

Table of Contents

Learning Objectives	1
Introduction	3
Introduction Review Questions	5
Chapter 1 The AICPA’s Code of Professional Conduct	7
Introduction.....	7
Application of the AICPA Code.....	8
The Principles of Professional Conduct.....	8
The First Principle: Responsibilities	8
The Second Principle: The Public Interest	9
The Third Principle: Integrity	9
The Fourth Principle: Objectivity and Independence.....	10
The Fifth Principle: Due Care.....	10
The Sixth Principle: Scope and Nature of Services	11
The Conceptual Frameworks.....	13
Rules of Professional Conduct	14
The Integrity and Objectivity Rule	14
The Independence Rule	16
The General Standards Rule.....	17
The Compliance With Standards Rule.....	17
Applicable Standards.....	17
The Accounting Principles Rule.....	18
The Acts Discreditable Rule.....	19
The Contingent Fees and Commissions and Referral Fees Rule.....	21
The Advertising and Other Forms of Solicitation Rule	22
The Confidential Client Information Rule.....	22
The Form of Organization and Name Rule.....	23
Chapter 1 Review Questions	25
Chapter 2 Ethical Guidance for Tax Professionals	27
Introduction	27
Circular 230	27
Section 10.20: Information to be Furnished	27
Section 10.21: Knowledge of Client’s Omission.....	28
Section 10.22: Diligence as to Accuracy	28
Section 10.27: Contingent Fees	29
Section 10.28: Return of Client’s Records	30
Section 10.29: Conflicting Interests	30
Section 10.30: Solicitation	31
Section 10.31: Negotiation of Taxpayer Checks	32
Section 10.33: Best Practices for Tax Advisors.....	32
Section 10.34: Standards with Respect to Tax Returns and Documents, Affidavits and Other Papers	33
Tax Returns.....	33

Documents, affidavits and other papers	33
Advising Clients on Potential Penalties	34
Relying on Information furnished by Clients	34
Section 10.35: Competence	34
Section 10.36: Procedures to Ensure Compliance	35
Section 10.37: Requirements for Written Advice	35
IRS Penalties for the Unauthorized Disclosure or Use of Tax Return Information	37
Definitions	37
Permissible Disclosures Or Uses Without Taxpayer Consent	40
Disclosures or Uses Between Tax Preparers	41
Adequate Data Protection Safeguard	43
Disclosures to Contractors	44
Corporate Fiduciaries	45
Taxpayer's Fiduciary	45
Disclosures by Attorneys and Accountants	45
Lists for Solicitation of Tax Return Preparation Business	47
Producing Statistical Information in Connection with Tax Return Preparation Business	48
Disclosure or Use of Information for Quality, Peer, or Conflict Reviews	49
Taxpayer Consent	50
Chapter 2 Review Questions	59
Chapter 3 The AICPA's Statement on Standards for Tax Services	63
Introduction	63
Statement on Standards for Tax Services No. 1, Tax Return Positions	63
Statement on Standards for Tax Services No. 2, Answers to Questions on Returns	71
Statement on Standards for Tax Services No. 3, Certain Procedural Aspects of Preparing Returns	71
Statement on Standards for Tax Services No. 4, Use of Estimates	71
Statement on Standards for Tax Services No. 5, Departure From a Position Previously Concluded in an Administrative Proceeding or Court Decision	72
Statement on Standards for Tax Services No. 6, Knowledge of Error: Return Preparation and Administrative Proceedings	72
Statement on Standards for Tax Services No. 7, Form and Content of Advice to Taxpayers	73
Chapter 3 Review Questions	75
Review Question Answers	77
Glossary	81
Index	89
Final Examination Questions	91