who actively engage in the filing of fraudulent returns.

Dave McClure • Aug. 14, 2013

From the Bleeding Edge blog.

The Internal Revenue Service, in conjunction with the US Department of Justice, has ramped up its efforts to identify – and publicly bring charges against – tax preparers who actively engage in the filing of fraudulent returns.

While such efforts are to be applauded in any industry that wishes to maintain its status as a professional services sector, the sheer number of media reports, and multiple reports on each set of charges filed, might lead some to believe that the problem is widespread and requires a legislative response that includes regulation and certification.

Whether or not that occurs, it is helpful to consider the numbers. According to the US Department of Justice, "hundreds" of tax preparers have been prosecuted over the past decade for fraud. That means that, at worst, 999 of the 112,000 tax preparers – or roughly 0.9 percent of preparers – have been found to be acting fraudulently.

Divide that by a decade, and less than one-tenth of one percent of the industry has acted fraudulently over the past year, on average.

A higher number than it should be, perhaps, but still a pretty low incidence of fraud for an industry engaged in complicated financial transactions. And with the rate this low, one has to wonder whether the fraud problem deserves all the negative press it is receiving – or if there is simply another agenda at play.

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