



Tax Return Scam Alert: Updates for 2018

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Criminals have increasingly targeted the information necessary to fraudulently obtain tax refunds in recent years. While this goal remains a constant, thieves are constantly developing new ways to obtain this information. Businesses and individuals should be aware of an increasingly-prevalent two-part scam when preparing their income tax returns this year.

Hacked Tax Preparers and Fraudulent Direct Deposits

The Scam:

The first part is a variation on a common scam. A thief will fraudulently obtain a taxpayer's tax filing information or their login information for a tax preparation website. The hacker will then use that information to e-file a fraudulent return with the IRS on the taxpayer's behalf.

In the second part of the scam, the hacker has separately obtained the bank account information of another taxpayer, and directs the fraudulent return's tax refund to this bank account. Then, the thief contacts the bank accountholder, often by phone or email, claiming to be an employee of the IRS, and explaining that a tax refund was incorrectly deposited to their account. At some point in the conversation, the thief will attempt to recover the funds, often requesting information that includes the accountholder's signature. The thief may threaten the accountholder and use the perceived force of the IRS to support their claims. If the accountholder agrees, then the thief may be able to access all of the accountholder's funds in that bank account.

Lessons Learned:

This scam affects business and individuals alike. Taxpayers should remember that the IRS generally communicates officially with taxpayers via mail, not email or telephone. Some variations on this scam do include a physical letter, however.

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PRACTICE AREAS

Cybersecurity and Data Privacy

Tax Law



If you receive an unexpected direct deposit, work with your bank to understand where the deposit came from. Do not provide sensitive information simply because a caller requests it, and contact your attorney to discuss suspicious activity.

If your tax return is rejected after filing this year, it could mean that a scammer has already filed on your behalf. The IRS advises those taxpayers to follow the steps in the IRS Taxpayer Guide to Identity Theft, and to mail an Identity Theft Affidavit to the IRS.