

## What Taxpayers Should Know About IRS Third Party Authorizations

When dealing with the IRS, taxpayers often need help from tax professionals, family members, or other trusted individuals. Understanding the different types of third-party authorizations available can save time and prevent confusion during tax matters.

### Types of Third-Party Authorizations:

There are three main ways taxpayers can authorize someone to interact with the IRS on their behalf, each serving different purposes.

#### Form 2848 - Power of Attorney and Declaration of Representative:

This is the most comprehensive authorization form. Form 2848 allows a representative to perform virtually any act the taxpayer can perform, including signing consents to extend assessment deadlines, recording interviews, and executing waivers agreeing to tax adjustments. Only certain individuals are authorized to practice before the IRS under this form, including attorneys, CPAs, enrolled agents, enrolled retirement plan agents, enrolled actuaries, and unenrolled return preparers with an AFSP Record of Completion for limited representation.

#### Form 8821 - Tax Information Authorization:

This form authorizes the IRS to release taxpayer information to an individual or organization but does not grant representation rights. Form 8821 can be used by a broader range of people, including immediate family members, corporate officers, general partners, full-time employees, and fiduciaries. While Form 8821 is not mandatory, any alternative authorization must contain the same information. It may also be used to revoke a prior authorization.

#### Third Party Designee:

For simpler matters, taxpayers can check the "Yes" box in the Third Third-Partynee area of their tax return. This allows a paid preparer, friend, family member, or any other person to discuss that specific tax return with the IRS. The taxpayer simply enters the designee's name, phone number, and any five digits the designee chooses as a personal identification number.

#### Understanding CAF Numbers:

When a representative files a third-party authorization with the IRS for the first time, they receive a Central Authorization File (CAF) number, which is a unique 9-digit identification number. Representatives should use this assigned CAF number on all future powers of

attorney. It's important to note that having a CAF number is not an indication of authority to practice before the IRS.

#### Tax Pro Account - Modern Authorization Management:

Tax practitioners authorized to practice before the IRS who have a valid CAF number may request power of attorney authorizations through their online Tax Pro Account. The authorizing taxpayer must have an IRS online account in order to receive and respond to the request. Practitioners can also view their active POAs and withdraw from authorizations online through their Tax Pro Account.

#### Revoking a Third-Party Authorization:

Taxpayers and representatives have options when they need to end an authorization relationship.

#### Taxpayer Revocation of Power of Attorney:

A taxpayer can choose to revoke any authorization at any time.

- Power of Attorney stays in place until the taxpayer revokes the authorization or the representative withdraws it.
- Tax Information Authorization stays in effect until it is revoked by the taxpayer or the designer withdraws it.
- Third Party Designee generally expires one year from the due date of the tax return, not counting extensions.
- Oral disclosure, unless it's stated otherwise, is automatically revoked once the conversation has ended. If the taxpayer wants additional oral disclosure exceeding the original request, a new authorization will be required.

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