



# PRIME SEASON FOR TAX SCAMS

by Texas Attorney General Greg Abbott

WITH THE ARRIVAL OF FEBRUARY, MANY Texas taxpayers have started receiving W2 forms from their employers and thinking about the upcoming tax season. All taxpayers should be on the lookout for tax scams that seek to steal their money and identities.

Tax season can be a particularly active time for identity thieves, because tax returns contain all the information they need – Social Security numbers, names, addresses, employer information, investment account numbers – to open fraudulent accounts in a taxpayer’s name or steal a taxpayer’s income tax refund. Fortunately, taxpayers can avoid becoming identity theft victims by staying informed and avoiding common tax schemes.

**Avoid phishing scams.** Phishing refers to fraudulent emails and websites that identity thieves create in an effort to trick victims into providing sensitive personally identifying information. The scam usually begins with a misleading email that appears to come from a financial institution, tax preparation firm or government agency. The email typically claims that highly sensitive personal information such as a Social Security number or account number is needed to ensure that a taxpayer’s income tax return can be processed.

Taxpayers should be particularly

wary of emails that claim to come from the IRS. The IRS does not initiate contact with taxpayers by email to request personal or financial information – so taxpayers should never respond to emails that appear to be seeking information for the IRS.

Taxpayers should also delete scam emails that claim to come from the Electronic Federal Tax Payment System (EFTPS), a legitimate tax payment system that allows individuals and businesses to pay federal taxes electronically. According to the IRS, the scam email claims that tax payments made by the taxpayer through EFTPS have been rejected. The email directs the taxpayer to a bogus website that downloads malicious software onto the taxpayer’s computer. The malware is designed to retrieve personal and financial information already stored on the taxpayer’s computer – and scammers use the information to commit identity theft.

**Safeguard computers, mobile devices.** Securing computers and mobile phones is crucial to thwarting identity thieves. Taxpayers should password-protect their computer and update their computer’s anti-virus software.

Scammers may also send bogus text messages that claim to be from the IRS. By sending unsolicited tax-related

text messages, identity thieves are attempting to exploit taxpayers who believe that only a legitimate contact – like an IRS agent – would have their mobile phone number. Unfortunately, this false sense of security makes taxpayers more likely to click on a link in the bogus text message.

Taxpayers should remember that the IRS does not use email or text messages to contact taxpayers about issues related to their accounts. Official taxpayer contact usually includes a letter on IRS stationery in an IRS envelope. IRS letters also contain a contact phone number.

**Research tax preparation services.** Before providing personal and financial information to a tax return preparation professional, taxpayers should take four important steps: 1) ask for the tax preparer’s credentials; 2) check with the Better Business Bureau for complaints against the tax preparer; 3) verify whether the tax preparer is a certified public accountant; and 4) confirm that the business is open year-round in the event taxpayers need to ask follow-up questions about their income tax returns.

As with any contractual agreement, Texans should carefully read the fine print before entering into a financial transaction involving their income taxes.

Taxpayers who understand the nature of these agreements are more likely to make informed decisions that just might save some of their hard-earned money.

For example, Texans should always avoid tax preparation services that “guarantee” the largest possible tax return. Under federal law, any deductions tax preparers make for their clients must be accurate and legally permissible. Tax preparers that submit false information in order to obtain larger refunds for a client (and higher fees for the preparer) put their clients in legal jeopardy. Competent, legitimate tax preparers will not hesitate to sign their clients’ tax return.

**Know the truth about frivolous tax arguments.** Although many prefer not to pay their taxes, it is well settled law that federal income taxes are NOT voluntary. United States courts have repeatedly rejected some of the more common false “legal” arguments made by those who oppose compliance with federal income tax laws, including contentions that taxpayers can refuse to pay income taxes on religious or moral grounds by invoking the First Amendment; that only federal government employees are subject to federal income taxes; and that only foreign-source income is taxable.

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