West Virginia Executive Branch
Privacy Tip

It's Tax Season again! Unfortunately, the scammers are out in full force. The IRS provides tips for taxpayers at https://www.irs.gov/uac/IRS-Tax-Tips

IRS Recaps "Dirty Dozen" List of Tax Scams for 2017
IRS Special Edition Tax Tip 2017-04, February 21, 2017

Each year, the Internal Revenue Service issues a list of the top 12 tax-related scams it sees throughout the year. The IRS "Dirty Dozen" highlights various schemes that taxpayers may encounter anytime, many of which peak during tax-filing season.
Taxpayers need to guard against ploys that steal their personal information, scam them out of money or talk them into engaging in questionable behavior with their taxes.
Here is a recap of this year's "Dirty Dozen" scams:

Phishing: Taxpayers need to be on guard against fake emails or websites looking to steal personal information. The IRS will never initiate contact with taxpayers via email about a tax bill or refund. Don't click on emails or fake websites claiming to be from the IRS. They may be nothing more than scams to steal personal information. (IR-2017-15)

Phone Scams: Phone calls from criminals impersonating IRS agents remain an ongoing threat to taxpayers. The IRS has seen a surge of these phone scams in recent years as con artists threaten taxpayers with police arrest, deportation and license revocation, among other things. (IR-2017-19)

Identity Theft: Taxpayers need to watch out for identity theft, especially around tax time. The IRS aggressively pursues criminals that file fraudulent returns using someone else's Social Security number. Though the agency is making progress on this front, taxpayers still need to be extremely cautious and do everything they can to avoid becoming victimized. (IR-2017-22)

Return Preparer Fraud: Be on the lookout for unscrupulous return preparers. The vast majority of tax professionals provide honest high-quality service. There are some dishonest preparers who set up shop each filing season to perpetrate refund fraud, identity theft and other scams that hurt taxpayers. (IR-2017-23)

Fake Charities: Be on guard against groups masquerading as charitable organizations to attract donations from unsuspecting contributors. Look out for charities with names similar to familiar or nationally-known organizations. Contributors should take a few extra minutes to ensure their hard-earned money goes to legitimate and currently eligible charities. IRS.gov has the tools taxpayers need to check out the status of charitable organizations. (IR-2017-25)

Inflated Refund Claims: Taxpayers should be cautious of anyone promising inflated refunds. Avoid preparers who ask taxpayers to sign a blank return, promise a big refund before looking at any records or charge fees based on a percentage of the refund. Fraudsters use flyers, advertisements, phony storefronts and word of mouth via community groups where trust is high to find their victims. (IR-2017-26)

Excessive Claims for Business Credits: Avoid improperly claiming the fuel tax credit. This tax benefit is generally not available to most taxpayers. The credit is usually limited to off-highway business use, including use in farming. Taxpayers should also avoid misuse of the research credit. Improper claims often involve failures to participate in or substantiate qualified research activities and satisfy the requirements related to qualified research expenses. (IR-2017-27)

Falsely Padding Deductions on Returns: Taxpayers should avoid the temptation to falsify deductions or expenses on their tax returns in order to pay less than they owe or receive larger refunds. Think twice before overstating deductions such as charitable contributions and business expenses or improperly claiming credits such as the Earned Income Tax Credit or Child Tax Credit. (IR-2017-28)
Falsifying Income to Claim Credits: Don't invent income to erroneously qualify for tax credits, such as the Earned Income Tax Credit. Taxpayers should file the most accurate return possible because they are legally responsible for what is on their return. Claiming false income can lead to taxpayers facing large bills to pay back taxes, interest and penalties. In some cases, they may even face criminal prosecution. (IR-2017-29)

Abusive Tax Shelters: Don't use abusive tax structures to avoid paying taxes. The IRS is committed to stopping complex tax avoidance schemes and the people who create and sell them. The vast majority of taxpayers pay their fair share, and everyone should be on the lookout for people peddling tax shelters that sound too good to be true. When in doubt, seek an independent opinion if offered complex products. (IR-2017-31)

Frivolous Tax Arguments: Don't use frivolous tax arguments to avoid paying tax. Promoters of such schemes encourage taxpayers to make unreasonable and outlandish claims, even though they have been repeatedly thrown out of court. While taxpayers have the right to contest their tax liabilities in court, no one has the right to disobey the law or disregard their responsibility to pay taxes. The penalty for filing a frivolous tax return is $5,000. (IR-2017-33)

Offshore Tax Avoidance: The recent string of successful enforcement actions against offshore tax cheats -- and the financial organizations that help them -- show that it's a bad bet to hide money and income offshore. Taxpayers are best served by coming in voluntarily and taking care of their tax-filing responsibilities. The IRS offers the Offshore Voluntary Disclosure Program to enable people to catch up on their filing and tax obligations. (IR-2017-35)

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