

IRS List of Tax Scams to Watch Out For – Video Transcript

Each year, the IRS releases a list of tax scams to remind taxpayers to use caution and avoid becoming the victims of fraudulent tax schemes. Here are some common scams to watch out for.

Identity theft scams: typically, an identity thief will use your identity, such as your name or Social Security number, to fraudulently file a tax return and claim a refund. Remember to always keep your personal and financial information private.

If you believe that you have been the victim of tax-related identity theft, you should contact the IRS Identity Protection Specialized Unit as soon as possible.

Beware of callers claiming that they're from the IRS — they may be scam artists trying to steal your money or identity. This type of scam typically involves a call from someone claiming you owe money to the IRS or that you're entitled to a large refund.

The calls may also show up as coming from the IRS on your caller-ID, be accompanied by fake e-mails that appear to be from the IRS, or involve follow up calls from individuals saying that they are from law enforcement, threatening you with arrest.

If you think you might owe taxes, call the IRS for assistance. If you don't owe taxes and you believe that you have been the target of a telephone scam, you should contact the Treasury Inspector General for Tax Administration and the Federal Trade Commission to report the incident.

Phishing scams usually involve unsolicited e-mails or fake websites that pose as legitimate IRS sites to convince you to offer up personal or financial information. Once scammers obtain this information, they use it to commit identity or financial theft. Remember, the IRS will never initiate contact with you by e-mail to request personal or financial information. Phishing activities that appear to be from the IRS or related organizations should be reported to the IRS.

During tax filing season, some individuals hold themselves out as tax preparers and take advantage of unsuspecting taxpayers to commit refund fraud or identity theft. In addition, scam artists often pose as tax preparers, promising unreasonably large or inflated refunds.

It is important to choose a tax preparer carefully, since you are legally responsible for what's on your return, even if it's prepared by someone else.

A legitimate tax preparer will generally ask for proof of your income and eligibility for credits and deductions, sign the return as the preparer, enter their Preparer Tax Identification Number, and provide you with a copy of your return.

While these types of tax scams are especially prevalent during tax filing season, they can take place anytime during the year. As a result, it is in your best interest to always be on the lookout for possible tax scams. And finally, remember to trust your instincts — if something sounds questionable or too good to be true, it probably is.