

[Circular 230 Tax Disclaimers Head to the Trash](#)

(Bloomberg) To everyone but tax attorneys, the disclaimers referring to “ Circular 230” that appear in the legends of most law firm e-mails are inscrutable as well as ubiquitous. The Internal Revenue Service has now changed its rules so that those disclaimers can be deleted permanently.

Circular 230 is the Internal Revenue Service’s compilation of regulations governing tax practice by lawyers, accountants and other professionals that became effective in 2005. The rules resulted from the tax shelter abuses of the 1990s, Christopher Rizek, a tax attorney said last week in a phone interview.

Circular 230 established minimum standards of conduct “ with respect to written tax advice,” threatening disciplinary action or even disbarment for those who fail to comply.

As a result of the broad language, disclaimers stating that e-mails don’t constitute tax advice “ wound up on everything,” Rizek said.

“ Once law firms agreed on language, then firms had to question what to put it on either just on e-mails for which it really applies or on everything,” he said. “ Even those that say, ‘ Can you make lunch at 1 o’clock? ’ ” contained the language.

[New rules](#) issued by the IRS on June 12 include this statement: “ Treasury and the IRS expect that these amendments will eliminate the use of a Circular 230 disclaimer in e-mail and other writings.”

Rizek expects law firms to continue to incorporate broader disclaimers that specify that communications in an e-mail aren’t legal advice.

As of last week, many professional services firms evidently hadn’t gotten the memo, since most hadn’t deleted the Circular 230 wording.

[Continue reading »](#)