

What to do if someone has filed a tax return using your social security number:

Information contained herein was obtained from www.irs.gov, www.intuit.com, and www.Kiplinger.com. For more information see www.irs.gov.

Tax-related identity theft occurs when someone uses a stolen social security number, date of birth, or other personally identifiable information to file a tax return claiming a fraudulent refund. Because of substantial refundable tax credits, it is generally the federal tax return that is the target of these criminal activities.

2015 was seemingly a banner year for tax-related identity theft. At Summit, about 2% of our returns were rejected due to identity theft. Nation-wide, IRS estimates that at least \$14.59B in identity theft refund fraud was attempted in calendar 2015. By comparison, according to Forbes, in 2015 fraud losses incurred by banks and merchants on all credit, debit, and pre-paid general purpose and private label payment cards issued in the United States was \$8.4B.

In a concerted effort to stem the tide of identity theft tax fraud, the IRS in 2015 called together major players in the tax industry for a Security Summit to increase cooperation to fight a common enemy- the identity thieves. According to IRS, Security Summit initiatives put in place in 2016 had a dramatic impact on the collective ability to identify and stop fraudulent returns. Among the metrics cited by the service, identity theft affidavits fell by about 50% compared to those filed in 2015, more fraudulent returns were stopped before processing, and fraudulent refunds dropped sharply. At Summit, we saw the number of fraudulent returns in 2016 drop by about a factor 4 compared to that in 2015.

If someone uses your personal information, such as your social security number, to file a fraudulent tax return, the culprit is attempting to claim a tax refund on your behalf. Probably, more often than not they are successful in doing so. Keep in mind, this does not affect the tax refund you are ultimately entitled to.

In most cases, you will not know you have fallen victim to tax-related identity theft until you file your tax return. Whether a return is efiled or paper filed, the IRS accepts the first return they receive with your social security number. Consequently, you can reduce your exposure to tax-related identity theft if you file timely and at the earliest possible opportunity. If you efile your return and it is rejected with a Reject Code R0000-902-01 this indicates that a return has been previously accepted with the same TIN (Taxpayer Identification Number) for the return type

and tax period in question. If you paper file your return you will receive written notice containing like information. If this happens to you, 'Don't Panic'.

The following is a general outline of what you can expect if your efiled return is rejected because of a duplicate tax filing with your social security number:

- You will generally file a paper return by mail,
- You will complete and file with your return Form 14039, Identity Theft Affidavit (detailed mailing instructions are provided on the form),
- Once your tax return and Form 14039 are received by IRS, your case goes to the Identity Theft Victim Assistance (IDTVA) organization where it will be handled by employees with specialized training,
- IRS will send you an acknowledgment letter,
- The IDTVA organization will work your case by:
 1. Assessing the scope of the issues, trying to determine if your case affects one or more tax years,
 2. Addressing all the issues related to the fraudulent return, including determining if there are additional victims, who may be unknown to you, listed on the fraudulent return,
 3. Researching the case to double check all the names, addresses and SSNs are accurate or fraudulent,
 4. Conducting a case analysis to determine if all outstanding issues were addressed,
 5. Ensuring your tax return is properly processed and if you are due a refund, releasing your refund,
 6. Removing the fraudulent return from your tax records, and
 7. Marking your tax account with an identity theft indicator, to protect you in the future.
- You will receive notification that your case has been resolved. This is generally within 120 days, but complex cases may take 180 days or longer,
- Prior to the start of the next filing season, you will receive a letter (CP01A) with an Identity Protection Personal Identification Number (IP PIN) to help protect your tax return going forward.

Sometimes, the IRS Taxpayer Protection Program identifies a suspicious tax return bearing your name and SSN and will send you a letter or notice asking you to verify your identity within 30 days. Instructions on how to do so will be described in the correspondence. There

are many reasons why a return may appear suspicious to IRS systems, and the agency takes this precautionary step to help protect you.

Additional Precautions:

When someone has enough of your personal information to file a fraudulent tax return, he or she can use your identity to commit other crimes. In addition to alerting IRS, you might consider doing the following:

- File an identity-theft report with the local police and file a complaint with the Federal Trade Commission,
- Place a 90-day fraud alert on your credit reports, and
- Consider signing up for an identity-theft reporting service.