

Taxpayers should be cautious during tax season. Below are four of the most common tax scams from the IRS annual list of "Dirty Dozen" consumer scams, and ways that consumers can protect themselves.

Identity Theft

The IRS has protected more than \$1.4 billion of taxpayer funds from getting into the wrong hands due to identity theft. The IRS has also stepped up its internal reviews to spot false tax returns before tax refunds are issued. If you receive a notice from the IRS informing you that more than one return has been filed in your name or that your return indicates you received wages from an unknown employer, it may be a clue that your identity has been stolen for tax purposes. If this happens to you, report it immediately to the IRS Identity Protection Specialized Unit via www.irs.gov/identitytheft.



Phishing

This type of scam occurs with the help of an unsolicited e-mail or a fake website that poses as a legitimate site to lure victims into providing valuable personal and financial information. Remember, no bank or government agency sends out unsolicited e-mails requesting this information. If you do receive an e-mail that claims to be from the IRS report it by sending it to phishing@irs.gov.

Return Preparer Fraud

Roughly 60 percent of taxpayers will enlist tax professionals to prepare and file their returns this year. If you plan on "outsourcing" your returns, make sure you choose carefully. Questionable return preparers have been known to skim off their client's refunds, charge inflated fees for return preparation services and attract new clients by promising guaranteed or inflated refunds. Now, every paid preparer must have a Preparer Tax Identification Number (PTIN) entered on the returns they prepare. If you hire someone to fill out your return for you, but they do not include this number or sign the return, do not provide you with a copy, or add forms you've never filed before, they may be scamming you.

"Free Money" from the IRS & Tax Scams Involving Social Security

This type of scam preys on low income individuals and the elderly, promising taxpayers they can file returns with little or no documentation, building false hopes for unrealistic returns and charging good money for bad advice. In the end, victims' claims are rejected and the scammers skip town. There are also frauds involving Social Security. For example, scammers will lure victims with promises of non-existent Social Security refunds or rebates. Be vigilant of any "free money from the IRS" claims.