



News Release

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Falsely Inflating Refund Claims on the IRS “Dirty Dozen” List of Tax Scams for 2017

IRS YouTube Videos:

Dirty Dozen – [English](#) | [Spanish](#) | [ASL](#)

Choose a Tax Preparer Wisely – [English](#) | [Spanish](#) | [ASL](#)

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WASHINGTON — The Internal Revenue Service today warned taxpayers to be alert to unscrupulous tax return preparers touting inflated tax refunds. This scam remains on the annual list of tax scams known as the “Dirty Dozen” for 2017.

"Exercise caution when a return preparer promises an extremely large refund or one based on credits or benefits you've never been able to claim before," said IRS Commissioner John Koskinen. "If it sounds too good to be true, it probably is."

The “Dirty Dozen,” an annual list compiled by the IRS, outlines common scams that taxpayers may encounter. These schemes peak during filing season as people prepare their returns or hire others to help with their taxes.

Scams can lead to significant penalties and interest and possible criminal prosecution. The IRS Criminal Investigation Division works closely with the Department of Justice to shutdown scams and prosecute the criminals behind them.

Scam artists pose as tax preparers during tax time, luring victims by promising large federal tax refunds. They use flyers, advertisements, phony storefronts or word of mouth to attract victims. They may make presentations through community groups or churches.

Scammers frequently prey on people who do not have a filing requirement, such as those with low-income or the elderly. They also prey on non-English speakers, who may or may not have a filing requirement.

Con artists dupe people into making claims for fictitious rebates, benefits or tax credits. Or they file a false return in their client's name, and the client never knows that a refund was paid.

Scam artists may also victimize those with a filing requirement and due a refund. They do this by promising larger refunds based on fake Social Security benefits and false claims for education credits or the Earned Income Tax Credit (EITC), among others.

Falsely Claiming Zero Wages

Filing a phony information return, such as a Form 1099 or W-2, is an illegal way to lower the amount of taxes owed. The use of self-prepared, “corrected” or otherwise bogus forms that improperly report taxable income as zero is illegal. So is an attempt to submit a statement rebutting wages and taxes reported by a third-party payer to the IRS.

Some people also attempt fraud using false Form 1099 refund claims. In some cases, individuals have made refund claims based on the bogus theory that the federal government maintains secret accounts for U.S. citizens and that taxpayers can gain access to the accounts by issuing 1099-OID forms to the IRS.

Taxpayers should resist the temptation to participate in any variations of this scheme. The IRS is aware of this scam and the courts have consistently rejected attempts to use this tax dodge. Perpetrators receive significant penalties, imprisonment or both. Simply filing this type of return may result in a \$5,000 penalty.

The IRS sometimes hears about scams from victims complaining about losing their federal benefits, such as Social Security, veterans or low-income housing benefits. The loss of benefits comes as a result of false claims being filed with the IRS that provided incorrect income amounts.

Choose Tax Preparers Wisely

Honest tax preparers provide their customers a copy of the tax return they’ve prepared. Scam victims frequently are not given a copy of what was filed. Victims also report that the fraudulent refund is deposited into the scammer’s bank account. The scammers deduct a large “fee” before paying victims, a practice not used by legitimate tax preparers.

The IRS reminds taxpayers that they are legally responsible for what’s on their return even if it was prepared by someone else. Taxpayers who buy into such schemes can end up being penalized for filing false claims or receiving fraudulent refunds.

Taxpayers can help protect themselves by doing a little homework before choosing a tax preparer. Start with the [IRS Directory of Federal Tax Return Preparers with Credentials and Select Qualifications](#). This tool can help taxpayers find a tax return preparer with the right qualifications. The Directory is a searchable and sortable listing of preparers registered with the IRS. It includes the name, city, state and zip code of:

- Attorneys
- CPAs
- Enrolled Agents

- Enrolled Retirement Plan Agents
- Enrolled Actuaries
- Annual Filing Season Program participants

Also check the preparer's history. Ask the Better Business Bureau about disciplinary actions and the license status for credentialed preparers. For CPAs, check with the State Board of Accountancy. For attorneys, check with the State Bar Association. For Enrolled Agents, go to IRS.gov and search for "verify enrolled agent status" or check the [Directory](#).

To find more tips on choosing a preparer, understanding the differences in credentials and qualifications, researching the IRS preparer directory or learning how to submit a complaint regarding a tax return preparer visit www.irs.gov/chooseataxpro.