

IRS News Release

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IRS Urges Taxpayers to Avoid Becoming Victims of Tax Scams

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WASHINGTON — The Internal Revenue Service today encouraged taxpayers to guard against being misled by unscrupulous individuals trying to persuade them to file false claims for tax credits or rebates.

The IRS has noted an increase in tax-return-related scams, frequently involving unsuspecting taxpayers who normally do not have a filing requirement in the first place. These taxpayers are led to believe they should file a return with the IRS for tax credits, refunds or rebates for which they are not really entitled. Many of these recent scams have been targeted in the South and Midwest.

Most paid tax return preparers provide honest and professional service, but there are some who engage in fraud and other illegal activities. Unscrupulous promoters deceive people into paying for advice on how to file false claims. Some promoters may charge unreasonable amounts for preparing legitimate returns that could have been prepared for free by the IRS or IRS sponsored Volunteer Income Tax Assistance partners. In other situations, identity theft is involved.

Taxpayers should be wary of any of the following:

- Fictitious claims for refunds or rebates based on excess or withheld Social Security benefits.
- Claims that Treasury Form 1080 can be used to transfer funds from the Social Security Administration to the IRS enabling a payout from the IRS.
- Unfamiliar for-profit tax services teaming up with local churches.
- Home-made flyers and brochures implying credits or refunds are available without proof of eligibility.
- Offers of free money with no documentation required.
- Promises of refunds for “Low Income – No Documents Tax Returns.”
- Claims for the expired Economic Recovery Credit Program or Recovery Rebate Credit.

- Advice on using the Earned Income Tax Claims based on exaggerated reports of self-employment income.
- In some cases non-existent Social Security refunds or rebates have been the bait used by the con artists. In other situations, taxpayers deserve the tax credits they are promised but the preparer uses fictitious or inflated information on the return which results in a fraudulent return.

Flyers and advertisements for free money from the IRS, suggesting that the taxpayer can file with little or no documentation, have been appearing in community churches around the country. Promoters are targeting church congregations, exploiting their good intentions and credibility. These schemes also often spread by word of mouth among unsuspecting and well-intentioned people telling their friends and relatives.

Promoters of these scams often prey upon low income individuals and the elderly. They build false hopes and charge people good money for bad advice. In the end, the victims discover their claims are rejected or the refund barely exceeds what they paid the promoter. Meanwhile, their money and the promoters are long gone.

Unsuspecting individuals are most likely to get caught up in scams and the IRS is warning all taxpayers, and those that help others prepare returns, to remain vigilant. If it sounds too good to be true, it probably is.

Anyone with questions about a tax credit or program should visit www.irs.gov, call the IRS toll-free number at 800-829-1040 or visit a local IRS Taxpayer Assistance Center.

For questions about rebates, credit and benefits from other federal agencies contact the relevant agency directly for accurate information.