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## **Issue Number: 2026-13. Understanding OPR’s Investigative and Disciplinary Processes: What Tax Professionals Need to Know**

The Office of Professional Responsibility (OPR) interprets, administers, and enforces Circular 230. Because the integrity and fairness of the federal tax system rely heavily on the professionalism and ethical conduct of practitioners, the OPR’s oversight plays a critical role in maintaining public trust.

### **Why This Matters**

Successful, effective tax practice requires not only technical skill and proficiency, but also a firm knowledge of tax law, sound judgment, and adherence to ethical and professional standards.

These attributes:

- Reinforce confidence in federal tax administration,
- Protect both taxpayers and practitioners, and
- Safeguard sensitive tax information.

### **How Investigations Begin**

The OPR receives information from a variety of sources, including, mostly, IRS employees; TIGTA; the Department of Justice; state licensing bodies; and sometimes clients or other practitioners.

As to internal submissions, Circular 230 section 10.53(a) generally requires an IRS officer or employee who “has reason to believe a practitioner has violated any provision of this part” (meaning Circular 230) to “promptly make a report of the suspected violation” to the OPR, as the business unit “responsible for . . . enforcing this part.” The report should “explain the facts and reasons upon which the officer’s or employee’s belief rests . . . .” The prescribed form to be used is [Form 8484](#), Suspected Practitioner Misconduct Report for the Office of Professional Responsibility, which should be accompanied by supporting documentation.

Certain matters require a mandatory referral to the OPR, such as willful understatement of tax (subject to assessment of the penalty in IRC 6694(b)), promotion of abusive tax shelters (subject to the IRC 6700 penalty), or aiding and abetting an understatement of tax (penalized under IRC 6701).<sup>1</sup> Discretionary referrals often involve allegations like failure to provide required records upon request (under Cir. 230 section 10.20(a)(1)), improper negotiation or endorsement of

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<sup>1</sup> These matters can implicate multiple Circular 230 provisions in Subpart B (of the circular), Duties and Restrictions Relating to Practice Before the IRS, and in section 10.51, Incompetence and disreputable conduct (in Subpart C, Sanctions).

refund checks (10.31), frivolous or knowingly false submissions (10.34(b); 10.51(a)(4)), or lack of due diligence (10.22(a)).

### **OPR's Initial Review**

Upon receiving a referral, the OPR first verifies whether it has jurisdiction over both the person who's been reported (i.e., that they are indeed a "practitioner") and the allegations made (that they involve conduct regulated under Circular 230). The office then performs some initial research into the events and actions described by the referent. As part of processing the referral, the assigned employee also does research as to the practitioner, including reviewing the practitioner's compliance with personal and business tax filing and payment obligations and the presence of any history of prior referrals about, or cases opened on, the individual. Detection of a pattern of violations across multiple taxpayers or multiple tax returns or years is a significant factor. Likewise significant is a history recorded on the practitioner's IMF or BMF accounts of serial non-filing or late filing of required tax returns or nonpayment of tax when due, including failure to pay estimated taxes.

During case development, the OPR collects relevant evidence, obtains and reviews administrative files from other business units as needed (a closed examination file, for example), and requests information from practitioners or third parties.

### **Practitioner Communication**

Practitioners are notified in writing when a case is opened and an investigation begins, and they have the opportunity to respond in writing; to submit supportive or other documents they consider relevant, as well as any countervailing or extenuating evidence; and to request a conference with the OPR. Early engagement, involving a timely and substantive response from the practitioner or their authorized representative, can be helpful in clarifying any misunderstandings and narrowing the issues in dispute.

In addition to the initial contact from the OPR, practitioners are afforded due process – notice and an opportunity to be heard – at each progressive stage in the lifecycle of their case.

### **Outcomes and Sanctions**

The OPR's goal is to preserve fairness, consistency, and confidence in overseeing practitioner conduct. To that end, after reviewing all relevant facts and considering mitigating or aggravating circumstances, the OPR will:

#### Decide upon a non-disciplinary resolution –

- Close the case without action,

- Issue a clearance letter if the OPR determines that there were no confirmed, corroborated violations, or
- Issue a ‘soft’ letter (a cautionary letter) encouraging corrective action and warning of adverse consequences for future behavior contrary to Circular 230.<sup>2</sup>

Proceed with discipline –

- Issue a private written reprimand
  - Which is not, nor should be confused with, a *sanction*, as listed below and specified in section 10.50; a reprimand, however, is nevertheless provided for in the circular (section 10.60(a)),
- After successful negotiation, enter into an agreement with the practitioner to a consensual sanction of censure (public reprimand), suspension or disbarment from practice, or a monetary penalty, or
- Initiate a disciplinary proceeding to impose a sanction.

The OPR may move quickly to impose an expedited suspension under section 10.82 when another authority, including a state bar or board of accountancy or a court has already adjudicated misconduct that’s actionable under the section. See paragraph (b)(1). Criminal convictions and certain tax noncompliance are also bases that qualify (pars. (b)(2), (b)(5)). These procedures help protect taxpayers and the tax system when misconduct has already been formally established.

Suspensions and disbarments restrict practice before the IRS until reinstatement is granted (see more below). In addition, censures, suspensions, disbarments, and monetary penalties are publicly disclosed in the [Internal Revenue Bulletin](#).

### **Formal Disciplinary Proceedings**

If a matter cannot be resolved informally, then, as indicated, the OPR may initiate a formal disciplinary proceeding, which includes:

- Referral of the case to the IRS Office of Chief Counsel for filing a complaint against the practitioner, who is the “respondent” (The OPR’s Director is the “complainant”),
- Opportunities for settlement between the parties post-filing, as well as limited final chances pre-filing,
- Assignment of the filed complaint to an administrative law judge (ALJ) to preside over and conduct the proceeding, including any hearings that may be held,
- A written decision by the ALJ that contains findings and conclusions, and the reasons for them, and an order sanctioning the respondent or dismissing the complaint,

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<sup>2</sup> This is not intended to be exhaustive or exclusive, but a list of common resolutions.

- The right to appeal the ALJ's decision and order to the Treasury Appellate Authority or , ultimately, a federal court, and
- Finality of the *agency's* decision if no timely appeal is made or when the appellate authority enters a dispositive adjudication of the proceeding.

This multilayered process ensures practitioners are meaningfully able to present their case and receive independent evaluation and decision making.

## **Judicial Litigation**

After administrative remedies are exhausted, practitioners may seek judicial consideration in U.S. District Court. The issues to be decided and the law to be applied will depend on the practitioner's claims, but most likely the causes of action set forth in the complaint will be based on the Administrative Procedure Act (APA) in Title 5 of the U.S. Code (5 USC 551–559).

Under the APA, the district judge will review findings of facts and conclusions of law based on the administrative record and will set aside the agency's decision if found, for example, to be arbitrary or capricious, contrary to law, or an abuse of discretion (see 5 USC 706).

## **Conclusion**

The objective of this article was to give a high-level walkthrough of the principal steps and events in the progression of a Circular 230 case. From intake processing of referrals (including preliminary research), case opening, investigation, a potential disciplinary proceeding, and eventual case closure.

When it comes to Circular 230, for tax professionals who routinely interact with the IRS for their clients, knowledge of the regulations' rules of conduct is preeminent. Yet also having some understanding of how the OPR acts on suspected misconduct and substantiated violations, as well as their attendant consequences, can be beneficial in several ways. Among them:

- In making decisions as to new client engagements or accepting new client matters,
- Advising colleagues who may be cutting corners a little too closely and are at risk of committing sanctionable violations, or
- For those practitioners who have supervisory responsibility within a firm, establishing the procedures required by section 10.36, for the firm's compliance in its tax practice with Circular 230.

We recommend all practitioners stay familiar with the basic workings of Circular 230 investigations and the application of discipline. The OPR has several available resources and opportunities for doing so, including regular delivery of [news and guidance](#) (in which Alerts such as this one are issued), [webinars](#), and presentations at the annual IRS Nationwide Tax Forums.

For those interested in the precise details of the disciplinary process, we suggest reading Subpart D of Circular 230, Rules Applicable to Disciplinary Proceedings.

For more information about our office and the regulation of practice before the IRS, see [Office of Professional Responsibility and Circular 230 | Internal Revenue Service](#) on [irs.gov](https://www.irs.gov).