

Table of Contents

Practices and Procedures	1
Practice Before the IRS	1
Categories of Individuals Who May Practice	2
Eligibility to Become an Enrolled Agent	7
Application for Enrollment	8
Requirements for Enrolled Agents	8
Information to be Furnished	8
Client Omission	9
Accepting Assistance	10
Solicitation and Advertising	10
Fees	12
Due Diligence	12
Conflicting Interests	13
Negotiation of Taxpayer Check	13
Standards for Tax Returns, Documents, and Affidavits	14
Requirements for Written Advice	16
Enrollment Cycle and Renewal	17
Continuing Education Requirements	18
Tax Shelter	21
Prompt Disposition	26
Return Client Records	26
PTIN Requirements	26
Preparer Supervisory Responsibilities	28
Practice by Former Government Employees	28
Notaries	28
Practice of Law	28
Best Practices for Tax Advisors	29
Competence	29
Sanctionable Acts	29
Sanctions	29
Incompetence and Disreputable Conduct	30
Frivolous Tax Submission	32
Fraudulent Transactions	32
Receipt of Information Concerning Preparer	39
Rules Applicable to Disciplinary Proceedings	40

Institution of Proceeding	40
Conferences	40
Contents of Complaint	40
Service of Complaint	41
Answering the Complaint	41
Supplemental Charges	42
Motions and Representation	42
Administrative Law Judge	43
Decision of Administrative Law Judge	44
Appeal of Decision of Administrative Law Judge	44
Reinstatement	45
Penalties	45
Tax Return Preparer	45
Understatement of Taxpayer Liability	49
Accuracy-related Penalty	60
Furnishing a Copy of a Return to a Taxpayer	62
Signing Returns	63
Furnishing Identifying Numbers	63
Keeping Copies or Lists of Returns	64
Record of Employees	64
Negotiate or Endorse a Taxpayer's Check from the IRS	65
Preparer Penalty Involving Due Diligence	65
Request for Refund	68
Practices and Procedures Review Questions	71
Practices and Procedures Review Answers	75
Representation Before the IRS	81
Power of Attorney	81
Requirements for Power of Attorney	82
Alternate Forms of Power of Attorney	83
Who Must Execute the Power of Attorney	84
Rules for Client Privacy and Consent to Disclose	86
Tax Information Authorization	87
Changing or Dropping Representatives	87
Centralized Authorization File System	88
Conference and Practice Requirements	89

Building the Taxpayer's Case	92
Preliminary Work	92
Taxpayer Financial Situation	97
Supporting Documentation	102
Legal Authority and References	111
Related Issues	118
Statute of Limitations	118
Post-filing Correspondence	122
Requests for Information	125
Deadlines and Timeliness	126
Third-party Correspondence	126
<i>Freedom of Information Act</i> Requests	135
Tax Avoidance v. Tax Evasion	137
Tax Return Disclosure Statements	139
Taxpayer Advocate Service	139
Identity Theft	140
Judicial Levels of Representation Beyond the Scope of an Enrolled Agent	141
Representation Review Questions	145
Representation Review Answers	149
Specific Types of Representation	155
Collection Process	155
Extension of Time to Pay	156
Installment Agreement	157
Offer in Compromise	162
Collection Appeal Process	164
Understanding the Collection Process	167
Adjustments to the Taxpayer's Account	167
Audit Reconsideration	168
Decedent Issues	169
Notice of Federal Tax Lien	170
Levy and Seizures of Taxpayer's Property	171
Currently Not Collectible	174
IRS Collection Summons	174
Collection Statute of Limitations	175

Trust Fund Taxes	176
Amended Return	176
Penalties and Interest	177
Penalties Subject to Abatement	177
Abatement of Penalties	177
Interest	181
Procedure for Requesting Abatement	184
Bad Check	184
Failure to File Tax Return or to Pay Tax	184
Reportable Transactions	185
Examinations and Audits	185
Taxpayer Bill of Rights	186
IRS Authority to Investigate	187
Limited Preparer Privilege	187
Examination of Returns	188
Innocent Spouse	193
Revenue Agent Report	198
CP-2000 and Correspondence Audits	198
Explanation of Taxpayer Options	199
Special Procedures for Partnership Audits	202
Preparer Conflict of Interest	203
Appeals	204
Appeal Rights	204
Appeal Within the IRS	204
Request for Appeals Consideration	204
Representation at Appeals Conference	205
Settlement Function of the Appeals Process	206
Issuance of 90-day Letter	206
Appeal to the Courts	206
Specific Representation Review Questions	209
Specific Representation Review Answers	213
Completing the Filing Process	219
Accuracy	219
Using Tax Software	219
Matching Inputs and Outputs	219

Information Shared with Taxpayer	221
Recordkeeping Requirements	221
Significance of Signature	224
Consequences of Dishonesty	225
Preparer Records	226
Length of Time to Retain Returns and Records	226
Components of the List	227
Employment Records	228
Due Diligence Requirements	228
Security of Taxpayer Data	230
Electronic Filing	231
Filing	231
How to Apply to be an Authorized IRS e-file Provider	235
e-file Mandate	241
Waivers	241
Advertising Standards	242
Participating in IRS e-file	242
Electronic Return Originator	242
Monitoring Authorized IRS e-file Providers	244
Compliance Requirements to Continue in Program	246
EFIN Revocation Appeal	246
Reconsideration	247
e-file Authorization	247
Rejected Returns and Resolution	251
Identity Theft Procedures and Resolution	252
Completing the Filing Process Review Questions	255
Completing the Filing Process Review Answers	259
Appendix	265
Appendix A: Circular 230	265
Appendix B: EA Renewal CE Requirements (Pub. 5186)	309