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The IRS Office of Professional Responsibility (OPR) as hreached a settlement agreement including a monetary penalty with a tax practitioner for violating professional rules of conduct set forth in Circular 230. His firm also accepted responsibility for knowing the practitioner engaged in misconduct in attracting clients with outstanding collection issues.

The practitioner agreed to five years of probation and a 12-month suspension of practice before the IRS if the probation is violated. The firm agreed to a monetary penalty based on a percentage of the gross income from the misconduct.

“Monetary penalties are generally not part of Circular 230 cases but in this situation, we concluded it provided a way to limit the practitioner’s ability to profit from his misconduct,” said Stephen Whitlock, Director of OPR. “A five-year probationary period with the threat of losing practice privileges before the IRS should send a strong warning to anyone tempted to mislead taxpayers with false claims.”

“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).

Regarding any IRS matter, Circular 230 prohibits tax practitioners from using public or private communication that contains false, fraudulent, coercive, misleading or deceptive statements. It also prohibits practitioners from using false or misleading solicitations to procure business.

In this case, the practitioner created false advertising designed to mislead potential

small percentage of outstanding taxes due.

Settlement agreements are common in Circular 230 cases when the practitioner acknowledges a violation and commits to tangible actions to prevent future violations. The level of sanction imposed in this case reflects the practitioner's cooperation with OPR's inquiry and corrective action taken by the practitioner. The settlement agreement includes authorization for disclosures made in this press release.

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.