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Treasury Reports on Tax Cheats in IRS

The Treasury Inspector General for Tax Administration (TIGTA) has drawn up a report uncovering the offences of more than one hundred IRS employees who have claimed the first time home buyers credit even though they were not eligible for it.

The first time home buyers credit was put in force in 2008 and 2009 as an economic stimulus as one of the measures to revive the ailing real estate market. The credit can save you up to $8,000 in taxes. The TIGTA report stated that 128 IRS employees claimed for the home buyers credit even though some of them were not first time home owners and others did not buy their homes within the stipulated time period to qualify for the credit.

In another related incident, Catherine Griffin, a part-time IRS employee has been charged with changing IRS computer data to secure the credit for four friends and relatives who paid her $2,000 each. On March 24, she pleaded guilty to the charge.

The first time home buyers credit, which was signed into law by President Bush and later extended by President Obama, offers a refundable tax credit that transfers money back to the taxpayer even though he or she is not liable for tax. Such a generous tax scheme is bound to be an incentive for fraud. As a matter of fact, the TIGTA says the few IRS fraudsters represent a small percentage of the total fraud in the program, which is estimated to come up to more than half a billion dollars in total.

Members of Congress were understandably concerned with IRS employees flouting tax laws. Sen. Orrin G. Hatch (R-Utah), a member of the Senate Finance Committee, commented, “It is incomprehensible that this many IRS employees improperly claimed the homebuyer tax credit. These are the very people who are supposed to fairly enforce our tax laws, but seem to instead be taking advantage of that expertise for their own personal benefit.”

In response, the IRS through its spokesman Grant William issued a statement saying the agency views this matter with utmost seriousness and will not hesitate to take “strong action, including dismissal”, against any employee found to have submitted fraudulent claims.

Thus far, at least one IRS officer, Michael E. Doyle, has been charged with making a fraudulent tax credit claim while working as a government employee, a crime which carries a penalty of up to 5 years in prison.

Doyle, an IRS supervisor from New Hampshire, claimed that he bought his house in April 15, 2008 when in reality he did so on August 15, 2007 which was before the eligibility period.