CONSUMER ADVISORY

January 2014 **By Attorney General Tom Miller**

Tax Time Scams & Tips

Tax-related scams occur all the time, but consumers are at a higher risk during tax season.

Don't Respond to "Urgent" Calls Supposedly from IRS

This scam has recently generated large volumes of complaints throughout Iowa and the nation. In this scam, an IRS impersonator calls and demands immediate payment for what the caller claims is a tax debt or penalty. The caller threatens the recipient with an ominous-sounding court action or even imminent arrest if the recipient doesn't pay immediately. The caller urges the recipient to use a credit card, debit card or pre-paid debit card, such as a Green Dot card. The caller likely will "spoof" the number that appears on the recipient's caller-ID display, meaning the caller can mask the true number and falsely display another number—including an actual IRS number.

The Same Goes for "Urgent" Emails

These emails appear to be official IRS emails, which may claim that the recipient must update IRS records or must act to collect a tax refund. When the user clicks on the link provided in the email, the link may take the email recipient to an IRS look-alike "phishing" site operated by criminals, which tricks users into entering personal information.

Legitimate IRS Notices

The IRS does not call or email people about unpaid taxes or penalties without first sending official notices through the U.S. Mail. When the IRS does send notices, it does not demand immediate payment and does not seek payment (such as pre-paid debit cards) over the phone.

Responding to IRS Scams & Reporting Them

- If you receive a threatening call from someone who claims they're with the IRS, hang up. If you receive an email, don't click on any links. Delete the email or report it (see contact information below).
- To verify whether you owe federal taxes or penalties should contact the IRS directly. The IRS telephone assistance number is 1-800-829-1040.
- If you lost money through an IRS impersonation scam, report it to local law enforcement.
- If you were not scammed but wish to report being contacted by an IRS impersonator, contact the U.S. Treasury Inspector General for Taxpayer Administration (TIGTA): www.treasury.gov/tigta or call 1-800-366-4484.
- If you were not scammed but wish to report an IRS scam contact, report it to the U.S. Federal Trade Commission (FTC) through the FTC Complaint Assistant at www.ftccomplaintassistant.gov.

Bogus Tax Relief Claims

Some companies claim that they have special methods that enable them to "wipe away" tax debts or settle them for "pennies on the dollar." These companies likely charge significant up-front fees. Unfortunately, there's a good chance they will deliver poor or even no results. And only the IRS can address tax debts and administer tax relief programs.

If you owe money to the IRS, contact the IRS first. You may qualify for certain tax relief programs that may include payment installment options, tax debt settlements or, in very limited circumstances, penalty or interest abatement. An independent organization within the IRS, called the Taxpayer Advocate Service, may be able to help. For more information, go to www.irs.gov/advocate or call (toll-free) 1-877-777-4778.

Professional Tax Preparers

When seeking help from a professional tax preparer, remember that *you are ultimately responsible for the accuracy of your own tax returns*. Anyone who charges to prepare or assist in preparing federal tax returns must have a valid IRS Preparer Tax Identification Number (PTIN). Is the tax preparer a certified public accountant? It's not required, but it might make sense if your return is more complicated. Check with the Better Business Bureau for complaints against the tax preparer. Be sure you know the exact fee for a preparer's services and insist on a date by which your return will be filed with the IRS. Confirm the basis for all tax deductions the tax preparer claims on their returns. And make sure the business is open year-round in the event you have follow-up questions about your tax return.