

BURR ALERT

Filer Beware - the Growth of Fraudulent Tax Returns

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The filing of fraudulent tax returns resulting from identity theft is a growing business in America. If it wasn't bad enough that the criminals would try to get money out of your bank or use the information to purchase goods on your account, they now want your tax refund! Treasury tells us that for the 2011 filing season, there were approximately 109 million returns filed claiming refunds and that of those approximately 1.5 million were filed under a stolen identity. The total amount of claimed refunds under those identity theft returns is estimated at over \$5.2 billion. While historically a problem with individual income tax returns, the incidence of stolen identity business and charity returns is also on the rise. In addition to simply feeling violated, affected taxpayers then have the joy of working with the IRS to correct the problem and having to spend many hours to eventually receive the refund to which they were entitled.

So, what can we all do to avoid the problem? Several ideas:

1. The IRS isn't going to send you an email. Do NOT answer any emails that say they're from the IRS. Trust me, the chances that the IRS will send you (and I don't care who you are) an email is somewhere between slim and non-existent. If you receive an email from the IRS and for some reason think it might be real (it isn't), then call the 800 number and follow up. The email is a scam looking for information.
2. Your laptop or tablet is the target. Protect your computer at all costs if it has personal information on it. Change passwords frequently, and if you can, try to avoid keeping tax information or banking information on any computer you use for travel or that you often connect to a public or unprotected network.
3. A little common sense always helps. Use good passwords, check your credit report annually, don't throw bank statements, old tax returns or receipts in the trash (shred them), be careful of phishing on your computer, and don't click on every link that some friend posts on Facebook.
4. File early. The IRS processes returns as they are filed. The crooks have to file before you do, but they have lots of returns to file - try to beat them to the refund door.

5. Check your tax withholding amount. You do NOT need to be lending the government money interest free. A smaller refund means (1) you had less withheld during the year (and more to spend), and (2) there is less money at risk from a stolen identity return.

Unfortunately, the "bad guys" have figured out another reason to try to obtain personal information from you and your business. This problem will not go away, and while the IRS is aware of it and would like to stop it, they simply don't seem to be able to do much about it.

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