

Taxpayers Warned of "Largest Ever" Phone Fraud Scam from IRS Imposters



The Treasury Inspector General for Tax Administration (TIGTA) is warning taxpayers to beware of phone calls from individuals who claim to represent the Internal Revenue Service, but in reality are trying to defraud them, in what it is saying is the largest ever scam it has seen to date.

"This is the largest scam of its kind that we have ever seen," said TIGTA Inspector General J. Russell George in a statement. He noted that TIGTA has received reports of over 20,000 contacts and has become aware of thousands of **victims who have collectively paid over \$1 million as a result of the scam**, in which individuals make unsolicited calls to taxpayers fraudulently claiming to be IRS officials.

Mr. George urged taxpayers to heed warnings about the sophisticated phone scam targeting taxpayers, noting that the scam has hit taxpayers in nearly every state in the country. Callers claiming to be from the IRS tell intended victims they owe taxes and must pay using a pre-paid debit card or wire transfer. The scammers threaten those who refuse to pay with arrest, deportation or loss of a business or driver's license.

The truth, TIGTA pointed out, is the IRS usually first contacts people by mail—not by phone—about unpaid taxes. The IRS also won't ask for payment using a pre-paid debit card or wire transfer, and the agency won't ask for a credit card number over the phone.

"If someone unexpectedly calls claiming to be from the IRS and uses threatening language if you don't pay immediately, that is a sign that it really isn't the IRS calling," said Mr. George.

The callers who commit this fraud typically use common names and fake IRS badge numbers. The scammers also frequently know the last four digits of the victim's Social Security Number and make the caller ID information appear as if the IRS is calling, making the scam even more convincing. In addition, they tend to send bogus IRS e-mails to support their scam, and call a second time claiming to be the police or department of motor vehicles, and the caller ID again supports their claim.

TIGTA said that if you receive a call from someone claiming to be with the IRS asking for a payment, here's what to do. If you owe federal taxes, or think you may owe taxes, hang up and call the IRS at 800-829-1040. IRS workers can help you with your payment questions. If you don't owe taxes, call and report the incident to TIGTA at 800-366-4484. You can also file a complaint with the Federal Trade Commission at www.FTC.gov. Add "IRS Telephone Scam" to the comments in your complaint.

TIGTA and the IRS are encouraging taxpayers to be alert for phone and e-mail scams that use the IRS name. The IRS said it will never request personal or financial information by email, texting or any social media. Taxpayers who received scam e-mails should forward them to phishing@irs.gov, but they should not open any attachments or click on any links in those emails.

Taxpayers also should be aware that there are other unrelated scams (such as a lottery sweepstakes winner) and solicitations (such as debt relief) that fraudulently claim to be from the IRS.

Please remember something.....the ONLY reason these scams continue is because people keep falling for them. Don't be the next victim. Be aware and tell your friends.



MIKE IS GOING TO CHINA

My brother and I (and our wives) are going to China on June 2 and will be gone for 3 weeks. Actually, we are going to spread our mom's ashes over there. She was raised in Shanghai and lived there for 23 years and was even interned in an internment camp during WWII. She passed away in 2011 and we have been planning this trip since then.

For my clients, no worries. My entire staff will be here at your disposal and can handle anything that might come up. I will have limited access to email, but will check when I can. I am going to ask you to NOT email me just in case I am unable to get to it for several days. Instead, please email Tammie or one of my staff.

We are going on a Viking River Cruise and will be certain to take lots of pictures. I will put some of them in the next newsletter. I expect this will be a once-in-a-lifetime trip. We'll start in Shanghai for 3 days, then board the ship and float the Yangtze River for 6 days, then fly to Jian (to see the Terra Cotta Warriors) and finally end up in Beijing for a few days. Then we fly back and deal with JET LAG!!!

I'd be willing to bet that very few of you know that Rhoda speaks very good Chinese. She speaks Mandarin quite well...no kidding. She lived in Taipei for a year (many years ago) and picked up the language and has kept it up. I'm sure we'll shock many of the people we meet in the small villages!

IRS Releases 2013 Data Book

The IRS releases this report annually. This one gives statistical data from October 1, 2012, to Sept. 30, 2013. It includes information about returns filed, taxes collected, enforcement and more. It also provides valuable information about audits....like which returns get audited the most, etc.

For the time period covered by this recently released report:

- IRS collected \$2.9 trillion in revenue and processed 240 million returns.
- 118 million return filers got refunds.....totaling \$312.8 billion.
- About .8% of all returns were audited.
- About 1% of individual returns were audited.
- For individuals, generally, the higher your gross income, the more chance of being audited.
- S corporations have a LOW audit rate of less than .5%....wow. And, over 60% of S-Corp audits result in a no-change audit. Nice. S corps are now the most prevalent entity type.
- LLCs and partnerships also have a low audit rate....under .5% as well.....wow again.





RHODA'S CORNER

"You're not from here, are you?" The question, so unexpected, rocked me back for a second. But then I couldn't help the big grin that spread across my face. "No," I said, "I'm not."

It was 1989, and I was interning at a bakery in downtown Los Angeles. Such a simple question—asked by a friendly stranger—voiced a more complicated question of identity. In what ways was I "not from here," after six years of residency?

On a recent Umpqua Valley winery tour, Mike and I learned a little about *terroir*, a vintner term that describes a sense of place. The idea is that soil conditions, climate, and site location interact with plant genetics to create grapes that are unique to a specific location.

If grapes can be unique to a specific location—how about people? How about someone like my mom, who grew up changing schools more often than she changed shoe sizes? Those upheavals were, of course, a big part of her identity—but then she married a man who knew how to put down some roots. He knew how to get stuck!

He bought a hardscrabble little cranberry farm in 1953 (and another one, close by, in 1964) and he stuck by them for so long that his kids and his grandkids and now, his great-grandkids are stuck in the same soil. We're from *here*, no matter where else life takes us.

It's unlikely our dad ever saw the word *terroir*. If he had, though, he would've thought it was a misspelled adjective; one that described his particularly unruly students and children. He had the concept down, though, in spades, and for that we're grateful. Thanks, Dad!

Speaking of spades, I recently planted (what I hope will be) a bumper crop of chard. Love the stuff! Here's a simple sauté, based on a recipe in Michael Chiarello's "Casual Cooking". A batch in the refrigerator makes for an easy meal, because it's a

great springboard. Look for a few ideas at the end of the recipe.

Sautéed Chard with Vinegar

- 4 quarts chard
- ¼ cup extra-virgin olive oil
- 1 ½ tablespoons minced garlic
- Salt and freshly-ground pepper
- Red wine vinegar (of fresh-squeezed lemon juice)
- Freshly grated Parmesan on Pecorino Romano, optional

Rinse the chard leaves thoroughly and shake in a colander to remove excess water. On a cutting board, cut out the stems and set the leaves to one side. Slice the stems into ½ inch pieces; then roughly chop the leaves.

Heat a large, heavy pot over high heat until very hot. Add the olive oil, and then the garlic. Cook for just a few seconds, stirring, until light brown, and add the chopped stems, tossing for a minute or two. Add the leaves all at once, and toss constantly so they will wilt evenly. After it is wilted, season with salt and pepper. Continue cooking over high heat, tossing often, until the excess liquid evaporates.

Turn out into a bowl and season with red wine vinegar or lemon juice. Good warm, at room temperature, or straight out of the refrigerator.

If you have a couple eggs and maybe a handful of mushrooms, you have a meal. Sauté the mushrooms and add the chard; warm if it's been refrigerated. Make a couple nests in the chard and break in the eggs. Cover the pan and let the egg whites cook; keep the yolks soft so you'll have them as a sauce. Season with a little salt and pepper and sprinkle with cheese, if desired. Done!

Chard also makes a perfect base for a piece of broiled salmon. Add some crisp oven-baked potato chunks for even more deliciousness.

Toast and butter a thick slice of rustic-style country bread and pile it up with sautéed chard. Eat!

APRIL 15 HAS COME AND GONE.

DID WE EXTEND YOU?

If we extended you, remember that we prepare tax returns in the order they came in. That can lead to some misunderstanding amongst our clients and we want to make sure you know what that means. You may have given us your tax information on March 28, for example, and are wondering why your return still isn't done! Well, I can understand your feeling. However, it's quite possible that there were 100 returns in before yours! That would mean that we'd have to prepare a LOT of returns before we can get to yours....right? So, it might be a while before we could even start your return. It all hinges around the order that the information comes in.

So, what if you are wondering when your return might get done? No problem....just give our office a call and we'll figure out where you are in the "queue".

AND DON'T FORGET....every client has the right to be bumped up to the top for a bona-fide need. That could be a FAFSA need, a loan need, etc.

MAIN POINT....communication is the key. You know how nice we are and easy to talk to. So, feel free to pick up the phone and call us.

Sure-Fire Ways to Get Into Trouble With IRS!!

- Fail to report all taxable income. Don't forget, the IRS gets a copy of all 1099s and W-2s!
- Taking monstrous deductions. For example, you have a business that reports \$50,000 in gross income and you claim \$10,000 in meals & entertainment...*hmmm*...might want to think about that!
- Failure to report a foreign bank account. Oh, boy...this is a big one. The IRS is on the warpath about taxpayers "hiding" assets overseas. Don't play with this fire.
- Taking risky charitable deductions. You know....like that trashed-out auto you donated to a charity and tried to claim a \$15,000 deduction!? Or that cheap piece of art you couldn't give away, but donated to a charity and then tried to claim a \$2,500 deduction!? Seriously, folks, this happens thousands of times every year. The IRS is sick to death of this nonsense and is not amused.
- Claiming 100% business use of an auto. Now, to be fair, this is more of a red flag when you ONLY own one vehicle!
- Playing the "audit roulette" game. That's the one where you claim all kinds of deductions, but have absolutely NO documentation to substantiate any of them. I trust that none of my clients would ever do that, but if you do, and get audited, do NOT ask me to come to the audit with you!
- Get behind on payroll taxes. Ouch. This one hurts....and is very, very common. For some reason, this is a big one for non-profit organizations. If you serve on a non-profit board, in any capacity, you really need to understand the "responsible person" law. The IRS asserts this regularly and is quite successful with it. It means real trouble for Board members.

OKAY....hope I didn't ruin anyone's evening. Just trying to be helpful. As always, call me if you have any questions about any of this.