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Isaac M. O'Bannon • Oct. 08, 2015

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In some cases, those committing the fraud have been a small group of people conspiring and helping each other in the scheme. Such was the case in Pensacola, [where a Florida man and his uncle, a pastor in Alabama](#), pleaded guilty to fraudulently filing tax returns in other people's names and laundering the refund checks through the uncle's church.

But criminal groups are also finding tax fraud appealing, with large criminal gangs who once perpetuated more violent and drug-related crimes seeing tax fraud as much easier and safer than street crimes. Earlier this month, 11 Miami and south Floridians [were indicted for filing taxes for 2,700 dead people](#). If they had succeeded, they could have received as much as \$34 million in federal income tax refunds.

In yet another case, this time from Tampa, two [newlyweds were arrested earlier this](#)

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guilty in an identity theft tax fraud case that involved as many as 2,000 bogus tax returns over two years, [which gained her \\$11 million in bogus refunds](#). When sentenced in late April, she faces up to 351 years in prison.

Why Is Florida #1

So, why Florida? In terms of population, Florida is the fourth-largest state, behind California, Texas and New York. While every state has cases of income tax fraud each year, [even Alaska](#), the proportion of such cases in Florida has been exceptionally higher than in other states.

In fact, Tampa and Miami top the list of U.S. cities with the most fraud-related income tax filings, with more than 88,000 in Tampa in 2011 and more than 74,000 in Miami that year.

Again, why Florida? The answer is because Florida's residents are better targets for the tax fraud perpetrators, according to Jim Buttonow, a Certified Public Accountant who worked for the IRS for 19 years as a large case team audit coordinator.

"Florida residents make perfect targets for the EITC (Earned Income Tax Credit) fraud," he said. "ID theft mainly centers around refundable credits, most predominantly the earned income tax credit and the additional child tax credit. Also, many Florida residents either have low or no earned income (retired under 65 or transient) but have social security numbers."

Since leaving the IRS, Buttonow has cofounded and serves as vice president of [New River Innovation Inc.](#), which makes technologies that tax professionals use to manage IRS correspondence issues.

Another issue is that Florida is popular with retirees, he said.

“Florida has a larger population of recently deceased people that fall prey to identity

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implementing changes to help it better root out bogus returns.

“The IRS has been working on a real time tax system,” Buttonow added. “This would allow the IRS to match tax return information before it is accepted, in order to prevent these problems, as well as other underreporting problems.

For residents of every state, keeping your most sensitive personal information private is essential in trying to avoid being victimized. The National Association of Enrolled Agents, a group of tax professionals recognized and credentialed by the IRS, has [issued a recent alert to taxpayers](#) on how to avoid being scammed.

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