

TAX FRAUD

Each year, the government loses hundreds of billions of dollars to tax fraud. To combat the problem, both the IRS and New York State have adopted whistleblower programs that offer significant rewards to those who blow the whistle on individuals and businesses who owe significant tax liabilities. For knowing violations of the tax law, New York imposes treble damages and offers whistleblowers up to 30 percent of the damages recovered from the wrongdoer.

Common Types of Tax Fraud that Could Support a Whistleblower Claim

While no list can be exhaustive, some common types of tax fraud that could support a whistleblower claim under either or both the IRS and New York tax whistleblower programs include:

- Hiding income in secret, offshore accounts
- Investing in or promoting bogus tax shelters
- Misclassifying workers and paying employees under the table
- Failing to report or hiding income and/or exaggerating expenses or deductions
- Filing false claims for credits
- Engaging in sales tax evasion

New York State's Authorization of Whistleblower Cases

In August 2010, New York became the first state in the nation to affirmatively authorize whistleblowers to bring cases under its false claims act based on serious violations of the tax law. Hodgson Russ attorney William (Bill) J. Comiskey, who was previously New York's chief tax enforcement officer, represents both tax whistleblowers and businesses that have been investigated under New York's tax whistleblower laws. Before joining Hodgson Russ, Bill prosecuted and supervised fraud cases—including national false claims cases – in the attorney general's office for more than 18 years. Bill brings his unique blend of tax, false claims, and fraud investigative experience to each whistleblower case.

New York State is enforcing its tax cases vigorously. In March 2014, New York reached a \$6.2 million settlement of a whistleblower case alleging that a company failed to pay state taxes. The whistleblower in that case will receive approximately \$1 million from the settlement.

The IRS whistleblower program is different from New York's program, but it, too, offers significant rewards to whistleblowers who provide information leading to the recovery of owed taxes from tax delinquents. Unlike the state provisions, the IRS whistleblower program is available to all those who report any owed-tax liability, not just liabilities that are based on knowingly false claims.

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Contact our Tax Fraud Attorneys at Hodgson Russ LLP Today

We also offer legal representation for banking & financial services fraud, pharmaceutical fraud, defense contractor fraud and all other types of fraud covered under the False Claims Act.

