

AVOIDING TAX SCAMS

A FACT SHEET
ABOUT TAXES

Tax Fraud and Scams: Be Aware

Tax Fraud is all too common these days – and the Comptroller wants to ensure you do not fall victim to scams and fraud.

There are many types of tax-related fraud and scams to watch out for, but some of the most common include the following:

Tax Preparer Fraud: Taxpayers should be very careful when choosing a tax preparer. While most preparers provide excellent service to their clients, a few unscrupulous return preparers file false and fraudulent tax returns and ultimately defraud their clients. It is important to know that even if someone else prepares your return, you are ultimately responsible for all the information on the tax return. Find more information below.

Tax Refund Fraud: Criminals will use stolen personal information, such as your name and Social Security Number, to file false tax returns. They use the identifying information they have obtained illegally to file a tax return in your name and claim the refund that rightfully belongs to you.

Identity Theft: Identity theft places a burden on its victims and presents a challenge to businesses, organizations and government agencies. Tax-related identity theft occurs when someone uses your stolen social security number to file a tax return claiming a fraudulent refund.

Debt Collection Scams: Persons who are not authorized by the federal IRS or the Comptroller may contact you, usually by telephone or email, and demand immediate payment of tax debt. These criminals sometimes pose as employees of the IRS or the State, or may pretend to be an outside collections agency acting on behalf of the IRS or Comptroller to collect tax debt. If you receive a call – hang up. If you receive an email –

delete the email. You can contact the Comptroller or IRS to find out if you owe tax debt.

The Comptroller of Maryland: Working to Protect Taxpayers

The Office of the Comptroller has a rigorous process, sophisticated data processing systems, and trained staff dedicated to the task of detecting and preventing tax refund fraud. Tax refund fraud is often detected when two people file tax returns for the same year using the same name and Social Security Number. As part of our efforts to combat fraud, the Comptroller blocks suspicious tax returns and suspicious tax preparation businesses after being identified by the Comptroller's nationally-recognized fraud unit using state-of-the-art technology. In calendar year 2023, we identified and blocked more than 17,000 fraudulent returns and denied over \$76m worth of fraudulent refunds.

If you have received a letter from the Comptroller of Maryland advising you that an attempt was made to file a fraudulent return:

- It will not affect your valid return.
- We have removed the invalid return from your account.
- We have taken the appropriate steps to place an identity theft indicator on your social security number (and your spouse's, if applicable) to ensure future filings are manually reviewed.

You do NOT need to do anything further with the Comptroller's Office or send any additional documentation. Submission of the IRS Form 14039 Identity Theft Affidavit will delay the processing of your return.

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This FACT SHEET is courtesy of The Comptroller of Maryland.

For more information visit www.marylandtaxes.gov



What To Do If You Suspect You Are A Victim of Fraud or Scams:

If you suspect you have been the victim of fraud, immediately report the issue to the Comptroller's Office by calling **1-800-MD-TAXES (1-800-638-2937)** or **410-260-7980** in Central Maryland or by emailing taxhelp@marylandtaxes.gov

You will also need to contact the Internal Revenue Service for further information regarding your federal return at **1-800-829-1040** or refer online to

www.irs.gov/Individuals/Identity-Protection

The Attorney General's Identity Theft Unit can give you step-by-step advice on how to protect yourself from identity thieves using, or continuing to use, your personal information. Contact the Identity Theft Unit by calling **(410) 576-6491** or by sending an e-mail to idtheft@oag.state.md.us.

We also encourage you to contact the following organizations if you suspect fraud:

- **IRS Identity Theft Department:**
irs.gov/identitytheft
- **Federal Trade Commission:**
1-877-438-4338
www.consumer.ftc.gov/features/feature-0014-identity-theft

Selecting a Reputable Tax Preparer:

There are various types of tax return preparers, including certified public accountants, enrolled agents, attorneys, and many others who don't have a professional credential. You expect your preparer to be skilled in tax preparation and to accurately file your income tax return. You trust him or her with your most personal information and details of your financial life. Most tax return preparers provide outstanding and

professional tax services. However, each year, some taxpayers are hurt financially because they choose the wrong tax return preparer.

Signs your tax preparer may be fraudulent:

- The person doesn't have a Preparer Tax Identification Number, or PTIN. All paid preparers are required to register with the IRS and get a PTIN, which should be included on your tax return.
 - o To check that your preparer is legitimate, go to the IRS to search the "Directory of Federal Tax Return Preparers with Credentials and Select Qualifications."
 - o Visit the Department of Labor's list of licensed Maryland tax preparers on their website.
- You are asked to sign a blank or partially filled-out tax return, or it is filled out in pencil. Do not sign it as you are liable for the final tax return that is submitted, even if the information is changed after you have signed. Verify that all of the information included on the form is correct before signing.
- You aren't asked to provide a W-2 or other proof of your earnings, deductions or credits.
- Your preparation fee is based on a percentage of your refund. This can lead to a preparer inflating deductions or credits.
- A preparer asks you to pay him or her any taxes or penalties owed. You should always (only) make payments directly to the IRS or Comptroller of Maryland (Agency).