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TAX-RELATED PHISHING SCAMS

by Morgan L. Burkett

Everyone knows that April 15th is Tax Day (okay, okay, this year it's actually April 18th)!^[1] However, many people are unaware of the numerous "phishing scams" associated with tax season. Tax-related phishing scams are so prevalent that the Internal Revenue Service (IRS) has dedicated an entire webpage on its website to warn taxpayers of these scams as well as how to avoid them.^[2] Phishing is defined as "the practice of tricking Internet users (as through the use of deceptive email messages or websites) into revealing personal or confidential information which can then be used illicitly."^[3] According to the IRS, "[p]hishing emails or SMS/texts (known as "smishing") attempt to trick the person receiving the message into disclosing personal information such as passwords, bank account numbers, credit card numbers or Social Security numbers."^[4]

Tax professionals, those who prepare clients' tax returns, are a common target during tax season. Tax professionals, "especially those who engage in remote transactions, have been vulnerable this year to identity thieves posing as potential clients . . . [by tricking] practitioners into opening email links or attachments that infect computer systems."^[5] More specifically, scammers will pose as potential clients, exchange numerous emails with a tax professional regarding their tax return, and will follow up with an attachment that they claim contains their personal tax information.^[6] When the tax professional clicks on the attachment, malware infects their computer, which can lead to myriad problems for the tax professional.^[7] This scam was widespread during the COVID-19 pandemic when tax professionals' correspondence with their clients was done via email versus in-person contact. The IRS has identified certain traits of these email phishing scams to watch out for, to include:



- "They appear to come from a known or trusted source, such as a colleague, bank, credit card company, cloud storage provider, tax software provider or even the IRS.
- They tell a story, often with an urgent tone, to trick the receiver into opening a link or attachment."^[8]

Another common scam during tax season involves phone calls from individuals who claim to be IRS employees.^[9] These scammers will use fake names and fake IRS identification badge numbers to trick the taxpayer into providing personal and financial information. The IRS lists "telltale signs" of these kinds of tax scams, to include:

- "Call to demand immediate payment using a specific payment method such as prepaid debt card, gift card or wire transfer. Generally, the IRS will first mail a bill to any taxpayer who owes taxes.
- Threaten to immediately bring in local police or other law enforcement groups to have the taxpayer arrested for not paying.
- Demand that taxes be paid without giving taxpayers the opportunity to question or appeal the amount owed.
- Call unexpectedly about a tax refund."^[10]

A recent variation that has occurred with these phone scams involves "criminals' fake calls from the Taxpayer Advocate Service (TAS), an independent organization

[1] *IRS sets January 23 as official start to 2023 tax filing season; more help available for taxpayers this year*, INTERNAL REVENUE SERV., <https://www.irs.gov/newsroom/irs-sets-january-23-as-official-start-to-2023-tax-filing-season-more-help-available-for-taxpayers-this-year> (last updated Feb. 6, 2023).

[2] *Tax Scams/Consumer Alerts*, INTERNAL REVENUE SERV., <https://www.irs.gov/newsroom/tax-scams-consumer-alerts> (last updated Mar. 8, 2023).

[3] *Phishing*, MERRIAM-WEBSTER, <https://www.merriam-webster.com/dictionary/phishing> (last updated Mar. 8, 2023).

[4] *Security Summit Warns Tax Pros To Be Wary of Pandemic-Related Email Schemes*, INTERNAL REVENUE SERV. (Aug. 10, 2021), <https://www.irs.gov/newsroom/security-summit-warns-tax-pros-to-be-wary-of-pandemic-related-email-schemes>.

[5] *Id.*

[6] *Id.*

[7] *Id.*

[8] *Id.*

[9] *Taxpayers Beware: Tax Season is Prime Time for Phone Scams*, INTERNAL REVENUE SERV. (Jan. 27, 2022), <https://www.irs.gov/newsroom/taxpayers-beware-tax-season-is-prime-time-for-phone-scams>.

[10] *Id.*