

**§ 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].”

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].”

**§ 7526. Low-income taxpayer clinics**

**(a) In general**

The Secretary may, subject to the availability of appropriated funds, make grants to provide matching funds for the development, expansion, or continuation of qualified low-income taxpayer clinics.

**(b) Definitions**

For purposes of this section—

**(1) Qualified low-income taxpayer clinic**

**(A) In general**

The term “qualified low-income taxpayer clinic” means a clinic that—

(i) does not charge more than a nominal fee for its services (except for reimbursement of actual costs incurred); and

(ii)(I) represents low-income taxpayers in controversies with the Internal Revenue Service; or

(II) operates programs to inform individuals for whom English is a second language about their rights and responsibilities under this title.

**(B) Representation of low-income taxpayers**

A clinic meets the requirements of subparagraph (A)(ii)(I) if—

(i) at least 90 percent of the taxpayers represented by the clinic have incomes which do not exceed 250 percent of the poverty level, as determined in accordance with criteria established by the Director of the Office of Management and Budget; and

(ii) the amount in controversy for any taxable year generally does not exceed the amount specified in section 7463.

**(2) Clinic**

The term “clinic” includes—

(A) a clinical program at an accredited law, business, or accounting school in which students represent low-income taxpayers in controversies arising under this title; and

(B) an organization described in section 501(c) and exempt from tax under section 501(a) which satisfies the requirements of paragraph (1) through representation of taxpayers or referral of taxpayers to qualified representatives.

**(3) Qualified representative**

The term “qualified representative” means any individual (whether or not an attorney) who is authorized to practice before the Internal Revenue Service or the applicable court.

**(c) Special rules and limitations**

**(1) Aggregate limitation**

Unless otherwise provided by specific appropriation, the Secretary shall not allocate more