

Protect Yourself Against Scams This Tax Season

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Tax-payers are encouraged to be extra vigilant this year about IRS scams.

Despite a raid in October 2016 in which 70 people in an international call center were charged with fraud, tax scams remained the most common type of scam last year according to a report by the Better Business Bureau (BBB). Nearly one in every four scams the BBB encountered was a tax-based scam. They are more prevalent than the second, third and fourth most popular types of scams combined.

Under such scams, households receive fraudulent communications from the IRS — often by telephone. During the calls, the scammers, who identify themselves as IRS officials, often use threatening tactics to coerce households to immediately send

bogus payments, often with debit cards.

Phone call scams have cost victims over \$26 million since October 2013. It is worth noting that the IRS will never call a household, demanding immediate payment, without first sending a bill through the mail.

In another variation of the scam, scammers will sometimes use email or regular mail in lieu of the phone. In these instances, the scammers will send a false tax bill, often with a seemingly timely message to it — such as owing a penalty for not having health insurance under the Affordable Care Act.

The IRS has information on its website about how it contacts households for payments and what to do if you feel that you have been the victim of a scam.

Under a less common tax scam, criminals will use stolen social security numbers to file false tax returns, often using low income figures and several deductions to maximize fraudulent tax returns. When the real owner of the social security number tries to file a legitimate return, it is refused, as their return has already been submitted. Unwinding the fraudulent claim can take months if not more than a year to fix. To protect against this threat, households can register to have a special PIN set up with the IRS to provide an extra level of security for future filings.

Other actions that can be taken to prevent against falling victim to scammers is to keep track of likely tax liabilities throughout the year. For example, someone who has always had health insurance, is highly unlikely to owe any penalties under the Affordable Care Act for lack of coverage.

Similarly, treat any unexpected communications from persons claiming to represent the IRS with a healthy dose of skepticism. Households that believe they have been contacted by a scammer should gather as much information about the caller as possible, without giving away too much of their own information. Then report the activity to the IRS.

If you have any questions regarding suspicious phone calls, emails or any tax notices please contact your Anchin Relationship Partner or a member of the Anchin Tax Controversy Services Group at info@anchin.com.