection (a)(1)(C) thereof) of the Higher Education Act of 1965, as in effect on the date of enactment, and which has not been disqualified from participating in a program under Title IV of such Act, an exempt organization described in Code section 501(c), a local government agency, including a county or municipal government agency, and an Indian tribe, as defined in section 4(12) of the Native American Housing Assistance and Self-Determination Act of 1996 (“Act”), including any tribally designated housing entity (as defined in such Act), tribal subsidiary, subdivision, or other wholly owned tribal entity, or a local, State, regional, or national coalition (with one lead organization which meets the eligibility requirements described above acting as the applicant organization). If no eligible organization is available to assist the targeted population or community, the eligible organization includes a State government agency, and a Cooperative Extension Service office.

Low-income taxpayer means a taxpayer who has income for the taxable year which does not exceed an amount equal to the completed phaseout amount under section 32(b) for a married couple filing a joint return with three or more qualifying children, as determined in a revenue procedure or other published guidance.¹ Underserved population includes populations of persons with disabilities, persons with limited English proficiency, Native Americans, individuals living in rural areas, members of the Armed Forces and their spouses, and the elderly.

The proposal allows the IRS to use mass communications and other means to promote the benefits and encourage the use of the program. The Secretary can provide taxpayers information regarding qualified return preparation programs receiving grants and those programs are encouraged to advise taxpayers of the availability of, and eligibility requirements for receiving, advice and assistance from local or regional low income taxpayer clinics. The programs are also

¹ For 2018, the amount is \$54,884. Rev. Proc. 2018-18, 2018-10 I.R.B. 392, 395, March 5, 2018.

encouraged to provide taxpayers information regarding the location and contact information for the low-income taxpayer clinics.

Effective Date

The proposal is effective on the date of enactment.

Estimated Revenue Effect of the Proposal

The Chairman's amendment in the nature of a substitute is estimated to have no effect on Federal fiscal year budget receipts for the period 2018-2028.