

Tax Practice: IRS Office of Professional Responsibility Can Stop Return Preparers From Limited Practice

Sept. 15 — Internal Revenue Service Commissioner John Koskinen said the agency's Office of Professional Responsibility can prohibit tax return preparers from “limited practice before the IRS” based on preparing and signing tax returns, even if they aren't otherwise tax practitioners under Circular 230.

Koskinen granted the authority in [Delegation Order 25-16 \(Rev. 1\)](#), released Sept. 15 and effective Sept. 3. The order comes as the agency continues its battle to regulate tax return preparers, now embroiled in legal action.

The order gave the OPR director responsibility for all matters related to conduct, discipline and fitness to practice before the IRS under Circular 230—responsibility that can be delegated to OPR employees.

For example, the OPR has the authority to receive and process referrals regarding allegations of misconduct under Circular 230 and to initiate all disciplinary proceedings against individuals or entities relating to allegations or findings of misconduct under Circular 230.

The office also can make final determinations on practitioner eligibility and suitability appeals, as well as imposing and releasing expedited suspensions under Section 10.82 of Circular 230, according to the delegation order.

Authority for Sanctions

In addition, the order said, the OPR is responsible for recommending, imposing and enforcing all sanctions for Circular 230 violations. The office also has authority to accept consents to be sanctioned under the circular.

In other functions, the commissioner delegated authority to the OPR to:

- determine whether to appeal administrative law judge preliminary decisions and orders in Circular 230 proceedings;
- issue special orders as “proper and necessary” under Circular 230;
- review and determine petitions seeking reinstatement to practice; and
- receive and process referrals regarding allegations of misconduct under Revenue Procedure 81-38 and the limited practice provisions of Rev. Proc. 2014-42 and Rev. Proc. 2014-29 or successor guidance.

On the preparer issue, the order said the OPR has the power to make final determinations that a return preparer who is not otherwise a practitioner under Circular 230 is prohibited from engaging in limited practice before the IRS based on the preparation and/or signing of returns.

“This authority includes the authority to prohibit return preparers from engaging in limited practice under Rev. Proc 81-38 and Rev. Proc. 2014-42,” the document said. However, the IRS

said, this authority does not include the authority to redetermine or collect a practitioner's tax liability.