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# 12 ways you may be accidentally committing tax fraud

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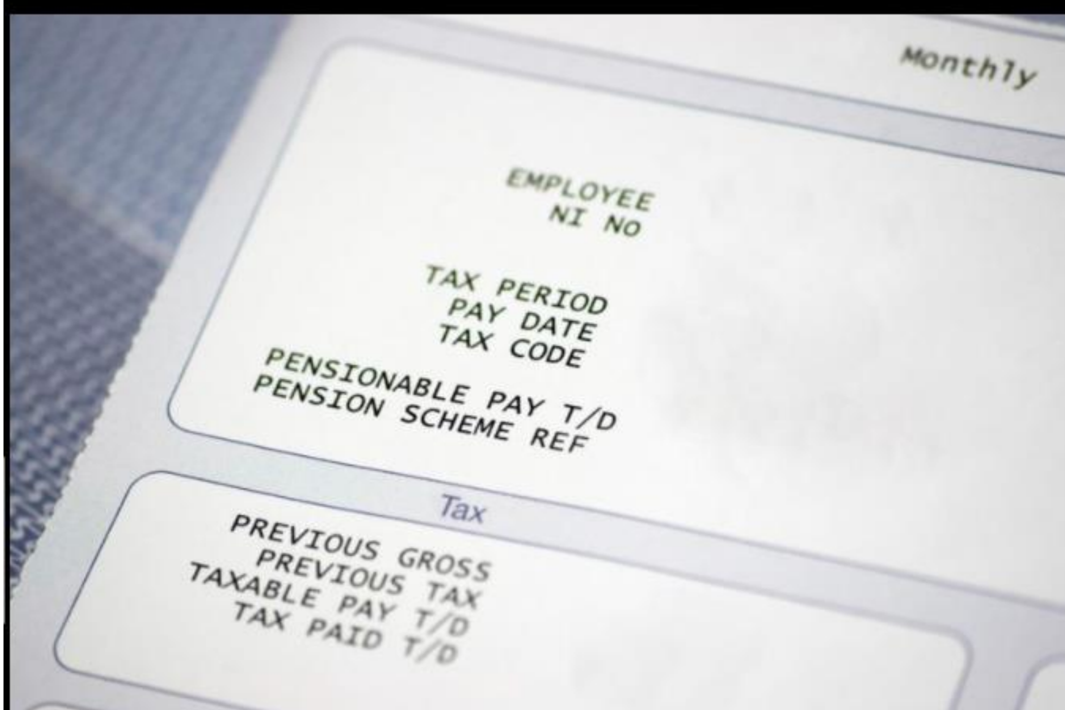
While some errors on your tax returns are honest mistakes that can be corrected, your efforts to game the system or get more of a return may teeter on the edge of outright tax fraud. Check out this information from the IRS's website and their 2019 "Dirty Dozen" list of the worst tax scams to find out some of the ways you may be accidentally committing tax fraud.

(Jorie Goins, Tribune Content Agency)

## Claiming an improper credit

CLAIMING AN IMPROPER CREDIT | Whether you're filing your own taxes or having someone prepare your tax return for you, you are "legally responsible for what is on your tax return," the IRS warns. Falsifying your income to claim tax credits you aren't entitled to can lead to penalties and additional fees. (M.VENTER-YAPR)

## Underreporting income




UNDERREPORTING INCOME | You're not fooling anyone if you understate your income to avoid paying taxes or to get a bigger return. The IRS receives third-party information about your income from employers and financial institutions using its Automated Underreporter (AUR) function. If there's a difference between what you reported and what the AUR picks up, you will receive a CP2000 form and possibly have to pay your remaining taxes. (tattywelshie/Getty Images)

## Claiming dependents improperly

CLAIMING DEPENDENTS IMPROPERLY | According to the IRS, for a child to be a true dependent, they must be related to you, live in the same home as you for more than half the tax year, be of the correct age and not file a joint return with someone else. (sturti/Getty Images)

## Non-filing

NON-FILING | Research from the IRS shows that in 2019, the nonfiling tax gap was estimated to be $39 billion. Non-filing of taxes is still considered tax fraud because you are withholding information from the IRS and failing to fulfill your legal duty to pay taxes. (Jonny Long)

## Underpayment


UNDERPAYMENT | The September 2019 estimate for the underpayment tax gap was $50 billion. You may be able to avoid an underpayment penalty if you made less than $1,000 after withholding and tax credits and you paid at least 90% of your withholding or estimated tax for the current year or 100% of the tax shown on the return for the previous year. (Juanmonino/Getty Images)

## Falsely claiming expenses

FALSELY CLAIMING EXPENSES | If you've incurred expenses associated with your work, you have every right to recoup them. But make sure you're reporting and claiming expenses you actually had. Falsely inflating expenses and deductions was included on the IRS's 2018 "Dirty Dozen" list of the worst tax schemes. The IRS estimates that close to 75% of tax filers overstate their expenses, which reduces their tax bill. The penalty for misreporting expenses can be up to 25% of the amount you owe. (Andrey Popov)

## Improperly reporting donations

IMPROPERLY REPORTING DONATIONS | Keeping improper records, misreporting a full donation when you received something of value (like tickets or merchandise) in exchange for your donation or giving to dubious charitable organizations are all ways you can find yourself unintentionally being dishonest about your taxes. (skynesher/Getty Images)

## Not giving out 1099s


NOT GIVING OUT 1099S | If you're a business owner who uses independent contractors, they can still report their income, even if you don't give a 1099. But as a business, if you fail to distribute 1099 forms, your penalties can be anywhere from $25 to $270 per form. If you intentionally disregard the form requirement, your penalty will be $550 per form with no maximum. Contractors who fail to report their 1099 income will receive a penalty of 20% of their underpayment. (Darylann Elmi/Getty Images/iStockphoto)

## Not overseeing accounting or other outside services

NOT OVERSEEING ACCOUNTING OR OTHER OUTSIDE SERVICES | Unscrupulous accountants and other scam artists abound this time of year, and not doing your due diligence could leave you with a hefty penalty or worse since, no matter who prepares or helps you prepare your tax return, you are still responsible for it. (ljubaphoto/Getty Images)

## Claiming a home office when you're not self-employed

CLAIMING A HOME OFFICE WHEN YOU'RE NOT SELF-EMPLOYED | While many people complete some of their work from the comfort of their home, a home office deduction is only for people who make “regular and exclusive use” of their home as an office and their home is the “principal place” of their business. (MoMo Productions/Getty Images)

## Creating a shell company or charity


CREATING A SHELL COMPANY OR CHARITY | Shell entities exist only on paper and can allow taxpayers to avoid reporting all of their money as personal, taxable income. Underreporting your income, however, is fraudulent, so if you've started an LLC or other company and are putting money into it, make sure it has legitimate business operations and that you are still reporting your income correctly. (Pra-chid/Getty Images/iStockphoto)

## Abusing tax shelters


ABUSING TAX SHELTERS |While certain tax shelters like retirement accounts, investments and municipal bonds are perfectly legitimate ways to minimize your tax burden, abusing these shelters by redirecting money purely to avoid paying taxes is tax evasion and can subject you to penalties. (Milaspage/Getty Images/iStockphoto)

## Fixing mistakes


FIXING MISTAKES | If you find that you've made a mistake on your tax return that could subject you to a penalty, you can amend your return using a Form 1040-X, Amended U.S. Individual Income Tax Return. In some cases, if the IRS determines that it's a clerical or mathematical error, they may correct it on their end without you having to do anything. (leezsnow/Getty Images)