
Question & Answer (Q&A's) Scenario's

- (1) **Q:** Following a disagreement between us, my client called and demanded his records back and is refusing to pay me for my time. What are my obligations?

A: Generally, upon demand, you must return all documents necessary for the client to fulfill his tax obligations. In the case of a dispute over fees for services rendered, state law controls whether you may be entitled to withhold some records, but otherwise, all documents obtained from the client or a third party must be returned. *Circular 230 §10.28*

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- (2) **Q:** I think my business partner is advising his clients to take credits for which they do not qualify. We have never had policies involving supervision or training since we are both licensed and neither of us “manages” the other. Can I be sanctioned for his negligent or reckless actions?

A: Yes. The IRS may designate one or more individuals to be responsible for the firm's compliance with Circular 230. If you know or should have known of others within your firm who are engaged in a pattern or practice in violation of Circular 230, you could be held accountable for failure to correct the noncompliance, even if it involves individuals who you do not supervise. *Circular 230 §10.36*

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- (3) **Q:** I joined a tax resolution marketing service that refers representation clients to me for a fee. Is this type of solicitation allowed?

A: Yes, but you must be cautious about the referral service's solicitation practices and advertising claims. You may not assist or accept assistance from any person or entity who obtains clients using false, fraudulent, or coercive claims or otherwise uses misleading or deceptive advertising. *Circular 230 §10.30(d)*