



THE OFFICE OF PROFESSIONAL
RESPONSIBILITY'S
**FY 2016
ACCOMPLISHMENT
REPORT**

FROM THE DIRECTOR



Stephen A. Whitlock, Director

Shortly after accepting this position in August 2015, I began having conversations with the staff to identify specific areas of focus. Our goals for the year were to apply the principles of due process to the investigation, analysis, enforcement, and litigation of Circular 230 cases; increase awareness and understanding of Circular 230 and the Office of Professional Responsibility (OPR) through outreach activities; and build, train, and motivate a cohesive OPR team.

BACKGROUND

In January 2003, the Internal Revenue Service (IRS) announced the creation of the new OPR. The office was created as part of the IRS's modernization effort and continuing commitment to ensuring the integrity of the American tax system and its recognition of tax professionals as an integral part of effective tax administration. The office was also created in response to the proliferation of tax avoidance schemes being promoted by large accounting/law firms and the marketing of tax opinions used to support them. The OPR replaced the former Director of Practice to enhance the oversight of these and other tax professionals.

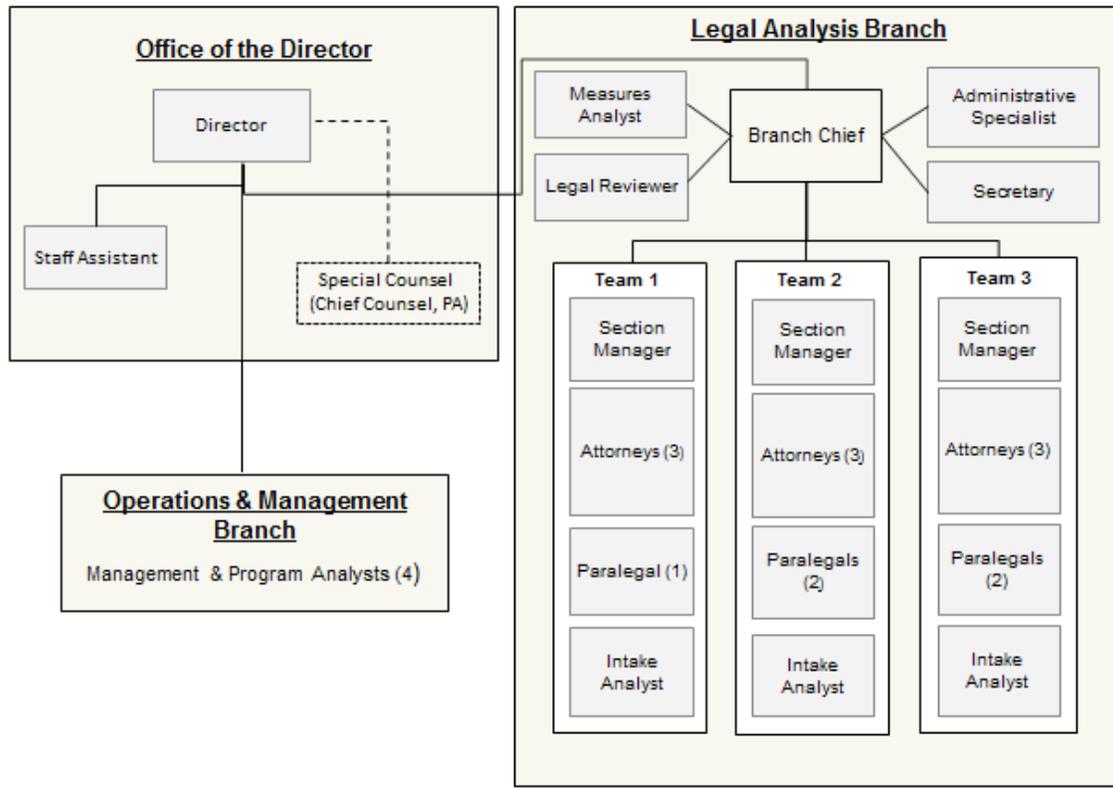
Like the Director of Practice, the OPR derives its authority from Treasury Department Circular 230. Circular 230 is the common name given to the regulations promulgated from the statute found in Title 31, United States Code Section 330. Circular 230 is a hybrid document containing the rules, regulations, ethical/conduct provisions, and disciplinary procedures that apply to those who practice before the IRS. The statute and the body of regulations are the source of the OPR's authority. Title 31 seeks to insure tax professionals possess the requisite character, reputation, qualifications, and competency to provide valuable service to clients in presenting their case to the IRS. Circular 230 contains the "rules of the road" for tax practice. The underlying issue in all OPR allegations/cases is the tax professional's "fitness to practice" before the IRS.

Prior to its reorganization in 2012, the OPR continued to administer the enrolled agent, enrolled retirement plan agent, and enrolled actuary programs it inherited from the Director of Practice. These duties included the processing of applications for enrollment, administering the Special Enrollment Examination (SEE), processing renewals of enrollment, providing oversight of continuing education requirements, and approving applications from those seeking approval to become IRS recognized continuing education providers. The OPR investigated allegations of misconduct on the part of attorneys, accountants, enrolled agents, and other tax professionals that represent taxpayers before the IRS pursuant to its authority under Title 31. However, a majority of the OPR resources were devoted to the processing and oversight functions associated with its Office of Practitioner Enrollment responsibilities. Much of the OPR's disciplinary work involved personal tax compliance issues identified during the enrollment/renewal process or practitioner personal tax non-compliance issues referred to the OPR by IRS field personnel.

The OPR underwent a major reorganization in February 2012. All processing functions were transferred to the new Return Preparer Office (RPO). The OPR is no longer responsible for enrollment, testing, and administrative processing functions associated with the enrolled agent, enrolled retirement agent, and enrolled actuary programs. This shift allows the OPR to focus on its core mission and direct all resources to the analysis and interpretation of alleged practitioner misconduct and any resulting disciplinary proceedings under Circular 230. The OPR maintained its sole authority to interpret and apply the *Regulations Governing Practice Before the Internal Revenue Service* (Treasury Department Circular 230) and the sole authority for practitioner discipline under the regulations.¹ The OPR continues to support the IRS's strategy to enhance enforcement of the tax law by ensuring that tax practitioners adhere to professional standards and follow the law. The OPR remains independent from the Title 26 based enforcement components of the IRS.

¹ Several procedural provisions of Circular 230 were delegated to RPO in a Memorandum of Understanding dated January 14, 2013.

The OPR Organizational Chart



FY 2016 ACCOMPLISHMENTS

In this report, you will find accomplishments and goals regarding:

- The OPR's Legal Analysis Branch **5**
- Our Operations and Management Branch. **7**
- Written Guidance and Memorandums of Understanding **9**
- Collaboration Opportunities **10**
- Outreach Activities **11**
- FY 2017 and Beyond **14**

Legal Analysis Branch

The Legal Analysis Branch (LAB) is headed by a Branch Chief, who reports to the Director, OPR, and is comprised of two teams consisting of section managers (one per team), attorney-advisors, paralegals, analysts, and administrative support staff.

- **LAB Mission.** The mission of the LAB is to: (1) perform the legal work required to investigate, substantiate, analyze, and interpret allegations of tax professional misconduct and make determinations as to whether tax practitioners have violated Circular 230 and are overall fit or not to practice before the IRS; (2) negotiate appropriate levels of discipline; and (3) initiate disciplinary proceedings before Administrative Law Judges (ALJs), when necessary.
- **Case Inventory.**

	Beginning Inventory	Receipts	Closures	Ending Inventory
FY 2015	535	1002	1066	471
FY 2016	471	846	889	428

In FY 2016, the OPR received and closed fewer cases than it did in FY 2015, but was able to increase attention on over-aged inventory (defined as 18 months or older). Over-aged inventory was reduced by 40 percent in FY 2016, compared to a 4.9 percent reduction in FY 2015. On average:

- The number of cases per staff member was: 50
- The number of intakes per staff member per month was: 4
- The number of closures per month was: 74

In addition, the OPR worked with General Legal Services (GLS) in the Office of Chief Counsel to file two formal complaints against tax practitioners in proceedings before ALJs. Formal complaints are initiated only after extensive efforts to reach a negotiated resolution with the tax practitioner, and generally require substantial investment of staff time by both the OPR and GLS.

- **Panel Meetings.** Monthly LAB panel meetings with the Director began in November 2016. Each LAB attorney-advisor, paralegal, and analyst was responsible for presenting to the group a case in the employee's inventory, selected by his/her manager after a discussion with the employee. The emphasis in selecting cases for panel discussion is on those cases that (1) may be stuck in the investigatory process because it's uncertain or undecided how one ought to proceed with the case, (2) present an issue or fact pattern that can provide a learning opportunity, or (3) involve an issue for which previous guidance may have been unclear or inconsistent. The panel meetings have proven to be both educational and meaningful for those who attend.
- **Ride-Along with SB/SE.** SB/SE facilitated opportunities for the OPR staff to accompany revenue officers and revenue agents on field visits with practitioners, to observe routine interactions between IRS personnel and practitioners. The "ride-along" proved to be an excellent learning opportunity for the OPR staff and additional opportunities will be scheduled in the future.

- **Case Closures.** The OPR is responsible for the oversight of tax practitioner conduct and has exclusive authority for practitioner discipline, including the initiation of disciplinary proceedings to impose sanctions under Circular 230. During the fiscal year, we continued our focus on the day-to-day investigation, analysis, and interpretation of reports and other information of alleged practitioner misconduct and on our commitment to ensure consistent application of due process throughout the lifecycle of a case.

With regard to enforcement, we imposed or obtained a total of 369 disciplinary or corrective actions during FY 2016, including one **Disbarment** from practice before the IRS, 53 **Suspensions** from practice, and four **Censures**. We entered into six Deferred Disciplinary Agreements—these are consensual arrangements between the OPR and a practitioner, whereby the practitioner admits to specified Circular 230 violations and the OPR defers discipline for a probationary period during which conditions apply to the practitioner. The OPR also issued 305 reprimands and “soft” notices. A “soft” notice informs the recipients of apparent violations of Circular 230 and that the OPR does not intend to take any further action. A notification is a reminder that good standing as a practitioner requires adherence to Circular 230 and warns against future misconduct.

- **Diligence Issues.** One of the common types of violations related to basic diligence and competence, and more specifically violations of:

<ul style="list-style-type: none"> ▪ Section 10.22(a)(2) 	<ul style="list-style-type: none"> ▪ Lack of Due Diligence in the Accuracy of Representations to Treasury (IRS)
<ul style="list-style-type: none"> ▪ Section 10.34(a) 	<ul style="list-style-type: none"> ▪ Standards Applicable when Signing or Preparing, or Advising About, Tax Returns
<ul style="list-style-type: none"> ▪ Section 10.35 	<ul style="list-style-type: none"> ▪ Competence in Practice before the IRS

In 23 cases, the OPR found violations of Section 10.34(a) or 10.35, while five cases involved allegations based on Section 10.22(a)(2).

As with all of the cases the OPR conducts in administering and enforcing the regulations in Circular 230, the outcome of each of the 28 cases was largely dependent on the facts and circumstances of the case. Even so, what the cases generally have in common is that all of the responsible practitioners neglected or ignored their obligation to exercise an acceptable level of diligence and competence in their professional activities, typically when preparing income tax returns for the practitioners’ clients. The practitioners’ inadequate attention to factual or legal matters affecting the client-taxpayers’ tax positions and the lack of concern for the correct treatment of significant items on the relevant tax returns can be broadly categorized as not properly reporting or documenting the character or amount of a taxpayer’s:

- income;
- losses (such as from passive activities);
- expenses (such as claiming personal living expenditures as unreimbursed employee expenses);
- deductions (including charitable contributions and depreciation); or
- credits (like the EITC).

Those errors resulted in understating or otherwise misreporting tax liability, often as a consequence of failure to make adequate inquiries regarding the factual or legal support for a position taken on the relevant tax return.

In some cases resulting in an adverse closing letter, whether reprimand or soft notice, the lack of diligence and competence related to the preparation of both individual and business tax returns for the same client.

In administering and enforcing the regulations in Circular 230, the sanction decision for all of the cases the OPR conducts was appropriate to the facts. The OPR may close a case without sanction when it is concluded that the practitioner's lapse was an isolated error. Other cases may result in soft letters or reprimands.

As their respective titles indicate, a reprimand is a stronger action than a soft letter, a reprimand declares that the practitioner violated Circular 230 through conduct that was well below the baseline standards of ethical and professional responsibility to which all practitioners are held, and the language firmly admonishes the practitioner accordingly. Because of a reprimand's nature, the cases in which the OPR issued a letter of reprimand were generally more serious and of greater concern than those that were concluded with a soft letter to a practitioner. The cases with reprimands usually involved a practitioner's breach of Circular 230 Section 10.22, 10.34, or 10.35 in connection with multiple taxpayers and across multiple tax years, coupled with additional substantiated violations of other requirements or prohibitions in Circular 230, often willful failure to file the practitioner's own federal tax returns when due or failing to pay internal revenue taxes when due, contrary to Circular 230 Section 10.51(a)(6).

In contrast, the OPR employed soft letters when the instances of insufficient competence and diligence were less numerous, such as being limited to one tax year or to a single taxpayer, and there was an absence of other Circular 230 concerns.

Operations and Management Branch

The Operations and Management Branch (O&M) consists of four analysts who report to the Director, OPR. They are responsible for:

- Providing program support through strategic planning,
 - Employee training,
 - Information technology,
 - Coordinating stakeholder outreach and communication,
 - Performance measures analysis,
 - Human capital planning and execution, and
 - Finance.
- **Training.** The OPR held a three-day training (continuing-education) event during the month of June. The training provided the OPR employees with an array of courses and perspectives, which included guest speakers IRS Commissioner John Koskinen, Deputy Commissioner John Dalrymple, the Chair of the Tax Controversy Practice of a prominent law firm, and a panel from SB/SE Exam (a frontline revenue agent, a group manager, and a territory manager). As part of

the training, the OPR employees, in conjunction with their managers, first identified subject matter they desired to be covered, and then prepared the content for several courses and presented the material to the group. Such training efforts specific to the OPR will continue to be developed and delivered during FY 2017.

- **Disciplinary Lookup.** The OPR's disciplinary look-up feature available to IRS personnel on the IRWeb contains searchable information of censures for practitioner misconduct and suspensions and disbarments of individuals from practice before the IRS. The OPR created a solution this year to provide members of the public a way to learn if a practitioner was sanctioned. Before this innovation, the public had to find this information by reviewing announcements of discipline published in the Internal Review Bulletin (IRB), or by doing a search of a commercial subscription service (such as *Tax Notes Today*) that reports instances of Circular 230 discipline. The OPR's solution was to compile the information from the internal look-up into a searchable Excel document file, which is posted to irs.gov.

The list contains basic information on over 3,000 OPR censures, suspensions, disbarments, and miscellaneous restrictions on practice, such as permanent injunctions and denials of limited practice to unenrolled tax return preparers due to misconduct. The list covers the last 25 years, which aligns with the OPR's record-retention requirement.

- Roughly 55 percent of the entries reflect actions taken over the last 10 years.
- Approximately 87 percent of the entries are suspensions or disbarments still in effect.

The document will be updated to add new entries when a disciplinary announcement is published in the IRB. The OPR will also make updates to reflect reinstatements to practice after the end of a practitioner's suspension or disbarment from practice and to remove data related to a disciplinary sanction once the date it was imposed passes the 25-year mark.

- **Preparer Penalties and Mandatory Referrals to the OPR.** We have been working with the RPO's Preparer Database to identify Internal Revenue Code (IRC) penalties that constitute mandatory referrals to the OPR. Access to this database allows the OPR to identify Circular 230-covered practitioners who have prepared returns and have been assessed one or more preparer penalties. This collaboration helps identify practitioners assessed the kind of penalty that requires a mandatory referral to the OPR or a pattern of which suggests a referral to the OPR should have been made to identify the appropriate penalties. These penalties may include:
 - 6695(a)-(e) - Preparer's failure to: (a) furnish a copy of a tax return to the taxpayer, (b) sign return, (c) furnish identifying number, (d) retain copy or list, and (e) maintain record of preparers employed;
 - 6700 - Promoting abusive tax shelter;
 - 6701 - Aiding and abetting - preparer/promoter/appraiser;
 - 6694(a) - Understatement due to unrealistic position;
 - 6694(b) - Willful or reckless conduct.

The OPR reviewed data on penalties for FY 2014 and 2015, and identified a significant number of practitioners that should have been referred to the OPR, but were not. The data also identified practitioners who had penalties in the relevant years, and had been the subject of OPR cases in prior years. These findings will be used to further educate the field about mandatory preparer penalty referrals to the OPR, and to determine whether the OPR should actively solicit referrals when penalties are assessed against practitioners who have previously been the subject of an OPR case.

Written Guidance & Memorandums of Understanding

- **Return Preparer Office MOU.** On January 13, 2016, the Directors of the OPR and the RPO signed an updated Memorandum of Understanding (MOU). The purpose of this MOU was to revise the existing MOU between the two offices regarding the exchange of work, accounting for lessons learned under the existing MOU, and to reflect significant developments, such as the United States Court of Appeals decision in *Loving v. IRS*, the issuance of Revenue Procedure 2014-42, and the revision of Delegation Order 25-16 (Rev. 1). The updated MOU supersedes the prior MOU between the two offices signed on January 14, 2013.
- **General Legal Services MOU.** The OPR and the Office of Associate Chief Counsel (GLS) began updating an MOU between the two offices. GLS represents the OPR in administrative litigation against practitioners alleged to have violated the regulations in Circular 230. GLS files all complaints and subsequent pleadings on behalf of the OPR and acts as the OPR's legal counsel in adversarial hearings before an ALJ. GLS and the OPR collaborate on the content of a complaint filed with an ALJ, and they continue to confer and jointly strategize as the proceeding moves forward, including as to depositions and other discovery, motions, potential witnesses. The GLS-OPR MOU specifies the respective roles of each office in the overall process.

The MOU that will be updated was initially executed in 2002 and is out of date in its terminology and references to procedures that have changed over the years. For example, due to its age, the MOU did not fully reflect the growth and prevalence of email and other electronically stored and transmitted information. The GLS MOU is the basis for certain provisions in other documents – in particular, the Internal Revenue Manual (IRM), including the Chief Counsel Directives Manual (CCDM), and the OPR's Standard Operating Procedures (SOPs). The updated MOU, when finalized in FY 2017, will provide consistency across these materials.

- **Internal Revenue Manual.** IRM 1.25.3, *Practice Before the Service, Case Development & Licensure (CD&L)*, was made obsolete. The subject matter contained in this IRM was either transferred to the RPO or was incorporated into new procedural IRM 1.25.4, *Processing Circular 230 Disciplinary Cases*.

The new procedural instructions for the office in IRM 1.25.4, *Processing Circular 230 Disciplinary Cases*, were published on June 29, 2016. This section of the IRM outlines the OPR procedures for opening, reviewing, investigating, and resolving cases of alleged violations of Circular 230 by tax professionals, as well as describes procedures developed pursuant to the authority delegated in Delegation Order 25-16 (Rev. 1) to administer provisions in Revenue Procedures 81-38 and 2014-42.

- **Standard Operating Procedures.** The OPR began an extensive review of all of its SOPs. These job aids provide vital technical information to employees, help establish program operations for the Division, and help evaluate and assess our effectiveness. Going forward, we will continually evaluate our work processes to identify the most efficient ways to accomplish our goals.
- **Standard Letters, Notices, Orders, and Similar Documents.** Based on a need identified in office inventory meetings and panel sessions, the LAB reviewed over 40 standard letters and related documents, providing management with proposed improvements and any necessary changes. The templates were also reviewed to ensure they conform to IRM 1.10.1, *IRS Correspondence Manual*. All official OPR correspondence is now in compliance with the office's policy and procedures and is consistent in format, style, and tone. These templates have been distributed to the office for use and posted to the OPR's SharePoint site for future reference and downloading. Documents will continue to be updated as the office's policies and procedures evolve.

Collaboration Opportunities

- **Certified Professional Employer Organization Program.** The OPR is assisting SB/SE Examination Operations with the IRS's new program for certification of professional employer organizations. Many employers hire professional employer organizations (PEOs) to do things such as process payroll for the employer and handle withholding, payment, and reporting of federal and state employment taxes for the employer. An employer that uses a PEO to perform employment-tax functions for the employer and the PEO are both generally subject to all internal revenue laws that apply to an employer, including penalties, and the employer remains liable for federal employment taxes on wages or other compensation paid by the PEO to the employer's employees.

Legislation enacted in 2014 added new IRC Sections 3511 and 7705 that require the IRS to create a voluntary certification program for PEOs. The IRS and Treasury have established a program through a series of published guidance. Temporary regulations promulgated in May 2016 detail the requirements to be a Certified PEO (CPEO). Proposed regulations issued simultaneously explain how certification affects the employment-tax liabilities of a CPEO and its customers. The law provides that the IRS will look to the CPEO, not the CPEO's clients/customers, for any failure by the CPEO to pay employment taxes on behalf of the clients/customers.

SB/SE will administer a program to consider applications for certification as a CPEO. The OPR will be the appellate authority for review of some adverse certification decisions by SB/SE. Specifically, as a supplement to the regulations, the IRS published Revenue Procedure 2016-33 with the procedures for PEOs to apply for certification and provisions for approval or denial of an application, including an applicant's opportunity after receiving a notice of proposed denial to request review by the OPR under an abuse-of-discretion standard. Additionally, the IRS intends to issue a future revenue procedure describing requirements for a CPEO to remain certified and specifying procedures for suspension or revocation of certification. As part of the procedures, the OPR will make the final decision in response to a CPEO's timely challenge of some proposed suspensions or revocations.

In both situations, we are well positioned to provide independent, objective, and meaningful review. This office has longstanding experience in a similar role reviewing and deciding appeals under Circular 230 by individuals whose applications to be an enrolled agent were denied for

failure to meet admission requirements or whose applications to renew enrollment were denied for noncompliance with the conditions on renewal.

- **Stakeholder Liaison and National Public Liaison.** To better coordinate, prioritize, and deploy our communication efforts, the OPR began working with SB/SE Stakeholder Liaison (SL) and National Public Liaison to facilitate the development and delivery of external presentations and increase public and practitioner awareness of Circular 230 and the OPR. In the future, SL will be able to conduct educational sessions on behalf of the OPR using several PowerPoint presentations provided for that purpose, along with a question-and-answer document to assist the SL presenters in preparing for and responding to anticipated questions. The OPR will also continue to provide training to SL field personnel to ensure they have a clear understanding of the OPR and Circular 230, and will be available to respond to questions that are not addressed in the materials provided to SL.
- **Organizational Assessment.** A contract for support services was awarded to an outside consultant to help with strategic planning and developing options to further improve the way the OPR fulfills its mission. To achieve the full benefit of the assessment, the OPR:
 - Confirmed the scope of assessment and developed a project plan;
 - Assessed the current state of operations for challenges and opportunities for improvement;
 - Analyzed the assessment data, identifying findings, and key themes;
 - Aligned the office around a refreshed organizational vision and set of goals; and
 - Identified any gaps and developed an action plan to address them.
- **IRSAC.** During FY 2016, the OPR met quarterly with the Internal Revenue Service Advisory Council (IRSAC) OPR Subgroup. Asked to provide feedback and recommendations on items important to the OPR and federal tax administration, the IRSAC highlighted:
 1. The continuing need for a robust and independent OPR.
 2. The need for comprehensive legislation to provide clear authority for regulation of tax return preparers and to address any lingering questions about the scope of the OPR's authority to regulate practice as a result of the *Loving* and *Ridgely v. Lew* decisions.
 3. The existence of a long-standing issue regarding standards for evaluating allegations of appraiser misconduct.

Outreach Activities

The OPR will continue during the upcoming fiscal year to focus on educating and enhancing tax professionals' knowledge of relevant Circular 230 provisions and educating IRS employees about the attributes of a quality, actionable referral to the OPR.

FY 2016 COMMUNICATIONS AND OUTREACH RESULTS

Event Type	Number of Engagements	Number of Attendees
Internal Speaking Engagements	2	34
External Speaking Engagements	15	6,115
2016 Nationwide Tax Forums	20	11,407
OPR Webinars	3	8,959
Tax Talk Today Webinar	1	1,225
Total FY 2016 Outreach	41	27,740

- Outreach to Professional Organizations.** During FY 2016, the Director spoke at 20 events or programs on a variety of topics and practice areas affected by Circular 230. For example, the Director participated on a panel at an American Bar Association (ABA) Criminal Tax Fraud and Tax Controversy conference. Using hypotheticals, the panel examined counsel's ethical obligations in tax proceedings to identify, disclose, and manage conflicts of interest before they infect the case, creating problems for the parties, counsel, and the tribunal. They discussed Tax Court Rule 24(g), Section 10.29 of Circular 230, and relevant provisions of the ABA Model Rules of Professional Conduct, and explored some of the problems presented by concepts such as informed consent, imputation of conflict, and non-waivable conflicts. The panel also explored the difficulties created by late disclosure and nondisclosure of conflicts, and discussed the related issue of counsel as a "necessary witness."

The OPR spoke to an audience of attorneys, CPAs, enrolled agents, and state-licensed tax return preparers at the annual Summer Symposium of the California Society of Tax Consultants (CSTC) in early June about what the OPR does, the regulations in Circular 230, and how large professional organizations like CSTC can help the OPR in maintaining high standards of conduct among those who make a living advising and representing taxpayers.

The OPR personnel also provided presentations to practitioner and other groups ranging from educational institutions to professional organizations of CPAs, enrolled agents, and lawyers.

As the IRS continues to work with less funding, the OPR will continue to maximize the use of Office Communicator, telephonic equipment, and information technology generally as an alternative to in-person presentations for small or geographically dispersed audiences.

- IRS Nationwide Tax Forums.** The 2016 IRS Nationwide Tax Forums were a large part of the OPR's external outreach during the fiscal year. The OPR reached over 11,407 tax professionals who attended the two separate Circular 230 presentations, offered twice at each forum. The two programs were, "*Emerging Issues in Tax Practice Due Diligence*" and "*Professional Tax Practice Responsibilities - Conflicts of Interest*."

Attendee survey results were extremely positive for both of the OPR presentations. Attendees scored the OPR's material as highly "useful" for all four sessions at each venue.

- Tax Talk Today.** The Director appeared in a live 90-minute broadcast for *Tax Talk Today* (TTT). The TTT broadcast titled, "*Professional Responsibility and the IRS - A Matter of Ethics*", was a panel format discussion that also included the Director of the RPO. The program, designed to educate tax professionals on current and critical tax issues, focused on ethical problems most often faced by tax practitioners and the best practices for avoiding lapses in professional responsibility and

possible disciplinary action. The initial broadcast was viewed by 1,225 tax professionals, with additional viewings online.

- **OPR Webinars.** The OPR recorded two webinars: “*Circular 230: Guidance for Sending Actionable Referrals to OPR*” and “*Circular 230 Overview: Key Provisions & Responsibilities for Tax Professionals.*”

Regarding the webinar on actionable referrals, the Director presented it as a live broadcast in August, via Saba Meeting. The broadcast was specifically directed to IRS employees and included a live Q&A session at the conclusion. The webinar addressed the following:

- The OPR’s authority and mission;
- Issues related to willfulness, statute of limitations, and burden of proof;
- Key Circular 230 Provisions of importance to IRS employees; and
- Components of a quality, actionable referral to the OPR and considerations prior to referral.

The webinar was recorded and has been archived as a training module for use throughout the IRS. Both SB/SE and Appeals have indicated their intention to make this part of their annual employee-training agenda.

Additionally, an OPR external webinar titled, “*Practicing Before the IRS - Circular 230 A to Z*” was originally broadcast in October 2014 and addressed:

- Recent changes to Circular 230;
- Overview of key Circular 230 provisions;
- Practitioner responsibilities; and
- Important issues for all tax professionals to know.

The webinar is archived and is available for use by Stakeholder Liaison personnel during liaison events with practitioners at which the OPR cannot be present in person.

Based on requests from the tax professional and IRS communities, both the external and internal webinars will continue to be broadcast every quarter and will include a live Q&A session.



During this coming fiscal year, the OPR will continue to reflect on where we have been and look towards our future. There will be many new opportunities but with that comes new challenges. Going forward, I would like to focus on the following areas:

- Developing a more strategic approach to case selection,
- Documenting case selection criteria,
- Creating professional development opportunities for personnel, and
- Increasing awareness and understanding through communication and outreach.

The OPR enforcement activities can never address every potential violation of Circular 230, and we are pursuing a more strategic approach to case selection that provides a framework for directing enforcement activities with deliberate consideration of the impact of potential Circular 230 violations on taxpayers and tax administration. For example, research into preparer penalty cases that met criteria for referral to the OPR identified practitioners with a history of significant penalties that suggests a fitness to practice issue, as well as practitioners who had been before the OPR previously. In FY 2017, the OPR will build on the research results to actively seek information from penalty files, rather than rely on field personnel to make referrals to us. The OPR will also consult with practitioner groups and the Operating Divisions to assess the impact of other Circular 230 violations on taxpayers and tax administration, so that case selection criteria can appropriately address those violations.

The strategic approach to case selection will also enable the OPR to continue to document and publicize its case selection criteria. The OPR's FY 2017 Accomplishment Report will include a description of areas of emphasis that will guide case selection decisions. For example, the OPR has, for several years, noted a priority for conduct cases over tax compliance issues and will continue this approach.

It is likely that the raw number of cases the OPR pursues may decline when we implement the strategic case selection approach. The more appropriate metric is the ability of the OPR to develop cases, provide more attention to priority types of cases, and achieve earlier and more effective resolution.

The OPR staff development objectives will also be addressed, as these more challenging cases require collaborative efforts among the staff and enhance the general skill level of those involved. Other professional development opportunities may include: short- and medium-term temporary assignments to learn about tax administration operations, access to training provided by other IRS organizations, and representation of the OPR in presentations to IRS and practitioner groups.

The communication and outreach role of the OPR has been and will continue to be a central part of our mission, on par with Circular 230 enforcement operations. The OPR will look for additional opportunities to use technology to reach practitioners, in addition to the traditional live presentations. The OPR will also ensure that Stakeholder Liaison staff who make presentations on Circular 230 topics have been trained, and have access to questions and answers from presentations made by the OPR staff.

The organizational assessment resulted in a fresh look at the OPR's strategic goals and operational processes, highlighting the importance of periodic introspection to ensure that the organizational assessment is incorporated into the OPR management processes. I believe this approach will allow us to update our priorities, goals, and objectives to ensure the OPR is both effective and efficient. It will also allow us to more successfully promote integrity and professional responsibility in the tax-practice community by ensuring Circular 230-covered practitioners, preparers, and other third parties adhere to professional standards and follow the law. In conclusion, the OPR is committed to reporting back next year on what we can accomplish in FY 2017.