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TIGTA & You: Protecting Clients and Taxpayers

Learning Objectives

- Define TIGTA's role in protecting the integrity of tax administration
- Differentiate between TIGTA's jurisdiction and that of the IRS
- Identify the various forms of preparer misconduct
- Identify common IRS impersonation scams

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What is TIGTA?

- Provides independent oversight of the IRS
- Protects the integrity of Federal tax administration
- Detects and prevents waste, fraud and abuse
- Has three primary operating divisions:
 - Investigations
 - Audit
 - Inspections and Evaluations



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Office of Investigations

- Identifies and investigates IRS employee misconduct
- Protects the IRS from external threats
- Protects the IRS from External Attempts to Corrupt Tax Administration



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Recent TIGTA Audits

- Identity Theft
- Frozen Credits
- Third-Party Payer Arrangements



Recent Inspections and Evaluations

- U.S. Constitution Training
- Compliance with the Lautenberg Amendment
- Prevention of Inadvertent Taxpayer Information Disclosures

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I.R.C. § 6103

- Prohibits disclosure of tax returns and return information except as authorized by an exception contained in I.R.C. § 6103

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Ethics and Integrity

(According to Webster's Dictionary)

- Ethics: A group of moral principles or set of values
- Integrity: An uncompromising adherence to a code of moral, artistic, or other values



Circular 230

- Circular 230, also known as Subtitle A, Part 10 of Title 31 of the CFR
- Sets forth rules under which tax preparers can represent clients before the IRS
- OPR oversees most preparer conduct

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Preparer Misconduct

- False statements on Forms 2848, Power of Attorney and Declaration of Representative
- Failure to disclose that preparer is disbarred or otherwise unauthorized to appear before the IRS



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Preparer Misconduct (cont.)

- Sending e-mails or fabricating documents purporting to be from the IRS
- Improper disclosure of tax information



Preparer Misconduct (cont.)

Levy Release 1

Levy Release 2



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Form 668-D (Rev. December 2001)	Department of the Treasury — Internal Revenue Service Release of Levy/Release of Property from Levy
To General Contractors 5678 Example Way Bigcity, MA 02148	Taxpayer(s) ABC Importers 1234 Sample Street Smalltown, IL 60012 Identifying Number(s) 12-3456789
A notice of levy was served on you and demand was made for the surrender of:	
<input type="checkbox"/> all property, rights to property, money, or credits and bank deposits of the taxpayer(s) named above, except as provided in 6332(c) of the Internal Revenue Code—"Special Rule For Banks." See the back of this form regarding this exception. <input checked="" type="checkbox"/> wages, salary and other income, now owed to or becoming payable to the taxpayer(s) named above.	
The box checked below applies to the levy we served on you.	
Release of Levy	
<input type="checkbox"/> Under the provisions of Internal Revenue Code section 6343, all property, rights to property, money, credits, and bank deposits of the taxpayer(s) named above are released from the levy. <input checked="" type="checkbox"/> Under the provisions of Internal Revenue Code section 6343, all wages, salary and other income now owed to or becoming payable to the taxpayer(s) named above are released from the levy.	
Release of Property from Levy	
<input type="checkbox"/> Under the provisions of Internal Revenue Code section 6343, all property, rights to property, money, credits, and bank deposits greater than \$ _____ are released from the levy. The levy now attaches only to this amount. <input type="checkbox"/> The last payment we received from you was \$ _____ dated _____. The amount the taxpayer still owes is \$ _____. When this amount is paid to the Internal Revenue Service, the levy is released. If you sent us a payment after the last payment date shown, subtract that from the amount you send now. <input type="checkbox"/> Under the provisions of Internal Revenue Code section 6343, all wages, salary and other income <input type="checkbox"/> greater than <input type="checkbox"/> less than \$ _____ each _____ now owed to or becoming payable to the taxpayer(s) named above are released from the levy.	
Dated at _____ New Town, NY _____ June 2, 2010 <small>(Print name)</small> <small>(Date)</small>	
Signature _____ <small>(Print name)</small>	Telephone Number 202-555-1234 Title Revenue Officer
Part 1—To Addressee	Cat. No. 20450C www.irs.gov Form 668-D (Rev. 12-2001)

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Preparer Misconduct (cont.)

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Preparer Misconduct (cont.)





Preparer Misconduct (cont.)

Unauthorized disclosure of protected tax information



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Preparer Misconduct Case

- Cynthia Lozano
- Federal tax fraud and identity theft
- Received over \$1 million in fraudulent refunds and purchased 20 properties
- Feb. 2015 pled guilty to Wire Fraud and Aggravated ID theft



Preparer Fraud

- Andrew Zelenkofske defrauded client with false IRS debt
- Prepared a false Release of Levy and submitted to financial institution
- Stole \$237,000 from an elderly victim
- 36-months Federal prison sentence

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IRS Impersonation Scam

- Largest ever phone scam
- Calls to taxpayers in most every state
- Callers claim taxpayers owe back taxes and must pay immediately
- Callers are aggressive and threatening



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Traits of Scam Callers

- Spoof caller ID information to appear as if calling from the IRS
- Demand payment using a prepaid money card



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Traits of Scam Callers, cont.

- Send bogus IRS e-mails to legitimize the scam
- Subsequent calls claiming to be the police, DMV, or other IRS function to verify initial debt claims and confirm threatened legal action



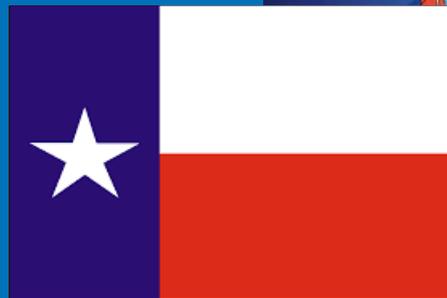
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States Hardest Hit by Phone Scams

- California
- New York
- Texas
- Florida
- Connecticut



IRS Impersonation Runners Jailed



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- Victims buy prepaid debit cards to pay alleged debts
- Scammers use “runners” in U.S. to purchase money orders from prepaid debit cards
- Money orders deposited into bank accounts controlled by scammers



Recent Scam Prosecution

- July 2014 prosecution in New York
- Hundreds of victims paid over \$1 million
- Sentenced to 14 years in prison, and \$1 million in forfeiture.

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Victims of IRS Impersonation (Phone or E-mail Scams)

- Call the IRS at 800-829-1040 (*if victim knows or thinks taxes are owed*)
- Online: TIGTA.Gov (*if victim knows no taxes are owed*)
- Contact bank if financial information given to scammer

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Reporting Scam Calls



TIGTA
**Treasury Inspector General
 for Tax Administration**
Promoting integrity in the administration of Internal Revenue laws

Hotline
 Important Notices
 Recovery Act
 Treasury | IRS

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[Audit](#)
[Investigations](#)
[Inspections & Evaluations](#)
[Publications](#)
[Careers](#)
[Contact](#)

SCAM ALERT **TAXPAYERS:** Beware of IRS Impersonators! Don't become a victim this filing season... [read more](#).
 If you believe you have been a victim of an IRS Impersonation Scam, [contact us](#).

Main

- ▶ **IRS Impersonation Scam Reporting**
- Report Fraud, Waste, & Abuse
- FAR Contractor Reporting
- Whistleblower Retaliation Reporting

✉ **Subscribe to Email Updates**

Enter Email Address

IRS Impersonation Scam Reporting

If you believe you have been a victim of an IRS Impersonation Scam, please fill out the form below.

What kinds of things should you report?

Please read the [press release](#) describing IRS Impersonation Scams.

ONLINE FORM

Information regarding the IRS Impersonation Scam(s) you wish to report:

Date of Incident:

Did you suffer a financial loss? Yes No

If **Yes**, enter amount: \$

How did you pay the impersonator?

If **Other**, enter method:

Did you provide the impersonator with any personal or sensitive Yes No



🔍 **IRS Impersonation Scam Reporting**

🔍 **Report Fraud, Waste, & Abuse**



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Other Impersonation Schemes

- False IRS websites
- Hyperlink on spam e-mail
- Phishing

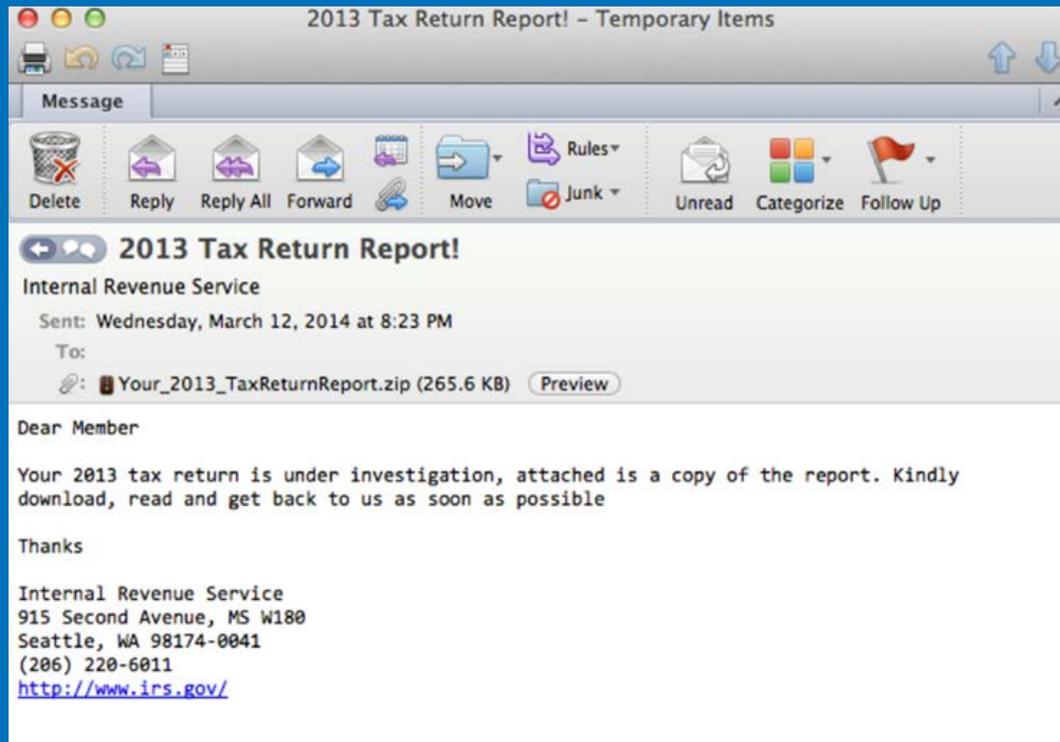
Official IRS E-mail?



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Suspicious E-Mails

1. Forward the suspect e-mail to **phishing@irs.gov**
2. Delete it from your computer
3. DO NOT reply, open any attachments, or click on any links



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How Can You Protect Federal Tax Administration?

- Report instances of tax preparer or IRS employee misconduct
- Report allegations of potential risks to IRS employee safety
- Warn taxpayers about phone scams



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How to Contact TIGTA

- E-mail us: Complaints@tigta.treas.gov
- Call us: 1-800-366-4484



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Thank you!
Enjoy the Forum!