

IRS Issues Urgent Warning on New Tax Refund Scam

Just when you thought you'd read about all of the tax scams: The Internal Revenue Service (IRS) is warning taxpayers about a new - and growing - scam involving erroneous tax refunds being deposited into real taxpayer bank accounts. Then the crooks use various tactics to con taxpayers into turning over the funds. It's a new twist on an old scam.



Here's how it works. Thieves are using phishing and other schemes to steal client data from tax professionals. Then, using that data, they file fraudulent tax returns and use the taxpayers' real bank accounts to deposit erroneous tax refunds. Finally, the thieves, posing as IRS or other law enforcement, call attention to the error and ask taxpayers to return the money to them.

Why are thieves going to such lengths? They know it is more difficult to identify and halt fraudulent tax returns when they are using real client data such as income, dependents, credits, and deductions. Additionally, it's harder to track when criminals can find alternative ways to get the fraudulent refunds delivered to themselves rather than the real taxpayers - no more stealing checks out of mailboxes. To get the funds from real taxpayers, thieves use various tactics. In one version, criminals posing as debt collection agency officials acting on behalf of the IRS reach out to taxpayers to say a refund was deposited in error, and ask the taxpayers to forward the money to their collection agency.

In another version, taxpayers who receive an erroneous tax refund receive an automated call with a recorded voice claiming to be from IRS; the caller threatens taxpayers with criminal fraud charges, an arrest warrant and a "blacklisting" of their Social Security number. The recorded voice then gives the taxpayer a case number and a telephone number to call to return the refund.

The kicker? Unlike previous variations on the scams, there is "proof" that the call from the alleged IRS representative is for real: The taxpayer typically does have a bogus tax refund in his or her bank account.



To learn more and find out what to do if this happens to you, check out the IRS's Taxpayer Guide to Identity Theft:

www.irs.gov/newsroom/taxpayer-guide-to-identity-theft

You can also give us a call at Partners Bank of California at (949) 732-4000. We'll be glad to help!