

March 2017

Tax Fraud Scams

Tax season is drawing near a close; various companies and individuals will send out correspondence requesting users to take advantage of their services, so the customer can get the best tax return possible with the least hassle.

However, not every form of communication is legitimate. There are many fraudsters out there who will harvest sensitive Personally Identifiable Information (PII) data to take advantage of them and use it in a way of fraud to get money or other services for personal gain.

By reading below, protect yourselves, friends, and family against being a victim of tax fraud or other scams that could compromise your identity.

What Types of Scams?

Tax Fraud or identity theft can occur in various forms. Computers, technology, and social media make it even easier for fraudsters to find potential victims.

Top scams include:

- Email Fraud or Phishing
- Phone Scams
- Identity Theft
- Return Preparer Fraud
- Inflated Refund Claims

Follow best practices on staying safe against tops scams, if something doesn't seem right or too good to be true, it likely is.

What Are They & How to Stay Safe

Phishing : Emails that are created to appear legitimate but can actually harvest credentials or personal information. (ex: Email claiming to be from the IRS or similar venue such as "Electronic Federal Tax Payment System")

Report Phishing emails and scams to: phishing@irs.gov

Phone Scams: Scam artists who call impersonating IRS agents in order to gain your personal information or collect funds. They will commonly threaten police arrest, deportation, or deploy other tactics to solicit money or information from you in an urgent matter. They may ask to pay this via wire transfer, prepaid debit card, or major credit card.

Also, some scams may claim to entitle you to a huge refund and also solicit the person for their information to gain access to a new website or software that will expedite the return process.

When in doubt just hang up, the IRS will never threaten local law enforcement to come seek payments or ask payments to be made via wire transfer or credit/debit cards.

Identity Theft: Fraudsters that will file false tax returns with other peoples Social Security Numbers. This can be done by Social Engineering, Phishing, or Phone Scams in effort to gain sensitive information and use it later to file fast tax returns, open credit cards, or other means of financial gain.

Prevent Identity theft by:

- Checking your credit report every 12 months
- Don't carry your social security card with you; secure it and other important tax information in a safe place at home such as safe or deposit box.
- Don't give out personal information via phone, email, or mail unless you are certain of the contact person and they are legitimate.

Return Preparer Fraud: People who pretend to be tax professionals and will file your return for you, but they actually use your information to gain money for themselves.

Protect yourself by:

- Verifying the person/company is reputable and has a Preparer Tax Identification Number (PTIN) from the IRS
- They are professionally certified such as CPA or enrolled agent
- Never sign a blank tax return or one that is incomplete

Inflated Refund Claims: Be cautious of scam artist who use a fake store front, advertisement, or flyer that will offer a big refund before looking at tax records. Also, those who charge fees based on a percentage of a refund.

Tips for choosing a qualified tax preparer: <https://www.irs.gov/uac/Choose-Your-Tax-Preparer-Wisely>.

Definitions

Tax Fraud— Filing a tax return on another person's behalf for financial gain or falsifying a tax return for financial gain.

Email Fraud—Intentional deception made for personal gain or damage used towards another individual via Email.

Phishing— By using Social Engineering, attackers attempt to obtain information about a particular company or person to gain access to systems, which can be executed via Email, phone, or text messages (smishing).

Resources

Reporting Tax Fraud and Alerts:
<https://www.irs.gov/uac/Tax-Fraud-Alerts>

Dirty Dozen Tax Scams:
<https://www.irs.gov/uac/newsroom/irs-completes-the-dirty-dozen-tax-scams-for-2015>

IRS tips:
<https://www.irs.gov/uac/newsroom/irs-alerts-payroll-and-hr-professionals-to-phishing-scheme-involving-w2s>

Questions? Contact Information Security at: