

News

ARIZONA Department of Revenue

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ARIZONA DEPARTMENT OF REVENUE STOPS \$74 MILLION IN FRAUDULENT REFUNDS

The Arizona Department of Revenue continues to combat the growing epidemic of tax fraud whereby individuals file false income tax returns using stolen or fictitious taxpayer information. Over the past fiscal year, the Department of Revenue stopped over \$74 million dollars in fraudulent refunds from being sent out.

Anthony Forschino, Assistant Director for the Department of Revenue in charge of criminal investigations, states this is an increase of over \$42 million dollars from the previous fiscal year when \$32 million in fraudulent refunds were prevented. "To give an idea of how dire this problem has become, consider that just five years ago we stopped less than \$2 million in fraudulent refunds," stated Forschino. "To stop over 37 times more in fraud just a half a decade later shows how rapidly this type of crime has proliferated." He attributed the increase from the prior year to enhancements to the Department's computer programs along with assigning additional highly trained and motivated financial auditors and investigators to this effort. Forschino also said, "The Department is working with the IRS, other states and law enforcement agencies to share information and develop strategies to combat this kind of fraud, especially by the larger criminal syndicates and organized groups who are engaged in this type of fraud."

"The advent of electronic filing has made it possible for crooks sitting at computers anywhere in the world to use stolen identities to file bogus tax returns claiming fraudulent refunds," said Department of Revenue Director David Raber. "Tax refund fraud is not limited to Arizona. The IRS reports in tax year 2013 it paid out nearly \$4 billion in fraudulent refunds to criminals. IRS data shows that identity theft grew 66% during that year. In addition to the IRS, every state taxation agency in the US is dealing with this problem." Raber also said, "This type of tax fraud amounts to blatantly stealing hard-earned taxpayer money from the state's general fund. We will continue to do everything possible to combat this kind of crime."

"Our Criminal Investigations Unit, with the assistance of staff from the Audit and Collections Divisions, has done an amazing job in protecting taxpayer money by stopping these fraudulent refunds from being sent out," said Director Raber. He added, "It is important to continue this effort, and it is our commitment to the citizens of Arizona to continue using all available resources to protect taxpayers and their tax dollars from this type of fraud."

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