

New Filing Season Changes to Help Prevent Scams

Cross References

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The Internal Revenue Service has released changes for the 2025 filing season designed to help protect taxpayers from becoming victims of a scam or scheme and preventing tax professionals from having their credentials compromised.

The changes to protect taxpayers include a new form involving the Fuel Tax Credit that is designed to make it harder for well-meaning taxpayers to be misled into claiming the credit by promoters. This specialized credit that's been promoted on social media is designed for off-highway business and farming use. Taxpayers need a business purpose and a qualifying business activity such as running a farm or purchasing aviation gasoline to be eligible for the credit. Most taxpayers don't qualify for this credit.

The IRS is also stepping up review on a variety of "other withholding" claims on Form 1040 that have been targets of scammers and schemers. And the IRS is reaching out to taxpayers who have potentially been using "ghost preparers" to prepare tax returns. These preparers do not identify themselves on the tax return, which is a red flag for taxpayers to be misled into a scam or scheme.

New Fuel Tax Credit Statement. The IRS has developed the "Statement Supporting Fuels Tax Credit (FTC) Computation – 1", to educate taxpayers on eligibility requirements for claiming the credit.

- **Who should file the new statement?** Individuals filing Form 1040, *U.S. Individual Income Tax Return*, for tax year 2024 who claim nontaxable use of gasoline, aviation gasoline, undyed diesel fuel or undyed kerosene on Form 4136, *Credit For Federal Tax Paid On Fuels*.
- **Where is the new statement located?** "Statement Supporting Fuel Tax Credit (FTC) Computation – 1" is located in the instructions for Form 4136 for tax year 2024. The statement should be completed and attached to Form 1040 with Form 4136.
- **What information is the statement asking for?** The statement asks for the business information, including name and Employer Identification Number or EIN (if applicable), and make, model and type of machinery or vehicle for which the fuel was purchased. The taxpayer will also be required to complete a table to show the relationship between the estimated purchase price of the fuel compared to the actual cost and gallons reported as being purchased on Form 4136. The IRS used Gasoline and Diesel Fuel Update – U.S. Energy Information Administration (EIA), when determining the average price of fuel for the year.
- **Should documentation to support the claim be included with the statement?** No. Taxpayers should not include any receipts or explanation with their tax return but maintain them with their books and records for their tax return. Taxpayers may be asked at a later time to submit proof, such as receipts, of the actual costs paid for each fuel type.

- **What happens if the Fuel Tax Credit is claimed erroneously?** Claims and filings that are based upon a position identified as frivolous by the IRS or reflect a desire to delay or impede tax administration are subject to the Internal Revenue Code (IRC) 6702(a) penalty. This penalty is \$5,000 for each return (or copy of return) claiming an improper credit as defined above. The penalty is assessed against each spouse on a married filing joint return. (Notice 2010-33)

Increased Review of “Other Withholding” Claims. To protect taxpayers, the IRS is increasing its review of “Other Withholding” on Line 25C of Form 1040. To reduce potential delays in verifying the “Other Withholding” claimed, taxpayers are encouraged to attach the supporting documentation to their return. Key forms covered by Line 25c, “Other Withholding”, include Form 1042-S, *Foreign Person’s U.S. Source Income Subject to Withholding*; Form 8805, *Foreign Partner’s Information Statement of Section 1446 Withholding Tax*; Form 8288-A, *Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests*; Form W2G, *Certain Gambling Winnings*; Form 8959, *Additional Medicare Tax*; and Schedule K1, *Partner’s Share of Income, Deductions, Credits, etc.*

Increased “Ghost Preparer” Education. During the 2025 filing season, the IRS will send letters to taxpayers whose tax returns appear to have been completed by a paid tax preparer who did not sign or include their preparer tax identification number (PTIN) on the tax return. The letters are meant to educate the taxpayer about “ghost preparers” and to help the IRS identify those who are being paid to prepare returns and are not signing or including their PTIN on the return. The IRS continues to see instances where ghost preparers dupe taxpayers into filing inaccurate tax returns for bigger refunds. The preparers later vanish like a ghost, leaving the taxpayer exposed to inaccurate claims.

Preparer Tax Identification Numbers (PTIN). During the 2025 filing season, the IRS will be working to add more protections for tax professionals. The protections will be aimed at protecting the tax professional’s electronic filing identification number or EFIN and PTIN from unauthorized use; more details on these will be available in the near future.

Stay vigilant. Threats are present year-round, but the IRS anticipates that misinformation spread by influencers and outright scammers will intensify around the 2025 tax season in an effort to persuade the public to take their bad advice.

Instead of looking to ill-informed information on social media or from shady tax return preparers presenting themselves as reputable tax professionals, a better option for taxpayers is to learn what scams are trending and to speak to a trusted tax professional.

Pass it on. The IRS encourages the public to report improper and abusive tax schemes, as well as tax return preparers who knowingly prepare improper returns, including “ghost preparers.”

To report an abusive tax scheme or a tax return preparer, people should mail or fax a completed Form 14242, *Report Suspected Abusive Tax Promotions or Preparers*, and any supporting material to the IRS Lead Development Center in the Office of Promoter Investigations.

Mail:

Internal Revenue Service
Lead Development Center MS7900
1973 N. Rulon White Blvd
Ogden, UT 84404
Fax: 877-477-9135

Alternatively, taxpayers and tax professionals may report the information to the IRS Whistleblower Office for possible monetary award.

Taxpayers can also report scams to the Treasury Inspector General for Tax Administration or the Internet Crime Complaint Center. The Report phishing and online scams page at [IRS.gov](https://www.irs.gov) provides complete details.