

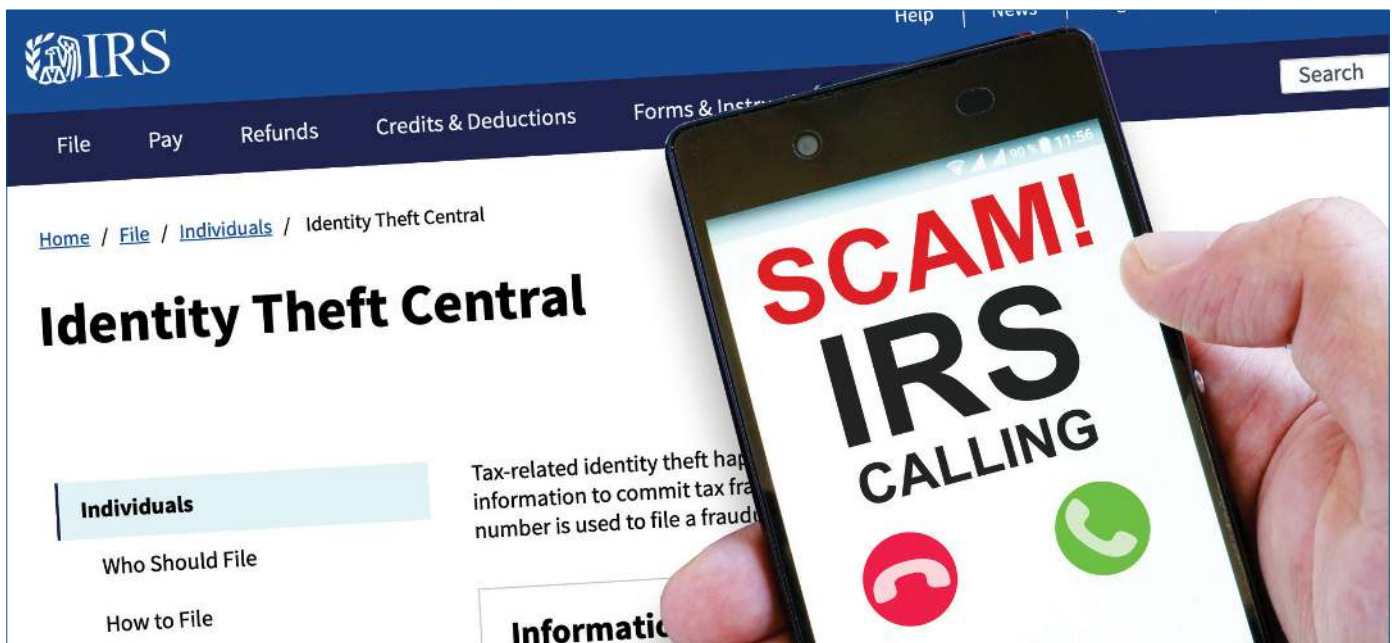
Protect Yourself Against 2022 Tax and Unemployment Scams

By Jennifer Shelton, CPA

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It's tax filing season – prime time for scum of the earth con artists to crawl out from under their rocks with novel ways to steal identities and scam people out of their hard-earned money.

That means it's time for us, as one of Southern California's premier women-owned tax planning and financial strategy firms, to let you know what to watch out for and how to protect yourself. By remaining vigilant and reporting suspicious activity to relevant government agencies and law enforcement, we can start gaining the upper hand over these criminals.



In this SWC singlette, we call your attention to four primary methods used to steal identities and tax refunds. We'll also reveal common warning signs and offer guidance on what to do when you notice suspicious activity.

Text Message Scams

Text message scams usually involve someone pretending to be from the Internal Revenue Service (IRS). Over the last couple of years, fraudulent text messages have focused mostly on COVID-19 or “stimulus payments,” and included one or more links claiming to point to IRS websites or relevant online tools.

If you receive an unsolicited text/SMS message that appears to be from either the IRS or a program closely linked to it, take a screenshot of the text message and email it to phishing@irs.gov with the following information:

- The date, time, and time zone you received the text message
- The phone number of the device upon which you received the message

Why? Because the IRS will never send you a text message unless you first requested that they send you something.

Pro Tip: *Never click a link or open an attachment in unsolicited, suspicious, or unexpected text messages from any source presenting itself as the IRS, a state tax agency, or anyone else in the tax community.*

Email Phishing Scams

Email phishing scams typically involve an email message – ostensibly from the IRS – asking for information and directing you to a website where you can enter the requested information or log into your IRS account.

Be aware that the IRS does *not* initiate contact with taxpayers by email to request personal or financial information. While the IRS initiates most contacts via traditional mail, they did announce just last week the suspension of automated collection notices normally issued when a taxpayer owes additional tax, and where the IRS has no record of a taxpayer filing a tax return.

Remember: If you receive an unsolicited or suspicious looking email message that appears to be from the IRS or another taxing authority, forward it to phishing@irs.gov.

Phone Scams

Phone scams usually involve someone claiming to be from the IRS leaving a threatening message or demanding urgent action. You may be told that if you don't return the call, a warrant will be issued for your arrest or that you will be deported or have your driver's license revoked.

Anyone with a little know-how can make the caller ID name and number look like whatever they want, so ignore any incoming phone call that appears to be from a taxing authority.

Taxing authorities rarely call taxpayers out of the blue.

To report a suspected phone scam, contact the Treasury Inspector General for Tax Administration: Use their [IRS Impersonation Scam Reporting](#) web page or call (800) 366-4484.

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In-Person Scams

The IRS rarely drops in to visit unless you've been unreasonably unresponsive to previous attempts to contact you through traditional mail. The IRS may visit your home or business in one of the following three circumstances:

- To investigate an overdue tax bill
- To secure a delinquent tax return or, in the case of a business, an employment tax payment
- To tour your business as part of an audit or criminal investigation

If someone shows up at your door claiming to be from the IRS, ask to see the person's credentials – the person's pocket commission and HSPD-12 card. An IRS representative should also be able to supply you with a dedicated IRS telephone number to call to verify their information and confirm their identity.

Know that the IRS will never request that a payment be made to any payee other than the United States Treasury.

Unemployment Fraud

Unemployment fraud usually involves another party attempting to claim your unemployment benefits. States are seeing a surge in fraudulent unemployment claims filed by organized crime rings using stolen identities.

You will usually know if your identity has been used to commit unemployment fraud if you receive a Form 1099-G: Certain Government Payments form showing that you received unemployment benefits you never filed for, you received more money than you really received, or you received benefits from a state in which you did not file for them.

For details on how to report fraud to state workforce agencies, how to obtain a corrected Form 1099-G, how to find a list of state contacts, and other steps to take related to unemployment fraud, you can visit the U.S. Department of Labor's [fraud page](#).

Know How the IRS Operates, and How It Doesn't

By knowing how the IRS operates, you can often spot and stop con artists in their tracks. Generally, the IRS will first mail a bill to you if they think that you owe taxes. If you believe that the IRS is correct, make your payment to the United States Treasury, *never* to any other party.

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Warning: The IRS and any third-party collection agencies they use will never do the following:

- Call to demand immediate payment using a specific payment method such as a prepaid debit card, gift card, or wire transfer.
- Threaten to immediately bring in local police or other law-enforcement groups to have you arrested for not paying.
- Demand that taxes be paid without giving you the opportunity to question or appeal the amount owed.
- Ask for credit or debit card numbers over the phone.

If someone pretending to be from the IRS informs you that you owe taxes, you can [view your tax account information online](#) to see the actual amount you owe, if anything. You can also call the IRS toll-free at (800) 829-1040 to speak with an IRS employee.

If you have reason to believe that you are a victim of identity theft, visit [IRS.gov/identitytheft](https://www.irs.gov/identitytheft) or [IdentityTheft.gov](https://www.identitytheft.gov) for information and resources.

During this busy filing season, you have enough on your plate without the added burden of falling victim to identity theft, having your tax refund stolen, or being implicated in a scheme to defraud the government out of unemployment benefits. We encourage you to remain vigilant and to act quickly and decisively whenever you observe any signs of fraudulent activity directed against you or your federal, state, or local taxing authorities. Together, we can discourage this type of behavior and bring the perpetrators to justice.

About the Author: *Jennifer Shelton, CPA, is an accountant at SWC — a San Diego, Calif.-based tax planning and financial strategy advisory firm for small-business owners, real estate investors, and high-net-worth individuals. A graduate of Kansas State University and a member of the Kansas Society of Certified Public Accountants (KSCPA) and the American Institute of Certified Public Accountants (AICPA), Jennifer has more than 15 years of experience in public accounting with a background in taxation and accounting.*

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