**IRC Penalty Provisions**

**IRS Regulations Internal Revenue Code 6103:**

Provides the general “**confidentiality rule**,” which states that taxpayers’ returns and return information shall only be used for Official purposes and shall not be subject to unauthorized disclosure.

**IRS Regulations Internal Revenue Code 7213:**

States that, willful **unauthorized disclosure** by staff employees is a **felony** punishable by a fine not exceeding **$5,000** or imprisonment not more than **5 years**, or both, together with the cost of prosecution.

**Please Note:** An unauthorized disclosure may include sharing FTI either verbally, in writing, or via any electronic media to any unauthorized persons.

**IRS Regulations Internal Revenue Code 7213A(a)(2):**

***Is the Taxpayer Browsing and Protection Act***

Access to Federal Tax Information should:

* Only be on a “Need to Know” Basis; and
* Solely be for the Purposes of Tax Administration

Willful, unauthorized inspection of Federal Tax Information is a violation of this IRC section.

**IRS Regulations Internal Revenue Code 7213A:**

***Is the Taxpayer Browsing and Protection Act***

Violation of this code provides additional “**misdemeanor**” charges punishable upon conviction.

The following penalties apply:

* Fine up to **$1,000 for each inspection,**\***browsing,** or disclosure
  + *OR Sum of Actual and Punitive Damages – Punitive only if willful with gross negligence*
* or **Imprisonment up to 1 year**
* or **Both**
* Plus the Costs of Prosecution

**IRS Regulations Internal Revenue Code 7431:**

Allows taxpayers to sue staff employees who make unauthorized inspection or disclosure of a return or return information, with damages of $1,000 for each act of unauthorized inspection or disclosure, or the sum of actual damages sustained, whichever is greater, plus the cost of suing.

\*\*\*Taxpayers have 2 years from the date they discover the unauthorized disclosure to bring suit.