



SETT-16-03 -- Dirty Dozen Tax Scam List

Internal Revenue Service (IRS) sent this bulletin at 02/22/2016 01:17 PM EST



IRS Tax Tips Feb. 22, 2016

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IRS Releases Dirty Dozen Scam List: Don't be a Victim
IRS Special Edition Tax Tip 2016-03

Each year, people fall prey to tax scams. That's why the IRS sends a list of its annual "Dirty Dozen." Stay safe and be informed – don't become a victim.

If you get involved in illegal tax scams, you can lose money or face stiff penalties, interest and even criminal prosecution. Remember, if it sounds too good to be true, it probably is. Be on the lookout for these scams:

Identity theft. Identity theft, especially around tax time, is at the top of the "Dirty Dozen" list again this year. The IRS continues to aggressively pursue criminals who file fraudulent returns using someone else's Social Security number. The IRS is making progress on this front. Remain vigilant to avoid becoming a victim.

Telephone scams. Threatening phone calls by criminals impersonating IRS agents remain an ongoing threat. The IRS has seen a surge of these phone scams in recent years as scam artists threaten taxpayers with police arrest, deportation, license revocation and more. These con artists often demand payment of back taxes on a prepaid debit card or by immediate wire transfer. Be alert to con artists impersonating IRS agents and demanding payment.

Phishing. Phishing scams typically use unsolicited emails or fake websites that appear legitimate but are attempting to steal your personal information. The IRS will not send you an email

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about a bill or tax refund out of the blue. Don't click on strange emails and websites that may be scams to steal your personal information.

[Return Preparer Fraud.](#)

About 60 percent of taxpayers use tax professionals to prepare their returns. While most tax professionals provide honest, high-quality service, there are some dishonest ones who set up shop each filing season to perpetrate refund fraud, identity theft and other scams. Be on the lookout for unscrupulous tax return preparers. [Choose your preparer wisely.](#)

[Offshore Tax Avoidance.](#)

Hiding money and income offshore is a bad bet. If you have money in offshore banks, it's best to contact the IRS to get your taxes in order.

The IRS offers the [Offshore Voluntary Disclosure Program](#) to help you do that.

[Inflated Refund Claims.](#)

Be on the lookout for anyone promising inflated tax refunds. Also be wary of anyone who asks you to sign a blank return, promises a big refund before looking at your tax records or charges fees based on a percentage of the refund. Scam artists use flyers, advertisements, phony store fronts and word of mouth via trusted community groups to find victims.

[Fake Charities.](#)

Be on guard against groups masquerading as charitable organizations to attract donations from unsuspecting contributors. If you are making a charitable contribution, you should take a few extra minutes to ensure your hard-earned money goes to legitimate and currently eligible charities. IRS.gov has the tools you need to [check out the status of charitable organizations](#). Be wary of charities with names that are similar to familiar or nationally-known organizations.

[Falsely Padding Deductions on Returns.](#)

Don't give in to the temptation to inflate deductions or expenses on your tax return. Think twice before overstating deductions such as charitable contributions, inflating claimed business expenses or including credits that you are not entitled to receive, such as the Earned Income Tax Credit or Child Tax Credit. Complete an accurate return.

[Excessive Claims for Business Credits.](#)

Don't make improper claims for fuel tax credits. The credit is generally limited to off-highway business use, including use in farming. It is generally not available to most taxpayers. Also avoid misuse of the research credit. If it doesn't apply to your

business and you don't meet the criteria, don't make the claim.

Falsifying Income to Claim Credits.

Don't invent income to erroneously claim tax credits. A scam artist may try to talk you into doing this. You should file the most accurate tax return possible because you are legally responsible for what is on your return. Falling prey to this scam may mean you have to pay back taxes, interest and penalties. In some cases, you may even face criminal prosecution.

Abusive Tax Shelters.

Avoid using abusive tax structures to avoid paying taxes. The IRS is committed to stopping complex tax avoidance schemes and the people who create and sell them. Be on the lookout for people peddling tax shelters that sound too good to be true. When in doubt, seek an independent opinion regarding these complex situations or offers. Most taxpayers pay their fair share, and so should you.

Frivolous Tax Arguments.

Using frivolous tax arguments to avoid paying taxes can have serious financial consequences. Promoters of frivolous schemes encourage taxpayers to make unreasonable and outlandish claims to avoid paying taxes. The law is crystal clear that people must pay their taxes. For decades, the federal courts have consistently upheld the tax laws. The penalty for filing a frivolous tax return is \$5,000.

Tax scams can take many forms beyond the "Dirty Dozen." The best defense is to remain alert. Additional information about tax scams is available on IRS social media sites, including [YouTube](#) and [Tumblr](#) , where people can search "scam" to find all the scam-related posts.

Additional IRS Resources:

- [IRS Releases the "Dirty Dozen" Tax Scams for 2016](#)

IRS YouTube Video:

- Tax Scam --[English](#) / [Spanish](#) / [ASL](#)

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