

Beware of Tax Scams

The IRS wants taxpayers to be aware of tax scams. These scams are illegal and can lead to problems for taxpayers including significant penalties, interest and possible criminal prosecution. The schemes take several shapes, ranging from promises of large tax refunds to illegal ways of “untaxing” yourself.

Here are three important guidelines to keep in mind:

- You are responsible and liable for the content of your tax return.

- Anyone who promises you a bigger refund without knowing your tax situation could be misleading you, and

- Never sign a tax return without looking it over to make sure it is accurate.

Beware of these common schemes:

Return Preparer Fraud:

Dishonest tax return preparers can cause many headaches for taxpayers who fall victim to their ploys. Such preparers derive financial gain by skimming a portion of their clients’ refunds and charging inflated fees for return preparation services. They attract new clients by promising large refunds. Choose carefully when hiring a tax preparer. As the saying goes, if it sounds too good to be true, it probably is. No matter who prepares your tax return you are ultimately responsible for its accuracy and for any tax bill that may arise due to a questionable claim.

To increase confidence in the tax system and improve compliance with the tax law, the IRS is implementing a requirement that all paid tax return preparers register with the IRS and obtain a preparer tax identification number (PTIN). Later this year, registered preparers will have to pass a competency exam and take continuing education courses.

Identity Theft:

It pays to be choosy when it comes to disclosing personal information. Identity thieves have used stolen personal data to access financial accounts, run up charges on credit cards and apply for new loans. The IRS is aware of several identity theft scams involving taxes or scammers posing as the IRS itself. The IRS does not use e-mail to contact taxpayers about issues related to their accounts. If you have any doubt whether a contact from the IRS is authentic, call 800-829-1040 to confirm it.

Frivolous Arguments:

Promoters have been known to make outlandish claims such as that the Sixteenth

Amendment concerning congressional power to establish and collect income taxes was never ratified; that wages are not income; that filing a return and paying taxes are merely voluntary; and that being required to file Form 1040 violates the Fifth Amendment right against self-incrimination or the Fourth Amendment right to privacy. Don't believe these or other similar claims. Such arguments are false and have been thrown out of court. Taxpayers have the right to contest their tax liabilities in court, but no one has the right to disobey the law.

For more information about these and other tax scams visit the IRS Web site at <http://www.irs.gov>. Remember that for the genuine IRS Web site be sure to use .gov. Don't be confused by internet sites that end in .com, .net, .org or other designations instead of .gov. The address of the official IRS governmental Web site is <http://www.irs.gov>.