## Chapter 7. Clothing Allowance

#### Overview

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| In this Chapter | This chapter contains the following topics: |

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#### 1. Eligibility for the Annual Clothing Allowance

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| Introduction | This topic contains information on the eligibility requirements for the annual clothing allowance, including   * annual clothing allowance payment eligibility requirements * jurisdiction of clothing allowance claims processing * informing Veterans of potential eligibility for the annual * continued eligibility to the annual clothing allowance * what constitutes a claim for the annual clothing allowance, and * annual clothing allowance eligibility for hospitalized Veterans. |

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1. Eligibility for the Annual Clothing Allowance, Continued

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| a. ACAP Eligibility Requirements | The regulatory authority for annual clothing allowance payment (ACAP) is [38 CFR 3.810](http://www.benefits.va.gov/WARMS/docs/regs/38cfr/bookb/part3/s3_810.doc). An ACAP is payable, on application when   * ***prosthetic or orthopedic appliances***, such as an artificial limb, rigid extremity brace, wheelchair, or crutches, worn or used by a Veteran, for a disability or disabilities for which [38 U.S.C. Chapter 11](http://www.law.cornell.edu/uscode/text/38/part-II/chapter-11) disability compensation has been established, tend to ***wear and tear clothing*** and/or * ***physician-prescribed medication,*** used by a Veteran for a skin condition for which [38 U.S.C. Chapter 11](http://www.law.cornell.edu/uscode/text/38/part-II/chapter-11) disability compensation has been established, causes ***irreparable damage*** to the ***outer garments***.   [38 U.S.C. Chapter 11](http://www.law.cornell.edu/uscode/text/38/part-II/chapter-11) disability compensation means:   * service connected disability or * disability under [38 U.S.C. § 1151](http://www.law.cornell.edu/uscode/html/uscode38/usc_sec_38_00001151----000-.html) that is compensated as if service connected.   [38 CFR 3.810](http://www.benefits.va.gov/WARMS/docs/regs/38cfr/bookb/part3/s3_810.doc) provides for entitlement to ***more than one*** ACAP.  Multiple allowances are permitted when multiple qualifying appliances and/or medications affect ***distinct*** qualifying types of clothing articles.  ***Example***: Multiple allowances may be awarded if a prosthetic leg used for a service-connected amputation causes wear and tear to pants ***and*** a physician-prescribed medication for a service-connected skin disorder irreparably damages shirts.  ***Two allowances*** may be paid for a ***single type of affected garment*** if     * more than one appliance, * medication for more than one skin condition, or * an appliance and a skin medication   independently qualify for an ACAP and together tend to wear and tear and/or irreparably damage the single type of garment at a greater rate than either would independently. |

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1. Eligibility for the Annual Clothing Allowance, Continued

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| a. ACAP Eligibility Requirements (continued) | For an ACAP to be paid the requisite findings must be established by medical evidence.   * In cases seeking an ACAP based on use of ***prosthetic or orthopedic appliances*** where there is ***special monthly compensation*** for loss of use of an upper or lower extremity at a rate specified in 38 CFR 3.350(a), (b), (c), (d), or (f), ***a VA examination*** (or equivalent hospital or examination report) must establish that the qualifying appliance(s) tend to cause wear and tear to clothing. * In cases seeking an ACAP based on use of ***prosthetic or orthopedic appliances*** necessitated by ***another qualifying disability*** the Under Secretary for Health or a designee (***VA Outpatient Clinic (OPC) Director***) must certify that the qualifying appliance(s) tend to cause wear and tear to clothing. * In cases seeking an ACAP based on ***physician-prescribed medication***, the Under Secretary for Health or a designee (***VA OPC Director***) must certify that the prescribed qualifying medication causes irreparable damage to the outer garments.   ***Notes***:   * Irreparable damage does *not* include stains that are removable through regular laundering or dry cleaning * A Veteran does not lose ACAP eligibility after returning to active duty and may receive the payment concurrently with active service pay. [VAOPGCPREC 4-2010](http://www.va.gov/OGC/docs/2010/Prec4_2010.pdf).) |

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1. Eligibility for the Annual Clothing Allowance, Continued

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| b. Jurisdiction of Clothing Allowance Claims Processing | In August 2003, the Veterans Benefits Administration (VBA) transitioned the processing of annual clothing allowance claims to the Veterans Health Administration (VHA).  Any clothing allowance claims received by a regional office should be forwarded to the VA Medical Center (VAMC) or OPC of jurisdiction, for the attention of the Prosthetic and Sensory Aids Service.  ***Exception***: Claims for accrued clothing allowance are to be processed by the regional office of jurisdiction. For additional information on accrued clothing allowance, see [M21-1MR, Part IX.i.7.2.e](imi-internal:M21-1MRIX.i.7.2.e). |

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| c. Informing Veterans of Potential Entitlement for the Clothing Allowance | If a rating decision establishes service connection for the anatomical loss or loss of use of a hand or foot,  in the notification letter   * inform the Veteran of potential eligibility for the clothing allowance * enclose *VA Form 10-8678, Application for Annual Clothing Allowance* * provide contact information for the VAMC or OPC of jurisdiction, and * inform the Veteran to return the application to the VAMC or OPC, for the attention of Prosthetic and Sensory Aids Service. |

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| d. Continued Eligibility to the Annual Clothing Allowance | Consider a Veteran to have continued eligibility to the annual clothing allowance if   * service-connection has been established for anatomical loss or loss of use of a hand or foot, and * the disability requires use of a prosthetic or orthopedic device that wears out or tears clothing.   ***Note***: Process initial payments of the ACAP to include master record code to provide recurring annual payments without the need for the Veteran to submit supplemental claims. |

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1. Eligibility for the Annual Clothing Allowance, Continued

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| e. What Constitutes a Claim for ACAP | A claim for ACAP may be any communication from a Veteran that   * describes the device or medication used because of a service-connected or [38 U.S.C. 1151](http://www.law.cornell.edu/uscode/text/38/1151) disability/condition, and * requests payment of the clothing allowance.   ***Note***: If an application for ACAP is received, but no claim for compensation has been filed   * forward *VA Form 21-526, Veteran’s Application for Compensation or Pension,* to the claimant, and * inform the Veteran that a prerequisite for consideration of entitlement to the ACAP is that the Veteran be service connected for * a disability requiring the use of a prosthetic or orthopedic device, or * a skin condition. |

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| f. ACAP Eligibility for Hospitalized Veterans | A hospitalized Veteran, competent or incompetent, remains eligible for ACAP. |

#### 2. Payment of the Annual Clothing Allowance

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| Introduction | This topic contains information on making payments of the annual clothing allowance, including information on   * the pay date for ACAP * the pay date for authorized recurring ACAPs * payment to Veterans in receipt of retired pay * payment in Philippine cases, and * payment of the accrued clothing allowance |

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| a. Pay Date for the ACAP | VA issues the ACAP to Veterans who have existing eligibility as of August 1st. ACAP eligibility must be determined no later than July 31 of the payment year and not prior to August 1 of the preceding year.  ***Example***: A veteran eligible as of August 1, 2003, is entitled to receive the 2003 ACAP.  Generally, the ACAP is paid on or about September 1st. The ACAP may be paid upon processing of the clothing allowance transaction if processing after the last processing cycle in August of the ACAP year. |

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| b. Pay Date for Authorized Recurring ACAPs | The pay date for authorized recurring ACAPs based on recorded master record data is September 1st. Processing authorization for payment of future or current ACAP establishes a Compensation and Pension (C&P) master record code to provide   * recurring annual payments, or * a computer-generated development letter/application for a subsequent ACAP.   ***Reference***: For more information on master record codes relating to ACAPs, see [M21-1, Part V, Chapter 11](http://www.benefits.va.gov/warms/docs/admin21/m21_1/part5/ch11.doc). |

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2. Payment of the Annual Clothing Allowance, Continued

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| c. Clothing Allowance Payments to Veterans in Receipt of Retired Pay | A Veteran receiving retired pay is *not* required to waive any portion of his/her retired pay to receive the clothing allowance.  ***Note***: Authorization of the ACAP to Veterans who are not receiving compensation because they have not waived their retired pay can be made only for the current annual payment. Master record codes cannot be used to establish recurring annual payments.  A re-determination of eligibility on the basis of a subsequent claim is *not* required if the initial approval was based on a static qualifying disability. |

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| d. Clothing Allowance Payment in Philippine Cases | Claims authorized for Veterans of the U.S. Army and Regular Scouts are paid in dollars.  Persons who enlisted under, Section 14 *Public Law (PL) 79-190* (The Armed Forces Voluntary Recruitment Act of October 6, 1945), include other Philippine Scouts, Commonwealth Army of the Philippines, Guerilla Service. These persons are to be paid at a rate in Philippine pesos equivalent to $.50 for each dollar authorized under law.  ***Note***: The Manila Treasury Disbursing Office makes the payment. |

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| e. Payment of the Accrued Clothing Allowance | If a rating decision or evidence in file at the date of death indicates that the Veteran met the eligibility requirements as of the August 1st date prior to death, then the lump-sum clothing allowance is due and payable.  ***Note***: The full lump-sum is payable without pro rata accumulation for any portion of a year.  ***Reference***: For more information on payment of accrued benefits, see [M21-1MR, Part VIII.](imi-internal:M21-1MRVIII) |

#### 3. Payment of the Annual Clothing Allowance for Incarcerated Veterans

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| Introduction | This topic contains information on the payment of the annual clothing allowance for incarcerated Veterans, including information on the   * provisions of Section 502 of *PL 104-275* * payment during the initial period of incarceration * payment when the Veteran is incarcerated for the entire clothing allowance year * payment when the Veteran is released from incarceration during the clothing allowance year, and * reduction of the 1997 clothing allowance. |

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| a. Provisions of Section 502 of PL 104-275 | *PL 104-275*, Section 502, limits the clothing allowance for Veterans incarcerated for over 60 days if they receive clothing at no cost from the penal institution.  ***Note***: In the absence of evidence to the contrary, presume that incarcerated Veterans receive clothing at no cost from the penal institution. |

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| b. Clothing Allowance Payment During the Initial Period of Incarceration | General Counsel has held that the restriction on the payment of clothing allowance does *not* apply for the initial 60 days of any separate period of incarceration.  Therefore, the annual clothing allowance amount must be reduced by 1/365th for each day of incarceration after the initial 60 days of incarceration during the 12-month period preceding the August 1st determination of clothing allowance eligibility. |

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| c. Payment When the Veteran is Incarcerated for the Entire Clothing Allowance Year | If the Veteran is incarcerated for the entire clothing allowance year (August 1st through July 31st), do *not* pay the Veteran for that year, assuming the Veteran’s incarceration commenced more than 60 days prior to August 1st. |

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3. Payment of the Annual Clothing Allowance for Incarcerated Veterans, Continued

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| d. Payment on Release from Incarceration During the Clothing Allowance Year | If the Veteran is initially incarcerated or is released from incarceration during the clothing allowance year, pay the Veteran a partial clothing allowance.  ***Note***: Partial clothing allowance payments for years during which the Veteran is incarcerated are *not* subject to rounding to even dollars. Therefore, partial year payments are made in dollars and cents.  ***Reference***: For information on calculating the partial year payment, see [M21-1MR, Part IX.i.7.3.b](imi-internal:M21-1MRIX.i.7.3.b). |

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| e. Reduction of the 1997 Clothing Allowance | Because *PL 104-275*, Section 502, was effective October 9, 1996, a Veteran incarcerated after October 8, 1996, and before, August 1, 1997, is subject to a reduction of the 1997 clothing allowance for the number of days the claimant was incarcerated during this period.  ***Notes***:   * Reduction for the 1998 clothing allowance is determined by the number of days incarcerated during the period of August 1, 1997, through July 31, 1998. * Do not reduce the clothing allowance for the initial 60 days for any period of incarceration. |

#### 4. Computer Processing of the Annual Clothing Allowance Payment (ACAP)

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| Introduction | This topic contains information on computer processing of the annual clothing allowance payment (ACAP), including information on   * payment of clothing allowance * entitlement effective after August 1st * master record codes * making annual re-determinations of eligibility, and * payments to Veterans not in receipt of compensation. |

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| a. Payment of Clothing Allowance | Computer payment on an award of initial entitlement or a re-determination of entitlement to the ACAP based on previously entered master record data is made September 1st of that year. |

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| b. Entitlement Effective After August 1st | If a Veteran’s entitlement is effective *after* August 1st of a specific year, he/she is not entitled to that year’s ACAP.  In such cases, establish eligibility for initial payment for the next ACAP   * under the criteria of entitlement determinations, or * based on a medical determination.   ***Reference***: For more information on entitlement determinations, see [M21-1MR, Part IX.i.7.1.e](imi-internal:M21-1MRIX.i.7.1.e). |

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4. Computer Processing of the Annual Clothing Allowance Payment (ACAP), Continued

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| c. Master Record Codes | When processing payment for the ACAP, CORR the appropriate master record code to provide for   * subsequent payments on a recurring basis, or * issuing a computer-generated letter for re-determination, as appropriate.   The following table explains the master record codes and the subsequent action they generate. |

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| Master Record Code | Action Generated |
| RECUR | Payment Only |
| RECUR | Payment Only |
| NEXT ONLY | Payment and Computer-Generated Letter |
| REVUE | Payment and Computer-Generated Letter |

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| ***Reference***: For more information on clothing allowance master record codes, see [M21-1, Part V, Chapter 11](http://www.benefits.va.gov/warms/docs/admin21/m21_1/part5/ch11.doc). |

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| d. Annual Re-Determination of Eligibility for Clothing Allowance | An annual re-determination of eligibility is required for claimants who have not established entitlement to ACAP on a recurring basis. The master record code entered during initial processing will issue a computer-generated letter/application for completion by the Veteran.  Payment of the current year clothing allowance is dependent on   * receipt of an application by August 1st of the next year, and * favorable determination of eligibility by August 1st of the same year.   ***Note***: Do not maintain control for receipt of the completed application. |

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4. Computer Processing of the Annual Clothing Allowance Payment (ACAP), Continued

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| e. Clothing Allowance Payments to Veterans Not in Receipt of Compensation | Authorization of the ACAP, to Veterans who are not receiving compensation because no type A master record exists or for some other reason, can be made only for the current annual payment. Master record codes cannot be used to establish payment on a recurring basis.  ***Notes***:   * If continuing eligibility is established upon a factual basis, payment of the next and succeeding ACAPs may be made upon ascertaining the Veteran’s current address. * Maintain local control for appropriate action as of August 1st of the next year. |

#### 5. Computer Processing of the ACAP for Incarcerated Veterans

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| Introduction | This topic contains information on computer processing of the ACAP for incarcerated Veterans, including information on   * accessing the M18 screen * entering information for previously incarcerated Veterans * entering information for currently incarcerated Veterans * system calculations of the ACAP, and * updating the M15 screen. |

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| a. Accessing the M18 Screen | Payments of the clothing allowance for incarcerated Veterans are made through the M18 CLOTHING ALLOWANCE-REDUCTION FOR INCARCERATION screen. Before processing payment, review the claims folder to determine the Veteran’s dates of incarceration. To authorize payment, enter the following on the READY screen:   * CORR * password * M18, and * file number.   Entry of M18 on the ready screen is not required. Under the CORR command, you may access the M18 screen by entering M18 in the NEXT SCREEN field from the M00, MENU screen or from any C&P Master Record screen (M11- M16).  ***Note***: The M18 screen   * allows you to enter up to four sets of beginning and ending dates, and * only allows dates that fall within the current clothing allowance year (August 1st – July 31st). |

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5. Computer Processing of the ACAP for Incarcerated Veterans, Continued

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| b. Entering Information for Previously Incarcerated Veterans | If the Veteran has been released from incarceration, enter the date of release in the ENDING DATE OF INCARCERATION field.  ***Result***: This releases payment for the period from the release date through July 31st of the current year. |

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| c. Entering Information for Currently Incarcerated Veterans | Enter the date of the 61st day of incarceration in the BEGINNING DATE OF INCARCERATION field. If the Veteran is still incarcerated on July 31st, this is the only entry required.  ***Result***: This releases payment for the period from August 1st to the date entered.  ***Notes***:   * When the 61st day of incarceration is earlier than October 9, 1996, enter 10-08-96 in the BEGINNING DATE OF INCARCERATION field. * If the 61st day of incarceration and the release date fall in the same clothing allowance year, enter both the beginning and ending dates. ***Result***: This releases payment for the period from August 1st to the beginning date and for the period from the ending date through July 31st. |

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| d. System Calculations | ***System action***:  Upon entry of the M18 screen, the system   * calculates the number of days payable for the clothing allowance year, and * redisplays the M18 screen with this information.   ***Operator action***:  If the number displayed is   * correct, press ENTER to continue. * not correct * make the corrections in the BEGINNING DATE and ENDING DATE fields, and * press ENTER again.   ***Results***:  When the screen is completed with no changes to the calculated number of days, an award is generated. |

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5. Computer Processing of the ACAP for Incarcerated Veterans, Continued

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| e. Updating the M15 Field | The M15 INCARCERATION IND field *must* be updated to indicate status each time award action is taken to adjust for entry into incarceration or release from incarceration.  ***Note***: The M15 INCARCERATION IND field indicators allow for generation of writeouts as well as statistical reports.  ***References***: For more information on   * making awards for incarcerated Veterans, see [M21-1MR, Part III, Subpart v, 8](imi-internal:M21-1MRIII.v.8), and * using the CORR command, see [M21-1, Part V, Chapter 18](http://www.benefits.va.gov/warms/docs/admin21/m21_1/part5/ch18.doc) |

#### 6. Processing ACAP Notices of Disagreement (NODs) or Substantive Appeals

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| Introduction | This topic contains information on processing a notice of disagreement (NOD) or substantive appeal regarding ACAP, including information on   * the responsibility for furnishing statements of the case (SOC) and certifying appeals, and * handling NODs and substantive appeals. |

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| a. Responsibility for Furnishing SOCs and Certifying Appeals | The VA Medical Center (VAMC) or Outpatient Clinic (OPC) is responsible for furnishing statements of the case (SOC) and certifying appeals arising from decisions denying or terminating eligibility   * on the basis that no service-connected conditions exist * on the basis that the device does not wear out or tear clothing, or * in cases involving an issue of effective date of entitlement.   ***Exception***: The Veterans Service Center maintains responsibility for furnishing SOCs and certifying appeals arising from RO decisions promulgated prior to the transitioning of the processing of ACAP to VHA in August 2003. |

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| b. Handling NODs and Substantive Appeals | If a NOD is filed, the VAMC or OPC of jurisdiction will be responsible for preparing and furnishing the SOC.  If a substantive appeal is filed, the VAMC or OPC of jurisdiction will be responsible for   * processing the substantive appeal * certifying the appeal * completing *VA Form 1-8, Certification of Appeal*, and * forwarding the appeal to the Board of Veterans’ Appeals.   Reference: For more information on the provisions of NODs or substantive appeals, see [38 U.S.C. 7105](http://www.law.cornell.edu/uscode/text/38/7105). |