

House Study Bill 58

Bill Text

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1 1 Section 1. NEW SECTION. 622.10A TAX ADVICE
1 2 CONFIDENTIAL COMMUNICATIONS.
1 3 1. With respect to communications involving tax advice
1 4 between a taxpayer and a federally authorized tax
1 5 practitioner, the same protections of confidentiality which
1 6 apply to a communication between a taxpayer and an attorney
1 7 shall also apply to that communication to the extent the
1 8 communication would be considered a privileged communication
1 9 if it were between a taxpayer and an attorney.
1 10 2. The confidentiality privilege under this section
1 11 applies to either of the following:
1 12 a. A noncriminal tax matter before the Iowa department of
1 13 revenue and finance.
1 14 b. A noncriminal tax proceeding in federal or state court
1 15 brought by or against the state of Iowa.
1 16 3. As used in this section:
1 17 a. "Federally authorized tax practitioner" means an
1 18 individual who is authorized under federal law to practice
1 19 before the Internal Revenue Service if such practice is
1 20 subject to federal regulation under 31 U.S.C. } 330.
1 21 b. "Tax advice" means advice given by an individual with
1 22 respect to a matter which is within the scope of the
1 23 individual's authority to practice described in paragraph "a".
1 24 4. The confidentiality privilege under this section shall
1 25 not apply to a written communication between a federally
1 26 authorized tax practitioner and a director, shareholder,
1 27 officer, employee, agent, or representative of a corporation
1 28 in connection with the promotion of the direct or indirect
1 29 participation of that corporation in a tax shelter as defined
1 30 in section 6662(d)(2)(C)(iii) of the Internal Revenue Code.

EXPLANATION

1 32 The bill creates the privilege of confidentiality for state
1 33 tax purposes for those individuals who are authorized to
1 34 practice before the Internal Revenue Service and who provide
1 35 tax advice to persons in regard to state tax purposes. The
2 1 confidentiality privilege applies to tax advice communication
2 2 to the same extent that such communication would be considered
2 3 privileged if it occurred between the taxpayer and an
2 4 attorney. However, the privilege does not apply to
2 5 communication with a director, officer, shareholder, or agent
2 6 of a corporation in connection with a tax shelter where the
2 7 main purpose is the avoidance of federal income tax.
2 8 LSB 1477HC 78
2 9 mg/gg/8