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# TABLE OF CONTENTS

Introduction Code of Ethics ........................................................................................................1

Regulatory Oversight ................................................................................................................2

IRC §6694 & Ethics ....................................................................................................................3

Tax Advisor Privilege ................................................................................................................5

Duties & Restrictions: Practice Before the IRS .......................................................................7

Ethical Considerations ..............................................................................................................20
Introduction: Code of Ethics

Enrolled Agents (EAs), Certified Public Accountants (CPAs) and Attorneys provide uncompromising and valuable professional services to not only the public in general, but also to a multitude of private institutions and public entities on a continual basis. The above referenced professionals (and others) are mandated to follow a “Code of Ethics” or certain prescribed “Canon of Ethics” while providing their professional services. Although each governing body of the licensed professionals noted above maintain a separate “Codes of Ethics”, the underlying emphasis is the same for each one. Each code of ethics mandates, professional responsibility, professional reliability, trust, integrity, and technical competence; and without a doubt the highest ethical standards, rules and guidelines.

An established and effective “code of ethics” should significantly affect and influence the conduct, judgment and professional behaviour of all individuals, professionals and representatives practicing taxation. To achieve this cohesiveness among the professionals, the United States Treasury Department (Treasury) created their own “code of ethics” and promulgated it as “Circular 230”, which governs EAs, CPAs and Attorneys as one group of practitioners, concerning practice before the Internal Revenue Service.

Course Objectives

We will attempt to review, discuss and analyze Representation Ethics” and determine ethical applications with regards to today’s changing political and professional environment.
Regulatory Oversight

The Office of Professional Responsibility (OPR), formerly known as the “Office of the Director of Practice”, has the responsibility of establishing and enforcing the rules, guidelines and regulations of Circular 230. These rules were constructed as standards of competence and integrity to govern the conduct of all practicing tax professionals.

In general, the OPR attempts to ensure the integrity and credibility of the American tax system by working through tax professionals and with IRS operating divisions and functions.

In an attempt to increase awareness of the rules and regulations regarding practice before the IRS, and to reduce or prevent non-compliance, the OPR provides enforcement of Circular 230 through various means which we will discuss. The OPR’s position is “increased enforcement”, along with additional legislation, should deter non-compliance.

The OPR periodically publishes and announces the disciplinary actions or sanctions involving Attorneys, CPAs, EAs, Enrolled Actuaries, Enrolled Retirement Plan Agents, and Appraisers. The disciplinary actions are usually published via the Internal Revenue Bulletin (IRB) entitled, “Announcement of Disciplinary Sanctions from the Office of Professional Responsibility”. This publication and/or announcement includes the name, city & state, professional designation of the disciplined professional as well as the disciplinary sanction issued and the effective date or dates of the disciplinary sanction.

Caveat:
It should be noted that the majority of egregious non-compliance is performed by individuals that are not governed by Circular 230 and/or non-licensed practitioners.

OPR Business Objective
The business objective of the OPR is to “increase the percentage of tax professionals who do adhere to professional standards and follow the law by performing the following:

- Establishing procedures to identify and address the most egregious non-compliance cases
- Strengthening partnerships with tax professionals
- Establishing and communicating standards of conduct for tax practitioners
- Establishing and maintaining a system of tax practitioner oversight
- Rejuvenating the referral process
- Publicizing actions taken to promote the integrity of the system and deter further non-compliance
- Establishing and administering a system of sanctions for tax practitioners who fail to observe standards of conduct
- Administering tests for individuals who want to become enrolled agents and process applications

The Small Business & Work Opportunity Act: IRC §6694

A. IRC §6694 was modified by the 2007 Small Business & Work Opportunity Act (SBWOA), P.L. #110-28, 121 Stat.

B. The new provisions were enacted into law May 25, 2007.

C. The SBWOA amended IRC §6694 to extend the application of income tax return preparer penalties to all tax return preparers.

D. The SBWOA also altered the “standards of conduct” that must be met to avoid imposition of penalties for preparing a return (which reflects an understatement of liability).

E. The SBWOA also increased the 1st tier “preparer penalties” from $250
to $1,000 regarding the understatement of a tax liability or 50% of the income derived (or expected to be derived) by the tax return preparer; and the SBWOA also increased the 2nd tier “preparer penalties” from $1,000 to $5,000 (or 50% of income) for willful neglect.

F. The above 1st tier penalties apply upon the following:
   i) Preparer knew or reasonably should have known of the position
   ii) There was not a reasonable belief that the position would “more likely than not” be sustained on its merits
   iii) The position was not disclosed as provided via IRC §6662(d)(B)(ii) or ;
   iv) There was no reasonable basis for the position

G. The “Standards of Conduct” pertaining to Preparers was amended as follows:
   i.) For undisclosed positions, the SBWOA replaces the “realistic possibly standard” with a requirement that there be a reasonable belief that the tax treatment of the position would “more likely than not” be sustained on its merits.
   ii.) For disclosed positions the SBWOA replaces the not frivolous standard with the requirement that there be a “reasonable basis for the tax treatment of the position”.

H. Disclosure is adequate if made on a Form 8275 (Disclosure Statement) or Form 8275-R (Regulation Disclosure Statement). The disclosure statements must be attached to the returns.
Attorney-Client (Tax Advisor-Client) Privilege

Pursuant to RRA 98’ (P.L. 105-206), the traditional attorney-client privilege was extended to “federally authorized tax practitioners” (FAT practitioner), specifically Enrolled Agents (EAs) and Certified Public Accountants (CPAs). This act was codified via IRC §7525, “Confidentiality Privileges Relating to Taxpayer Communications.” The fundamental purpose of the privilege is to make confidential, except under certain excludible conditions, communications between a client and the client’s attorney (tax advisor). Therefore, if a FAT practitioner provides or receives “tax advice” in confidence, that information is privileged and cannot be disclosed to any third party without the taxpayer’s consent or appropriate court order enforcing such disclosure. Only the client or taxpayer can waive privilege regarding a tax matter. The privilege is that of the taxpayer’s, not the representative. The assertion of the tax-advisor privilege is limited to non-criminal matters before the Internal Revenue Service, and any non-criminal tax proceedings brought by or against the United States [IRC §7525(a)(2)(B).

Tax preparation does not encompass the sanctity of privilege. This provision applies to both attorneys and non-attorneys. Other limitations and exceptions are:

- The privilege does not extend to any written communication between a FAT practitioner and a director, shareholder, officer, 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.

- Also the tax advisor privilege can only be asserted at the administrative tax level (Audit, Appeals, Collections, etc.) and any Federal tax litigation situations. This privilege cannot be asserted in any other administrative or judicial proceeding brought by other Federal regulatory agencies or by State taxing authorities.
Caveat:
The tax advisor should be forewarned that disclosure of privileged communications, accidental or otherwise, waives the privilege.

Although the preceding provisions appear to put an administrative or legal “burden” upon the FAT practitioner, we have a duty (pursuant to Circular 230) to vigorously represent the taxpayer before the IRS. Failing to assert “privilege” in a matter before the IRS may be considered an ethical violation. Therefore, failing to assert privilege while being questioned or interviewed during an audit proceeding could be detrimental. Or if partial disclosure is made accidentally during the audit proceeding, privilege regarding the entire communication (not just the portion related to the partial disclosure) is considered waived.

In conclusion, the FAT practitioner has an enormous responsibility to protect the “taxpayer’s” privileged communications from inappropriate disclosure. It is the author’s opinion that the ramifications of “privileged communications” be properly explained and conveyed to the client to also prevent inadvertent disclosure by the client. It has been suggested that a tax advisor firm/company’s standard operating procedures (SOPs) or even the firm’s standard engagement letters be modified to encompass the provisions of IRC §7525 to strengthen the ethical awareness of the practitioners involved with the firm.
Practitioner Ethics: Duties & Restrictions Relating to Practice before the Internal Revenue Service (Circular 230)

<table>
<thead>
<tr>
<th>Key Circular 230 Provisions as identified by Karen Hawkins-Director OPR</th>
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<tbody>
<tr>
<td>✓ Diligence as to Accuracy (§10.22)</td>
</tr>
<tr>
<td>✓ Fees (§10.27)</td>
</tr>
<tr>
<td>✓ Conflicting Interest (§10.29)</td>
</tr>
<tr>
<td>✓ Negotiation of Taxpayer Checks (§10.31)</td>
</tr>
<tr>
<td>✓ Due Diligence Standards-Returns/Documents (§10.34)</td>
</tr>
<tr>
<td>✓ Giving False or Misleading Information (§10.51(a)(4))</td>
</tr>
<tr>
<td>✓ Willfully Assisting, Counseling or Encouraging a Client to Evade Taxes or Payment Thereof (§10.51(a)(7))</td>
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</tbody>
</table>

§10.20 Information to be furnished.

(a) To the Internal Revenue Service.

(1) A practitioner must, on a proper and lawful request by a duly authorized officer or employee of the Internal Revenue Service, promptly submit records or information in any matter before the Internal Revenue Service unless the practitioner believes in good faith and on reasonable grounds that the records or information are privileged.

(2) Where the requested records or information are not in the possession of, or subject to the control of, the practitioner or the practitioner's client, the practitioner must promptly notify the requesting Internal Revenue Service officer or employee and the practitioner must provide any information that the practitioner has regarding the identity of any person who the practitioner believes may have possession or control of the requested records or information. The practitioner must make reasonable inquiry of his or her client regarding the identity of any person who may have possession or control of the requested records or information, but the practitioner is not required to make inquiry of any other person or independently verify any information provided by the practitioner's client regarding the identity of such persons.
(3) When a proper and lawful request is made by the Director of the Office of Professional Responsibility, a practitioner must provide the Director of the Office of Professional Responsibility with any information the practitioner has concerning an inquiry by the Director of the Office of Professional Responsibility into an alleged violation of the regulations in this part by any person, and to testify regarding this information in any proceeding instituted under this part, unless the practitioner believes in good faith and on reasonable grounds that the information is privileged.

(b) Interference with a proper and lawful request for records or information. A practitioner may not interfere, or attempt to interfere, with any proper and lawful effort by the Internal Revenue Service, its officers or employees, or the Director of the Office of Professional Responsibility, or his or her employees, to obtain any record or information unless the practitioner believes in good faith and on reasonable grounds that the record or information is privileged.

§10.21 Knowledge of client's omission.
A practitioner who, having been retained by a client with respect to a matter administered by the Internal Revenue Service, knows that the client has not complied with the revenue laws of the United States or has made an error in or omission from any return, document, affidavit, or other paper which the client submitted or executed under the revenue laws of the United States, must advise the client promptly of the fact of such noncompliance, error, or omission. The practitioner must advise the client of the consequences as provided under the Code and regulations of such noncompliance, error, or omission.
§10.22 Diligence as to accuracy.
(a) In general. A practitioner must exercise due diligence-
(1) In preparing or assisting in the preparation of, approving, and filing tax returns, documents, affidavits, and other papers relating to Internal Revenue Service matters;
(2) In determining the correctness of oral or written representations made by the practitioner to the Department of the Treasury; and
(3) In determining the correctness of oral or written representations made by the practitioner to clients with reference to any matter administered by the Internal Revenue Service.
(b) Reliance on others. Except as provided in §§10.34, 10.35 and 10.37, a practitioner will be presumed to have exercised due diligence for purposes of this section if the practitioner relies on the work product of another person and the practitioner used reasonable care in engaging, supervising, training, and evaluating the person, taking proper account of the nature of the relationship between the practitioner and the person.
(c) Effective/applicability date. This section is applicable on September 26, 2007.

§10.23 Prompt disposition of pending matters.
A practitioner may not unreasonably delay the prompt disposition of any matter before the Internal Revenue Service.

§10.24 Assistance from or to Disbarred or Suspended Persons and former Internal Revenue Service Employees
A practitioner may not, knowingly and directly or indirectly:
(a) Accept assistance from or assist any person who is under disbarment or suspension from practice before the Internal Revenue Service if the assistance relates to a matter or matters constituting practice before the Internal Revenue Service.
(b) Accept assistance from any former government employee where the provisions of §10.25 or any Federal law would be violated.
§10.26 Notaries
A practitioner may not take acknowledgments, administer oaths, certify papers, or perform any official act as a notary public with respect to any matter administered by the Internal Revenue Service and for which he or she is employed as counsel, attorney, or agent, or in which he or she may be in any way interested.

§10.27 Fees.
(a) In general. A practitioner may not charge an unconscionable fee in connection with any matter before the Internal Revenue Service.

(b) Contingent fees.
(1) Except as provided in paragraphs (b)(2), (3) and (4) of this section, a practitioner may not charge a contingent fee for services rendered in connection with any matter before the Internal Revenue Service.

(2) A practitioner may charge a contingent fee for services rendered in connection with the Service’s examination of, or challenge to—
   (i) An original tax return; or
   (ii) An amended return or claim for refund or credit where the amended return or claim for refund or credit was filed within 120 days of the taxpayer receiving a written notice of the examination of, or a written challenge to the original return.

(3) A practitioner may charge a contingent fee for services rendered in connection with a claim for credit or refund filed solely in connection with the determination of statutory interest or penalties assessed by the Internal Revenue Service.

(4) A practitioner may charge a contingent fee for services rendered in connection with any judicial proceeding arising under the Internal Revenue Code.
(c) Definitions. For purposes of this section-

(1) Contingent fee is any fee that is based, in whole or in part, on whether or not a position taken on a tax return or other filing avoids challenge by the Internal Revenue Service or is sustained either by the Internal Revenue Service or in litigation. A contingent fee includes a fee that is based on a percentage of the refund reported on a return, that is based on a percentage of the taxes saved, or that otherwise depends on the specific results attained. A contingent fee also includes any fee arrangement in which the practitioner will reimburse the client for all or a portion of the client’s fee in the event that a position taken on a tax return or other filing is challenged by the Internal Revenue Service or is not sustained, whether pursuant to an indemnity agreement, a guarantee, rescission rights, or any other arrangement with a similar effect.

(2) Matter before the Internal Revenue Service
Includes tax planning and advice, preparing or filing or assisting in preparing or filing returns or claims for refund or credit, and all matters connected with a presentation to the Internal Revenue Service or any of its officers or employees relating to a taxpayer’s rights, privileges, or liabilities under laws or regulations administered by the Internal Revenue Service. Such presentations include, but are not limited to, preparing and filing documents, corresponding and communicating with the Internal Revenue Service, rendering written advice with respect to any entity, transaction, plan or arrangement, and representing a client at conferences, hearings, and meetings.

(d) Effective/applicability date. This section is applicable for fee arrangements entered into after March 26, 2008.
§10.28 Return of Client's Records

(a) In general, a practitioner must, at the request of a client, promptly return any and all records of the client that are necessary for the client to comply with his or her Federal tax obligations. The practitioner may retain copies of the records returned to a client. The existence of a dispute over fees generally does not relieve the practitioner of his or her responsibility under this section. Nevertheless, if applicable state law allows or permits the retention of a client's records by a practitioner in the case of a dispute over fees for services rendered, the practitioner need only return those records that must be attached to the taxpayer's return. The practitioner, however, must provide the client with reasonable access to review and copy any additional records of the client retained by the practitioner under state law that are necessary for the client to comply with his or her Federal tax obligations.

(b) For purposes of this section-Records of the client include all documents or written or electronic materials provided to the practitioner, or obtained by the practitioner in the course of the practitioner's representation of the client, that pre-existed the retention of the practitioner by the client. The term also includes materials that were prepared by the client or a third party (not including an employee or agent of the practitioner) at any time and provided to the practitioner with respect to the subject matter of the representation. The term also includes any return, claim for refund, schedule, affidavit, appraisal or any other document prepared by the practitioner, or his or her employee or agent, that was presented to the client with respect to a prior representation if such document is necessary for the taxpayer to comply with his or her current Federal tax obligations. The term does not include any return, claim for refund, schedule, affidavit, appraisal or any other document prepared by the practitioner or the practitioner's firm, employees or agents if the practitioner is withholding such document pending the client's performance of its contractual obligation to pay fees with respect to such document.
§10.29 Conflicting Interests

(a) Except as provided by paragraph (b) of this section, a practitioner shall not represent a client before the Internal Revenue Service if the representation involves a conflict of interest. A conflict of interest exists if:

(1) The representation of one client will be directly adverse to another client; or
(2) There is a significant risk that the representation of one or more clients will be materially limited by the practitioner's responsibilities to another client, a former client or a third person or by a personal interest of the practitioner.

(b) Notwithstanding the existence of a conflict of interest under paragraph (a) of this section, the practitioner may represent a client if:

(1) The practitioner reasonably believes that the practitioner will be able to provide competent and diligent representation to each affected client;
(2) The representation is not prohibited by law;
(3) Each affected client waives the conflict of interest and gives informed consent, confirmed in writing by each affected client, at the time the existence of the conflict of interest is known by the practitioner. The confirmation may be made within a reasonable period of time after the informed consent, but in no event later than 30 days.

(c) Copies of the written consents must be retained by the practitioner for at least 36 months from the date of the conclusion of the representation of the affected clients and the written consents must be provided to any officer or employee of the Internal Revenue Service on request.

(d) Effective/applicability date. This section is applicable on September 26, 2007.
§10.30 Solicitation.

(a) Advertising and solicitation restrictions

(1) A practitioner may not, with respect to any Internal Revenue Service matter, in any way use or participate in the use of any form of public communication or private solicitation containing a false, fraudulent, or coercive statement or claim; or a misleading or deceptive statement or claim. Enrolled agents or enrolled retirement plan agents, in describing their professional designation, may not utilize the term of art "certified" or imply an employer/employee relationship with the Internal Revenue Service. Examples of acceptable descriptions for enrolled agents are "enrolled to represent taxpayers before the Internal Revenue Service," "enrolled to practice before the Internal Revenue Service," and "admitted to practice before the Internal Revenue Service." Similarly, examples of acceptable descriptions for enrolled retirement plan agents are “enrolled to represent taxpayers before the Internal Revenue Service as a retirement plan agent” and “enrolled to practice before the Internal Revenue Service as a retirement plan agent”.

(2) A practitioner may not make, directly or indirectly, an uninvited written or oral solicitation of employment in matters related to the Internal Revenue Service if the solicitation violates Federal or State law or other applicable rule, e.g., attorneys are precluded from making a solicitation that is prohibited by conduct rules applicable to all attorneys in their State(s) of licensure. Any lawful solicitation made by or on behalf of a practitioner eligible to practice before the Internal Revenue Service must, nevertheless, clearly identify the solicitation as such and, if applicable, identify the source of the information used in choosing the recipient.

(b) Fee information.

(1) (i) A practitioner may publish the availability of a written schedule of fees and disseminate the following fee information-

(A) Fixed fees for specific routine services.

(B) Hourly rates.

(C) Range of fees for particular services.
(D) Fee charged for an initial consultation.

(ii) Any statement of fee information concerning matters in which costs may be incurred must include a statement disclosing whether clients will be responsible for such costs.

(2) A practitioner may charge no more than the rate(s) published under paragraph (b)(1) of this section for at least 30 calendar days after the last date on which the schedule of fees was published.

(c) Communication of fee information.

Fee information may be communicated in professional lists, telephone directories, print media, mailings, and electronic mail, facsimile, hand delivered flyers, radio, television, and any other method. The method chosen, however, must not cause the communication to become untruthful, deceptive, or otherwise in violation of this part.

A practitioner may not persist in attempting to contact a prospective client if the prospective client has made it known to the practitioner that he or she does not desire to be solicited. In the case of radio and television broadcasting, the broadcast must be recorded and the practitioner must retain a recording of the actual transmission. In the case of direct mail and e-commerce communications, the practitioner must retain a copy of the actual communication, along with a list or other description of persons to whom the communication was mailed or otherwise distributed. The copy must be retained by the practitioner for a period of at least 36 months from the date of the last transmission or use.

(d) Improper associations.

A practitioner may not, in matters related to the Internal Revenue Service, assist, or accept assistance from, any person or entity who, to the knowledge of the practitioner, obtains clients or otherwise practices in a manner forbidden under this section.

(e) Effective/applicability date. This section is applicable on September 26, 2007.

§10.31 Negotiation of Taxpayer Checks

A practitioner who prepares tax returns may not endorse or otherwise negotiate any check issued to a client by the government in respect of a Federal tax liability.
§10.32 Practice of Law

Nothing in the regulations in this part may be construed as authorizing persons not members of the bar to practice law.

§10.33 Best Practices for Tax Advisors

(a) Best Practices. Tax advisors should provide clients with the highest quality representation concerning Federal tax issues by adhering to best practices in providing advice and in preparing or assisting in the preparation of a submission to the Internal Revenue Service. In addition to compliance with the standards of practice provided elsewhere in this part, best practices include the following:

(1) Communicating clearly with the client regarding the terms of the engagement. For example, the advisor should determine the client’s expected purpose for and use of the advice and should have a clear understanding with the client regarding the form and scope of the advice or assistance to be rendered.

(2) Establishing the facts, determining which facts are relevant, evaluating the reasonableness of any assumptions or representations, relating the applicable law (including potentially applicable judicial doctrines) to the relevant facts, and arriving at a conclusion supported by the law and the facts.

(3) Advising the client regarding the import of the conclusions reached, including, for example, whether a taxpayer may avoid accuracy-related penalties under the Internal Revenue Code if a taxpayer acts in reliance on the advice.

(4) Acting fairly and with integrity in practice before the IRS.

(b) Procedures to ensure best practices for tax advisors. Tax advisors with responsibility for overseeing a firm’s practice of providing advice concerning Federal tax issues or of preparing or assisting in the preparation of submissions to the Internal Revenue should take reasonable steps to ensure
that the firm’s procedures for all members, associates, and employees are consistent with the best practices set forth in paragraph (a) of this section.

(c) Applicability date. This section is effective after June 20, 2005.

§10.34 Standards with respect to Tax Returns and Documents, Affidavits and Other Papers

(a) [Reserved]

(b) Documents, affidavits and other papers

(1) A practitioner may not advise a client to take a position on a document, affidavit, or other paper submitted to the Internal Revenue Service unless the position is not frivolous.

(2) A practitioner may not advise a client to submit a document, affidavit or other paper to the Internal Revenue Service

(i) The purpose of which is to delay or impede the administration of the Federal tax laws;

(ii) That is frivolous; or

(iii) That contains or omits information in a manner that demonstrates an intentional disregard of a rule or regulation unless the practitioner also advises the client to submit a document that evidences a good faith challenge to the rule or regulation.

(c) Advising clients on potential penalties

(1) A practitioner must inform a client of any penalties that are reasonably likely to apply to the client with respect to

(i) A position taken on a tax return if

(A) The practitioner advised the client with respect to the position; or

(B) The practitioner prepared or signed the tax return; and

(ii) Any document, affidavit or other paper submitted to the Internal Revenue Service.
(2) The practitioner also must inform the client of any opportunity to avoid any such penalties by disclosure, if relevant, and of the requirements for adequate disclosure.

(3) This paragraph (c) applies even if the practitioner is not subject to a penalty under the Internal Revenue Code with respect to the position or with respect to the document, affidavit or other paper submitted.

(d) Relying on information furnished by clients.
A practitioner advising a client to take a position on a tax return, document, affidavit or other paper submitted to the Internal Revenue Services, or preparing or signing a tax return as a preparer, generally may rely in good faith without verification upon information furnished by the client. The practitioner may not, however, ignore the implications of information furnished to, or actually known by, the practitioner, and must make reasonable inquiries if the information as furnished appears to be incorrect, inconsistent with an important fact or another factual assumption, or incomplete.

(e) [Reserved]

(f) Effective/applicability date. Section 10.34 is applicable to tax returns, documents, affidavits, and other papers filed on or after September 26, 2007.

§10.37 Requirements for other written advice
(a) Requirements.
A practitioner must not give written advice (including electronic communications) concerning one or more Federal tax issues if the practitioner bases the written advice on unreasonable factual or legal assumptions (including assumptions as to future events), unreasonably relies upon representations, statements, findings or agreements of the taxpayer or any other person, does not consider all relevant facts that the practitioner knows or should know, or in evaluating a Federal tax issue, takes into account the
possibility that a tax return will not be audited, that an issue will not be raised on audit, or that an issue will be resolved through settlement if raised. All facts and circumstances, including the scope of the engagement and the type and specificity of the advice sought by the client will be considered in the determining whether a practitioner has failed to comply with this section. In the case of an opinion the practitioner knows or has reason to know will be used or referred to by a person other than the practitioner (or a person who is a member of, associated with, or employed by the practitioner’s firm) in promoting, marketing or recommending to one or more taxpayers a partnership or other entity, investment plan or arrangement a significant purpose of which is the avoidance or evasion of any tax imposed by the Internal Revenue Code, the determination of whether a practitioner has failed to comply with this section will be made on the basis of the heightened standard of care because of the greater risk caused by the practitioner’s lack of knowledge of the taxpayer’s particular circumstances.

(b) Effective date. This section applies to written advice that is rendered after June 20, 2005.
Representation Ethics

Ethical Considerations

1. A taxpayer engages you to prepare a 2011 partnership income tax return consisting of 5 partners. During the preparation of the return, one of the partners of the partnership approaches you with claims of potentially fraudulent information provided to prepare the return. How should you resolve this matter?

_____________________________________________________________________
_____________________________________________________________________

2. Married taxpayers that have been clients of your firm for the past 3 years have consistently claimed charitable contributions (with proper substantiation) in the amount of $15,000 each year. They want to claim a deduction of $20,000 this year (with cancelled checks). What do you do?

_____________________________________________________________________
_____________________________________________________________________


_____________________________________________________________________
_____________________________________________________________________

4. A new tax representation client is not pleased with your progress concerning their case (pending 6 months) and has demanded that you refund all fees paid to date. What should you do?

_____________________________________________________________________
_____________________________________________________________________
5. A Corporation has engaged you to represent the entity before the Audit division of the IRS. The Treasurer of the corporation signed the POA. How do you and/or should you validate the authority of signature?

_____________________________________________________________________
_____________________________________________________________________

6. During your representation of a taxpayer before the Collection Division of the IRS regarding trust fund issues, the RO has requested to personally interview the taxpayer regarding the TFRP. You refuse to comply. Is this an ethical action?

_____________________________________________________________________
_____________________________________________________________________

7. You initiate an audit with a Tax Compliance Officer regarding the audit of a 2011 tax return. Your initial analysis indicates at least 35 case hours will be required, billed @$250 per hour. The taxpayer agrees to the fee and pays the total amount in advance ($8,750). However the engagement consumes 55 hours.

   a) Is it ethical to request any additional fees regarding this engagement?

_____________________________________________________________________
_____________________________________________________________________

   b) Is it ethical to approach the client and discuss amending the terms of the engagement based upon “value” received?

_____________________________________________________________________
_____________________________________________________________________

8. During the course of an individual audit, the client informs you that they omitted income from their 2011 tax return and the IRS auditor has not yet
discovered or discussed the understatement. Are you required to disclose this information to the IRS Agent?

Tax Ethics & Practitioner Punch List

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LG Brooks, EA

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Representation Ethics