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C e r t i f i e d P u b l i c A c c o u n t a n t s

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New Regulations Governing Tax Information

Weidmayer, Schneider, Raham & Bennett, CPAs, PC works to protect its clients' confidential information in accordance with AICPA rules and other professional standards. As preparers of Federal income tax returns, we are subject to certain specific restrictions under the Internal Revenue Code governing confidential taxpayer information. Occasionally, our clients ask that we provide a copy of tax returns or other tax information to a third party, such as the client's bank, attorney, or investment advisor. Recent amendments to the IRS regulations governing the disclosure of taxpayer information affect the manner in which we can respond to these client requests. We wanted to make you aware of these new regulations and to describe the process that we are required to follow.

The Regulatory Requirements

Internal Revenue Code §7216 is a *criminal* provision governing the disclosure or use of "tax return information" by the preparer of a Federal income tax return. A preparer that violates this provision is subject to imprisonment for up to one year and/or a fine of \$1,000. A conviction could also adversely impact the preparer's professional license.

Government concerns regarding identity theft and the use of tax return information led to adoption of the revised regulations. Under these regulations:

- The consent to disclosure must be in writing;
- The taxpayer must sign and date the consent;
- The consent must identify the intended purpose of the disclosure; and
- The consent must contain certain specific disclosures.

These regulations prevent us from acting on a request made in a conversation, telephone call, or email, and they do not permit you to provide an advance, blanket consent for future disclosures that you direct orally.

Requesting Tax Information

If you would like us to provide a copy of your tax return or other tax information to you or to a third party, you should contact your WSRB tax advisor. Requests on behalf of a corporation, partnership or other entity must be made by a duly authorized representative. The regulations do not require a written consent for us to provide you with your own tax information.

If you ask us to provide a copy of your tax return or other tax information directly to a third party, we will provide you with a consent form (typically in the form of a letter) meeting the regulatory requirements. You must sign, date, and return the consent to us before we can provide the tax information to a third party. As an alternative to the signed consent, we can deliver the tax information directly to you, and you can then provide it to the third party.

Answering Your Questions

We regret any inconvenience resulting from these regulations, but we support the government's objective of protecting confidential taxpayer information. If you have questions concerning the application of these new regulations, please contact your WSRB tax advisor.