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after 1974, an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) effective with respect to that year. An employee who is entitled to a special refund of employee tax with respect to wages received during a calendar year, and who is required to file an income tax return for such calendar year (or for his last taxable year beginning in such calendar year), may obtain the benefits of such special refund only by claiming credit for such special refund on such income tax return in the same manner as if such special refund were an amount deducted and withheld as income tax at source on wages.

(2) The amount of the special refund allowed as a credit shall be considered as an amount deducted and withheld as income tax at source on wages. If the amount of such special refund when added to amounts deducted and withheld as income tax under chapter 24 exceeds the income tax imposed by chapter 1, the amount of the excess constitutes an overpayment of income tax, and interest on such overpayment is allowed to the extent provided under section 6611 of the Code upon an overpayment of income tax resulting from a credit for income tax withheld at source on wages.

(3) If an employee entitled to a special refund of employee social security tax is not required to file an income tax return for the year in which such special refund may be claimed as a credit, the employee may file a claim for refund of the excess social security tax on Form 843. Claims must be filed with the district director of internal revenue for the district in which the employee resides.

(4) Employee taxes under the Federal Insurance Contributions Act and the Railroad Retirement Tax Act include a percentage rate for hospital insurance. If in 1968 or any calendar year thereafter employee taxes under both Acts are deducted from an employee's wages and compensation aggregating more than $7,800, the ''special refund'' provisions may apply to the portion of the tax that is deducted for hospital insurance. The employee may take credit on Form 1040 for the amount allowable, in accordance with the instructions applicable to that form.

[32 FR 15990, Nov. 22, 1967, as amended at 33 FR 6825, May 4, 1968; 33 FR 17239, Nov. 21, 1968; 36 FR 7586, Apr. 22, 1971; 38 FR 4970, Feb. 23, 1973; 39 FR 8918, Mar. 7, 1974; 41 FR 20883, May 21, 1976; 45 FR 7257, Feb. 1, 1980; 49 FR 19648, 19649, May 9, 1984; 49 FR 25239, June 20, 1984; 49 FR 36500, Sept. 18, 1984; T.D. 8952, 66 FR 33832, June 26, 2001]

Subpart E—Conference and Practice Requirements

AUTHORITY: 68A Stat. 917, 26 U.S.C. 7805; 5 U.S.C. 301.

§ 601.501 Scope of rules; definitions.

(a) *Scope of rules.* The rules prescribed in this subpart concern, among other things, the representation of taxpayers before the Internal Revenue Service under the authority of a power of attorney. These rules apply to all offices of the Internal Revenue Service in all matters under the jurisdiction of the Internal Revenue Service and apply to practice before the Internal Revenue Service (as defined in 31 CFR 10.2(a) and 10.7(a)(7). For special provisions relating to alcohol, tobacco, and firearms activities, see §§ 601.521 through 601.527. These rules detail the means by which a recognized representative is authorized to act on behalf of a taxpayer. Such authority must be evidenced by a power of attorney and declaration of representative filed with the appropriate office of the Internal Revenue Service. In general, a power of attorney must contain certain information concerning the taxpayer, the recognized representative, and the specific tax matter(s) for which the recognized representative is authorized to act. (See § 601.503(a).) A ''declaration of representative'' is a written statement made by a recognized representative that he/she is currently eligible to practice before the Internal Revenue Service and is authorized to represent the particular party on whose behalf he/she acts. (See § 601.502(c).)

(b) *Definitions*—(1) *Attorney-in-fact.* An agent authorized by a principal under a power of attorney to perform certain specified act(s) or kinds of act(s) on behalf of the principal.

(2) *Centralized Authorization File (CAF) system.* An automated file containing information regarding the authority of a person appointed under a power of attorney or designated under a tax information authorization.

(3) *Circular No. 230.* Treasury Department Circular No. 230 codified, at 31 CFR part 10, which sets forth the regulations governing practice before the Internal Revenue Service.

(4) *Declaration of representative.* (See § 601.502(c).)

(5) *Delegation of authority.* An act performed by a recognized representative whereby authority given under a power of attorney is delegated to another recognized representative. After a delegation is made, both the original recognized representative and the recognized representative to whom a delegation is made will be recognized to represent the taxpayer. (See § 601.505(b)(2).)

(6) *Form 2848,* ''*Power of Attorney and Declaration of Representative.*'' The Internal Revenue Service power of attorney form which may be used by a taxpayer who wishes to appoint an individual to represent him/her before the Internal Revenue Service. (See § 601.503(b)(1).)

(7) *Matter.* The application of each tax imposed by the Internal Revenue Code and the regulations thereunder for each taxable period constitutes a (separate) matter.

(8) *Office of the Internal Revenue Service.* The Office of each district director, the office of each service center, the office of each compliance center, the office of each regional commissioner, and the National Office constitute separate offices of the Internal Revenue Service.

(9) *Power of attorney.* A document signed by the taxpayer, as principal, by which an individual is appointed as attorney-in-fact to perform certain specified act(s) or kinds of act(s) on behalf of the principal. Specific types of powers of attorney include the following—

(i) *General power of attorney.* The attorney-in-fact is authorized to perform any or all acts the taxpayer can perform.

(ii) *Durable power of attorney.* A power of attorney which specifies that the appointment of the attorney-in-fact will not end due to either the passage of time (i.e., the authority conveyed will continue until the death of the taxpayer) or the incompetency of the principal (e.g., the principal becomes unable or is adjudged incompetent to perform his/her business affairs).

(iii) *Limited power of attorney.* A power of attorney which is limited in any facet (i.e., a power of attorney authorizing the attorney-in-fact to perform only certain specified acts as contrasted to a general power of attorney authorizing the representative to perform any and all acts the taxpayer can perform).

(10) *Practice before the Internal Revenue Service.* Practice before the Internal Revenue Service encompasses all matters connected with presentation to the Internal Revenue Service or any of its personnel relating to a taxpayer's rights, privileges, or liabilities under laws or regulations administered by the Internal Revenue Service. Such presentations include the preparation and filing of necessary documents, correspondence with and communications to the Internal Revenue Service, and the representation of a taxpayer at conferences, hearings, and meetings. (See 31 CFR 10.2(a) and 10.7(a)(7).)

(11) *Principal.* A person (i.e., taxpayer) who appoints an attorney-in-fact under a power of attorney.

(12) *Recognized representative.* An individual who is recognized to practice before the Internal Revenue Service under the provisions of § 601.502.

(13) *Representation.* Acts performed on behalf of a taxpayer by a representative in practice before the Internal Revenue Service. (See § 601.501(b)(10).) Representation does not include the furnishing of information at the request of the Internal Revenue Service or any of its officers or employees. (See 31 CFR 10.7(c).)

(14) *Substitution of representative.* An act performed by an attorney-in-fact whereby authority given under a power of attorney is transferred to another recognized representative. After a substitution is made, only the newly recognized representative will be considered the taxpayer's representative. (See § 601.505(b)(2).)

(15) *Tax information authorization.* A document signed by the taxpayer authorizing any individual or entity (e.g.,

corporation, partnership, trust or organization) designated by the taxpayer to receive and/or inspect confidential tax information in a specified matter. (See section 6103 of the Internal Revenue Code and the regulations thereunder.)

(c) *Conferences*—(1) *Scheduling.* The Internal Revenue Service encourages the discussion of any Federal tax matter affecting a taxpayer. Conferences may be offered only to taxpayers and/or their recognized representative(s) acting under a valid power of attorney. As a general rule, such conferences will not be held without previous arrangement. However, if a compelling reason is shown by the taxpayer that an immediate conference should be held, the Internal Revenue Service official(s) responsible for the matter has the discretion to make an exception to the general rule.

(2) *Submission of information.* Every written protest, brief, or other statement the taxpayer or recognized representative wishes to be considered at any conference should be submitted to or filed with the appropriate Internal Revenue Service official(s) at least five business days before the date of the conference. If the taxpayer or the representative is unable to meet this requirement, arrangement should be made with the appropriate Internal Revenue Service official for a postponement of the conference to a date mutually agreeable to the parties. The taxpayer or the representative remains free to submit additional or supporting facts or evidence within a reasonable time after the conference.

[56 FR 24003, May 28, 1991; amended at 57 FR 27356, June 19, 1992]

§ 601.502 Recognized representative.

(a) A recognized representative is an individual who is

(1) Appointed as an attorney-in-fact under a power of attorney, and a

(2) Member of one of the categories described in § 601.502(b) and who files a declaration of representative, as described in § 601.502(c).

(b) *Categories*—(1) *Attorney.* Any individual who is a member in good standing of the bar of the highest court of any state, possession, territory, commonwealth, or the District of Columbia;

(2) *Certified public accountant.* Any individual who is duly qualified to practice as a certified public accountant in any state, possession, territory, commonwealth, or the District of Columbia;

(3) *Enrolled agent.* Any individual who is enrolled to practice before the Internal Revenue Service and is in active status pursuant to the requirements of Circular No. 230;

(4) *Enrolled actuary.* Any individual who is enrolled as an actuary by and is in active status with the Joint Board for the Enrollment of Actuaries pursuant to 29 U.S.C. 1242.

(5) *Other individuals*—(i) *Temporary recognition.* Any individual who is granted temporary recognition as an enrolled agent by the Director of Practice (31 CFR 10.5(c)).

(ii) *Practice based on a relationship or special status with a taxpayer.* Any individual authorized to represent a taxpayer with whom/which a special relationship exists (31 CFR 10.7(a) (1)–(6)). (For example, an individual may represent another individual who is his/her regular full-time employer or a member of his/her immediate family; an individual who is a bona fide officer or regular full-time employee of a corporation or certain other organizations may represent that entity.)

(iii) *Unenrolled return preparer.* Any individual who signs a return as having prepared it for a taxpayer, or who prepared a return with respect to which the instructions or regulations do not require that the return be signed by the preparer. The acts which an unenrolled return preparer may perform are limited to representation of a taxpayer before revenue agents and examining officers of the Examination Division in the offices of District Director with respect to the tax liability of the taxpayer for the taxable year or period covered by a return prepared by the unenrolled return prepared (31 CFR 10.7(a)(7)).

(iv) *Special appearance.* Any individual who, upon written application, is authorized by the Director of Practice to represent a taxpayer in a particular matter (31 CFR 10.7(b)).

(c) *Declaration of representative.* A recognized representative must attach to