
No, That Is Not the IRS Calling

Weekly Educational Update – January 8, 2020

Do you know how the Internal Revenue Service (IRS) contacts taxpayers to resolve a problem? The first step is almost always to send the taxpayer a letter through the U.S. Postal Service.

It is very rare for the IRS to make their first contact attempt through a call or a personal visit. This happens in two circumstances: when taxes are notably delinquent or overdue or when the agency feels an audit or criminal investigation is necessary. Furthermore, the IRS does not send initial requests for taxpayer information via email or social media.

Now that you know all this, you should also know about some of the phone scams being perpetrated by criminals claiming to represent the IRS (or representatives of investment firms).

Should anyone call and try to trap you with one of these deceptive acts, hang up.

Next, report the caller ID and/or callback number to the IRS at phishing@irs.gov with the subject line “IRS Phone Scam.” You can also notify the Department of the Treasury (treasury.gov) and the Federal Trade Commission (ftccomplaintassistant.gov); list “IRS Telephone Scam” in the message.¹

The information in this material is not intended as tax or legal advice. Please contact your tax or legal professional should you suspect any dishonest scheme or attempted fraud.

Scam #1: “You owe back taxes. Pay them immediately, or you will be arrested.”

Here, someone calls you posing as an IRS agent, claiming that you owe thousands of dollars in federal taxes. If the caller does not reach you in person, a voicemail message conveying the same threat, urges you to call back quickly.

Can this terrible (fake) problem be solved? Yes, according to the unscrupulous caller. Perhaps with the help of your Social Security number, they suggest. Or maybe with some specific information about your checking account? Maybe even your online banking password? They may tell you that this will all go away if you wire the money to an account or buy a prepaid debit card. These are all efforts to steal your money.

The demand for immediate payment gives it away. The IRS does not call up taxpayers and threaten them with arrest if they cannot pay back taxes by midnight. The preferred method of notification is to send a bill, containing instructions to pay the amount owed to the U.S. Treasury (never some third party).

Sometimes, the phone number on your caller I.D. may appear to be legitimate because more-sophisticated crooks have found ways to manipulate caller I.D. systems. Asking for a callback number is not enough. The crook may readily supply you with a number to call, and when you dial it, someone may pick up immediately and claim to be a representative of the IRS, but it's likely a co-conspirator – someone else assisting in the scam. For reference, the IRS tax help line for individuals is 1-800-829-1040.

Scam #2: “I made a terrible mistake; you must help me.” In this scam, a caller politely informs you that the U.S. government is issuing supplemental Social Security payments to seniors next year. Do you have a bank account? You could enroll in this program by providing your account information and your Social Security number.

The caller may then tell you that they've made a huge mistake while inputting your account information – and your account was accidentally credited with a full payment, even though you were not enrolled. The distraught caller may now attempt to convince you that they will lose their job unless you send over an amount equal to the lump sum they claim was mistakenly deposited. If you refuse, the caller may have a conversation with a “boss” who demands that money be withdrawn from your account.

Scam #3: “The IRS accidentally gave you a refund.” In this sophisticated double-cross, thieves steal your data, then file a phony federal tax return with your information and deposit a false refund in your bank account. Then, they attempt to convince you to pay them the money, claiming they are debt collectors working for the IRS or IRS agents.

If you really do receive an erroneous federal (or state) tax refund, you should notify your legal or tax professional about it as soon as you can and arrange its return. You may also need to close the involved bank account if you sense you have been victimized.¹



“Knowing what must be done does away with fear.”

– Rosa Parks



Cauliflower Pizza



Serves 4

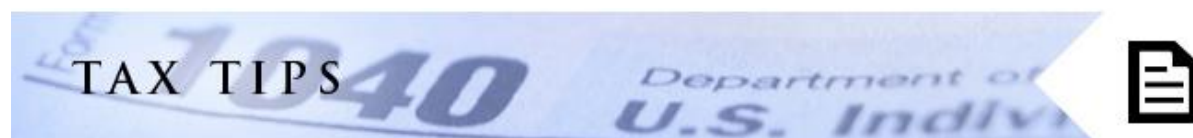
Ingredients:

- One whole cauliflower
- One egg
- ½ cup Parmesan and/or Mozzarella cheese, grated.
- 1½ tsp. seasoning mix of basil, oregano, salt, and pepper (to taste)
- Extra virgin olive oil, misted (or cooking spray)

Directions:

1. Preheat oven to 375°F and add parchment paper.
2. After you rinse and chop cauliflower, rice in food processor, and then microwave for 8 minutes (or bake in oven for 15 minutes on a baking sheet).
3. Once cooked, move rice to layered cheesecloth and let cool for five minutes. Compress the liquid out of the cheesecloth until it no longer produces water.
4. Raise oven temperature to 450°F.
5. Mix egg, seasoning mixture. Add grated cheese and fully drained cauliflower rice. Mix well into pizza dough.
6. Add new parchment paper to baking sheet, mist with olive oil or cooking spray. Move dough to center of sheet and flatten into a thin pizza crust.
7. Bake for 20 minutes on each side, turning with spatula. Once baked, add favorite toppings and cheese and bake until evenly melted.

Recipe adapted from ifoodreal.com²



Report Hobby Income

Many people do side hobbies for fun, which also happen to bring in extra income. Whenever taxpayers make money from their hobbies, they must report the income to the IRS. Here are some tips to help you correctly claim your income and expenses:

- **Discern between a hobby or business:** You can [use this IRS checklist](#) to help guide you to identify which type of income you have.
- **Deduct expenses:** Your hobby probably has necessary expenses that you must spend in order to do it well. For example, you may need to buy yarn to knit scarves. You can deduct any expenses that fall within these categories.
- **Follow deduction limits:** You can only deduct approvable expenses, up to the amount you brought in for income.

Other details may apply, and you can find more information on the [IRS website](#).

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov³



Tee It Forward

It can be tempting to play a challenging course from the longest set of tees, letting you experience the shots that pros do across a round. Sometimes, though, the holes become too long. When you play all the way from the back tees, you may be setting yourself up for a slow and frustrating round. If you end up using hybrids or fairway woods for every approach shot, is that really fun?

So, think about teeing it forward: instead of playing from the black tees, stick to the blues, the whites, or whatever tees correspond to a yardage you feel comfortable with. This encourages a better score and a faster round.

Tip adapted from USGA.org⁴



Start the New Year Off S.M.A.R.T.

While around 60% of us make New Year's Resolutions, only 8% of us achieve them. But don't let that discourage you! Transform your New Year's Resolution into a "S.M.A.R.T." goal, following these criteria.

- **Specificity** - *How* could you reach this goal? Consider the *who, what, when, where, which, and why* of the process.
- **Measurability** - Set some metrics.
- **Achievability** - Define small, attainable subtasks.
- **Relevance** - Will the steps yield the desired result?
- **Timeliness** - Assign realistic deadlines for each step.

So, instead of resolving to "add money to my rainy day fund," plan to "add \$50 to my rainy day fund per month for home repairs." You can reassess and adjust your plan with time.

Start S.M.A.R.T. and make it easier to realize your 2020 goals.

Tip adapted from Inc.com⁵ and SmartSheet.com⁶



Recycling Real Trees

As much as you may love the smell of a real Christmas tree, at some point, you'll need to dispose of it. But there's a better way of getting rid of your old tree that's good for the environment as well.

- **Recycling.** Many communities now have designated days and times to pick up old Christmas trees. Instead of your tree ending up in a landfill, they'll be put through a woodchipper and used as mulch for local parks.
- **Mulch.** Already have a woodchipper? Make mulch for your own yard. You can even invite friends and family over to mulch their trees too.
- **Firewood.** If you have a fireplace, chop up your Christmas tree, wait for the logs to dry out, and then enjoy the sweet smell of pine, while warding off those cold spring nights.

Tip adapted from Popular Mechanics⁷

Share the Wealth of Knowledge!

Please share this educational update with family, friends, or colleagues.

We love being introduced!

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¹ <https://www.irs.gov/privacy-disclosure/report-phishing>

² <https://ifoodreal.com/cauliflower-pizza-crust/>

³ <https://www.irs.gov/faqs/small-business-self-employed-other-business/income-expenses/income-expenses>

⁴ <https://www.usga.org/pace-of-play-resource-center/tips-and-suggestions-for-improving-pace-of-play.html>

⁵ <https://www.inc.com/peter-economy/10-top-new-years-resolutions-for-success-happiness-in-2019.html>

⁶ <https://www.smartsheet.com/blog/essential-guide-writing-smart-goals>

⁷ <https://www.popularmechanics.com/home/how-to-plans/how-to/g2384/6-ways-to-reuse-your-christmas-tree/>