

With the Arrival of February, many Texas taxpay-ers have started receiving W2 forms from their employers and thinking about the upcom-ing tax season. All taxpayers should be on the lookout for tax scams that seek to steal their money and identities. Tax season can be a particu-larly active time for identity thieves, because tax returns contain all the information they need – Social Security numbers, names, addresses, employer information, invest-ment account numbers – to open fraudulent accounts in a taxpayer's name or steal a taxpayer's income tax refund. Fortunately, taxpayers can avoid becoming identity theft victims by staying informed and avoiding common tax schemes.

Avoid phishing scams. Phishing refers to fraudulent emails and websites that iden-tity thieves create in an effort to trick victims into providing sensitive personally identify-ing information. The scam usually begins with a mislead-ing email that appears to come from a financial institution, tax preparation firm or govern-ment agency. The email typi-cally claims that highly sensi-tive personal information such as a Social Security number or account number is needed to ensure that a taxpayer's income tax return can be pro-cessed.

Taxpayers should be par-ticularly wary of emails that claim to come from the IRS. The IRS does not initiate con-tact with taxpayers by email to request personal or finan-cial information – so taxpay-ers should never respond to emails that appear to be seeking information for the IRS.

Taxpayers should also delete scam emails that claim to come from the Electronic Federal Tax Payment System (EFTPS), a legitimate tax payment system that allows individuals and busi-nesses to pay federal taxes electronically. According to the IRS, the scam email claims that tax payments made by the taxpayer through EFTPS have been rejected. The email di-rects the taxpayer to a bogus website that downloads mali-cious software onto the tax-payer's computer.

Prime Season for Tax Scams

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The mal-ware is designed to retrieve personal and financial infor-mation already stored on the taxpayer's computer – and scammers use the information to commit identity theft.

Safeguard computers, mobile devices. Securing computers and mobile phones is crucial to thwarting iden-tity thieves. Taxpayers should password-protect their com-puter and update their comput-er's anti-virus software.

Scammers may also send bogus text messages that claim to be from the IRS. By send-ing unsolicited tax-related text messages, identity thieves are attempting to exploit taxpay-ers who believe that only a legitimate contact – like an IRS agent – would have their mobile phone number. Unfor-tunately, this false sense of se-curity makes taxpayers more likely to click on a link in the bogus text message.

Taxpayers should remem-ber that the IRS does not use email or text messages to con-tact taxpayers about issues related to their accounts. Of-ficial taxpayer contact usually includes a letter on IRS statio-nery in an IRS envelope. IRS letters also contain a contact phone number.

Research tax preparal tion services. Before providing personal and financial in-formation to a tax return prep-aration professional, taxpayers should take four important steps: 1) ask for the tax pre-parer's credentials; 2) check with the Better Business Bu-reau for complaints against the tax preparer; 3) verify whether the tax preparer is a certified public accountant; and 4) con-firm that the business is open year-round in the event tax-payers need to ask follow-up questions about their income tax returns.

As with any contractual agreement, Texans should carefully read the fine print before entering into a finan-cial transaction involving their income taxes. Taxpayers who understand the nature of these agreements are more likely to make informed decisions that just might save some of their hard-earned money.

For example, Texans should always avoid tax preparation services that "guarantee" the largest pos-sible tax return. Under federal law, any deductions tax pre-parers make for their clients must be accurate and legally permissible. Tax preparers that submit false information in or-der to obtain larger refunds for a client (and higher fees for the preparer) put their clients in legal jeopardy. Competent, legitimate tax preparers will not hesitate to sign their cli-ents' tax return.

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Know the truth about frivolous tax arguments. Al-though many prefer not to pay their taxes, it is well settled law that federal income taxes are NOT voluntary. United States courts have repeatedly reject-ed some of the more common false "legal" arguments made by those who oppose compli-ance with federal income tax laws, including contentions that taxpayers can refuse to pay income taxes on religious or moral grounds by invok-ing the First Amendment; that only federal government em-ployees are subject to federal income taxes; and that only foreign-source income is tax-able.

By Texas Attorney General Greg{jcomments on}

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