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AUGUST ISSUE

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IRS Warns Taxpayers Of Summer Surge In Automated Phone Scam Calls

What Our Clients Say About Us

“Loved dealing with Marcia & her staff—very friendly, professional & extremely knowledgeable!”
~AB

Congress Takes Up Tax Bills Before Breaking For Extended Recess

The Democratic and Republican nominating conventions triggered an early recess for Congress. Lawmakers left Capitol Hill and are scheduled to return in September. Before recessing, the House voted to undo part of the Affordable Care Act and approved a reduced budget for the IRS. Leading tax writers in the Senate addressed tax-related identity theft and home buying incentives.

Affordable Care Act (ACA)

Before the ACA, taxpayers could use health flexible spending arrangement (health FSA) dollars to pay for over-the-counter medications.

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The Internal Revenue Service warned taxpayers to stay vigilant against an increase of IRS impersonation scams in the form of automated calls and new tactics from scammers demanding tax payments on iTunes and other gift cards.

The IRS has seen an increase in “robo-calls” where scammers leave urgent callback requests through the phone telling taxpayers to call back to settle their “tax bill.”

These fake calls generally claim to be the last warning before legal action is taken. Once the victim calls back, the scammers may threaten to arrest, deport or revoke the driver’s license of the victim if they don’t agree to pay.

According to IRS Commissioner John Koskinen, scammers are evolving and using more automated calls in an effort to reach the largest number of victims possible.

He advises taxpayers to remain alert for this summer surge of phone scams and watch for clear warning signs as these scammers change tactics.

In the latest trend, IRS impersonators are demanding payments on iTunes and other gift cards. The IRS reminds taxpayers that any request to settle a tax bill by putting money on any form of gift card is a clear indication of a scam.

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The ACA abolished this treatment of leaving health FSA funds for the purchase prescribed medications with some exceptions. Bills have been regularly introduced in Congress to go back to the pre-ACA rules for health FSAs, but have failed to pass.

However, this year, the House approved the Restoring Access to Medication and Improving Health Savings Bill of 2016. The bill would repeal the prohibition on using health FSA dollars to pay for over-the-counter medication. The repeal would apply to qualified expenditures incurred after December 31, 2016.

IRS Budget

President Obama and Democrats have called for increased funding for the agency for 2017. Republicans have proposed budget cuts, to bring about greater efficiency at the agency. In July, The House approved a \$10.9 billion IRS budget for 2017. The Senate, however, did not take up the IRS's budget before recessing, although members of the Senate Appropriations Committee proposed keeping the agency's 2017 budget at current levels.

Tax-Related Identity Theft

The IRS has spent significant sums on identifying false returns before fraudulent refunds are paid. Sen. Orrin Hatch, chair of the Senate Finance Committee, introduced the Stolen Identity Refund Fraud Prevention Bill. The bill would provide guidelines for the IRS in handling stolen identity refund fraud cases and would increase the criminal penalty for tax-related identity theft.

Homebuyers

Sen. Ron Wyden introduced a bill to create a first-time homebuyer tax credit. Wyden's bill would reward qualified first-time homebuyers with a refundable credit. "The credit would equal 2.5 percent of the home purchase with the maximum credit reached at homes selling for \$400,000", Wyden said.†

Contact Marcia if you have any questions.†

IRS Warns Taxpayers Of Summer Surge In Automated Phone Scam Calls...*continued from page 1*



Since these bogus calls can take many forms and scammers are constantly changing their strategies, knowing the telltale signs is the best way to avoid becoming a victim.

The IRS will never:

- ◆ Call to demand immediate payment over the phone, nor will the agency call about taxes owed without first having mailed you a bill.
- ◆ Threaten to immediately bring in local police or other law-enforcement groups to have you arrested for not paying.
- ◆ Demand that you pay taxes without giving you the opportunity to question or appeal the amount they say you owe.

If you get a phone call from someone claiming to be from the IRS:

- ◆ Do not give out any information and hang up immediately.
- ◆ Report the incident to the US Treasury Inspector General for Tax Administration (TIGTA) at 800-366-4484.
- ◆ Report it to the Federal Trade Commission.

If you think you might owe taxes, call the IRS directly at 800-829-1040.†

Source: IRS website

Contact our office for more information. †