

Abstract: Scam artists seem to come out of the woodwork when there's money involved — and taxes are no exception. Fortunately, by becoming familiar with common tax scams and understanding what the IRS will and won't do, it's easy to avoid them. This article explores several tax frauds and explains how taxpayers should act if they feel they've been the target of one.

How to avoid tax scams

Scam artists seem to come out of the woodwork when there's money involved — and taxes are no exception. Fortunately, if you familiarize yourself with common tax scams and understand what the IRS will and won't do, it's easy to avoid them.

Common scams

Here are some common tax fraud schemes:

Calls from IRS impersonators. Fraudsters impersonating IRS employees call or leave a message, typically using fake names and phony identification badge numbers and often altering the caller ID to make it look like a legitimate IRS number. They tell victims that they owe money to the IRS and threaten them with arrest, suspension of business or driver's licenses, or even deportation unless they pay promptly using gift cards, prepaid debit cards or wire transfers.

Phishing. Fraud perpetrators send fake emails, designed to look like official communications from the IRS, tax software companies or even victims' tax advisors. The intention is to gain access to victims' financial information or trick them into downloading malware that allows access to their computers. These emails often contain links to bogus websites that mirror the official IRS site and ask victims to "update your IRS e-file immediately." Fraudsters use this information to file false income tax returns or engage in other identity theft schemes.

Property lien scam. With this fraud type, a thief sends a letter from a nonexistent agency asserting that the victim owes overdue taxes and threatens an IRS lien or levy on the victim's property. Typically, the fake agency has a legitimate-sounding name, such as Bureau of Tax Enforcement.

These are just a few examples of the hundreds of tax-related scams the IRS sees on a regular basis. Fraudsters are continually developing new, more sophisticated schemes as well as variations of tried and true ones. So it's important to be on high alert whenever you receive communications that purport to be from the IRS, a state or local tax authority, or a collection agency working on their behalf.

Things to remember

Tax scams can be complex and widely varied, but they're easy to avoid if you know how the IRS operates. The IRS will *not* initiate contact about a tax matter by phone, email or in person, without first sending you a bill or notice by regular mail delivered by the U.S. Postal Service. There may be special circumstances — such as an overdue tax bill, delinquent return, audit or criminal investigation — that prompt a visit from an IRS representative. But these visits are almost always preceded by a series of notices in the mail.

In addition, the IRS won't:

- Demand that you pay taxes immediately without an opportunity to question or appeal the amount they say you owe,
- Threaten you with arrest for nonpayment of taxes, or
- Threaten you with deportation or revocation of a driver's or business license.

Finally, the IRS will never demand payment using a specific method, such as a prepaid debit card, gift card or wire transfer,

Where to turn

If you receive suspicious communications, contact your tax advisor. In addition, if you receive a suspected phone scam, consider reporting it to the Federal Trade Commission using the FTC Complaint Assistant at [FTC.gov](https://www.ftc.gov). You can forward suspected phishing emails to phishing@irs.gov, and report IRS impersonation scams to the Treasury Inspector General for Tax Administration at [treasury.gov/tigta](https://www.treasury.gov/tigta).

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