

## Tampa man reported income of \$18,497; IRS sent him a refund check for \$980,000

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Antara Foto | Hafidz Mubarak via Reuters

There are big tax refunds, and then there are \$980,000 tax refunds.

Ramon Christopher Blanchett, of Tampa, Florida, and self-described freelancer, managed to scoop up a \$980,000 tax refund after submitting his self-prepared 2016 tax return.

He also allegedly claimed that he earned a total of \$18,497 in wages — and that he had withheld \$1 million in income taxes, according to a Jan. 18 forfeiture complaint filed by the U.S. Attorney's Office.

In reality, Blanchett received \$2,098 in wages from one employer and \$1,399 from another employer, according to the complaint.

He withheld no federal income taxes from either, the U.S. Attorney's Office said in the filing.

*"It comes down to how the system was functioning and whether it was properly staffed. Resource constraints affect that almost inevitably." -Mark W. Everson, former IRS commissioner from 2003 until 2007*

The story was initially reported by the [Tampa Bay Times](#).

Blanchett could not be reached by CNBC for comment. His contact information was not immediately available, and no attorney was listed for him in the U.S. Attorney's complaint.

Though the massive refund check made it out the door at the IRS, the taxman is taking steps to get the money back.

Thus far, Uncle Sam has managed to seize \$919,251 from three bank accounts and a 2016 silver Lexus RC registered in Blanchett's name.

The U.S. Attorney's Office is now fighting over \$809.94 — the amount of money refunded to Blanchett when he cancelled the insurance coverage on the Lexus, according to the complaint.

Here's how a case like this one might slip through the cracks.

### **Fraud prevention**

While the IRS Criminal Investigation Unit managed to identify \$9.69 billion in [tax fraud in 2018](#), and it initiated 1,714 investigations around tax crimes, sometimes phony returns slip through.

"We have filters to try to detect fraudulent refunds and claims, but there are the ones that get through and get paid," said Eric Smith, a spokesman for the IRS.

The IRS can head off phony tax returns by matching them to the information returns businesses send the tax agency to show that they've paid someone, said Leandra Lederman, a tax law professor at Indiana University's Maurer School of Law.

The agency's fraud detection systems were able to protect \$7.6 billion in revenue between Jan. 1 and Sept. 30 last year, but they delayed the processing of nearly \$20 billion in legitimate refunds, according to the [Taxpayer Advocate Service's](#) 2018 annual report to Congress.

"There's pressure on the IRS to get refunds out to people quickly," Lederman said.

There's an additional set of checks and balances in place for very large tax refunds.

That kicks in at a high threshold: The Joint Committee on Taxation is supposed to review tax refunds that [exceed \\$2 million](#) (or \$5 million if the taxpayer is a C-corporation).

### **Revamping systems**

Additional funding for the IRS — particularly an investment in its computer systems — could help the agency better sniff out suspicious returns, tax experts said.

