

Crime Prevention Newsletter

BNSF Headquarters-- Resource Operations Call Center
Fort Worth, Texas

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Tax Season Is Around the Corner 2008 "Dirty Dozen" scams

Don't fall victim to tax scams. Remember that if it sounds too good to be true, it probably is. According to the Internal Revenue Service, the following is its 2008 list of the 12 most egregious tax schemes and scams.

1. Phishing: Phishing is a tactic used by Internet-based thieves to trick unsuspecting victims into revealing personal information they can then use to access the victims' financial accounts. These criminals use the information obtained to empty the victims' bank accounts, run up credit-card charges and apply for loans or credit in the victims' names. Phishing scams often take the form of an e-mail that appears to come from a legitimate source

2. Scams Related to the Economic Stimulus Payment: Some scam artists are trying to trick individuals into revealing personal financial information that can be used to access their financial accounts by making promises relating to the economic stimulus payment, often called a "rebate."

3. Frivolous Arguments: Promoters of frivolous schemes encourage people to make unreasonable and unfounded claims to avoid paying the taxes they owe.

4. Fuel Tax Credit Scams: The Internal Revenue Service (IRS) is receiving claims for the fuel-tax credit that are unreasonable. Some individuals are claiming the tax credit for nontaxable uses of fuel when their occupation or income level makes the claim unreasonable. Fraud involving the fuel-tax credit was recently added to the list of frivolous tax claims, potentially subjecting those who improperly claim the credit to a \$5,000 penalty.

5. Hiding Income Offshore: Individuals continue to try to avoid paying U.S. taxes by illegally hiding income in offshore bank and brokerage accounts or using offshore debit cards, credit cards, wire transfers, foreign trusts, employee-leasing schemes, private annuities or life insurance plans.

6. Abusive Retirement Plans: The IRS continues to uncover abuses in retirement plan arrangements, including Roth Individual Retirement Arrangements (IRAs). The IRS is looking for transactions that taxpayers are using to avoid the limitations on contributions to Roth IRAs.

Have questions or comments? Contact the ROCC Headquarters Crime Prevention Specialist Team: R. Carnes, B. Contreras, J. Edwards or M. Galindo at company line 593-7200.

7. Zero Wages: Filing a phony wage- or income-related information return to replace a legitimate information return has been used as an illegal method to lower the amount of taxes owed.

8. False Claims for Refund and Requests for Abatement: This scam involves a request for abatement of previously assessed tax using Form 843, "Claim for Refund and Request for Abatement." Many individuals who try this have not previously filed tax returns.

9. Return Preparer Fraud: Dishonest tax return preparers can cause many problems for taxpayers who fall victim to their schemes. These scam artists make their money by skimming a portion of their clients' refunds and charging inflated fees for return preparation services.

10. Disguised Corporate Ownership: Some people go as far as forming domestic shell corporations in certain states for the purpose of disguising the ownership of a business or financial activity.

11. Misuse of Trusts: For years, unscrupulous promoters have urged taxpayers to transfer assets into trusts. They promise reduction of income subject to tax, deductions for personal expenses and reduced estate or gift taxes.

12. Abuse of Charitable Organizations and Deductions: The IRS continues to observe the misuse of tax-exempt organizations. Misuse includes arrangements to improperly shield income or assets from taxation.

The good news is that you can help shut down these schemes and prevent others from being victimized. If you receive a suspicious e-mail that claims to come from the IRS, you can relay that e-mail to an IRS mailbox, phishing@irs.gov.

