

Moses & Moses, P.C.  
3500 Blue Lake Drive, #495  
Birmingham, AL 35243  
Phone: 205-967-0901

**Spring 2005 Edition of Your Law**

***IRS PUTS RISK ON TAX PRACTITIONERS ON ALL ADVICE***  
**Charles H. Moses, III**

On June 21, 2005, new Circular 230 became effective. It has been a matter of discussion between the IRS and tax practitioners for the last year or more, as the IRS has sought ways to limit or prevent the sale of tax shelters based on tax opinions. This is another example of the government using a hammer to kill a fly.

The Circular was issued by the United States Treasury Department. It sets forth rules that tax practitioners, including lawyers and certified public accountants, must follow in providing written statements about certain Federal tax issues.

A Federal tax issue is a question concerning the Federal tax treatment of an item of income, gain, loss, deduction or credit, the existence or absence of a taxable transfer of property (such as whether a transfer to another is subject to Federal gift tax), or the value of property for Federal tax purposes.

The Circular covers much more than formal legal opinions and may apply to any writing relating to any Internal Revenue Code matter, including e-mail messages. Practitioners who fail to comply with the Circular may be suspended or disbarred from practice before the Internal Revenue Service (such as filing a return or participating in the audit of a United States tax return), be publicly censured or be fined. Unfortunately, we and many others anticipate that the Circular may increase the cost of delivering certain written materials to taxpayers.

The Circular requires that certain written statements contain disclaimers or warnings and you will see new statements in some messages from us, including e-mail messages. All responsible tax practitioners will follow the requirements of the Circular. It is our intention to continue to deliver the highest quality services to you and in a cost efficient manner. Please call us if you have any questions about how the Circular may affect our representation of you.

\*\*\*