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| 2018

# Treasury Inspector General for Tax Administration (TIGTA):

Helping You and Your Clients Steer  
Clear of the Latest Frauds and  
Swindles



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# Learning Objectives

- Define TIGTA's role in protecting the integrity of tax administration;
- Differentiate between TIGTA's jurisdiction and that of the IRS;
- Discuss the various forms of preparer ethics and misconduct; and
- Discuss the ongoing 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; and
- Has three primary operating divisions:
  - Office of Investigations
  - Office of Audit
  - Office of Inspections and Evaluations



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# Office of Investigations

- Identifies and investigates IRS employee misconduct;
- Protects the IRS from external threats and corruption;
- Protects the integrity of IRS programs, operations, and critical infrastructure; and
- Detects and prevents waste, fraud, and abuse.



# Recent TIGTA Audits

- Security of Taxpayer Data
  - *Electronic Authentication Process Controls Have Been Improved, but Have Not Yet Been Fully Implemented*
- Identity Theft
  - *Most Employment Identity-Theft Victims Have Not Been Notified That Their Identities Are Being Used by Others for Employment*
- Reducing Fraudulent Claims and Improper Payments
  - *Transcript Delivery System Authentication and Authorization Processes Do Not Adequately Protect Against Unauthorized Release of Tax Information*



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# Recent Inspections and Evaluations

- Earned Income Tax Credit Outreach Program
  - *The Internal Revenue Service Should Consider Modifying the Form 1040 to Increase Earned Income Tax Credit Participation by Eligible Tax Filers*
- Worker Misclassification Initiative
  - *Additional Actions Are Needed to Make the Worker Misclassification Initiative With the Department of Labor a Success*
- IRS Pocket Commissions
  - *Controls Over Pocket Commissions Must Be Improved*



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# I.R.C. § 6103

- As a component of the Treasury Department with tax administration duties, TIGTA is bound by Title 26, United States Code Section 6103, the tax information confidentiality law; and
- Section 6103 prohibits the disclosure of tax returns or return information, except as authorized by an exception contained in the statute or as made public record in a tax administration proceeding.



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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; and
- **MEANING:** Always doing the right thing, even if no one is watching.



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# 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; and
- IRS's Office of Professional Responsibility (OPR) oversees most preparer conduct.



# Preparer Misconduct

- False statements on IRS Forms 2848, *Power of Attorney and Declaration of Representative*; and

Form <b>2848</b> (Rev. July 2014) Department of the Treasury Internal Revenue Service	<b>Power of Attorney and Declaration of Representative</b>  ► Information about Form 2848 and its instructions is at <a href="http://www.irs.gov/form2848">www.irs.gov/form2848</a> .	OMB No. 1545-0150 <b>For IRS Use Only</b> Received by: Name _____ Telephone _____ Function _____ Date / / _____
<b>Part I Power of Attorney</b> <b>Caution:</b> A separate Form 2848 must be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.		
<b>1 Taxpayer information.</b> Taxpayer must sign and date this form on page 2, line 7.		
Taxpayer name and address Stan Doe 1040 Any Street Anytown, VA 22000	Taxpayer identification number(s) 000-00-0000	Daytime telephone number 000-000-0000
hereby appoints the following representative(s) as attorney(s)-in-fact:		
<b>2 Representative(s)</b> must sign and date this form on page 2, Part II.		
Name and address	CAF No. 6800-0653OR	

- Failure to disclose that preparer is disbarred or otherwise unauthorized to appear before the IRS.

# Preparer Misconduct (Cont.)

- Sending e-mails or fabricating documents purporting to be from the IRS;
- Improper disclosure of a client's tax information; and
- Fraudulent levy releases.



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# Preparer Misconduct (Cont.)



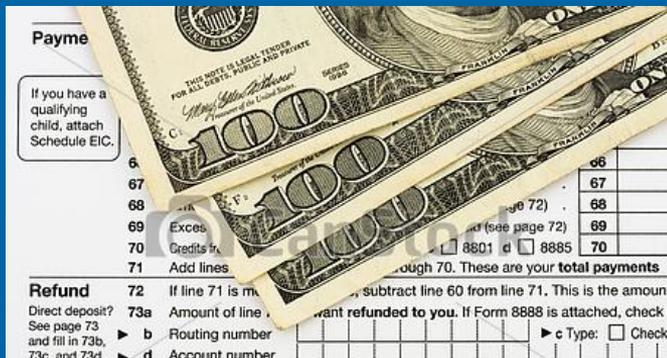
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# Preparer Misconduct (Cont.)

Unauthorized disclosure of protected tax information.



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# Preparer Misconduct Case #1

- Devised scheme to defraud the IRS and the VA;
- Submitted false IRS Forms 2848, false PTIN, and false letters to IRS;
- Filed false tax returns on behalf of clients and himself; and
- Sentenced November 2017 to 4 years in prison and ordered to pay restitution of more than \$1 million.



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# Preparer Misconduct Case #2

- Submitted written renewal applications for PTIN containing false statements;
- Under penalties of perjury, stated no felony conviction in last 10 years on each application;
- Had been convicted of felony in December 2014 for intimidation of a witness; served prison time and was on supervised release when indicted for perjury; and
- Sentenced September 2017 to 15 months' imprisonment for perjury.



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# Preparer Misconduct Case #3

- Prepared and filed false tax returns fraudulently claiming dependents, expenses, and credits, which inflated refunds;
- Took possession of all or part of fraudulently claimed refunds;
- Used PTIN of another preparer without authorization;
- Forged and passed taxpayer's refund check; and
- Sentenced to 15 months in prison and more than \$1.2 million in restitution.



# IRS Impersonation Scam

- Largest ever phone scam;
- Calls received by taxpayers in every State;
- Callers claim taxpayers owe taxes and must pay immediately; and
- Callers are aggressive and threatening.



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# IRS Impersonation Scam (Cont.)

- TIGTA is dedicated to educating the public to prevent fraud against the IRS and to protect taxpayers;
- PSAs are available on YouTube in English and Spanish; and
- “Advise and Disrupt” strategy created to help combat the impersonation scam.



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# Traits of Scam Callers

- May know the information about the intended victim – such as digits of SSN, address, banking information;
- Spoof caller ID information to appear as if calling from the IRS; and
- Demand payment using a prepaid money card, including Green Dot<sup>®</sup>, iTunes<sup>®</sup>, MoneyGram<sup>®</sup>, Western Union<sup>®</sup>, or wire transfers.



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# Traits of Scam Callers (Cont.)

- May send bogus IRS e-mails to legitimize the scam; and
- Subsequent calls claiming to be the police, DMV, or the IRS to verify initial debt claims and confirm threatened legal action.



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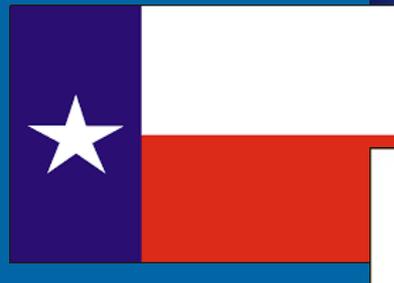
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# States Hardest Hit by Phone Scams

- California
- New York
- Texas
- Illinois
- Florida





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# IRS Impersonation Scam Indictments

- October 2016 – 56 individuals and five Indian call centers indicted in the Southern District of Texas;
- A number of the defendants were arrested in U.S.;
- Scams included the impersonation of IRS officers and the impersonation of U.S. Citizen and Immigration Services (USCIS) officers; and
- Over 15,000 victims with losses of approximately \$272 million. Approximately 50,000 whose identities were misappropriated for use in the scam.



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# IRS Impersonation Scam Indictments (Cont.)

- Ten suspects charged in conspiracy involving 7,000 victims and \$8.8 million in fraud;
- November 2017 arrests of four suspects in separate conspiracy with 784 victims and more than \$666,000 in losses; and
- Three of the suspects are potentially linked to an additional 6,530 fraudulent transactions totaling more than \$2.8 million.



# Other Impersonation Scams

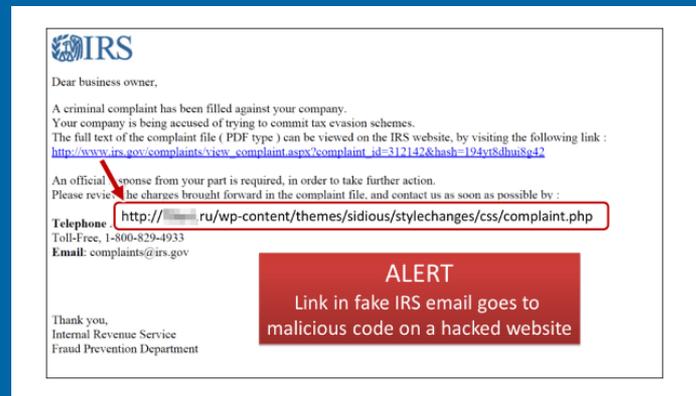
## “LOTTERY WINNING” Scams

- Jamaican resident sentenced in conspiracy to obtain money from elderly and vulnerable individuals in the United States and Canada;
- Purchased “client lists” of elderly and vulnerable individuals from brokers specializing in such information;
- Victims were told they had won millions of dollars in a lottery or sweepstakes, but must send payment for taxes and other fees before receiving winnings; and
- Sentenced to 63 months’ imprisonment and restitution totaling \$577,703.78.



# Other Impersonation Scams (Cont.)

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





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# Official IRS E-Mail?





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# Suspicious E-Mails

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



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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)*;
- Call the TIGTA Hotline at 800-366-4484 *(if victim knows no taxes are owed)*; and/or
- Contact bank if financial information given to scammer.



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# Reporting Scam Calls



Hotline  
Important Notices  
Recovery Act  
Treasury | IRS

## Treasury Inspector General for Tax Administration

Promoting Integrity in the administration of Internal Revenue laws

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► **LATEST IRS IMPERSONATION SCAM UPDATE: Do not use iTunes Gift Cards to pay your taxes... [learn more.](#)**

► If you believe you have been a victim of an IRS Impersonation Scam, [contact us.](#)

► View this [Public Service Announcement](#) video.

► Downloadable IRS Scam Files: [Warning Flyer](#), [5X8 Poster](#) & [11X17 Poster.](#)

► TIGTA partners with the Department of Justice's Elder Justice Initiative, view [webinar.](#)

► If you lost money to IRS scammers via Western Union, you may be able to file a claim to recover funds. Visit the [Federal Trade Commission's](#) website to learn more and get started.

Meet the IG

An Inspector General Like No Other [video]

Latest Semiannual Report [PDF]

Latest Management Performance Challenges Facing the IRS [PDF]

Congressional Testimony

FY2018 Audit Reports

FY2018 Inspections & Evaluations Reports

Investigations Highlights

TIGTA Related Department of Justice Press Releases

No Fear Act

TIGTA Information Related to the American Recovery and Reinvestment Act of 2009

Recovery.gov

Whistleblower Protection Ombudsman

The Treasury Inspector General for Tax Administration (TIGTA) was established under the IRS Restructuring and Reform Act of 1998 to provide independent oversight of IRS activities. TIGTA promotes the economy, efficiency, and effectiveness in the administration of the internal revenue laws. It is also committed to the prevention and detection of fraud, waste, and abuse within the IRS and related entities.

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**Recent Audit Reports**

November 20, 2017  
Processes Do Not Always Ensure That Electronic Filing Identification Numbers Are Assigned to Qualified Applicants or Deactivated When Required [PDF]  
►Press Release

October 16, 2017  
A Significantly Reduced Automated Substitute for Return Program Negatively Affected Collection and Filing Compliance [PDF]  
►Press Release

October 10, 2017  
The Internal Revenue Service

**Recent Investigations**

December 28, 2017  
California Psychiatrist Sentenced to Prison for Bribing an Internal Revenue Agent

December 28, 2017  
Two Florida Men Plead Guilty to Money Laundering and Extortion Conspiracy Related to IRS Impersonation Scheme

December 26, 2017  
Georgia Man Arrested in Refund Scheme Using Stolen Tax Information

December 28, 2017  
South Florida Man Indicted on Charges of Conspiracy and Theft

**IRS Impersonation Scam Reporting**

**Report Fraud, Waste, & Abuse**

**Whistleblower Retaliation Reporting**

**Contractor Fraud Reporting**

**FOIA**

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[pl?https://www.youtube.com/channel/UC4dSU0BEImzA\\_o7atb929AA](#)



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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; and
- Warn taxpayers about phone scams.

# How to Contact TIGTA

**E-mail:** [complaints@tigta.treas.gov](mailto:complaints@tigta.treas.gov)



**Telephone:** 1-800-366-4484



**Internet:** <http://www.tigta.gov>



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# Questions?

