

Beware of the latest tax-fraud schemes



Phillip Goldstein

This year's IRS scams are more sophisticated (and even more deplorable) than ever before.

Filers beware! It's tax season, and there's already a bumper crop of scams blooming that could steal your well-earned returns. The sophistication of some of these plots will astound you, as will the depths to which these thieves will descend to steal your hard-earned money.

Take a close look because what you don't know could cost you.

One new scheme involves a three-step process.

1. The scammers gather information about your identity.

2. A fraudulent IRS tax return is filed and deposited directly into your account because the information they've stolen contains your bank's routing number and your personal account number as well.

3. Criminals posing as debt collection agency officials acting on behalf of the IRS contact the taxpayer to report an erroneous refund deposit and request that the taxpayer forward the money to the thief's collection agency. This could be an automated call threatening the taxpayer with criminal fraud charges, an arrest warrant and a "blacklisting" of his or her Social Security number. The recorded voice gives the taxpayer or

a phony case number and telephone number to call to return the refund.

If someone contacts you about an erroneous refund, visit the IRS website for full details about how to return the money, including the actual mailing addresses where a taxpayer should send a paper check, if necessary. By law, interest may accrue on erroneous refunds. You should also contact your financial institution because you may need to close bank accounts and contact your tax preparer as well.

A second scheme specifically targets payroll and human resource professionals:

Fraudsters are sending out phony e-mail messages to company payroll departments asking for copies of W-2s and employee information. The emails purport to come from higher-ups in the firm. The cybercriminals use the W-2s for nefarious purposes, including filing false returns claiming refunds and selling the W-2s on the dark web.

A third set of schemes are telephone impersonation calls.

Callers claiming to be IRS employees, using fake names and bogus IRS identification badge numbers, may know a lot about you. They have become adept at altering caller IDs to make it look like the IRS is really calling. Victims are told they owe money to the IRS that must be paid promptly through a gift card or wire transfer. Today's victims often include recent immigrants who may be threatened with arrest, deportation or suspension of a business or

driver's license.

Victims also may be told they have a refund due in order to trick them into sharing private information. The scammers often leave an "urgent" callback request.

Other "bottom of the barrel" techniques include using video relay services (VRS) to try to scam deaf and hard of hearing individuals and approaching Limited English Proficiency victims in their native language with threats of deportation, police arrest and license revocation, among other things.

Note that the IRS doesn't:

- Call to demand immediate payment using a specific payment method such as a prepaid debit card. Generally, the IRS will first contact you by mail.

- Threaten to bring in local police or other law-enforcement groups to have you arrested for not paying.

- Demand payment without giving you the opportunity to question or appeal the amount they say you owe.

- Ask for credit or debit card numbers over the phone.

Visit www.irs.gov for more information.

Phillip Goldstein is managing partner of Goldstein Lieberman & Company LLC, a full-service certified public accounting and business advisory firm that serves closely held businesses and their owners in New York and New Jersey. For more information, contact Goldstein at 800-839-5767 or philg@glcpcas.com, or visit www.glcpcas.com.