

# Washington Law Review

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Volume 28  
Number 4 *Annual Meeting of the Washington  
State Bar Association*

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11-1-1953

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### Recommended Citation

Robert J. Williams, *State Bar Journal*, *Report of the Committee to Cooperate with Certified Public Accountants*, 28 Wash. L. Rev. & St. B.J. 273 (1953).

Available at: <https://digitalcommons.law.uw.edu/wlr/vol28/iss4/10>

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REPORT OF THE COMMITTEE TO COOPERATE WITH CERTIFIED  
PUBLIC ACCOUNTANTS

By Robert J. Williams

The first meeting ever held of joint committees of the Washington Society of C.P.A.'s and the Washington State Bar Association was held last fall.

On the national level, the American Bar Association and the American Institute of Accountants have a joint committee.

The principal point of friction between the two professions has been in the phase of federal income taxation. A broad policy was outlined on the national level, and the two joint committees in this state adopted a statement of principles relating to the practice in the field of federal income taxation.\*\*\* I might read:

"It is in the best public interest that services and assistance in Federal income tax matters be rendered by lawyers and certified public accountants, who are trained in their fields by education and experience, and for whose admission to professional standing there are requirements as to education, citizenship and high moral character. They are required to pass written examinations and are subject to rules of professional ethics. Many problems connected with business require the skills of both lawyers and certified public accountants and there is every reason for a close and friendly cooperation between the two professions. Lawyers should encourage their clients to seek the advice of certified public accountants whenever accounting problems arise and certified public accountants should encourage clients to seek the advice of lawyers whenever legal questions are presented.

*"(1) Collaboration of Lawyers and Certified Public Accountants Desirable.*

*"(2) Preparation of Federal Income Tax Returns.* It is a proper function of a lawyer or a certified public accountant to prepare Federal income tax returns.

"When a lawyer prepares a return in which questions of accounting arise, he should advise the taxpayer to enlist the assistance of a certified public accountant.

"When a certified accountant prepares a return in which questions of law arise, he should advise the taxpayer to enlist the assistance of a lawyer.

*"(3) Ascertainment of Probable Tax Effects of Transactions.* In the course of the practice of law and in the course of the practice of ac-

counting, lawyers and certified public accountants are often asked about the probable tax effects of transactions.

"The ascertainment of probable tax effects of transactions frequently is within the function of either a certified public accountant or a lawyer. However, in many instances, problems arise which require the attention of a member of one or the other profession, or members of both. When such ascertainment raises uncertainties as to the interpretation of law, both tax law and general law, or uncertainties as to the application of law to the transaction involved, the certified public accountant should advise the taxpayer to enlist the services of a lawyer. When such ascertainment involves difficult questions of classifying and summarizing the transaction in a significant manner and in terms of money, or interpreting the financial results thereof, the lawyer should advise the taxpayer to enlist the services of a certified public accountant.

"In many cases, therefore, the public will be best served by utilizing the joint skills of both professions.

"(4) *Preparation of Legal and Accounting Documents.* Only a lawyer may prepare legal documents such as agreements, conveyances, trust instruments, wills, or corporate minutes or give advice as to the legal sufficiency or effect thereof, or take the necessary steps to create, amend or dissolve a partnership, corporation, trust, or other legal entity

"Only an accountant may properly advise as to the preparation of financial statements included in reports or submitted with tax returns, or as to accounting methods and procedure.

"(5) *Prohibiting Self-designations.* An accountant should not describe himself as a "tax consultant" or "tax expert" or use any similar phrase. Lawyers, similarly, are prohibited by the canons of ethics of the American Bar Association and the opinions relating thereto, from advertising any special branch of law practice.

"(6) *Representation of Taxpayers Before Treasury Department.* Under Treasury Department regulations lawyers and certified public accountants are authorized, upon a showing of their professional status, and subject to certain limitations as defined in the Treasury rules, to represent taxpayers in proceedings before that Department. If, in the course of such proceedings, questions arise involving the application of legal principles, a lawyer should be retained, and if, in the course of

such proceedings accounting questions arise, a certified public accountant should be retained."

There is another section on the practice before the Tax Court of the United States which pretty well adopts what the tax court itself has; claims for refund and criminal tax investigations are covered, and there is a general conclusion:

"This statement of principles should be regarded as tentative and subject to revision and amplification in the light of future experience. The principal purpose is to indicate the importance of voluntary cooperation between our professions, whose members should use their knowledge and skills to the best advantage of the public. It is recommended that joint committees representing the local societies of both professions be established."

#### TRIAL LAWYERS: HOW THEY APPEAR TO COURTS AND LITIGANTS

An address by Judge Frank D. James

This is a public relations program and I am going to try to focus and slant the few remarks that I have to make to you with that background in mind.

Most of you will recall, when I remind you of the fact, that the system of legal training as followed in most of the European countries and I think perhaps in most of the world is that early in his training period a law student decides or perhaps it is decided for him by his instructors upon their appraisal of his ability, whether or not he should follow the course of training which will fit him to become a lawyer or an advocate or whatever he may be called in that particular country, or whether or not he should become a judge.

I have talked to a number of judges since I have been on the bench who are judges in various European countries, and have been quite interested to learn that their course of training is so different than ours, and that they never have any trial experience; that they start out when they have graduated from the law school to serve an apprenticeship as a sort of clerk or an under-judge, or an assistant judge, and they work their way up in the hierarchy of their judicial system.

Now we have a better system, I think. At least it's a better system for our peculiar system of justice. I think it's better that our judges be selected from the ranks of our lawyers because it, at least, gives the judge an insight into the problems of practicing law and trying cases