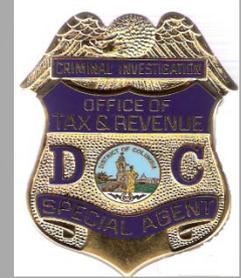




# Criminal Investigation Division

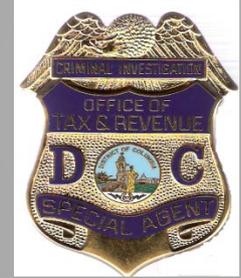
Gilbert R. Garza, Chief, Criminal Investigation  
Office of Tax and Revenue  
Compliance Administration  
Thursday, January 8, 2014

# Background



- ▶ Established circa 1997
- ▶ Criminal Tax Reorganization Act of 2000
- ▶ Total Staffing
  - Criminal Investigation
    - 2 Lead Criminal Investigator, 10 Special Agents, 1 Administrative Assistant;
  - Revenue Protection
    - 1 Lead Criminal Investigator, 8 Compliance Analysts
- ▶ Office of Attorney General and the United States Attorney's Office

# Mission Statement



The Office of Tax and Revenue (OTR) Criminal Investigation Division (CID) serves the District of Columbia by investigating potential criminal violations of the District tax laws and related offenses in a manner that fosters confidence in the District of Columbia tax system, promotes compliance with the District's tax laws and brings about the highest level of voluntary compliance.

# Violations



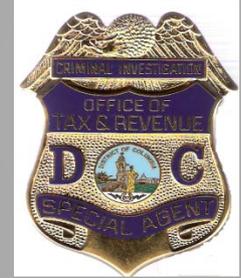
## Those that mirror the Federal Violations D.C. Code Title 47, Chapter 41

47-4101	Attempt to evade or defeat a tax
47-4102	Failure to collect or pay over
47-4103	Failure to pay tax, make return, keep records
47-4104	Fraudulent Statements
47-4105	Fraudulent withholding information
47-4106	Fraud and False Statements
47-4107	Attempt to interfere with DC Revenue Laws

## Unique DC Code Title 22 Chapter 32

§ 22-3211	Theft felony over \$250.00
§ 22-3222	Fraud felony over \$250.00
§ 22-3227	Identity theft

# Investigative Partners



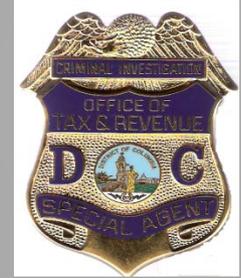
- ▶ OTR–Audit and Collection
- ▶ Internal Revenue Service
  - Criminal Investigation Division
- ▶ Postal Inspection Service
- ▶ Federal Bureau of Investigation
- ▶ OCFO Office of Integrity and Oversight
- ▶ DC Office of Inspector General

# Investigations



- ▶ False Returns/Tax Evasion
- ▶ Failure to File
- ▶ False Returns (Tax Preparation Entities)
- ▶ Residency Issues
- ▶ Questionable Refund Detection:
  - Tax Preparers
  - Identity Theft
  - Multiple Filers

# Investigative Priorities



- ▶ Tax-related Identity Theft
- ▶ Return Preparers

# Tax-related Identity Theft



- ▶ Fastest growing area of fraud
- ▶ Internal controls to identify tax-related identify theft and to stop the issues of affected refund payments
- ▶ Identity authentication
  - OTR-CID investigates the alleged crime and CSA administrates the taxpayer's true refund

# Tax Preparers: Questionable Return Detection Overview



- ▶ Vast majority of preparers are reputable and prepare an accurate product.
- ▶ Our goal is to identify and investigate the dishonest preparer, also audit the returns and collect the tax or issue the correct refund.

# Questionable Returns

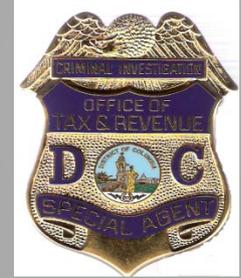


- ▶ Inflated Individual Refunds (D40)
  - False Schedule A deductions
    - Medical
    - Charitable
    - Unreimbursed business expense
    - Moving Expense
  - False Schedule C losses/gains to create an EITC refund
  - False IRA's

# Revenue Protection

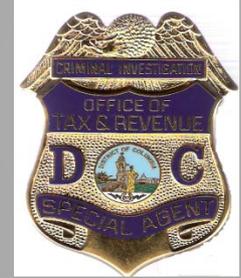
- ▶ Established Core Group to Identify Fraudulent Tax Returns and Schemes
- ▶ Aggressively Protect the Revenue of the District by Denying Frivolous Claims
- ▶ Pursue Criminal Charges Against Willful Violators, both Preparer's and Taxpayers.

# Areas of Concern



- ▶ Domicile issues – DC residents not filing D40 return, with P.O. Box in states with no income tax
- ▶ Head of Household – limited to one per household
- ▶ Schedule A, Itemized Deductions
- ▶ Schedule C income (loss) to justify fraudulent EITC
- ▶ Schedule H – Homeowner and Rental Property Tax Credit

# Areas of Concern



- ▶ Schedules E&R – Rental Loss
- ▶ Schedule C income loss to offset pension income
- ▶ Fraudulent W-2s
- ▶ Federal Pensions
- ▶ Dependents
- ▶ Identity Theft

# Tax Fraud Hotline



## ▶ Fraud Hotline

- Email: [taxfraudhotline@dc.gov](mailto:taxfraudhotline@dc.gov)
- Phone: (800) 380-3495
- Mail: Office of Tax and Revenue  
Attn: Tax Fraud Hotline  
1101 4<sup>th</sup> Street SW, Suite 7656  
Washington, DC 20024