

Masood A. Chotani, CPA

Granada Hills Office

17050 Chatsworth Street, Suite 112, Granada Hills, California 91344 • TEL (818) 488-1388

FAX (818) 488-1332 •

Palm Springs Office

777 East Tahquitz Canyon Way, Suite 200-221, Palm Springs, California 92262 •

TEL (760) 969-5074 •

www.chotanicpa.com

m e m o r a n d u m

TO: All Clients
FROM: Masood A. Chotani, MPAcc, MST, CPA
DATE: As of January 1, 2022 & Subsequent
SUBJECT: **POTENTIAL for Conflicts of Interest on Jointly Filed Tax Returns**

While I never wish the pain of divorce on anyone, divorce is a reality that I have had to help my clients deal with all-too-often. So much so, in fact, that I wish to bring to the attention of every client, the potential that exists for a conflict of interest, should I learn of an impending divorce.

Unless I am told otherwise, or become aware of marital strife, I presume that I am free of any conflict of interest with respect to a jointly filed tax return that I am involved in preparing.

A conflict of interest exists whenever there is no longer a “mutuality of interest” among all the parties that I have a duty to represent. In the context of a husband and wife, I have an equal duty to each spouse to represent their best interest, and when those best interests conflict, it is impossible for me to effectively, legally & ethically represent both spouses, absent a waiver (discussed below).

Sometimes, even when there is an impending divorce, the spouses might still agree to file a joint tax return, and in such situations, I will always ask both spouses to acknowledge the potential for the conflict of interest and waive that conflict (in writing) so as to permit my Firm to continue to prepare the joint tax returns.

If an actual conflict is so severe, however, that I do not feel as though I can maintain my objectivity, then I may require that one or both spouses obtain a separate accountant.

The AICPA Rules of Professional Conduct, which has been adopted by the California Board of Accountancy (as well as by most States') sets forth the **Integrity and Objectivity Rule** [in Section 1.100.001] with specific reference to **Conflicts of Interest** [in Section 1.110.010.04(e)] that I must follow. I make this Rule available and commend it to the attention of any interested client or Spouse.

A WORD ON "SECRETS" – We strictly adhere to the tenets of confidentiality in every client engagement; we are necessarily precluded from revealing the confidences of our clients to the "outside world" UNLESS we are under a legal duty or obligation to testify or answer questions of some authoritative body or Court. HOWEVER, as married to each other, we WILL NOT KEEP SECRETS BETWEEN THE SPOUSES. Any information given to me by either spouse will be freely exchanged with both spouses, regardless of the status of the marital relationship.

As always, should you have any questions, please ask!