



**December 28, 2011**

## Prisoners Become Tax Preparers

According to an audit conducted by the Treasury Inspector General for Tax Administration (TIGTA), several hundred prisoners have registered themselves to become licensed tax preparers. Among the thousands of newly appointed tax preparers who obtained their active or provisional Tax Preparer Identification Numbers (TPIN) were 331 prisoners who were still serving time behind bars. 43 of these were under life sentences. None of them disclosed their felony offences in their application, the TIGTA said.

A total of 962 applicants who had been jailed within the last 10 years received their active or provisional TPINs and more than three quarters of them did not reveal that they had been incarcerated. The IRS has been acting on a Congressional mandate in 2009 that requires many tax preparers to file tax returns electronically.

To remedy the situation, the IRS said it would suspend TPINs issued to prisoners and reject future applications by those still serving sentences in prison. Russell George, the Treasury Inspector General for Tax Administration said, "Based on our report, the IRS is working on solutions for suspending preparer identification numbers obtained by prisoners and preventing future applicants who are prisoners from receiving a preparer ID number. They must persevere in these efforts ... especially given the prison inmate population's determination to misuse the system."

It has long been a known fact that certain inmates still serving prison terms have managed to game the system and commit tax fraud while still behind bars. Most of the tax crimes involve identity theft and forgery of tax refund claims to steal refunds from the system. In February, USA TODAY reported that three states namely Florida, Georgia and California had the highest number of prisoners in the country who used false or fraudulent tax returns to obtain nearly \$19 million in tax refunds in 2009. This was almost half of the total amount of unlawful tax refunds issued to prisoners nationwide which came up to \$39.1 million according to an IRS report to Congress that was included in a Treasury Inspector General for Tax Administration audit released in January.