



## News Release

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## IRS Annual “Dirty Dozen” List of Tax Scams to Avoid Includes Falsely Padding Deductions

IRS YouTube Videos:

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

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WASHINGTON — Avoid the temptation to falsely inflate deductions or expenses on tax returns, the IRS warned today in its 2017 “Dirty Dozen” list of tax scams. Doing so may result in paying less than is owed or receiving a larger refund than is due.

The majority of taxpayers file honest and accurate tax returns each year. However, each year some taxpayers “fudge” their information. This is why falsely claiming deductions, expenses or credits on tax returns remains on the “Dirty Dozen” list of tax scams.

Taxpayers should think twice before overstating deductions such as [charitable contributions](#), padding [business expenses](#) or including credits that they are not entitled to receive – like the [Earned Income Tax Credit](#) or [Child Tax Credit](#).

Each year, increasingly efficient automated systems generate most IRS audits. The IRS can normally audit returns filed within the last three years. Additional years can be added if substantial errors are identified or fraud is suspected. Although there is no way to entirely avoid an audit, preparing an accurate tax return is a taxpayer’s best defense.

Significant penalties may apply for taxpayers who file incorrect returns including:

- 20 percent of the disallowed amount for filing an erroneous claim for a refund or credit.
- \$5,000 if the IRS determines a taxpayer has filed a “frivolous tax return.” A frivolous tax return is one that does not include enough information to figure the correct tax or that contains information clearly showing that the tax reported is substantially incorrect.
- In addition to the full amount of tax owed, a taxpayer could be assessed a penalty of 75 percent of the amount owed if the underpayment on the return resulted from tax fraud.

Taxpayers may be subject to criminal prosecution and be brought to trial for actions such as:

- Tax evasion
- Willful failure to file a return, supply information, or pay any tax due
- Fraud and false statements
- Preparing and filing a fraudulent return, or
- Identity theft.

Criminal prosecution could lead to additional penalties and even prison time.

### **File an Accurate Return**

Using tax software is one way for taxpayers to ensure they file an accurate return and claim only the tax benefits they're eligible to receive. Question and answer formats lead taxpayers through each section of the tax return. [IRS Free File](#) is an option for taxpayers to use software to prepare and e-file their tax returns for free.

[Community-based volunteers](#) at locations around the country also provide free face-to-face tax assistance to qualifying taxpayers. Volunteers' help taxpayers file taxes correctly, claiming only the credits and deductions they're entitled to by law.

Taxpayers should know that they are legally responsible for what is on their tax return, even if it is prepared by someone else. The IRS offers important [tips for choosing a tax preparer](#).

More information about [IRS audits](#), the [balance due collection process](#) and possible [civil and criminal penalties](#) for noncompliance is available at the IRS website.

Taxpayers can also learn more about the [Taxpayer Bill of Rights](#) at IRS.gov. This is a set of fundamental rights each taxpayer should be aware of when dealing with the IRS, including when the IRS audits a tax return.

To find tips about choosing a return preparer, better understand the differences in credentials and qualifications, research the IRS preparer directory, and learn how to submit a complaint regarding a tax return preparer, visit [www.irs.gov/chooseataxpro](http://www.irs.gov/chooseataxpro).