

TITLE 26 - INTERNAL REVENUE CODE
Subtitle F - Procedure and Administration
CHAPTER 77 - MISCELLANEOUS PROVISIONS

§ 7525. Confidentiality privileges relating to taxpayer communications

(a) Uniform application to taxpayer communications with federally authorized practitioners

(1) General rule

With respect to tax advice, the same common law protections of confidentiality which apply to a communication between a taxpayer and an attorney shall also apply to a communication between a taxpayer and any federally authorized tax practitioner to the extent the communication would be considered a privileged communication if it were between a taxpayer and an attorney.

(2) Limitations

Paragraph (1) may only be asserted in—

- (A)** any noncriminal tax matter before the Internal Revenue Service; and
- (B)** any noncriminal tax proceeding in Federal court brought by or against the United States.

(3) Definitions

For purposes of this subsection—

(A) Federally authorized tax practitioner

The term “federally authorized tax practitioner” means any individual who is authorized under Federal law to practice before the Internal Revenue Service if such practice is subject to Federal regulation under section 330 of title 31, United States Code.

(B) Tax advice

The term “tax advice” means advice given by an individual with respect to a matter which is within the scope of the individual’s authority to practice described in subparagraph (A).

(b) Section not to apply to communications regarding tax shelters

The privilege under subsection (a) shall not apply to any written communication which is—

- (1)** between a federally authorized tax practitioner and—
 - (A)** any person,
 - (B)** any director, officer, employee, agent, or representative of the person, or
 - (C)** any other person holding a capital or profits interest in the person, and
- (2)** in connection with the promotion of the direct or indirect participation of the person in any tax shelter (as defined in section 6662 (d)(2)(C)(ii)).

(Added Pub. L. 105–206, title III, § 3411(a), July 22, 1998, 112 Stat. 750; amended Pub. L. 108–357, title VIII, § 813(a), Oct. 22, 2004, 118 Stat. 1581.)

Amendments

2004—Subsec. (b). Pub. L. 108–357 amended heading and text of subsec. (b) generally. Prior to amendment, text read as follows: “The privilege under subsection (a) shall not apply to any written communication between a federally authorized tax practitioner and a director, shareholder, officer, or employee, agent, or representative of a corporation in connection with the promotion of the direct or indirect participation of such corporation in any tax shelter (as defined in section 6662 (d)(2)(C)(iii)).”

Effective Date of 2004 Amendment

Pub. L. 108–357, title VIII, § 813(b), Oct. 22, 2004, 118 Stat. 1581, provided that: “The amendment made by this section [amending this section] shall apply to communications made on or after the date of the enactment of this Act [Oct. 22, 2004].”

NB: This unofficial compilation of the U.S. Code is current as of Jan. 4, 2010 (see <http://www.law.cornell.edu/uscode/uscpri.html>).

Effective Date

Pub. L. 105–206, title III, § 3411(c), July 22, 1998, 112 Stat. 751, provided that: “The amendments made by this section [enacting this section] shall apply to communications made on or after the date of the enactment of this Act [July 22, 1998].”