



Criminal Investigation Division Protecting Your Taxpayer Dollars

SB 934 Punishes Sales Tax Cheats Same as Theft

When a consumer pays sales tax, he or she does so trusting the retailer will forward that money to the state. When an unscrupulous retailer obtains that tax money, then breaks the trust by intentionally failing to remit that money — perhaps keeping, investing, or spending it — the consumer and the entire state are victimized. SB 934 dramatically raises the stakes for anyone caught defrauding Texas taxpayers in this way.

Senate Bill 934 (2011), signed by the Governor, amends the Tax Code to treat tax cheats the same as property thieves. Beginning Sept. 1, 2011, anyone who collects and intentionally doesn't remit sales tax will face the same criminal penalties as property theft.

- Sales tax cheats pocketing amounts from \$50 to \$1,500 could face county jail time.
- Felony penalties carrying possible prison time can be assessed for sales tax fraud if as little as \$1,500 is pocketed; that's down from the minimum threshold of \$10,000 under the existing statute.
- Stiffer penalties have been authorized right up the scale with a first-degree felony defined, which can bring a punishment of five to 99 years or life in prison for failing to remit \$200,000 or more.

SB 934 also amends the Penal Code to allow investigators to:

- Use state organized crime laws to pursue groups of three or more persons who collaborate to commit tax felonies, which enhances the severity of charges by one degree;
- Pursue sales tax cheats under state Money Laundering statutes when the trail of the criminal proceeds (unremitted sales tax) – is known; and
- Charge retailers that intentionally fail to produce legally required records of taxable retail sales of alcohol and tobacco products to the Comptroller and base the punishment on the amount of tax avoided when the goods were purchased wholesale.

Sales tax fraud harms all Texans. Now with SB 934, this scam can be punished in tough new ways in the criminal justice system just as strongly as theft and pursued as money laundering and organized crime when appropriate.

Source: <http://www.window.state.tx.us/about/cid/casespotlight.html>