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To: New clients and existing clients with new matters
Revision date: January 1, 2014
Document name: **IRS Circular No. 230 disclosure notice regarding tax penalties**

I am writing to inform you about how updated IRS regulations governing tax practitioners will affect my correspondence with you (including email messages).

IRS Circular No. 230 states that written tax advice must include *either* :

- a) all relevant and potentially relevant legislation, regulations, court cases and IRS rules relating to the subject of the tax advice, *or*
- b) a prominent disclosure notice stating that the advice cannot be relied upon for tax penalty purposes.

Practically speaking, almost every tax issue potentially involves the assessment of a tax penalty, so these regulations would pertain to all written tax advice given.

These regulations require me to add a certain disclosure notice to many of my letters, memos, emails, spreadsheets and other correspondence to you concerning federal tax matters, unless I am willing to undertake an extensive analysis of the facts underlying a transaction and legal authorities that address the tax treatment of the transaction. These regulations are very burdensome, and would require a significant additional fee for such compliance. Therefore, I adopt a policy *by default* to include this disclosure notice as part of my effort to charge an affordable fee.

These IRS regulations require such notice to be “prominently disclosed” and “readily apparent” to the reader. It must be set forth in a separate section (but not in a footnote or as “fine print”) of the communication. The typeface used must be at least the same size as the typeface used in any discussion of facts or law.

Accordingly, you should expect written advice from me and my law firm to contain a disclosure notice similar to what is set forth below:

IRS Circular No. 230 disclosure: To ensure compliance with requirements imposed by the IRS and other taxing authorities, I inform you that any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties that may be imposed on any taxpayer or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

I want to assure you that this policy does not reflect any decrease in the quality of my services, or the amount of thought that I put into my communications with you.

But in rare situations where I believe that your particular circumstances may warrant a written communication from me or my law firm that may provide you protection from the imposition of tax penalties, I first will discuss the matter with you. Such a written communication will require an additional fee for the additional legal work necessary to cover the cost of compliance. Alternatively, if you desire a written communication upon which you may rely for protection from the imposition of penalties, I encourage you to bring up this matter and discuss this with me.

Please contact me should you have any questions, comments or concerns about these regulations, my policy relative to these regulations, and their impact upon the manner in which I communicate tax advice to you. I want to discuss and resolve any lingering issues about this to your full and complete satisfaction.

Sincerely,



David N. Stonehill, Attorney-at-Law