



News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

Tax Scam Warning: Beware of Phony Refund Scheme Abusing Popular College Tax Credit; Senior Citizens, Working Families and Church Members Are Targets

IRS YouTube Video: *Tax Refund Scams:* [English](#) | [Spanish](#) | [ASL](#)

IR-2012-29, March 2, 2012

WASHINGTON – The Internal Revenue Service today warned senior citizens and other taxpayers to beware of an emerging scheme tempting them to file tax returns claiming fraudulent refunds.

The scheme carries a common theme of promising refunds to people who have little or no income and normally don't have a tax filing requirement. Under the scheme, promoters claim they can obtain for their victims, often senior citizens, a tax refund or nonexistent stimulus payment based on the American Opportunity Tax Credit, even if the victim was not enrolled in or paying for college.

In recent weeks, the IRS has identified and stopped an upsurge of these bogus refund claims coming in from across the United States. The IRS is actively investigating the sources of the scheme, and its promoters may be subject to criminal prosecution.

"This is a disgraceful effort by scam artists to take advantage of people by giving them false hopes of a nonexistent refund," said IRS Commissioner Doug Shulman. "We want to warn innocent taxpayers about this new scheme before more people get trapped."

Typically, con artists falsely claim that refunds are available even if the victim went to school decades ago. In many cases, scammers are targeting seniors, people with very low incomes and members of church congregations with bogus promises of free money.

The IRS has also seen a variation of this scheme that incorrectly claims the college credit is available to compensate people for paying taxes on groceries.

The IRS has already detected and stopped thousands of these fraudulent claims. Nevertheless, the scheme can still be quite costly for victims. Promoters may charge exorbitant upfront fees to file these claims and are often long gone when victims discover they've been scammed.

The IRS is reminding people to be careful because all taxpayers, including those who use paid tax preparers, are legally responsible for the accuracy of their returns, and must repay any refunds received in error.

To get the facts on tax benefits related to education, go to the [Tax Benefits for Education Information Center](#) on IRS.gov.

To avoid becoming ensnared in this scheme, the IRS says taxpayers should beware of any of the following:

- Fictitious claims for refunds or rebates based on false statements of entitlement to tax credits.
- Unfamiliar for-profit tax services selling refund and credit schemes to the membership of local churches.
- Internet solicitations that direct individuals to toll-free numbers and then solicit social security numbers.
- Homemade flyers and brochures implying credits or refunds are available without proof of eligibility.
- Offers of free money with no documentation required.
- Promises of refunds for “Low Income – No Documents Tax Returns.”
- Claims for the expired Economic Recovery Credit Program or for economic stimulus payments.
- Unsolicited offers to prepare a return and split the refund.
- Unfamiliar return preparation firms soliciting business from cities outside of the normal business or commuting area.

This refund scheme features many of the warning signs IRS cautions taxpayers to watch for when choosing a tax preparer. For advice on choosing a competent tax professional, see [Tips for Choosing a Tax Return Preparer](#) on IRS.gov.

For additional information on tax scams, see the [2012 Dirty Dozen list](#).