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Dec. 01, 2008

*The following is an opinion article by Executive Editor Gregory LaFollette, CPA.CITP.*

Well, actually it's only ONE idea — but its SO BAD that it could well qualify for all 10 places. The IRS proposed regulation (REG- 137243-02) seeks to revise the privacy rules to allow commercial return preparers to share confidential taxpayer information to third party data brokers for marketing purposes. The proposal weakens long-standing current protections by allowing data brokering.

This new proposal creates exceptions to the long-time law which clearly prohibits sharing tax return information. We HAVE a law today – one that safeguards taxpayer information and prohibits preparers from disclosing a consumer's tax return information or using it for ANY purpose – other than preparing the taxpayer's return. Being an old “tax guy” at heart I'm stunned by the monumental wrong-headedness of this proposal.

The proposal does away with “informed consent” and would allow a simple check box or a “mouse click” instead. Do YOU read every word of the “Accept to Continue” window upon installing a software program? Do your CLIENTS?

The IRS proposal was issued in the middle of tax season and the scheduled date for public hearings is April 4th — hardly appropriate timing for the profession to react. Even more surprising (or not) is the fact that the deadline for “electronic comment” has already passed as of the date of this writing (March 22, 2006) but the IRS says it “may still consider written comments”. WHAT — too late for email, but plenty of time for paper? — that makes even less sense than the proposal itself. If you do choose to weigh in, here's the address.

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