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The Internal Revenue Service, through it Office of Professional Responsibility (OPR), has censured a tax practitioner for violating conflict of interest rules under Circular 230.

"OPR is committed to sanctioning tax practitioners governed by Circular 230 who do not live up to those ethical standards," said Stephen Whitlock, Director of OPR. "Sanctions reflect the nature of the misconduct, impact on taxpayers and an individual's fitness to practice before the IRS."

"Circular 230" refers to Treasury Department Circular No. 230. This publication establishes the rules governing those who practice before the IRS, including attorneys, Certified Public Accountants (CPAs) and Enrolled Agents (EAs).

The practitioner was retained by a client to take specific actions as required by a settlement agreement executed between the client and a third party. The settlement agreement directed transfers from the client to the third party. The practitioner was aware of the terms of the agreement. The practitioner knowingly provided misleading information to the third party, upon which the third party relied. Such reliance and resulting harm to the third party was foreseeable. By knowingly providing misleading information, the practitioner breached a duty of care owed to the third party.

Circular 230 prohibits practitioners from representing a client if the representation involves a conflict of interest. A conflict of interest exists if 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, a third party, or by a

In general, only attorneys, CPAs, EAs, enrolled actuaries and enrolled retirement plan agents may represent clients in proceedings before the IRS. IRS.gov has more on OPR, how to become an EA and how unenrolled return preparers can participate in the Annual Filing Season Program.