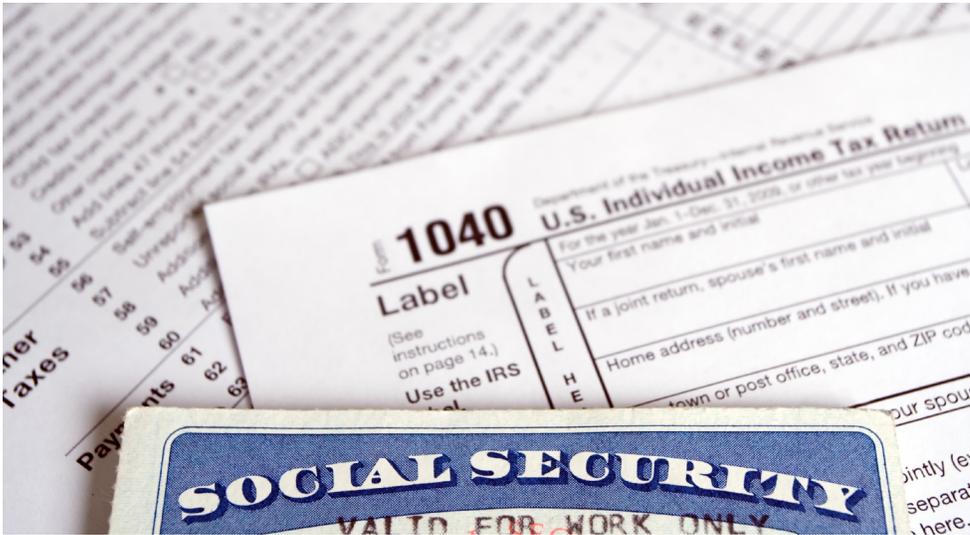




# BDO KNOWS:

## FEDERAL TAX



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## COULD YOU BE A VICTIM OF TAX IDENTITY THEFT?

By Kelli Lewis, Tax Partner

**R**ecently, the IRS has investigated more vigorously identity theft schemes which steal taxpayers' refunds. These acts of fraud can not only significantly delay an individual's refund, but they can cause a great deal of time and stress to resolve. This article describes how tax identity theft typically works, information on how to protect yourself and how to proceed if you become a victim of identity theft.

### HOW TAX IDENTITY THEFT WORKS

A typical tax identity theft involves someone who uses another taxpayer's identity and Social Security number to deceitfully file a tax return and receive a refund from the IRS. The victim is commonly apprised of the fraud only when he or she files a tax return and the IRS informs them that the return has been rejected because a tax return was already filed for the same year under that Social Security number. The refund is then delayed until the IRS can determine the validity of the taxpayer.

## STEPS TO TAKE TO PROTECT YOURSELF FROM TAX IDENTITY FRAUD

There are a number of ways thieves can obtain your Social Security number to file a tax return: hacking business or personal computers, calling an individual under the guise of an official or business requesting confidential information or even stealing personal statements from a mailbox or trashcan. While there is no way to completely protect yourself from tax-related identity theft, there are some steps you can take to minimize your risk:

- ▶ Be proactive by visiting the [IRS website](#). This site has valuable information under the tab Taxpayer Guide to Identity Theft. It also reports the most current phishing and email schemes.
- ▶ The IRS requests that you report suspicious online or emailed phishing scams to [phishing@irs.gov](mailto:phishing@irs.gov). For phishing scams by phone, fax or mail, call 1-800-366-4484. You can also report IRS impersonation scams by filling out the Treasury Inspector General for Tax Administration [form](#).
- ▶ Remember that the IRS only uses the U.S. mail to contact taxpayers. It does not make contact by phone or use electronic communication or social media.
- ▶ Shred any documents with personal identifying information.
- ▶ Avoid divulging your personal information on the phone or through email.
- ▶ Strengthen the security of your computers by using a variety of security programs.
- ▶ Frequently change your online account passwords; every three months is the recommended frequency.
- ▶ Thwart refund fraud by filing your tax return as early as possible.

- ▶ Only provide your Social Security number to a business or medical provider if it is required.
- ▶ Your Social Security card should always be kept in a secure place such as a safe deposit box or home safe.
- ▶ Check your Social Security Administration [earnings statement](#) annually.
- ▶ Check your credit report at least once a year for any suspicious activity.

## WHAT ACTIONS TO TAKE IF YOUR IDENTITY IS STOLEN

If you are a victim of tax refund fraud, the IRS will contact you BY MAIL after it is verified that your return has been previously filed. They will provide identity confirmation via the Identity Certification Service (IDVerify) on IRS.gov or at a toll-free number provided. It is also advisable to prepare and submit an Identity Theft Affidavit on IRS Form 14039. In addition, make a report on the IRS Tax Fraud Hotline at 1-800-829-0433. Once your account has been resolved, the IRS will issue and mail to you an Identity Protection Personal Identification Number (IP PIN). This number will verify that you are legitimate when you file future tax returns and it will prevent the processing of fraudulent returns.

If you are the victim of an identity theft crime, file a complaint with the [Federal Trade Commission](#) (FTC). Also, contact your local police. Closely monitor your credit card accounts and contact one of the credit report companies (Equifax, Experian or TransUnion) to have a Fraud Alert placed on your account.

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