

Look Out for Tax Scams in Tax Season



By Greg Abbott
Attorney General of Texas

Last year, several Texans lost their entire personal savings to con artists purporting to be IRS agents. Phony bank and IRS documents were sent to the victims in order to obtain bank account information. I don't want this to happen to anyone. I'd like to take this opportunity to inform you of some common tax season scams to look out for.

African-American reparation tax refund? No!

Thousands of African-Americans have been scammed by individuals who claim that tax law allows credits or refunds due to reparations for slavery. Usually they will ask for a fee in return for filing the false claim. The scam artist is long gone before the victim realizes what has happened. The truth is, there is no such law and the victim may be subject to civil penalties for filing a false claim.

Pay the tax, get the prize? No!

This type of fraud is usually done via telephone. The person on the other end of the phone will tell you that you've won a prize. All you have to do is pay the tax on the prize in order to receive it. Don't be fooled! There are no re-

quirements to prepay taxes on winnings. If you actually win something of value, you might have to adjust any estimated tax payments so as to avoid penalties from the IRS. However, keep in mind that taxes are paid directly to the IRS, not to third parties.

I don't pay taxes, why should you? Don't Believe It!

This is another common scam with many faces. Typically, someone will claim that you don't have to have taxes withheld from your paycheck, or that you can buy an "untax package" that will make you exempt from all taxes. A fee is required in order to learn their secrets to tax freedom. This scam works on the premise that taxes are voluntary. This argument has been repeatedly rejected from US courts. Taxes are NOT voluntary-- we must all pay our share.

The tax man is coming. Or is He?

Some scam artists are so bold as to show up at your door! You might find someone knocking on your door claiming to be an IRS agent. He or she will claim that you owe back taxes and will pressure you into writing a check on the spot. Don't do it! Don't let anyone into your home claiming to be an IRS agent without verifying their identification and documentation. All IRS employees, including field auditors, collection officers and special agents, carry proper identification cards. If an IRS employee

does have a legitimate reason for visiting you, you will usually receive a phone call first. If you believe an imposter has shown up at your door, do not let them in! Call your local police department and then call the US Treasury Inspector General's Hotline at (800) 366-4484.

Be smart

We would all love a large tax return, especially during these tough economic times. It is very tempting to listen to snake oil salesmen. Keep your guard up and remember, if it sounds too good to be true, it probably is.

You can find out more about these and other types of scams or report a new scam by visiting the IRS Web site at www.irs.gov. As always, if you feel you have been defrauded by a business, you can also file a complaint with the Consumer Protection Division of my office, by telephone at (800) 621-0508, or via our Web site at www.oag.state.tx.us.

POINTS TO REMEMBER

TAX SCAMS

There is NO African-American tax reparation fund.

You probably did not win a prize. If you did, remember – taxes are paid DIRECTLY to the IRS – NEVER to a third party.

Taxes are NOT voluntary. We are ALL subject to taxes.

Do NOT open the door to anyone claiming to be with the IRS unless they show proper identification.

**IRS Hotline for tax assistance:
(800) 829-1040**

**IRS Hotline to report tax fraud:
(800) 829-0433**

**US Treasury Inspector General's Hotline
to report an IRS imposter:
(800) 366-4484.**

**OAG Consumer Protection Division
Hotline:
(800) 621-0508**



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

Information on this and other topics is available on the Attorney General's Web site at www.oag.state.tx.us.

