Tax time is prime time for fraudsters.

Tax time is one of the most active times of year for fraud scams—in addition to the high volume of tax-related transactions, they also leverage taxpayers' fear of the IRS to pressure investors for money and information, pretending they work for the tax authorities. Even the most diligent and well-informed tax professionals can fall victim to these scams.

For those reasons, remaining calm, alert, and aware of common tax season scams is vital. Please review the facts below to help educate yourself about these threats.

Be sure you know these facts about the IRS:

- The IRS contacts taxpayers by **mail first**; it does not initiate contact via unexpected phone call, voicemail, text, email, or social media.
- The IRS does not request personal or financial information.
- You can look up the names of official notices and letters on the IRS website.
- The IRS cannot revoke driver's licenses, business licenses, or immigration status.
- The IRS cannot threaten to immediately bring in local law enforcement.
- Avoid any mailing or online offers to help set up a taxpayer's IRS Online account, as well as transacting with fake charities, sites or groups offering misleading tax information or bogus tax forms and any tax preparers promising huge tax refunds, or especially those who will not provide their IRS PTIN. Carefully review misleading offers of fuel tax credit, Form 8944, compromise 'mills', or Employee Retention Credit (ERC), as these programs are intended for limited groups and specific criteria must be met.

AI scams are on the rise—be on the lookout this tax season

- Artificial Intelligence (AI) is technology that enables machines to mimic certain human-like behaviors. Three types of AI are particularly useful to scammers:
    - **Chatbots:** AI-powered bots can engage in realistic, long-term conversations, tricking victims in romance and phishing scams.
    - **Voice Cloning:** AI can mimic real voices, making family emergency scams more believable.
    - **Deepfakes:** AI-generated videos can impersonate real people, leading to fraud and misinformation.

- Here are some AI-powered scams to watch out for:
    - Phishing attacks— watch our video to learn what to watch out for with these common scams.
    - Family emergency scams and romance scams—to help you understand and fight these threats, review *our brochure*.

Best practices for avoiding any scam:

- It's important to always verify the legitimacy of any communication; whether it is visiting a website, email, text, phone call or mailed letter.
- Avoid clicking on links offering you something for nothing, any messages asking for log in credentials, and ignore texts or hang up on calls asking for personal information, charitable donations or offering unsolicited tech support.
- If you receive a suspicious call or text, delete or hang up, don't send them money, don't provide personal information.
- Hang up on gift card scams. And never use a gift card to pay for any money request, whether it's for the IRS, Social Security, a family member in trouble or any tech company.
- Scammers will insert urgency in the situation – take your time and speak with someone you trust if unsure of the validity of the caller.

Remember: promptly report any fraud or suspicious activity to your advisor and contact Schwab Alliance at **800-515-2157**.

To learn more information regarding Fraud Prevention, please visit our Fraud Prevention site on the Cybersecurity Resource Center.

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