

QUARTERLY INSIGHTS

Could You Be a Victim of Tax Identity Theft?

Recently, the IRS has investigated more vigorously identity theft schemes which steal taxpayers' refunds. These acts of fraud can not only significantly delay an individual's refund, but they can cause a great deal of time and stress to resolve. This article describes how tax identity theft typically works, information on how to protect yourself and how to proceed if you become a victim of identity theft.

How Tax Identity Theft Works

A typical tax identity theft involves someone who uses another taxpayer's identity and Social Security number to deceitfully file a tax return and receive a refund from the IRS. The victim is commonly apprised of the fraud only when he or she files a tax return and the IRS informs them that the return has been rejected because a tax return was already filed for the same year under that Social Security number. The refund is then delayed until the IRS can determine the validity of the taxpayer.

Steps to Take to Protect Yourself From Tax Identity Fraud

There are a number of ways thieves can obtain your Social Security number to file a tax return: hacking business or personal computers, calling an individual under the guise of an official or business requesting confidential information or even stealing personal statements from a mailbox or trashcan. While there is no way to completely protect yourself from tax-related identity theft, there are some steps you can take to minimize your risk:

- Be proactive by visiting the [IRS website](#). This site has valuable information under the tab Taxpayer Guide to Identity Theft. It also reports the most current phishing and mail schemes.
- The IRS requests that you report suspicious online or emailed phishing scams to phishing@irs.gov. For phishing scams by phone, fax or mail, call 1-800-366-4484. You can also report IRS impersonation scams by filling out the Treasury Inspector General for Tax Administration [form](#).
- Remember that the IRS only uses the U.S. mail to contact taxpayers. It does not make contact by phone or use

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electronic communication or social media.

- Shred any documents with personal identifying information.
- Avoid divulging your personal information on the phone or through email.
- Strengthen the security of your computers by using a variety of security programs.
- Frequently change your online account passwords; every three months is the recommended frequency.
- Thwart refund fraud by filing your tax return as early as possible.
- Only provide your Social Security number to a business or medical provider if it is required.
- Your Social Security card should always be kept in a secure place such as a safe deposit box or home safe.
- Check your Social Security Administration [earnings statement](#) annually.
- Check your credit report at least once a year for any suspicious activity.

What Actions to Take if Your Identity is Stolen

If you are a victim of tax refund fraud, the IRS will contact you BY

MAIL after it is verified that your return has been previously filed. They will provide identity confirmation via the Identity Certification Service (IDVerify) on IRS.gov or at a toll-free number provided. It is also advisable to prepare and submit an Identity Theft Affidavit on IRS Form 14039. In addition, make a report on the IRS Tax Fraud Hotline at 1-800-829-0433. Once your account has been resolved, the IRS will issue and mail to you an Identity Protection Personal Identification Number (IP PIN). This number will verify that you are legitimate when you file future tax returns and it will prevent the processing of fraudulent returns.

If you are the victim of an identity theft crime, file a complaint with the [Federal Trade Commission](#) (FTC). Also, contact your local police. Closely monitor your credit card accounts and contact one of the credit report companies (Equifax, Experian or TransUnion) to have a Fraud Alert placed on your account.

2016 Cost-of-Living Adjustments for Qualified Retirement Plans

The Internal Revenue Service announced that there would be no cost-of-living adjustment (COLA) in

2016 based on findings from the Bureau of Labor Statistics that there was no increase in the third quarter Consumer Price Index for Urban Wage Earners and Clerical Workers over the prior year.

Current law therefore permits no COLA increase and, accordingly, there will be no adjustment to the dollar limitations for pension plans and other items for 2016.

[Click here](#) to view the current amounts.

Want to Raze Your Taxes?

By Mark Carlie

In 2012, construction firms in the U.S. saved more than \$25 million in federal income taxes, saving on average \$100,000+ per firm, according to the IRS.

How did they do it?

First, as part of their business, they attempted to develop or improve the functionality, performance, reliability or quality of items such as:

- Energy efficiency
- LEED certification
- Structural systems
- Mechanical systems
- Water systems
- Process design
- Flashing details

- Pilot plants
- Construction techniques
- Construction equipment
- Low-carbon technologies
- Plant performance or capacity
- Building materials, their combinations and uses
- Electrical and lighting systems
- Integration and constructability of building components
- Reclamation and remediation techniques
- Structural boring techniques
- Temporary structures used in construction processes
- Environmentally sustainable solutions
- Sanitary systems, including waste and wastewater treatment and disposal

Second, they identified and reported on their tax returns' "research tax credits" for these efforts.

Equal to up to 15 percent of qualified spending, these credits are available for wage and subcontractor expenses, as well as for some non-depreciable supply or material expenses, paid or incurred during all phases of a construction project, including:

- The preliminary bid-and-proposal stage, when design and technical specifications are being developed;
- Actual construction itself; and
- Plant commissioning or startup, when designs are being tested for performance.

To qualify, your firm must both:

- Retain rights to the attempted development or improvement, e.g., the improved construction technique can be used for other clients; and
- Be at economic risk for its development, i.e., if your efforts to develop or improve the technique failed, you would not be legally entitled to reimbursement from an unrelated third party for those efforts. For more information, [click here](#).

If construction firms are entitled to reimbursement of those costs by the client, then the client might be entitled to the research credit. Informing them that these activities may help them qualify for the credit could benefit both bottom lines.

This article first appeared on the AGC Missouri Blog.

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Ethical Consumerism is on the Rise

By Doug Hart

Ethical consumerism - the practice of making purchasing decisions based on a product's social and ethical positioning - is on the rise

as consumers look to drive change by where and what they spend their dollars on. Nielsen's [corporate social responsibility survey data](#) revealed more than half (55 percent) of global respondents say they are willing to pay extra for products and services from companies that are committed to positive social and environmental impact. And according to an annual benchmark study by Good.Must.Grow (GmG), a socially responsible marketing consultancy, the percentage of Americans who have increased their socially responsible shopping has increased three years in a row, growing from 18 percent in 2012 to 30 percent in 2014.

As this practice of ethical consumerism grows, retailers are starting to take note and are adjusting their business strategies accordingly. While retailers, like Patagonia, Ben & Jerry's, Whole Foods and TOMS, may make attracting these consumers look easy, it's not. To appeal to the [65 percent](#) of Americans who bought goods or services from socially responsible companies last year - a number that could possibly increase even more this year - retailers need to radically shift their mindsets away from a 100 percent bottom-line focus and toward promoting the following:

Transparency

The cornerstone of selling to ethically minded consumers is the

elimination of the walls that once separated retailers from consumer oversight. For retailers to be considered transparent, [“there must be an absence of hidden agendas and conditions, and a minimum degree of disclosure wherein transactions, practices, dealings and agreements are open to all for verification.”](#) For transparency to be realized, retailers need to pull back the curtain on their inner operations, from how they treat their talent to where they source their goods. Good.Must.Grow reports that treatment of employees is the biggest factor (45 percent) when people decide how responsible a company is, followed by environmental impact (40 percent).

“Consumers, governments and companies are demanding details about the systems and sources that deliver the goods. They worry about quality, safety, ethics and environmental impact,” according to Steve New’s *Harvard Business Review* article, [“The Transparent Supply Chain.”](#) And retailers are responding by making more information on their supply chains available to the masses. With this increased openness surrounding operations, retailers have been forced to rethink how they work with their supply chain partners to ensure their values and standards align with the retailer’s own as well as consumers.

According to [Raconteur](#), “This is why retail businesses are at the moment, for example, working closely with supply chain partners at home and overseas, devising guidance documents and sharing best practices to ensure certain minimum standards are met in the tens of thousands of factories from which retailers source their goods around the world.” For example, Levi Strauss & Co. was the first in its industry to establish global guidelines for water quality standards for its suppliers in an effort to minimize its burden on the global water supply.

To showcase for consumers the efforts they are taking to improve their supply chains, retailers are turning to new technologies. New reports in his [Harvard Business Review](#) article that retailers are using revealing technologies to allow consumers access to an unprecedented level of detail about the products they are purchasing through the use of technology tags, like RFID (radio-frequency identification). He notes: “The ubiquity of such mobile devices means that consumers can readily access this ‘internet of things,’ gathering provenance information not just at the generic level of the item category or type but for the specific item. If I’m interested in, say, food safety, the technology can tell me not just about this type of chicken, but *this* chicken.” For example, Patagonia’s Footprint Chronicles is a website

that allows people to trace its Nano Puff Pullover, Chacabuco backpack and more than dozen other products from design through the manufacturing process and into its distribution system.

By using transparency to empower consumers and place them in a position to hold businesses accountable, retailers are cultivating a stronger sense of trust. And it is this trust that helps retailers grow and diversify their consumer bases to include more of the ethically minded.

Authenticity

For retailers to achieve an authentic reputation, they need to demonstrate: [\(1\) How their offerings make consumers’ lives better; \(2\) how the brand is committed to a customer’s well-being; \(3\) how the brand contributes to society as a whole.](#) By showcasing how their companies contribute to the communities in which they work, live and play, retailers not only build meaningful relationships with their consumers, especially the ethically minded, they can also grow their bottom lines.

For example, Patagonia has embraced an “environmental ethos,” appealing to customers who also value sustainability. In a recent campaign, the retailer urged consumers to repair clothing instead of purchasing new, and it engaged with advocates and

customers alike to support the sustainability movement. Throughout the year, [sales reportedly increased](#) by almost one-third to \$543 million.

[The New York Times](#) reports that several studies have proven the impact that authenticity - real or perceived - can have on the bottom line. This bottom line impact might be because companies who are honest are preferred by consumers. According to an October 2014 study on authentic brands by [Cohn & Wolfe](#), the behavior consumers demand most from big brands is communicating honestly about products and services.

Beyond demonstrating honesty, companies aiming to strengthen their reputation as an authentic brand should also consider highlighting the following:

- **Sincerity:** A while back, Levi Strauss & Co.'s "Go Forth" black-and-white videos highlighted the aftermath of Hurricane Katrina on New Orleans. According to [Entrepreneur](#), the campaign positioned Levi Strauss & Co. as the "brand for pioneers who are in the process of building a new America." It was in alignment with the company's roots - selling built-to-last pants to pioneers during the California gold rush - without pushing its wares and showcasing its support of and faith in the community to rebuild itself. In the end, audiences felt

it was a powerful demonstration of the company's sincerity.

- **Contribution To The Greater Good:** At the core of [Seventh Generation](#) - the nation's leading brand of household and personal care products that help protect human health and the environment - and driving its marketing plans is the company's mission to enable consumers to make a difference in the planet and public's health through everyday consumer choices. For Seventh Generation, this means providing consumers the opportunity to make a positive difference through their purchases of laundry detergent, paper towels and other household products.
- **Heritage:** According to [The New York Times](#), "Tito's Handmade Vodka, of Austin, Texas, is another company that emphasizes authenticity in its marketing. Its website tells the life story of Tito Beveridge, the founder, highlighting his commitment to quality while also pushing the heritage angle: The vodka is "made in small batches in an old-fashioned pot still," using a "time-honored method." The approach seems to be working: In 2013, the company sold 1.3 million cases of vodka, compared with 365,000 in 2010."

Ultimately, according to [The New York Times](#), people love being a part of an authentic brand because

they aren't just buying into a logo, they're also "buying into a set of values." And the [Authentic Brand Index](#) (ABI) has shown that the stronger a brand's perceived authenticity, the more likely people are to become advocates for it.

Through promoting transparency and authenticity, retailers can achieve more than just growing their ethical consumer base. They acquire and develop brand loyalists who will journey with them beyond the transaction.

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