

SEO DETAILS:

Page Title: IRS Unveils 2023 Dirty Dozen | [INSERT FIRM NAME]

Meta Description: [NAME OF FIRM] reminds taxpayers and tax professionals to stay vigilant against the latest tax scams listed in the 2023 Dirty Dozen list released by the IRS.

Headline: IRS Unveils 2023 Dirty Dozen List to Protect Taxpayers Beyond Tax Season

BODY COPY:

Every year, the IRS compiles a list of 12 tax scams that could target or affect taxpayers, known as the “Dirty Dozen” list. It advises tax professionals and taxpayers, both individuals and businesses, to keep an eye out for these types of scams. While the IRS constantly adapts how it identifies and combats schemes targeting taxpayers, scammers and their techniques are also evolving. The [2023 Dirty Dozen list](#) includes some repeat items from 2022, as well as some new ones that reflect recent changes to the nation’s tax laws.

1. Employee Retention Credit Scams

Congress created the [Employee Retention Credit \(ERC\)](#) in 2020 to provide relief to businesses that were struggling because of the COVID-19 pandemic. It is a refundable credit available to employers that either:

- Continued to pay their employees during mandatory pandemic-related shutdowns in 2020 and 2021; or
- Saw a substantial decline in their revenue during that time period.

The ERC has not been available to any business since the end of 2021. The IRS is warning businesses about fraudulent schemes making “too good to be true” offers involving “blatant attempts by promoters to con ineligible people to claim the credit.”

2. Phishing and Smishing Schemes

“Phishing” refers to fraudulent emails that appear to come from an official source, such as the IRS. In reality, the emails are from scammers trying to get sensitive or valuable information. “Smishing” is the same type of scam using text messages (SMS).

The IRS is reminding taxpayers that it rarely initiates contact by email or text message. Most communications from the IRS go through the U.S. mail. The agency advises people to be skeptical of unsolicited emails or texts purporting to be from the IRS.

3. Fraudulent Offers to Help Set Up Online IRS Accounts

Setting up an [online account](#) with the IRS is fairly easy. The IRS is warning about scammers offering to help people with this task, either to collect a fee for unnecessary service or gain access to people’s personal identifying information.

4. Fuel Tax Credit Fraud

Certain businesses can claim a [tax credit](#) based on some types of fuel costs. It only applies to off-road uses of fuel in areas like agriculture. According to the IRS, some promoters are offering to help taxpayers file claims for this tax credit despite not being eligible for it. As with other scams on this year’s list, the promoters may be doing this to con taxpayers out of a fee, or to appropriate tax ID numbers and other information.

5. Fraudulent Charitable Organizations

Taxpayers can deduct contributions to tax-exempt charitable organizations. Scammers may falsely claim to represent tax-exempt organizations in order to obtain donations. The IRS provides four tips that can help taxpayers avoid this type of scam:

- **Verify before donating:** Ask for the charity's complete name, mailing address and website, and verify its tax-exempt status before making a donation.
- **Pay with the safest methods:** Donating with a check or credit card is reasonably secure. Scammers may ask for donations by other means, such as wire transfers.
- **Be stingy with information:** Generosity with money should not extend to personal information. Give only the bare minimum information necessary, and never give out Social Security numbers or PINs.
- **Watch out for hard sells:** Scammers may try to pressure taxpayers into donating by citing an urgent need for money right away. Legitimate charities typically have fundraising plans and do not need contributions on an emergency basis.

6. Tax Prep Scammers

Some tax scammers offer substandard or fraudulent tax preparation services. The IRS identifies several signs of a possible scam:

- Basing the fee on the amount of the refund;
- Asking the taxpayer to sign a blank return; or
- Refusing to sign the return as the tax preparer.

Taxpayers should check [tax preparers' credentials](#) before paying them or providing any sensitive information.

7. Social Media Scams and Misinformation

Tax scams on social media, according to the IRS, can range from misinformation to fraudulent offers to assist with tax preparation. One example involves [Form 8944](#), which is only intended for use by tax preparers. Some social media users are reportedly stating – falsely – that taxpayers can use this form to claim a tax credit. Another example involves posts advising taxpayers to use tax preparation software to fill out Form W-2 with false income information. Misuse of either form could result in serious civil or criminal consequences.

8. Spearphishing Schemes Aimed at Tax Professionals

Phishing schemes might try to obtain valuable personal information from individuals, or they might target someone at a business who could give scammers access to far more data. “Spearphishing” is a tailored phishing scam that targets specific individuals within an organization. The IRS is warning about spearphishing scams aimed at tax preparers with the goal of obtaining their clients' information.

9. Deceptive Representation for Offers in Compromise

Taxpayers who owe money to the IRS may be able to reach a settlement agreement, known as an [“Offer in Compromise,”](#) that allows them to pay less than the full amount. The IRS provides an [online tool](#) that taxpayers can use to see if they are eligible for an Offer in Compromise. The IRS is warning about “Offer in Compromise mills” that falsely claim to be able to help ineligible taxpayers settle their debts.

10. Fraud Targeting High-Income Taxpayers

Certain types of scams target high-income individuals with promises of income and/or tax savings. The IRS gives two examples:

- **Charitable Remainder Annuity Trusts (CRATs):** An individual can donate cash or other property to a [CRAT](#) and then draw income from the CRAT for the remainder of their life. Scammers may try to use CRATs to avoid income or capital gains taxes.
- **Monetized Installment Sales:** This type of arrangement involves payment for an asset in installments in order to spread the recognition of gain out over time. It can result in various types of fraud.

11. Schemes to Avoid Taxes

Scammers may target high-income taxpayers with offers to help them significantly reduce or eliminate their tax obligations. The IRS advises taxpayers to seek the advice of a trusted tax professional about tax avoidance schemes that make expansive promises. It provides two examples of such schemes:

- **Micro-captive insurance:** Certain insurance companies, known as micro-captives, may choose to be taxed only on their investment income. Scammers may offer equity in purported micro-captives in exchange for a fee.
- **Syndicated conservation easements:** Under [§ 170 of the Internal Revenue Code](#), taxpayers can claim a charitable contribution deduction for the fair market value of property placed in this type of easement and conveyed to a charity. Scammers may solicit investments from taxpayers and then claim tax deductions based on inflated values. The IRS is making § 170 enforcement a priority.

12. International Tax Schemes

U.S. citizens pay taxes to the IRS based on their worldwide income. The IRS advises taxpayers to be on the lookout for tax scams that offer to help people avoid taxes by moving money to offshore accounts. It mentions two types of schemes that involve soliciting taxpayers to invest in foreign businesses or retirement plans, including “individual retirement arrangements” in Malta and “foreign captive insurance arrangements” in Puerto Rico.

Be Careful About Tax Scams

The 12 scams that the IRS has identified as 2023’s Dirty Dozen are only a few of the many ways unscrupulous individuals and businesses may try to take advantage of taxpayers. As always, be cautious about emails and text messages asking you to provide personal information. Be especially wary of anything that sounds too good to be true. If you have even the tiniest bit of doubt about something, consult with a trusted tax professional before you do anything else.

CLOSE:

If you have any questions or would like additional information, please contact [NAME] in our [DEPARTMENT] at [NUMBER] or [EMAIL].

SUGGESTED IMAGERY:



https://stock.adobe.com/images/tax-scam-warning-sign/158401334?prev_url=detail