

Look Out For Tax Scams

Don't fall victim to tax scams. These schemes take several shapes, ranging from promises of large tax refunds to illegal ways of "untaxing" yourself. If you think a promise of an unusually large refund or a proposal to avoid taxes may be unscrupulous report it to the IRS at 1-800-829-0433. 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. Taxpayers should 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.

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 1-800-829-1040 to confirm it.

Frivolous Arguments

Promoters have been known to make outlandish claims 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.

Three lessons to remember:

- 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.

For more information about these and other tax scams visit the IRS Web site at IRS.gov.