Department of the Treasury	Internal Revenue Service	Office of Chief Counsel	**Notice**

CC-2008-013

April 11, 2008

Subject:	Coordination of Section 6694 Penalty	**Cancel Date**:	Effective Until Further Notice

PURPOSE

This Notice instructs Chief Counsel attorneys on how to advise the Internal Revenue Service regarding the tax return preparer penalty provisions under section 6694 of the Internal Revenue Code and the related definitional provisions, as amended by the Small Business and Work Opportunity Tax Act of 2007, Pub. L. No. 110-28, 121 Stat. 190.

COORDINATION OF SECTION 6694 PENALTY

Section 8246 of the Act amended several provisions of the Code to extend the application of the income tax return preparer penalties to all tax return preparers, alter the standards of conduct that must be met to avoid imposition of the section 6694(a) penalty for preparing a return which reflects an understatement of liability, and increase applicable penalties under section 6694(a) and (b). The amendments to section 6694 are effective for tax returns and claims for refund prepared after May 25, 2007. The Department of Treasury and IRS issued Notice 2008-13, which provides interim guidance regarding implementation of the tax return preparer penalty provisions until final regulations are published. Notice 2008-13 also solicited public comments regarding the revision of the regulatory scheme governing tax return preparer penalties. The Treasury Department and the IRS intend to finalize the revision of the tax return preparer regulations by the end of 2008.

Until the revised tax return preparer penalty regulations are issued, Chief Counsel attorneys must consult with the Office of the Associate Chief Counsel (Procedure and Administration) on any issues under section 6694 and the related definitional provisions as amended by the Act.

Questions regarding this Notice should be directed to Procedure & Administration Branch 1 at (202) 622-4910 or Branch 2 at (202) 622-4940.

/s/
Deborah A. Butler
Associate Chief Counsel
(Procedure & Administration)

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