**Weekly Webinar – Week #8 – 2016**

Housekeeping Items

1. Deal Tab in DICE will reflect re-contracted services prior to completion of the re-contracting agreement with the client.
2. Payment Holds – the “rule of thumb” is to work cases as you get paid – meaning:
   1. Client 10% to 29% paid and on Payment Hold – check with us on the reason for the payment hold, but in general – discontinue all work on the case.
   2. Client 30% to 59% paid and on Payment Hold – check with us on the reason for the payment hold, but in general – get the tax prep work done, and then discontinue all work on the case.
   3. Client greater than 60% paid and on payment hold – check with us on the reason for the payment hold, but in general – get the case completed.
3. Consumers and Tax Professionals be aware of a new surge in IRS E-mail Schemes during the 2016 Tax Season –

**Consumers Warned of New Surge in IRS E-mail Schemes during 2016 Tax Season; Tax Industry Also Targeted**

IR-2016-28, Feb. 18, 2016                                                        [Español](https://www.irs.gov/Spanish/Advierten-a-consumidores-de-nuevo-aumento-en-estafas-por-correo--electr%C3%B3nico-durante-esta-temporada-tributaria-2016-la-industria-tributaria-tambi%C3%A9n-es-blanco-de-esta-estafa)

WASHINGTON — The Internal Revenue Service renewed a consumer alert for e-mail schemes after seeing an approximate 400 percent surge in phishing and malware incidents so far this tax season.

The emails are designed to trick taxpayers into thinking these are official communications from the IRS or others in the tax industry, including tax software companies. The phishing schemes can ask taxpayers about a wide range of topics. E-mails can seek information related to refunds, filing status, confirming personal information, ordering transcripts and verifying PIN information.

Variations of these scams can be seen via text messages, and the communications are being reported in every section of the country.

"This dramatic jump in these scams comes at the busiest time of tax season," said IRS Commissioner John Koskinen. "Watch out for fraudsters slipping these official-looking emails into inboxes, trying to confuse people at the very time they work on their taxes. We urge people not to click on these emails."

This tax season the IRS has observed fraudsters more frequently asking for personal tax information, which could be used to help file false tax returns.

When people click on these email links, they are taken to sites designed to imitate an official-looking website, such as IRS.gov. The sites ask for Social Security numbers and other personal information. The sites also may carry malware, which can infect people's computers and allow criminals to access your files or track your keystrokes to gain information.

The IRS has seen an increase in reported phishing and malware schemes, including:

* There were 1,026 incidents reported in January, up from 254 from a year earlier.
* The trend continued in February, nearly doubling the reported number of incidents compared to a year ago. In all, 363 incidents were reported from Feb. 1-16, compared to the 201 incidents reported for the entire month of February 2015.
* This year's 1,389 incidents have already topped the 2014 yearly total of 1,361, and they are halfway to matching the 2015 total of 2,748.

(Numbers provided are for phishing and malware incidents combined.)

**"While more attention has focused on the continuing IRS phone scams, we are deeply worried this increase in email schemes threatens more taxpayers," Koskinen said. "We continue to work cooperatively with our partners on this issue, and we have taken steps to strengthen our processing systems and fraud filters to watch for scam artists trying to use stolen information to file bogus tax returns."**

As the email scams increase, the IRS is working on this issue through the Security Summit initiative with state revenue departments and the tax industry. Many software companies, tax professionals and state revenue departments have seen variations in the schemes.

For example, tax professionals are also reporting phishing scams that are seeking their online credentials to IRS services, for example the IRS Tax Professional PTIN System. Tax professionals are also reporting that many of their clients are seeing the e-mail schemes.

As part of the effort to protect taxpayers, the IRS has teamed up with state revenue departments and the tax industry to make sure taxpayers understand the dangers to their personal and financial data as part of the [“Taxes. Security. Together” campaign](https://www.irs.gov/Individuals/Taxes-Security-Together).

If a taxpayer receives an unsolicited email that appears to be from either the IRS e-services portal or an organization closely linked to the IRS, report it by sending it to [phishing@irs.gov](mailto:phishing@irs.gov).  Learn more by going to the [Report Phishing and Online Scams](https://www.irs.gov/uac/Report-Phishing) page.

It is important to keep in mind the IRS generally does not initiate contact with taxpayers by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels. The IRS has information online that can help protect taxpayers from email scams.

Phishing and malware schemes again made the IRS "Dirty Dozen" tax scam list this year. Check out the last [IRS Phishing Scam](https://www.irs.gov/uac/Newsroom/Phishing-Remains-on-the-IRS-Dirty-Dozen-List-of-Tax-Scams-for-the-2016-Filing-Season) news release for more info.

**What to look for in these scams**

Taxpayers receive an official-looking email from what appears to be an official source, whether the IRS or someone in the tax industry.

The underlying messages frequently ask taxpayers to update important information by clicking on a web link. The links may be masked to appear to go to official pages, but they can go to a scam page designed to look like the official page. The IRS urges people not to click on these links but instead send the email to [phishing@irs.gov](mailto:phishing@irs.gov).

Recent email examples the IRS has seen include subject lines and underlying text referencing:

* Numerous variations about people's tax refund.
* Update your filing details, which can include references to W-2.
* Confirm your personal information.
* Get my IP Pin.
* Get my E-file Pin.
* Order a transcript.
* Complete your tax return information.

**Training**

This week – let’s cover a few of the features of DICE that are not being fully utilized.

1. CAF Check/Re-Check
2. Identity Theft Check Box
3. DICE - Resolution Dashboard
4. DICE – Account Transcripts

**Tax Cheat of the Week**

# The IRS Is Losing Hundreds of Criminal Investigators

[David Voreacos](http://www.bloomberg.com/authors/ADjSGtL0H54/david-voreacos) [davidvoreacos](http://twitter.com/davidvoreacos)

Investigators retiring amid budget cuts creates brain drain

* Criminal Chief frets about relevance as probes fall 32%

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Tax cheats can breathe a little easier. The gun-toting Internal Revenue Service investigators who send felons to prison are retiring in droves and there’s no one to replace them.

IRS Criminal Investigation agents are the elite special forces in the never-ending war on tax evasion. They are feared among criminals for their unmatched ability to follow the money, assess net worth and find fraud in corporate books. They have been at the center of major tax and money-laundering cases involving Swiss banks, FIFA soccer officials, and the Costa Rican digital currency company Liberty Reserve.

Despite those victories, these are dark days for CI agents. Scandals and budget wars between the Obama administration and House Republicans are thinning out the ranks of the IRS’s 84,000 employees. By the end of next year, the number of criminal agents is projected to fall by 21 percent since 2011.

“We can’t get around the simple truth that we’re going to do less with less resources,” said CI division chief Richard Weber in discussing the agency’s 2015 annual report on a conference call Thursday. “We’re not going to be able to do more with less.”

Congressional Republicans investigated and berated the IRS after it said in 2013 that it gave extra scrutiny to Tea Party groups seeking nonprofit status. And Senator Ted Cruz, a Republican seeking the White House, has gone on record saying he wants to abolish the IRS.

“It’s hard to continue to work in an environment when your agency is constantly bashed, and your funding is slashed,” said Toni Weirauch, 52, who retired as a top CI manager in May. “I loved my career but I was exhausted by the end.”

Brain Drain

Weirauch has lots of company. Since 2010, when Republicans won control of the House, the IRS budget has been cut $1.2 billion to this year’s $10.9 billion. One consequence of those cuts is that many of CI’s best investigators are retiring at the first chance they get.

As they head for the exits, the bright minds that have researched and built complex cases for decades are no longer available to mentor replacements, should they ever get hired. The number of investigators fell to 2,316 this year from 2,739 in 2011 and is projected to hit 2,166 next year. Since 2013, only 45 new agents have been hired, and the IRS has said it doesn’t expect to add any more in 2016.

This brain drain translates to fewer resources to fight tax evasion and corporate frauds, even as CI tackles the vexing variations and growing complexity of identity theft and cybercrimes. New investigations fell 27 percent to 3,853 this year compared with 2013. Tax investigations fell by 32 percent, according to a [CI annual report](https://www.irs.gov/pub/foia/ig/ci/FY2015_IRS-CI_Annual_Report.pdf) released Wednesday.

“As an agent, your job is to find those facts and put criminals in jail,” says Claire Rossini, one of 10 former IRS agents who spoke to Bloomberg News about the staff cuts. “If you know that somebody is getting away with something because you don’t have the manpower, that’s very disheartening.”

CI agents help federal prosecutors build corruption, narcotics and money-laundering cases. Agent attaches are stationed in 10 foreign countries. They work undercover, use wiretaps and rely on informants. They are the only ones authorized to investigate federal tax crimes, including evasion and failing to file returns.

Painstaking Work

Picking their spots to sow fear and set public examples, CI agents play a central role protecting the integrity of the tax system. Cases often take years of painstaking work to meet the legal threshold of proving beyond a reasonable doubt the intent to cheat on taxes. And with resources stretched, ambitious tax and money-laundering cases risk falling by the wayside.

Weber, 50, who has run the CI division since 2012, said the agency can only do so much with 2,000 agents. He is “very concerned that we’re not going to be as relevant as we are shrinking and other law enforcement agencies are increasing,” Weber said.

While working on financial crimes, he said, “we’ll still be in the game with respect to corruption and terrorist financing and money laundering and fraud and offshore and tax evasion, identity theft and cyber.”

Criminal Networks

As the number of cases they can pursue declines, investigators say the IRS is losing one of its most potent tools: deterrence.

“CI’s role has always been to punish the tax cheat and deter others by showing there’s this organization out there that will catch you if you cheat,” said former deputy director Rick Speier, 62, who spent almost three decades at the division.

With the reduced numbers, investigators are increasingly diverted from complex tax-fraud investigations to take on the thorny problem of identity theft. Thousands of Americans have had their personal information stolen by criminals who file tax returns and collect refunds, destroying the credit of their victims. The cases now involve organized global criminal networks that can hack millions of names.

Fraudulent Refunds

In 2011, the IRS paid out $3.6 billion in potentially fraudulent refunds, an amount that swelled to $5.8 billion in 2013. The service said its own website got hit in June, with thieves stealing information on about 100,000 taxpayers to generate $39 million in refunds. Identity theft rose to 28 percent of all new investigations in 2013. Though such cases have since been declining nationally, they account for about half of investigators’ time in South Florida.

“An agency that was created to conduct complex financial investigations is being used to pursue simpler identity theft cases,” said Tony Gonzalez, who recently retired as head of the Miami CI office.

Even so, more agents work today on cybercrimes, and they use analytical software to mine data from the Treasury Department’s Financial Crimes Enforcement Network.

This allows them to “locate and make connections a lot faster” using bank account and other financial information, Weber said. “We’re still out there, and we’re still committed to going after tax fraud.”

Weber, who visits lawmakers on Capitol Hill and holds Town Hall-style meetings with agents around the country, still knows better than anyone his division has been hit hard. He pulls a laminated card from his wallet with a bar chart depicting the declining number of agents. Since the high water mark of 3,363 in 1995, the total has dropped by more than 1,000.

“Our agents and staff are tired, they’re concerned about the future,” he said. “They’re concerned about how they’re going to continue to work these types of cases.”

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