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Tax Resolution Services, Co., Est. 1997

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As Tax Day Nears, Don't Fall Victim to a Tax Scam

The IRS has released its annual 'Dirty Dozen' list, and it offers 12 reasons why you should only take tax advice from a respected tax professional.

One of the worst days in the American calendar nears: Tax Day.

Many Americans simply dread this day in mid-April, and if you're one of the thousands of taxpayers behind on taxes or owing a tidy sum to the IRS, then you are no doubt among those not looking forward to April 15.

But be warned: As a result of your tax troubles, you may be at an even higher risk of falling victim to one of the many tax scams on the market today.

The IRS released its annual "Dirty Dozen" list to spread the word about some of today's prevalent tax scams.

They are:

Return Preparer Fraud. U.S. taxpayers more often than not find themselves in tax troubles after employing the services of a shady return preparer. Many of these preparers charge inflated fees or skim a portion of each refund. Ask around about your tax preparer before choosing to do business with him or her.

Hiding Income Offshore. In recent years, the IRS has become incredibly aggressive in finding taxpayers who hide their money overseas.

Phishing: Have you received a weird e-mail claiming to be from the IRS? Chances are, it's a scam.

False or Misleading Forms. Some scam artists use false information in order to procure tax refunds.

Nontaxable Social Security Benefits. Falsely exaggerating a Social Security withholding — thereby reducing taxable income — is a common scam that can result in a \$5,000 fine.

Abuse of Deductions. Be wary of anyone who advises you to use a charity to shield income or claim excessive deductions. The IRS often opens

investigations into such claims.

Frivolous Arguments. Heard from a guy who says the government has no right to collect taxes from you? Walk away. That's a frivolous tax argument, and using it will only get you in trouble.

Abusive Retirement Plans. Be cautious about following advice to shift assets into IRAs in order to avoid tax obligations. These moves are usually not allowed.

Disguised Corporate Ownership. Don't use corporate entities to hide income or inflate deductions. This will only trigger flags when the IRS reviews your return.

Zero Wages. Reporting \$0 in income, even when an employer has provided evidence of income to the IRS, is an increasingly common tax-avoidance scheme. It does not work.

Misuse of Trusts. It's a bad idea to use private annuity trusts and foreign trusts to shift income into or to deduct personal expenses from. The IRS is accustomed to investigating these claims.

Fuel Tax Credit. While farmers may be eligible for large fuel tax credits, the average taxpayer is not. Don't follow any advice to file a large fuel tax credit.

Scam artists are out in force just before Tax Day. If you need tax advice this month, seek out a professional with a solid reputation.

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