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## PRODUCT & SERVICE GUIDE

# Tax Scams Are a Major Concern for Taxpayers

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Taija Sparkman • Aug. 04, 2014

A majority of U.S. taxpayers view tax scams as a major issue for them, with 78 percent of Americans believing they are vulnerable and could become a victim, according to a recent survey released by [TaxAudit.com](https://www.taxaudit.com). The survey, conducted by Toluna QuickSurveys, polled 2000 individuals. TaxAudit.com provides audit defense service for taxpaying individuals, small businesses and tax preparers.

According to the survey, at least 20 percent of Americans know someone that has fallen victim to a tax scam. And although they may know someone who has already been impacted, more than half of the respondents revealed that they do not know how to protect themselves from becoming a victim.

Veteran tax and IRS audit expert, Dave Du Val, Vice President of Customer Advocacy at [TaxAudit.com](https://www.taxaudit.com), offers the following tips for how to identify and protect against tax scams:

- If the caller claims that you need to send money right now or they will call the IRS or another government agency, it is a scam. Hang up and do not provide any information.

- If you receive a call or email claiming to be holding your refund until they “verify” some information, such as your bank account number and PIN, it is a scam. Do not respond.
- If the person emailing claims, “I am from the IRS and I am here to help you obtain your refund,” they are not from the IRS. The IRS does not contact taxpayers via email, so do not respond.
- If you receive a call from IRS asking for information, ask for the agent's ID number, then call the IRS directly to verify it or ask that they send their request in writing. Never call the agent back or dial the number they gave you.
- Protect your personal identifiable information from theft. Store W-2s and other sensitive documents in secure locations.
- Check out the credentials of the tax preparer you are using. Ask if they are up-to-date on their continuing education and ask to see their license or credential certificate. It's important to keep in mind that most tax return preparers in the U.S. are “unenrolled,” meaning they are preparers that are not attorneys, CPAs or Enrolled Agents and therefore have zero requirements for any education on tax laws, old or new. The IRS has admitted it cannot include a ban on these tax return preparers. In fact, preparers who have previously been sanctioned by the IRS by having their preparer tax identification number blocked can obtain or renew their PTINS and prepare tax returns now.
- If you do fall victim to a scam, seek guidance from the various resources available at [IRS.gov](https://www.irs.gov).

“It’s important that tax experts know how pervasive this issue is. Unfortunately, a lot of the scammers do not live in this country and that makes it harder to get a handle on the situation. We get a lot of calls from people who are scared about losing their cars and money or having their credit ruined because someone has called them, yelling at them and claiming to be from the IRS,” said Mark Olander, President and CEO, Tax Audit.

A main reason that tax scams continue to be so prevalent is because the people behind them prey on basic human emotions, such as fear and greed. Fear is one of the common emotions scammers try to evoke by yelling obscenities and issuing threats of financial consequence at their victims.

“Many individuals have an innate fear of the IRS, viewing them as big and bad. When someone calls and says they are from the IRS, most individuals will instantly believe them and comply to their demands because they are scared to death of challenging the IRS,” said Olander.

Despite their reputation, the IRS is committed to reducing tax fraud. Anyone who suspects they may have been a victim of a tax scam should contact the IRS directly and immediately. Tax fraud is a federal crime and many local law enforcement agencies do not have the resources to ensure it is handled properly and in a timely fashion.

Tax scammers use information they have harvested from a variety of sources and have several different angles for approaching potential victims. While they may use scare tactics and pretend to be the IRS, they may also use softer approaches, promising “free” benefits and rewards or a higher tax return.

“A good rule of thumb to remember is if you are being told something that seems too good to be true, it probably is. There are no unknown or little used secrets in tax law,” said Olander.

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