

IRS issues warning about bogus tax preparers in Kansas

- Provided by the IRS ST LOUIS — The Internal Revenue Service has issued a warning for taxpayers in Kansas about a tax scam that has re-emerged and may be spreading to other areas. The scam involves people posing as tax preparers and luring victims in by promising large refunds from the IRS, frequently involving education credits or the Earned Income Tax Credit. People who are falling for this scam are discovering that a side-effect is that it will cost them their federal benefits, ranging from certain veterans benefits to Social Security payments or low-income housing benefits.



The IRS recently issued its annual “Dirty Dozen” list of tax scams, which again includes schemes similar to this that promise “free government money.” According to Michael Devine, an IRS spokesperson for Kansas, the scammers may operate out of a store front and may appear to be legitimate tax preparers that recently opened for business. Some scammers lure victims in with street corner signs or flyers. Victims who respond are promised large refunds and asked to provide their personal and financial information, which is then used to file a false claim with the IRS, sometimes without the victim even knowing what was filed.

The IRS says the scheme mainly targets low-income and non-English-speaking people who usually don't have a tax filing requirement. In fact, the IRS was alerted to the scam by victims complaining about losing their federal benefits, such as social security benefits, certain veteran's benefits or low-income housing benefits. The loss of benefits was the result of false claims being filed with the IRS that provided false income amounts.

The scammers often file the false claims using education tax credits, such as the Hope Credit or the Lifetime Learning Credit. They may also falsely report that the victim received self-employment income and is entitled to the Earned Income Tax Credit.

While honest tax preparers provide their customers a copy of the tax return they've prepared, victims of this scam typically are not given a copy of what was filed. Victims also report that the fraudulent refund is deposited into the scammer's bank account. The scammers deduct a large “fee” before cutting a check to the victim, a practice not used by legitimate tax preparers.

The IRS reminds all taxpayers that they are legally responsible for what's on their returns even if it was prepared by someone else. Taxpayers who buy into such schemes can end up being penalized for filing false claims or receiving fraudulent refunds.

The IRS reminds taxpayers to be careful when choosing and hiring an individual or firm to prepare their tax return and recommends using only preparers who:

Ask for proof of income and eligibility for credits and deductions

Sign the return as the preparer,

Enter their IRS Preparer Tax Identification Number (PTIN), and

Provide the taxpayer a copy of the return

Abusive or suspected false tax preparers can be reported using Form 14157, Complaint: Tax Return Preparer. Download Form 14157 at IRS.gov or order it by mail at 800-TAX FORM (800-829-3676). The form includes an address for submission.