



Catholic Foundation

1988 - 2016

IRS Taxpayer Support in 2016

Each year the IRS alerts taxpayers about potential tax problems and scams. Four of the 2016 “Dirty Dozen” scams were described in IRS letters this week. First, unscrupulous tax preparers may plan to file an inflated tax refund for you. IRS Commissioner John Koskinen stated, “**Be wary of tax preparers that tout outlandish refunds based on federal benefits or tax credits you have never heard of or were not eligible to claim in the past.**”

Some tax scammers promise large refunds from “fictitious rebates, benefits or tax credits.” You can seek qualified tax preparers in order to avoid any unusual or excessive tax refund claim.

Second, **some tax preparers will “pad” or overstate your deductions.** The IRS examines numerous returns each year with excessive and unsupported deductions. The most frequent excessive deductions are claimed for improper business expenses or unsupported charitable contributions. The Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) also are subject to frequent errors. If you file a “padded” deduction and underpay your taxes, you may be subject to additional payments of tax, interest and penalties. It is best to protect yourself by using programs such as IRS Free File or contact a volunteer tax assistance person in your local community.

Third, **scammers may attempt to use excessive business credits.** Koskinen reports, “The IRS is committed to stopping the improper use of business credits and catching the promoters of erroneous claims.” The most common business credit scam is use of the fuel tax credit. Individuals who are engaged in farming or off-road construction may obtain a fuel credit, but most Americans who use public roads do not qualify. Other tax scammers have improperly suggested that you could qualify for the business research credit. Most taxpayers do not qualify for either the business research credit or the off-road fuel credit.

Fourth, **gifts to organizations with names similar to respected, legitimate charities may lead to problems.** Koskinen reports, “Fake charities set up by scam artists to steal your money or personal information are a recurring problem. Taxpayers should take the time to research organizations before giving their hard-earned money.” You should take care to make gifts and receive receipts from recognized charities. All public charities are willing to provide you with their Federal Tax Identification Number.

The week after President’s Day is the busiest time of the year for calls to the IRS. Koskinen notes, “The entire week of the President’s Day holiday marks a peak time for the IRS. We are keeping our phones open over part of the holiday weekend to manage the increased demand.” He also urges taxpayers to go to www.irs.gov first to obtain information. After you file, you may use “Where’s My Refund” on IRS.gov or the phone app “IRS2Go” to check on your refund status.

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Crescendo Enotes February 15, 2016