

## With Tax Season Approaching, Regulators Warn of Online Fraud

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(TNS) — As more taxpayers turn to online filing services and criminals become more sophisticated, regulators say they must balance the desire to get refund checks out quickly with the need to combat tax fraud.

"The quicker you are on paying refunds, the greater the risk of not finding fraud," said [Rod J. Rosenstein](#), U.S. attorney for the District of [Maryland](#).

Rosenstein's remarks were part of a panel discussion about tax fraud at a taxpayer security summit organized by Maryland Comptroller Peter Franchot's office, held Thursday at the University of Baltimore.

Marylanders who file their taxes online can expect their refund to be processed in about two business days. The comptroller's office expects to stick to that goal for the 2016 tax season, which opens Jan. 23, said Alan Brody, Franchot's press secretary.

"The expectation is to get refunds out as quickly as possible while also ensuring fraudulent refunds are properly caught," Brody said.

Elsewhere, regulators have had to slow down to ensure they're not paying out fraudulent filings.

Washington, D.C., residents in the past got their refunds in a matter of days, but now they can expect to wait at least two weeks, said Glenn Groff, the director of operations for the D.C. Office of Tax and Revenue, during the panel discussion.

Most federal tax refunds are sent within 21 days, but some refunds will be delayed.

The [Internal Revenue Service](#) won't release refunds for tax returns that claim the Additional Child Tax Credit and Earned Income Tax Credit until Feb. 15, according to the National Association of Enrolled Agents, which represents federally licensed tax experts. The delay is intended to combat tax fraud and is required under the 2015 Protecting Americans from Tax Hikes Act.

Maryland relies on sophisticated analytics technology to detect suspicious patterns in tax filings, a majority of which are completed online, and halt fraudulent refunds.

The comptroller's office has blocked more than \$174 million in fraudulent tax refunds since 2007.

Still, as fraud schemes continue to evolve, the state is taking more precautions this year.

New this tax season, Maryland will not process state tax returns until an individual's W-2 is on file. Employers must report this wage information to the comptroller by Jan. 31, so early filers could experience a delay in getting their refund.

Franchot announced at the summit that he was backing legislation that would expand his office's ability to crack down on tax fraud.

The Taxpayer Protection Act of 2017 would give the comptroller's office greater authority to build criminal cases against wrongdoers. The bill would also extend the statute of limitations for tax crimes from three years to six, the same amount of time IRS has to investigate federal tax crimes.

"We're keeping up with the bad guys as far as preventing the fraud from happening, but we're not prosecuting as we'd like to," Franchot said in an interview.

A similar bill died in committee last year, but Franchot said he hopes the initiative will succeed this year because it has the support of Gov. [Larry Hogan](#) and will be introduced by his administration.

"Tax fraud is real, it's unacceptable, and it often unfairly targets some of our most vulnerable citizens," Hogan said in a statement. "This legislation makes key reforms to protect Marylanders from predatory tax practices and safeguard taxpayers' private information."

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