



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
Washington, DC 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

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MEMORANDUM FOR EXAMINATION DIRECTORS

FROM: Scott E. Irick /s/ *Scott E. Irick*  
Director, Examination/AUR Policy

SUBJECT: Reissuance Interim Guidance on Office of Professional  
Responsibility (OPR) Referrals

The purpose of this memorandum is to reissue IG Memorandum SBSE-04-1014-0039 dated October 1, 2014 on processing OPR referrals to SB/SE Examination. Please ensure this guidance is distributed to all employees within your organization. This guidance is effective immediately.

**Background**

OPR supports administration of the tax law by ensuring tax practitioners adhere to professional standards and comply with the law as it relates to fitness to practice before the IRS. OPR is authorized to interpret and apply the *Regulations Governing Practice before the Internal Revenue Service (Department of the Treasury Circular 230)* and has sole authority for practitioner discipline under Circular 230. Circular 230 seeks to insure all tax professionals who practice before the IRS possess the requisite character (including compliance with the internal revenue laws), reputation, qualifications, and competency to provide valuable service to their clients; and that all interactions with federal tax administration are conducted in an ethical manner.

The IRS Office of Professional Responsibility will refer a potential case to SB/SE Examination when they discover a tax practitioner, or any individual subject to Circular 230 may be using multiple business entities or complex transactions, or other similar arrangements to potentially divert income from assessment and/or payment of any tax, or as part of a pattern of abusive tax avoidance.

## Examination Procedures

When OPR deems a referral to SB/SE Examination is appropriate, such referral will be made on Form 14624 *Office of Professional Responsibility (OPR) Referral*. The referral will be forwarded to the Area PSP Office – Return Preparer Coordinator where the practitioner resides using Form 3210 *Document Transmittal*. A listing of current Return Preparer Coordinators can be found at the following link:

<http://mysbse.web.irs.gov/exam/tip/rp/contacts/26507.aspx>

### SB/SE Examination Area Return Preparer Coordinator

The **Area Return Preparer Coordinator** will take the following steps:

- Acknowledge Form 3210 received from OPR.
- Date stamp the front of Form 14624.
- Take the following actions within 30 business days of receipt:
  - Screen the referral by following procedures and Substantial Noncompliance Factors (SNiF) criteria in IRM 4.1.4.2.11, *Special Enforcement Program (SEP) Leads*,
  - Complete Part II of Form 14624 to accept, survey or reject the referral,
  - Secure signature of the *PSP Section Chief or designee*, and
  - Return Form 14624 to OPR using Form 3210.
- If the referral is selected for audit, follow IRM 4.1.4.3.5 *Information Reports/Referrals – Other Types* and internal procedures to control and build the case file for immediate assignment and IRM 4.1.10 *Return Preparer Program Coordinator*,
  - Establish case controls using:
    - **Project Code 0365**
    - **Tracking Code 6581 – Office of Professional Responsibility Referrals**
- PSP will assign the case to an examination group within 60 business days of receipt.

### SB/SE Examination – Assigned Field Group

The **Examiner** will take the following steps:

- Within 45 days of receipt, complete Part V of Form 14624 and return it to OPR.
- If the referral is surveyed, complete the following:
  - Form 1900 – Income Tax Survey After Assignment - with managerial concurrence,
  - Notify OPR of survey - forward Form 14624 and a copy of Form 1900 to OPR,
  - Close case file.
- If an examination is conducted:

- Complete Part III of Form 14624,
- Return it to OPR prior to the case closing from the group.

This guidance will be incorporated into *IRM 4.1.10 Return Preparer Program Coordinator* and *IRM 4.11.51 Return Preparer Program*. If you have questions or need additional information, please contact Dawn Marshall, Program Analyst.

Distribution:

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