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## The \$1.7 million tax refund that wasn't

The IRS does not take kindly to liars – especially when the fibs have seven figures.



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A federal jury convicted a Georgia man Wednesday for using a phony Treasury bond to claim he was owed a [\\$1.7 million tax refund](#), according to the Atlanta Journal-Constitution. Prosecutors said Donus R. Sroufe, 55, claimed he received \$2.5 million from the bond and paid more than \$2.6 million in federal taxes, when neither was true. (The IRS apparently caught the return before any money was paid out.)

But as MarketWatch has reported, even small lies can get taxpayers hit with a collection notice, [flagged for an audit](#), or worse. The taxman will take a second look at a return if the deductions claimed seem out of line for the taxpayer's income. The agency also has software to help it spot unreported income.

Sroufe's more serious charge of filing a false claim comes with a maximum sentence of five years in prison. Lying about income on a return, claiming false deductions or just plain not filing or paying your taxes could also lead to tax evasion charges or jail time — even if you're a [celebrity](#).

And even after receiving an undeserved refund, taxpayers aren't necessarily in the clear. As tax attorney Robert Wood wrote Thursday for Forbes, people who erroneously get a [larger than expected refund](#) could get a letter from the IRS asking for the money back, with interest.