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Florida Highest in Prisoner Tax Frauds

Florida is the state with the highest number of cases involving prisoner tax fraud. This is especially so in north Florida where 2,407 cases in which fraudulent tax returns were filed by prisoners were reported in northeast Florida alone in 2009. But a law that has been passed recently to overcome the issue is now in place. The Inmate Tax Fraud Prevention Act 2008 gives the IRS the right to disclose inmates' financial details to federal prison authorities if the need arises. Last year, the law was amended to include state penitentiaries. However, to-date the IRS has not enforced the amendment.

Sen. Bill Nelson believes this non-action is because the IRS is afraid of being sued. The senator issued a letter to the IRS Commissioner recently that read, "I am concerned that more than eight months after Congress passed a measure to crack down on tax fraud by prison inmates at state correctional institutions, the Internal Revenue Service and Florida Department of Corrections have yet to reach an information-sharing agreement that will help state prison officials identify prisoners filing false tax returns."

However, the IRS and the Bureau of Prisons denied they were dragging

their feet in this matter and instead said they were collaborating on eliminating the gaps in enforcement.

IRS spokeswoman Christina A. D'Amico told the Associated Press, "The IRS is very successful at detecting and stopping incorrect refunds, including criminal refund fraud, and prevents the vast majority of refunds from fraudulently going to inmates".

Nationwide, the number of fraudulent tax returns filed by prisoners has increased substantially. In 2004, there were 18,103 false returns filed by prisoners claiming a total of \$68 million. In 2009, that number more than doubled to 44,944 cases of false tax returns totaling \$295 million in claims.

Last year, about 20 prisoners in Duval County collected \$100,000 by falsifying tax returns. In 2007, a mother in Jacksonville along with her two sons were sentenced to federal prison terms for filing false tax returns from prison claiming \$580,000 in tax refunds.

Sen. Nelson's Communications Director, Dan McLaughlin said inmates fill out the same forms that every other taxpayer fills out, and often report false incomes without providing supporting documents. And since the IRS does not audit every tax return it receives, these claims go undetected. At certain times, the prisoners will forge the documents supporting their claims, as in the case of the Duval County prisoners.