

Protecting Yourself from Tax Scams

Dear Valued Clients & Friends:

Here at McCarthy Grittinger Financial Group we understand that tax season can be a stressful time of year. It's annoying and, for many, expensive. But despite its unpopularity, some people are determined to make it even worse: tax scammers.

Wherever there is money, there is someone willing to steal it. Tax season provides thieves with several opportunities to fleece people who are just trying to do their civic duty. There have been

some recent news stories already this year about IRS-impersonators calling taxpayers and we feel it is important for our clients to understand the issues at hand. Fortunately, being able to recognize the signs of a swindle can offer a lot of protection. Here are some of the common tax scams thieves like to use:



Stolen Refund

The Scam:

A thief steals taxpayers' information, files their tax returns before them and pockets the refunds. When the victims go to file their taxes, the IRS informs them that their taxes have already been filed, causing complications and delays on their real returns.

Defense:

This scam is difficult to block because taxpayers don't know it's happening until it's too late (though the IRS has greatly increased its efforts to detect and stop fake returns). Personal information stolen digitally is the thieves' greatest asset. Be sure to protect your computer from viruses and delete any unwanted emails that request personal information or ask you to update your IRS e-file account.

Opportunistic Preparers

The Scam:

A dishonest tax service skims refund money or personal information after preparing clients' taxes. Refund skimming has become particularly easy to disguise because many tax preparers allow you to pay service fees directly from your refund. While convenient, this process can obscure refund values and make it easier for preparers to charge undisclosed fees. Aggressive scammers will actually falsify your tax information to secure a bigger refund while putting you at risk of tax fraud.

Defense:

If you have someone else prepare your taxes, make sure they are trustworthy and reputable. Although many quality services allow you to pay with your refund, it is best to pay fees upfront when using a new tax service. This will reveal the true cost of filing and whether the service is offering competitive rates. Always copy and review your tax return before it's submitted; you are legally responsible for your return, even if you did not prepare it.

Tax Extortion

The Scam:

Rather than intercepting tax returns, some ambitious scammers actually impersonate IRS agents and try to collect additional taxes. After calling an individual and identifying themselves with fake names and fake government ID numbers, the scammers demand extra taxes be paid immediately to a specific bank account or P.O. Box. These scams often target recent immigrants who are unfamiliar with U.S. tax procedure.

Defense:

If you receive an unexpected call from the IRS, hang up. The IRS never calls anyone without first mailing a letter to resolve the issue. Also, the IRS does not demand immediate payment or require payment in a certain form (many scams use wire-transfers or prepaid debit cards). Scammers may also reveal themselves by using threats, hostile language and follow-up calls from someone claiming to be the police-things the real IRS never does.

For additional information on tax scams and descriptions of the latest scams, review the IRS consumer alerts webpage: <https://www.irs.gov/uac/Tax-Scams-Consumer-Alerts>.

What to Do If Your Tax Refund is Stolen

Despite the best efforts of both taxpayers and the IRS, some tax scams are successful. If you believe you've been scammed, it's important to act quickly to minimize the damage. Although some scams might only delay your return, others could indicate serious identity theft. It may not always be possible to get back money lost in a scam, but protecting your financial accounts can keep things from getting much worse.

If you suspect your identity has been stolen, follow the government's official instructions found here: <https://www.usa.gov/identity-theft> or call us, Your Anxiety Removal Team® and we will help you to walk through the steps needed to report and deal with the issue.

Your Anxiety Removal Team®

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