

**DESCRIPTION OF H.R. 2901,
THE “VOLUNTEER INCOME TAX ASSISTANCE
PERMANENCE ACT OF 2017”**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on April 11, 2018

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



April 10, 2018
JCX-15-18

CONTENTS

	<u>Page</u>
INTRODUCTION	1
A. Return Preparation Programs for Low-Income Taxpayers.....	2
B. Estimated Revenue Effect of the Proposal.....	4

INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup of H.R. 2901, the “Volunteer Income Tax Assistance Permanence Act of 2017.” This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of the bill.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 2901, Volunteer Income Tax Assistance Permanence Act of 2017* (JCX-15-18), April 10, 2018. This document can also be found on the Joint Committee on Taxation website at www.jct.gov. All section references herein are to the Internal Revenue Code of 1986, as amended (herein “Code”), unless otherwise stated.

A. Return Preparation Programs for Low-Income Taxpayers

Present Law

The Code provides that the Secretary may allocate up to \$6 million per year for matching grants to certain qualified low-income taxpayer clinics.² Eligible clinics are those that charge no more than a nominal fee to either represent low-income taxpayers in controversies with the IRS or provide tax information to individuals for whom English is a second language. No clinic can receive more than \$100,000 per year.

A qualified low-income taxpayer clinic includes (1) a clinical program at an accredited law, business, or accounting school, in which students represent low-income taxpayers, or (2) an organization exempt from tax under Code section 501(c) which either represents low-income taxpayers or provides referral to qualified representatives. A clinic is treated as representing low-income taxpayers if (i) at least 90 percent of the taxpayers represented by the clinic have income which does 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,³ and (ii) the amount in controversy for any taxable year is generally \$50,000 or less.⁴

While the Code does not provide funding for matching grants, funding was provided by the Consolidated Appropriations Act, 2018.⁵ Congress appropriated approximately \$2.506 billion to the IRS for taxpayer services, of which not less than \$15 million is to be made available for a Community Volunteer Income Tax Assistance (“VITA”) matching grants program for tax return preparation assistance. VITA is a program created by the IRS in 1969 which utilizes volunteers to provide tax return preparation and filing service assistance to certain low-income taxpayers and members of underserved populations.

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.

² Sec. 7526.

³ For a family of four, the 2018 income limit in the 48 contiguous states, Puerto Rico, and the District of Columbia is \$62,750, available at <https://www.irs.gov/advocate/low-income-taxpayer-clinics/low-income-taxpayer-clinic-income-eligibility-guidelines>.

⁴ Sec. 7463.

⁵ Pub. L. No. 115-141, Div. E, Title I (March 23, 2018).

Effective Date

The proposal is effective on the date of enactment.

B. Estimated Revenue Effect of the Proposal

The proposal is estimated to have no effect on Federal fiscal year budget receipts for the period 2018-2028.