The Virgin Islands Consortium

Tax Filing Season Starts Friday; IRS Urges Taxpayers to File Accurate Returns or Face Penalties, Including Jail Time

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The Internal Revenue Service's Criminal Investigation Division (IRS-CI) on Tuesday reminded taxpayers to file accurate tax returns and choose a tax preparer wisely. The nation's tax season starts on Friday, February 12, when the agency begins accepting and processing 2020 tax year returns.

U.S. persons are subject to tax on worldwide income from all sources. Most taxpayers meet this obligation by reporting all taxable income and paying taxes according to the law. However, those who willfully hide income should know that the IRS works across its divisions to ensure the highest possible tax compliance. Taxpayers found to be committing fraud may be subject to penalties including payment of taxes owed plus interest, fines and jail time.

According to the IRS, anyone who is paid to prepare or assists in preparing federal tax returns must have a valid Preparer Tax Identification Number (PTIN) by law.

“Every year we investigate return preparers who engage in fraudulent activities where victims are often not even aware of the preparer’s criminal activity. We are providing tips on choosing a reputable return preparer to prevent taxpayers from being victimized,” said Tyler R. Hatcher, IRCS-CI acting special agent in charge of the Miami Field Office.

"Paid preparers must sign and include their PTIN on the return," Hatcher said. "Not signing a return is a red flag that the paid preparer may be looking to make a fast buck by promising a big refund or charging fees based on the size of the refund."

Tax return preparers are vital to the U.S. tax system. As of tax year 2018, 55 percent of taxpayers used a paid preparer. Although most preparers provide honest and professional services, there is a small number of dishonest preparers who set up shop during filing season to steal money, personal and financial information from clients. Taxpayers can avoid falling victim to unscrupulous preparers by following important steps.

Tips when choosing a tax preparer:

- Look for a preparer who is available year-round in case questions arise after the filing season. • Ask if the preparer has an IRS Preparer Tax Identification Number (PTIN), which is required for paid preparers.
- Inquire about the preparer’s credentials and check their qualifications.
- Ask about service fees. Avoid preparers who base fees on a percentage of their client’s refund or claim to offer a bigger refund than their competition.
- Never sign a blank or incomplete return and review it before signing. Refunds should go directly to the taxpayer, not the preparer.

For more tips on choosing a tax professional or to file a complaint against one, visit IRS.gov. Taxpayers who suspect tax violations by a person or business, may report it to the IRS using Form 3949A, Information Referral.

The IRS Criminal Investigation is committed to protecting taxpayers from people cheating the U.S. tax system. Here are some examples of some of the most egregious criminals that have been recently investigated and brought to justice:

Paul E. Senat was sentenced to 90 months in prison and 3 years of supervised release for aiding and assisting in the preparation of false tax returns and theft of government funds. Through his businesses, Senat falsified his clients’ returns by reporting fictitious business losses and false education credits in order to fraudulently inflate their refunds.

Augustin Dalusma was sentenced to 97 months of incarceration, 3 years of supervised release and restitution of $2,170,538.77 payable to the IRS. Dalusma, a tax preparer, falsified information in tax returns for 630 of his clients, fraudulently qualifying them for thousands of dollars in tax refunds that they were not lawfully entitled to collect.

Orly Maurival was sentenced to 70 months in prison and three years supervised release. Maurival and his co-conspirators prepared and filed returns on which they claimed a variety of credits and deductions to which their clients were not entitled, deductions for unreimbursed employee expenses, and deductions and credits for educational expenses. In most cases, the conspirators caused fees to be deducted from their clients' refunds without their clients' knowledge.