

The IRS “Dirty Dozen” List of Tax Scams for 2015

By Abbe I. Herbst

Every year, the IRS issues alerts about a variety of common tax tricks and swindles (collectively referred to as “scams”) that it has seen, in an attempt to warn taxpayers about the threats. The IRS focuses on 12 such scams every year, which it calls its “Dirty Dozen,” and has recently announced the 2015 list. Many have appeared before. This article discusses some of them, in an effort to prevent our clients and readers from falling prey to them.

Phone Scams Continue To Be Serious Threats

Aggressive and threatening telephone calls by criminals impersonating IRS agents remain an ongoing threat to taxpayers. The Service reports a surge of these phone scams recently, as the scam artists threaten arrest, deportation, license revocation and other consequences.

Scammers are so devious that they are able to alter caller ID numbers to make it appear that the IRS is calling. They use fake names and false IRS badge numbers, and may leave “urgent” callback requests. The calls often demand that payments be made using prepaid debit cards, or they try to lure you in by telling you that you are entitled to a refund. They target the most vulnerable among us, such as the elderly, newly arrived immigrants and those whose first language is not English.

“These criminals try to scare and shock you into providing personal financial information on the spot while you are off guard,” explains IRS Commissioner John Koskinen. “Don’t be taken in and don’t engage these people over the phone,” he advises.

The first clue that the caller is a scammer is the fact of the call itself. The IRS will never

use a telephone call to demand immediate payment, nor will it call about taxes owed without having first mailed a bill. The IRS will not require that a taxpayer use a specific payment method, such as a prepaid debit card, or ask for credit card or debit card numbers over the phone. The IRS also won’t threaten to have you arrested by local police.

The IRS advises that if you receive a telephone call from someone claiming to be from the IRS and demanding money, and if you know that you don’t owe taxes or have no reason to believe that you do, report the incident to the IRS’s Treasury Inspector General for Tax Administration at 1-800-366-4484 or at <http://www.tigta.gov>. You may also wish to contact the Federal Trade Commission and use its “FTC Complaint Assistant” at <http://www.ftc.gov>.

If you think you might owe taxes, a legitimate IRS employee at 1-800-829-1040 should be able to help.

Phishing

Taxpayers also need to be on their guard against bogus emails or websites purporting to be from the IRS seeking personal information. The first communication from the IRS will never be an email. Don’t click on one claiming to be from the IRS that takes you by surprise, regardless of how official-looking and authentic it may appear.

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who's who

Abbe I. Herbst is a shareholder in Anderson Kill's New York office. Ms. Herbst is

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Fake Charities

Unscrupulous groups masquerading as charitable organizations seek to attract donations from unsuspecting contributors. Some use names or websites that sound or look like those of respected legitimate organizations. There are many sources you can use to check whether a charity is bona fide, such as the IRS's own Exempt Organizations Select Check Tool, GuideStar, Charity Navigator or the Better Business Bureau.

We have all received telephone solicitations from charitable organizations, often using the services of paid telemarketing services. My policy when responding to such calls is to request that an envelope be sent to me, so that I can mail my own check to the charity. I do not provide credit card information to a charity that has contacted me, although I may do so if I have initiated the call to the charity (such as during a pledge drive or a telethon).

The Remaining Dirty Nine

The remaining scams highlighted this year by IRS are:

1. identity theft (see the Summer 2013 issue of *Estate Planning & Tax Advisor* for how this happens and what to do);
2. return preparer fraud by unscrupulous return preparers, some setting up their offices only during tax season, misrepresenting their qualifications and often practicing identity theft;
3. offshore tax avoidance by hiding assets and income offshore;
4. tax preparers promising to obtain inflated refunds;
5. concealing taxable income by filing false Forms 1099s or other documents;
6. use of abusive tax shelters;
7. falsifying income to erroneously claim tax credits;
8. improper claims for fuel tax credits (generally limited to off-highway business use, such as farming, and so not available to most taxpayers); and
9. using frivolous tax arguments, encouraged by promoters of various schemes so that taxpayers make unreasonable and outlandish claims to avoid paying taxes. ▲

Helpful Tip: *The deviousness of scammers is not limited to those purporting to be from the IRS. According to one report, more than 1.8 million Americans were victims of **medical** identity theft in 2013. Fraudsters stealing personal data to obtain medical care or purchase prescription drugs can damage your credit or lead to higher insurance premiums for many types of insurance and inaccurate medical records.*

In addition to carefully reviewing (and destroying) paper records and statements, do not respond to emails designed to appear as though they are from your insurance company or hospital network requesting personal or account details. Instead, contact your insurance company or provider directly, using an address or telephone number that you know is valid.

