



VITA/TCE Volunteer Tax Alert (VTA)

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VTA Number	VTA-2018-03
Date Issued	02/15/2018
Tax Law Topic	Taxpayers Receive Fraudulent Refunds in Preparer Data Breach Scheme
Reason Issued	To alert VITA/TCE volunteers about a tax refund scam affecting taxpayers
Identified Issue	The Internal Revenue Service is aware of a new scheme where criminals, after stealing client data from tax professionals, are filing fraudulent tax returns which include the taxpayers' real bank accounts for the refund deposits. The fraudulent refunds are deposited into the real taxpayers' accounts. The criminal subsequently contacts the taxpayers requesting/demanding the funds be returned and instructs the taxpayers how to return the funds. The taxpayers who follow these instructions are sending the money to the actual criminal and not the IRS.
Required Corrective Actions	<p>Taxpayers should be alert to any unusual activity such as receiving a tax refund they did not request.</p> <p>Taxpayers who receive a direct deposit refund that they did not request (or did not file a tax return for) should take the following steps:</p> <ol style="list-style-type: none">1. Contact the Automated Clearing House (ACH) department of the bank/financial institution where the direct deposit was received and ask the bank or financial institution to return the refund to the IRS.2. Call the IRS toll-free at 800-829-1040 (individual) to explain why the direct deposit is being returned. <p>Taxpayers who receive a paper check should follow the instructions included in the IRS news release linked below.</p> <p>Note: Also taxpayers who file electronically may find that their tax return will reject because a return bearing their Social Security number is already on file. If that's the case, taxpayers should follow the steps outlined in the Taxpayer Guide to Identity Theft. Taxpayers unable to file electronically should mail a paper return along with Form 14039, <i>Identity Theft Affidavit</i>, stating they were victims of a tax preparer data breach.</p>
Resources	<p>For more specific information on what steps taxpayers should take if confronted with this scheme, refer to the following information located on www.irs.gov:</p> <ul style="list-style-type: none">• Scam Alert: IRS Urges Taxpayers to Watch Out for Erroneous Refunds; Beware of Fake Calls to Return Money to a Collection Agency• Tax Topic 161 - Returning an Erroneous Refund – Paper Check or Direct Deposit

For additional questions, please talk to your site coordinator, partner or IRS SPEC relationship manager.