**IRS Dirty Dozen (2017)**

Every year, the IRS releases its “dirty dozen”- or what it considers to be the most pressing tax scams. Here is the 2017 version (all titles are courtesy of the IRS):

**Phishing:** Taxpayers again need to be on the watch for any websites or e-mails that appear to be from the IRS. These are almost certainly a scam to steal personal information. The IRS will *never* initiate contact with taxpayers via e-mail about any tax issue, including an audit, bill or refund.

**Identity Theft:**  Taxpayers need to watch out for identity theft, especially in the tax arena as criminals can (and do) file fraudulent returns using someone else’s SSN.

**Return Preparer Fraud:**  Another one that makes the list year after year. Again, be on the lookout for unscrupulous return preparers. If the return seems too good to be true, it probably is. Look for preparers with licensed credentials (CPA, EA, Attorney, etc.).

**Fake Charities**: Be on guard against groups posing as charitable organizations to attract donations from unsuspecting contributors. Look out for charities with names similar to familiar or nationally-known organizations. When in doubt, investigate the alleged charity prior to making any donations.

**Falsely Padding Deductions on Returns:**  According to the IRS: “Taxpayers should avoid the temptation to falsify deductions or expenses on their tax returns in order to pay less than they owe or receive larger refunds.” This is good advice.

**Inflated Refund Claims:** Taxpayers should be cautious of any tax “professional” promising inflated tax refunds. Avoid tax preparers who ask taxpayers to sign a blank return, promise a big refund before looking at any records or charge fees based on a percentage of the refund (a contingency fee).

**Excessive Claims for Business Credits:**  A credit is worth more than a tax deduction but it is important to make sure that you qualify. The IRS is actively reviewing the fuel tax and research tax credits. These tax credits are often difficult to claim (legitimately).

**Phone Scams:**  This has made the list the last several years but phone calls from criminals impersonating IRS agents remain an ongoing threat to taxpayers. These calls involve threats with arrest, deportation and license revocation, among other things. The IRS will not initiate contact with a taxpayer via a telephone call.

**Falsifying Income to Claim Credits**: This scam involves making up income in order to erroneously qualify for tax credits, such as the Earned Income Tax Credit. If audited, the IRS could make a fraud referral or simply disallow the tax credit and tax all of the false income reported (with penalties and interest).

**Abusive Tax Shelters:** This is another “too good to be true” tax scam. Quite simply, don’t use abusive tax structures to avoid paying taxes. If there is any doubt, seek an independent professional opinion before engaging in any tax shelter transaction.

**Frivolous Tax Arguments**: Every year there are more “creative” tax arguments that are nothing more than frivolous. The IRS lists many of these frivolous tax arguments on its website. Be aware that the penalty for filing a frivolous tax return is $5,000.

**Offshore Tax Avoidance:** The IRS has been dealing with this issue for several years now (taxpayers using offshore accounts to conceal income and assets from U.S. taxation) and is offering the Offshore Voluntary Disclosure Program to enable taxpayers to catch up on their filing and tax obligations. Professional/legal assistance is strongly recommended in these situations.

**Additional Resources: www.irs.gov**