



# **Tax-related Identity Theft**

Prevent, Detection and Victim Assistance



# Steady Progress Made

- 2,000 people convicted of stolen identity refund fraud in recent years;
- 1,700 open investigations
- Improved and increased identity theft filters
- Limited direct deposit refunds into single accounts
- Worked with financial institutions



# Steady Progress Made

- Stopped 1.4 million IDT returns in 2015
- Protected \$8.7 billion in refunds
- Closed 700,000 IDT cases in 2015
- Resolution time reduced to 120 days



# Security Summit Initiative 2016

- Increased sharing of data elements from returns
- Enhanced password requirements for software
- MOU signed by 40 state agencies, 21 tax industry partners
- Stronger cybersecurity framework
- Creation of a information sharing center



# Security Summit Initiative 2016

- Created tax preparer work group
- Launched taxpayer education campaign
  - Pub 4524 – Security Awareness for Taxpayers
- Tax preparers increasingly targeted by cybercriminals
  - Pub 4557 – Safeguarding Taxpayer Data



# Security Summit Initiative 2017

- Pilot Information Sharing and Analysis Center (ISAC)
- Identify more sharable data elements
- Expand program with financial institutions
- Enhance partnership with tax preparers
- Continue public education campaign



# Victim Warning Signs

- Receive IRS notice
- Return rejected because of duplicate SSN
- Receive IRS notice for year did not file a return
- Record of wages from an unknown employer



# Victim Assistance

For returns stopped by filters:

- IRS issues Letter 5071C
- Taxpayer verifies identity online at [IDVerify.IRS.gov](https://www.irs.gov/identity)
- Fraudulent return is archived
- Taxpayer account marked with an indicator





# Victim Assistance

For returns rejected because of duplicate SSN:

- File Form 14039, Identity Theft Affidavit
- File return by paper
- Pay any tax owed
- Respond to IRS notices or letters
- Resolution time approx. 120 days



# Victim Assistance

- Confirmed identity theft victims generally eligible for an Identity Protect PIN
- 2.7 million IP PINs issued for 2016
- IP Pin – additional layer of protection for the SSN
- New six-digit PIN issued each year



# New e-Authentication Efforts

- Working on more rigorous authentication platform for IRS.gov tools
- Balance security and access
- Launch later this spring
- Get Transcript Online will be first to use Secure Access process



# IRS Impersonation Scams

- IRS doesn't make threats of lawsuits or jail
- IRS does not use email, texts or social media to ask for personal or financial data
- Impersonation scams netted \$29 million from more than 5,500 victims



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