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IRS URGES AFRICAN-AMERICANS TO BEWARE OF TAX REFUND SCAMS

WASHINGTON -- The Internal Revenue Service today cautioned African-Americans not to be misled by anyone offering to help them file for tax credits or refunds related to reparations for slavery. There is no such provision in the tax law. Those who pay to have reparations-related tax claims prepared are being deceived.

IRS centers nationwide have received a growing number of such slavery reparations claims this year, repeating similar experiences in 1994 and 1996.

We regret that people may be circulating misleading information in the African-American community, said IRS Commissioner Charles O. Rossotti. It is despicable that some are stealing from innocent people by charging fees to prepare what they know to be baseless claims.

For example, the Florida Attorney General obtained an injunction late last month against a Miami-based promoter who charged victims \$100 to handle their claims. This promoter even warned consumers not to contact the IRS on the pretext that the IRS did not want the general public to know about the tax credit.

Promoters do not want potential victims to learn the truth about this hoax, Rossotti said.

The IRS has seen two principal reparations schemes. In one, the person claims a credit for black investment taxes or reparations for African-Americans. In the other, the person attaches a form listing thousands of dollars in tax withholding that, in fact, never occurred.

Because there is no law providing for such reparations, the IRS rejects these claims. Taxpayers who repeatedly file them after receiving a denial notice may be subject to a \$500 penalty for filing a frivolous tax return.

Promoters of reparations tax schemes have been convicted and imprisoned, and the IRS continues to investigate new promoters for possible prosecution.

People hearing about tax benefits that sound too good to be true should check them out with a trusted tax professional or the IRS before getting involved with claims that may not be legitimate. The IRS toll-free help line is 1-800-829-1040.

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