CPA Practice **Advisor**

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The Internal Revenue Service is warning taxpayers against scam groups masquerading as charitable organizations, luring people to make donations to groups or causes that don't actually qualify for a tax deduction.

These 'fake' charities attempt to attract donations from unsuspecting contributors, using a charitable reason and a tax deduction as bait for taxpayers. Fake charities are one of the "Dirty Dozen" tax scams for the 2018 filing season.

Compiled annually, the "Dirty Dozen" lists a variety of common scams that taxpayers may encounter anytime, but many of these schemes peak during filing season as

people prepare their tax returns or hire someone to prepare their taxes.

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those of respected, legitimate organizations. IRS.gov has a search feature, Exempt Organizations Select Check, that allows people to find legitimate, qualified charities to which donations may be tax-deductible. Legitimate charities will provide their Employer Identification Number (EIN), if requested, which can be used to verify their legitimacy through the IRS Select Check.

- Don't give out personal financial information, such as Social Security numbers or passwords, to anyone who solicits a contribution. Scam artists may use this information to steal identities and money from victims. Donors often use credit cards to make donations. Be cautious when disclosing credit card numbers to those seeking a donation. Confirm that those soliciting a donation are calling from a legitimate charity.
- Don't give or send cash. For security and tax record purposes, contribute by check or credit card or another way that provides documentation of the donation.
- Consult IRS Publication 526, Charitable Contributions, available on IRS.gov. This free booklet describes the tax rules that apply to making tax-deductible donations. Among other things, it provides complete details on what records to keep to help taxpayers at tax time.

Impersonation of charitable organizations

Another long-standing type of abuse or fraud involves scams that occur in the wake of significant natural disasters.

The IRS encourages taxpayers to donate to recognized charities established to help disaster victims. Following major disasters, it's common for scam artists to impersonate charities to get money or private information from well-intentioned taxpayers. Scam artists can use a variety of tactics following a disaster. Some scammers

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Taxpayers can find legitimate and qualified charities with the Select Check search tool on IRS.gov.

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