

## IRS Combats Identity Theft and Refund Fraud on Many Fronts

### **IRS YouTube Videos**

[ID Theft: IRS Efforts on Identity Theft](#)

FS-2014-1, January 2014

Stopping identity theft and refund fraud is a top priority for the Internal Revenue Service (IRS). The agency's work on identity theft and refund fraud continues to grow, touching nearly every part of the organization. For the 2014 filing season, the IRS has expanded these efforts to better protect taxpayers and help victims.

The IRS assigned more than 3,000 IRS employees to work on identity theft-related issues. IRS employees are working to prevent refund fraud, investigate identity theft-related crimes and help taxpayers who have been victimized by identity thieves. In addition, the IRS provides training to more than 35,000 employees who work with taxpayers to recognize identity theft indicators and help people victimized by identity theft.

### **Refund Fraud Detection and Prevention**

The IRS continues to increase its efforts against refund fraud, which includes identity theft. As a result of these aggressive efforts to combat identity theft from 2011 through November 2013, the IRS has stopped 14.6 million suspicious returns, and protected over \$50 billion in fraudulent refunds.

For 2014, the IRS will continue to increase both the number and efficiency of the identity theft filters that are used to identify potentially fraudulent returns due to identity theft prior to the processing of the return and release of any refund.

In Fiscal Year 2013, the IRS initiated 1,492 identity theft related criminal investigations, an increase of 66 percent over investigations initiated in FY 2012. Indictments and sentencing doubled in FY 2013 and the average prison term was more than three years (38 months) – the longest sentenced being 26 years.

### **Increasing Efforts to Help Victims**

The IRS understands that identity theft is a frustrating, complex process for victims. While identity thieves steal information from sources outside the tax system, the IRS is often the first to inform a victim that identity theft has occurred. The IRS is working hard to resolve identity theft cases as quickly as possible. We are also developing programs and information to protect the taxpayer from future misuse of their personal information impacting their tax administration and minimize the impact outside of IRS.

While the IRS has made considerable progress in this area, more work remains. Fighting identity theft is an ongoing battle as identity thieves continue to create new ways of stealing personal information and using it for their gain. Identity theft cases are among the most complex handled by the IRS. The IRS is continually reviewing

processes and policies to minimize the incidence of identity theft and to help those who find themselves victimized. Among the steps underway to help victims:

- IP PIN expansion. The IRS Identity Protection PIN (IP PIN) is a unique six digit number that is assigned annually to victims of identity theft for use when filing their federal tax return that shows that a particular taxpayer is the rightful filer of the return. For the upcoming tax year 2013 filing season, the IRS expects to provide more than 1.2 million taxpayers with an IP PIN. For the second tax season in a row, the number of IP PINs has nearly doubled from the year before. The IP PIN will allow these individuals to avoid delays in filing returns and receiving refunds.
- IP PIN Changes:
  - If an IP PIN is assigned to a taxpayer for their 2013 return, the IP PIN must be used on any delinquent 2011 and 2012 returns filed during the 2014 calendar year.
  - IRS is exploring the use of an online process through IRS.gov that will allow taxpayers who have an IP PIN requirement and lose their IP PIN to create an account and receive their original IP PIN online.
- Victim case resolution: The IRS continues to dedicate more and more employees to resolution of victim cases. These are extremely complex cases to resolve, frequently touching on multiple issues and multiple tax years. Cases of resolving identity theft can be complicated by the thieves themselves contacting the IRS. The IRS is working hard to streamline its internal process, but much more work remains. A typical case can take 180 days to resolve, and the IRS is working to reduce that time period.
- Service options. The IRS is providing information in several ways ranging from a special section on IRS.gov devoted to identity theft to a special phone number available for victims to obtain assistance and resource information for resolving tax issues. The IRS Identity Protection Specialized Unit is available at 1-800-908-4490.
- More information is available on IRS.gov, including the Taxpayer Guide to Identity Theft.

## **IRS Criminal Investigation**

In FY 2013, the IRS initiated 1,492 identity theft related criminal investigations, an increase of 66% over investigations initiated in FY 2012. Indictments and sentencing doubled in FY 2013 and the average prison term was more than three years (38 months).

In January 2013, the IRS conducted a coordinated and highly successful identity theft enforcement sweep. The coast-to-coast effort against identity theft suspects led to 734 enforcement actions, including 298 indictments, informations, complaints and arrests.

The Law Enforcement Assistance Program, formerly known as the Identity Theft Pilot Disclosure Program, was expanded nationwide. This program provides for the disclosure of federal tax return information associated with the accounts of known and suspected victims of identity theft with the express written consent of those victims. There are currently more than 300 state/local law enforcement agencies from 35 states

participating. For FY 2013, more than 2,400 requests were received from state and local law enforcement agencies.

The Identity Theft Clearinghouse (ITC) continues to develop and refer identity theft refund fraud schemes to Criminal Investigation (CI) Field Offices for investigation. For FY 2013, the ITC received over 1,400 identity theft related leads. Those leads related to more than 391,000 tax returns claiming in excess of \$1.3 billion dollars in potentially fraudulent federal income tax refunds.

CI continues to be the lead agency or actively involved in more than 30 multi-regional task forces or working groups including state/local and federal law enforcement agencies solely focusing on identity theft.

For more information, see the special identity theft section on IRS.gov and IRS Fact Sheet 2014-2, Tips for Taxpayers and Victims about Identity Theft and Tax Returns.

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## [ID Theft: IRS Efforts on Identity Theft](#)

FS-2014-2, January 2014

Identity theft remains a top priority for the Internal Revenue Service in 2014. Identity theft is one of the fastest growing crimes nationwide, and refund fraud caused by identity theft is one of the biggest challenges facing the IRS. This year, the IRS continues to take new steps and strong actions to protect taxpayers and help victims of identity theft and refund fraud.

Stopping refund fraud related to identity theft is a top priority for the tax agency. The IRS is focused on preventing, detecting and resolving identity theft cases as soon as possible. The IRS has more than 3,000 employees working on identity theft cases. We have trained more than 35,000 employees who work with taxpayers to recognize and provide assistance when identity theft occurs.

Taxpayers can encounter identity theft involving their tax returns in several ways. One instance is where identity thieves try filing fraudulent refund claims using another person's identifying information, which has been stolen. Innocent taxpayers are victimized because their refunds are delayed.

Here are some tips to protect you from becoming a victim, and steps to take if you think someone may have filed a tax return using your name:

### **Tips to protect you from becoming a victim of identity theft**

- Don't carry your Social Security card or any documents that include your Social Security number (SSN) or Individual Taxpayer Identification Number (ITIN).
- Don't give a business your SSN or ITIN just because they ask. Give it only when required.
- Protect your financial information.
- Check your credit report every 12 months.
- Secure personal information in your home.
- Protect your personal computers by using firewalls and anti-spam/virus software, updating security patches and changing passwords for Internet accounts.
- Don't give personal information over the phone, through the mail or on the Internet unless you have initiated the contact or you are sure you know who you are dealing with.

If your tax records are not currently affected by identity theft, but you believe you may be at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Protection Specialized Unit at 800-908-4490 (Monday - Friday, 7 a.m. - 7 p.m. local time; Alaska and Hawaii follow Pacific time).

### **If you believe you're a victim of identity theft**

Be alert to possible identity theft if you receive a notice from the IRS or learn from your tax professional that:

- More than one tax return for you was filed;

- You have a balance due, refund offset or have had collection actions taken against you for a year you did not file a tax return;
- IRS records indicate you received more wages than you actually earned or
- Your state or federal benefits were reduced or cancelled because the agency received information reporting an income change.

If you receive a notice from the IRS and you suspect your identity has been used fraudulently, respond immediately by calling the number on the notice.

If you did not receive an IRS notice but believe you've been the victim of identity theft, contact the IRS Identity Protection Specialized Unit at 800-908-4490 right away so we can take steps to secure your tax account and match your SSN or ITIN.

Also, fill out the IRS Identity Theft Affidavit, [Form 14039](#). Please write legibly and follow the directions on the back of the form that relate to your specific circumstances.

In addition, we recommend you take additional steps with agencies outside the IRS:

- Report incidents of [identity theft to the Federal Trade Commission](#) at [www.consumer.ftc.gov](http://www.consumer.ftc.gov) or the FTC Identity Theft hotline at 877-438-4338 or TTY 866-653-4261.
- File a report with the local police.
- Contact the fraud departments of the three major credit bureaus:
  - Equifax – [www.equifax.com](http://www.equifax.com), 800-525-6285
  - Experian – [www.experian.com](http://www.experian.com), 888-397-3742
  - TransUnion – [www.transunion.com](http://www.transunion.com), 800-680-7289
- Close any accounts that have been tampered with or opened fraudulently.

More information is available at IRS.gov:

- <http://www.irs.gov/uac/Identity-Protection-Tips>
- Taxpayer Guide to Identity Theft -- <http://www.irs.gov/uac/Taxpayer-Guide-to-Identity-Theft>

### **Help if you have reported an identity theft case to the IRS and are waiting for your federal tax refund**

The IRS is working to speed up and further streamline identity theft case resolution to help innocent taxpayers.

The IRS more than doubled the level of employees dedicated to working identity theft cases between 2011 and 2012. As the IRS enters the 2014 filing season, we now have more than 3,000 employees working identity theft issues.

These are extremely complex cases to resolve, frequently touching on multiple issues and multiple tax years. Cases of resolving identity can be complicated by the thieves themselves contacting the IRS. Due to the complexity of the situation, this is a time-consuming process. Taxpayers are likely to see their refunds delayed for an extended period of time while we take the necessary actions to resolve the matter. A typical case can take about 180 days to resolve, and the IRS is working to reduce that time period.

If you have an open identity theft case that is being worked by the IRS, you need to continue to file your tax returns during this period.

For victims of identity theft who have previously been in contact with the IRS and have not achieved a resolution to their case, you may contact the IRS Identity Protection Specialized Unit, toll-free, at 800-908-4490. If you are unable to get your issue resolved and are experiencing financial difficulties, contact the Taxpayer Advocate Service toll-free at 877-777-4778.

### **More Information**

It is a top priority for the IRS to help victims and reduce the time it takes to resolve cases. In addition, the IRS continues to aggressively expand its efforts to protect and prevent refund fraud involving identity theft before it occurs as well as work with federal, state and local officials to pursue the perpetrators of this fraud.

For more information, see the special [identity theft](#) section on IRS.gov and [IRS Fact Sheet 2014-1](#), IRS Combats Identity Theft and Refund Fraud on Many Fronts.

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