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THE TAX LAWYER

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Beware The Too-Good-To-Be-True Tax Refund

I know, it sounds ridiculous. Why fear a bonanza-sized tax refund? Everyone likes getting a [tax refund](#) even more than any *other* kind of refund. But if you get a larger than expected refund, hold your horses. If the refund seems too large, don't cash the check until you receive a notice explaining it. If it hits your account via electronic means, don't spend it.

Expect a notice within a few days of receiving the funds. If it is an error, the IRS will want its money back, usually with interest. If you think you're in this big mistake category, check with the IRS. See [Getting A Tax Refund? Ten Things to Know](#).

[Stephen McDow](#) of Laguna Beach, California learned this the hard way. He was [jailed](#) for spending a generous \$110,000 refund the IRS erroneously deposited in his bank account. The refund was **meant** for a woman who had requested to have the funds deposited in her Citibank account. She gave the IRS her **old** Citibank account number—not knowing it had been reassigned to [Mr. McDow](#).

Refund Then Audit? Mr. McDow's case is unusual, but erroneous tax refunds happen more than you might think. Indeed, the fact that you receive a tax refund—even one intended for you—doesn't mean your return has been audited and approved. The IRS generally has [three years](#) to audit your return.

Often, the refund will be processed, but the audit will come later. You might think this means your return has been examined—after all, the IRS changed something! Even after all this, though, your return could still be audited. [Amended tax returns](#) are even more vulnerable. See [Ten Tips For Amending Tax Return](#).

For more, see:

[How To Get A Tax Refund](#)

[5 Ways To Receive Your Tax Refund](#)

[What If Your CPA Altered Your Tax Return Without Telling You?](#)

[How Will You Use Your Tax Refund?](#)

[Beware IRS Refund Time Limits](#)

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