

School 2025 Bonus Ethics panel session

Arlon Warner - Circular 230 Introduction, Case Studies.

Joan Holloway – Proposed Circular 230 changes, Case Studies.

Stephanie Machia – Case Studies (Burlington)

Seth Anderson – Case Studies (Killington)

230?

1. Circular 230 is the informal name for the Treasury regulations titled “Regulations Governing Practice Before the Internal Revenue Service” (31 C.F.R. Part 10) issued under the authority of 31 U.S.C. § 330.
2. Purpose: Protect taxpayers and the integrity of the tax system by ensuring competent and ethical conduct.
3. Enforced by the **IRS Office of Professional Responsibility (OPR)**

Who Must Comply?

1. Applies to Attorneys, CPAs, Enrolled Agents, Enrolled Actuaries, Enrolled Retirement Plan Agents, and anyone representing taxpayers before the IRS.
2. Practice before the IRS includes preparing, filing, corresponding, or advising taxpayers rights or liabilities.
3. Even unenrolled preparers can trigger Circular 230.

Core Practitioner Duties

- 1. Competence & Diligence:** Know the law, act promptly, verify information (§ 10.22).
- 2. Due Diligence:** Check facts, ensure reasonable positions on returns (§ 10.34).
- 3. Advise on Errors:** Must inform clients of discovered omissions or errors (§ 10.21).

Core Practitioner Duties (Cont.)

4. Avoid Conflicts, False Statements, Unconscionable Fees, & Misleading Ads.

5. Written Advice Standards: Ensure factual/legal basis, Avoid reliance on unreasonable assumptions (§ 10.37).

Enforcement & Sanctions

1. Enforced by the IRS Office of Professional Responsibility (OPR).
2. Possible sanctions: Censure, suspension, disbarment, monetary penalties, or disqualification or appraisers.
3. Practitioners retain OPR jurisdiction after suspension/disbarment (per proposed clarifications).

Highlights - Proposed Circular 230 Updates (Dec 2024)

1. Clarifies when return preparation is considered “practice before the IRS”.
2. Removes outdated “Registered Tax Return Preparer” references.
3. Revises contingent fee rules – no longer a blanket ban, but certain uses remain “disreputable”.

Highlights – Proposed Circular 230 Updates (Dec 2024) (Cont.)

4. Adds technology competence and data security as part of professional competence.
5. Updates OPR authority and streamlines disciplinary procedures.

Ethics & Best Practice Takeaways

1. Maintain clear engagement letters and document client communications.
2. Verify data, questions anomalies, and maintain Written support for return positions.
3. Keep current on tax law, technology, and cybersecurity practices.

Ethics & Best Practice Takeaways (Cont.)

4. Use checklists and peer reviews to ensure due diligence.

5. Promptly advise clients of discovered errors or omissions.

6. Monitor future Circular 230 changes – especially around digital practice and OPR oversight.