



Insights...the official newsletter
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Accountants and tax return preparers are not the only busy ones during tax filing season. Scammers of the system are active as well. The Internal Revenue Service (IRS) strives to educate taxpayers and combat scammers through many resources, one of which is their annual list of top scams – “The Dirty Dozen Tax Scams.” – shared here -

1. Phone Scams

Phone calls from criminals impersonating IRS agents remain an ongoing threat to taxpayers. The IRS has seen a surge of these phone scams in recent years as scam artists threaten taxpayers with police arrest, deportation and license revocation, among other things.

2. Phishing

Taxpayers need to be on guard against fake emails or websites looking to steal personal information. The IRS will never send taxpayers an email about a bill or refund out of the blue. Don't click on one claiming to be from the IRS. Be wary of strange emails and websites that may be nothing more than scams to steal personal information.

3. Return Preparer Fraud

Be on the lookout for unscrupulous return preparers. The vast majority of professionals provide honest high-quality service. But there are some dishonest preparers who set up shop each filing season to perpetuate refund fraud, identity theft and other scams that hurt taxpayers. Make sure you go to a reputable tax preparer.

4. Offshore Tax Avoidance

The recent string of successful enforcement actions against offshore tax cheats and the financial organizations that

help them shows that it is a bad bet to hide money and income offshore. Taxpayers are best served by coming in voluntarily and getting caught up on their tax filing responsibilities. The IRS offers the Offshore Voluntary Disclosure Program to enable people to catch up on their filing and tax obligations.

5. Inflated Refund Claims

Taxpayers need to be on the lookout for anyone promising inflated refunds. Be wary of anyone who asks taxpayers to sign a blank return, promises a big refund before looking at their records, or charges fees based on percentage of the refund. Scam artists use flyers, advertisements, phony store fronts and word-of-mouth via community groups where trust is high to find victims.

6. Fake Charities

Be on guard against groups masquerading as charitable organizations to attract donations from unsuspecting contributors. Be wary of charities that are similar to familiar or nationally known organizations. Contributors should take a few extra minutes to ensure their hard-earned money goes to legitimate and currently eligible charities. www.irs.gov has the tools taxpayers need to check out the status of charitable organizations.

7. Falsely Padding Deductions

Taxpayers should avoid the temptation to falsely inflate deductions or expenses on their returns to under pay what they owe or receive larger refunds. Think twice before overstating deductions such as charitable contributions and business expenses or Child Tax Credit.

8. Excessive Claims for Credits

Avoid improperly claiming the fuel tax credit, a tax benefit generally limited to off-highway business use, including use in farming. Taxpayers should also avoid misuse of the research credit. Improper claims generally involve failures to participate in or substantiate qualified research activities and/or satisfy the requirement related to qualified research expenses.

9. Falsifying Income to Claim Credits

Don't invent income to erroneously qualify for tax credits, such as the Earned Income

Tax Credit. Taxpayers are sometimes talked into doing this by scam artists. Taxpayers are best served by filing the most-accurate return possible because they are legally responsible for what is on their return.

10. Identity Theft

Taxpayers need to watch out for identity theft especially around tax time. The IRS continues to aggressively pursue the criminals that file fraudulent returns using someone else's Social Security number. Though the agency is making progress on this front, taxpayers need to be extremely careful.

11. Abusive Tax Shelters

Do not use abusive tax structures to avoid paying taxes. The IRS is committed to stopping complex tax avoidance schemes and the people who create and sell them.

12. Frivolous Tax Arguments

Do not use frivolous tax arguments in an effort to avoid paying a tax. Promoters of these schemes encourage taxpayers to make unreasonable and outlandish claims. While taxpayers have the right to contest their tax liabilities in court, no one has the right to disobey the law.



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