



FIGHTING TAX IDENTITY THEFT, ONE RETURN AT A TIME

Tax identity theft occurs when someone else uses your Social Security number to file a fraudulent return to get a tax refund. After years of identity theft and tax fraud increases, the Internal Revenue Service (IRS) has reported a substantial decline in the number of taxpayers who reported that they had been a victim of identity theft. The decline is a result of a partnership between the IRS, state tax agencies, tax preparers, and other tax industry experts.

The decline in tax identity theft incidents is certainly good news, but those who do find themselves the victim of tax fraud or tax identity theft face many challenges, such as delayed tax refunds and a lengthy, complex resolution process. According to the IRS, a typical tax identity theft case can take about 120 days to resolve.

The IRS is committed to protecting taxpayers from tax refund fraud and the effects of tax identity theft. In addition to an emphasis on education for both consumers and tax preparers, this tax filing season marks the introduction of a "Verification Code" box, which will include a 16-character code on about half of all official Forms W-2. If you see a verification code your Form W-2, the IRS urges you or your tax professional to enter the code to authenticate the Form W-2. The IRS is also asking tax professionals to gather more information on business clients to help authenticate that the tax return is legitimate.

TIPS FOR TAXPAYERS

While the IRS is stepping up its efforts to protect taxpayers, there are many things you can do to help protect yourself from fraud and identity theft. The Federal Trade Commission (FTC) shares these tips to help you avoid becoming a victim of tax fraud or identity theft:

- File early to get your refund before identity thieves have the opportunity.
- When you do file, use a secure internet connection if filing electronically. If mailing your return, take it to the post office to prevent your return – and your personal information – from being stolen from your mailbox.

- Know that the IRS won't ask you to pay your taxes with a prepaid debit card or wire transfer, nor will they ask for a credit card number over the phone. In fact, if the IRS needs to contact you, they will do so by mail.
- If you aren't preparing your return yourself, ask for recommendations and research tax preparers before you turn your personal information over to them.
- Shred old tax returns you're no longer required to keep, as well as draft returns, extra copies, and calculation sheets.
- Always protect your Social Security number: don't give it out unless you have to, and always ask why it's needed, how it's going to be used, and how it will be stored.

IF IT HAPPENS TO YOU

If you are a tax identity theft victim, the IRS may give you a personal PIN number to verify your identity and protect your file going forward. Only the IRS can resolve a tax refund fraud issue, so if you receive a letter from the IRS indicating that you may be a tax fraud or identity theft victim, follow the instructions provided.

While tax refund fraud is not necessarily an indicator of other identity theft issues, victims should consider taking precautions such as placing a 90-day fraud alert with the three major credit reporting agencies (Equifax, Experian and TransUnion), as well as a 90-Day Identity Theft Security Alert with ChexSystems, Inc. Continuous credit monitoring can alert victims to suspicious activity.

If you have received notification from the IRS, or suspect you may be a victim of tax fraud or identity theft, call the Kroll Investigators at 855.848.8803. As an IDTheftSmart member, you have unlimited consultation services with these experienced, licensed Investigators who can conduct proprietary research to see if your personal information has been further compromised, and advise you on any additional steps you may consider taking.

