



Protecting + expanding the value  
of mid-size companies

# MoneyTrends

## TAX IDENTITY THEFT, FRAUDS AND SCAMS

The deadline for the filing of Federal income taxes has come and gone (unless you filed an extension), but if you have become a victim of income tax identity theft, your problems have only just begun. Income tax identity theft occurs when an identity thief files an income tax return using the name and Social Security number of a legitimate taxpayer and claims a refund based generally on a counterfeit W-2. It places a burden on its victims and presents a challenge to businesses and individuals alike.

According to a recently released report by the Treasury Inspector General for Tax Administration (TIGTA), the IRS has made some progress in assisting the innocent victims of income tax identity theft in getting their legitimate refunds and protecting identities. However, it still takes an average of 278 days to resolve the claim although the IRS routinely tells taxpayers that they can expect their claims to be resolved within 180 days.

Many people first learn their identity has been stolen by a denied and then delayed refund. Other taxpayers who file electronically, become aware as their returns are rejected by the IRS electronic filing system.

IRS attempts to combat tax identity theft, but due to minimal resources and antiquated systems, it is very difficult for them and problematic for taxpayers. In addition to identity theft issues, there are many scams being perpetrated against businesses and individuals. Here are just a couple.

### IRS Impersonation Telephone Scam

An aggressive and sophisticated phone scam has become more prevalent. Callers sound very convincing and claim to be IRS employees. They use fictitious names and IRS identification badge numbers. Victims are told they owe money to the IRS and it must be paid promptly through a pre-loaded debit card or wire transfer. If the victim refuses to cooperate, they are threatened with arrest or suspension of their driver's license. Some victims are told they are due a large refund in an attempt to trick the taxpayer into sharing confidential information. If the phone is unanswered, scammers often leave an urgent call back request.

Note the IRS will never call to demand immediate payment, nor call about taxes owed without first sending a notice of unpaid tax. They do not require use of a specific payment method, such as a prepaid debit card, or ask for credit or debit card numbers over the phone. And they most certainly do not threaten to bring in law enforcement to have you arrested for not paying.

### Email Phishing Scams

Emails appear to be from IRS and include a link to a bogus website intended to be identical to the official IRS website. These emails direct one for the need to "update your IRS e-file immediately". These emails are not from IRS.

Taxpayers who get these messages should not respond or click on the link. Clicking on attachments to or links within an email may download a malicious virus onto your computer. Instead, forward the scam emails to IRS at [phishing@irs.gov](mailto:phishing@irs.gov). Note the IRS does not initiate contact via email to request personal or financial information.

### So what can you do to speed up the process if you are a new victim of income tax identity theft?

If you become a victim of income tax identity theft you should first send the IRS a paper filed tax return with an attached Form 14039, Identity Theft Affidavit, and a police report. Your case will then be assigned to an IRS employee to assist you with clearing your name and getting your refund. As a victim of identity theft, you also are eligible to receive an Identity Protection Personal Identification Number (IP PIN) to use for future income tax returns to protect you from becoming a victim again of income tax identity theft.

Other steps should include contacting one of the three major credit bureaus to place a "fraud alert" on your credit reports. You should contact your financial institutions, and close any accounts opened without your permission or tampered with. Check your Social Security Administration earnings statement annually. And also be sure to respond immediately to any IRS notice.

Taxpayers must recognize how relatively simple it is for thieves to enact identity theft, frauds and scams. Scammers use the perceived fear of the IRS to their benefit by convincing individuals to panic and acquiesce to their demands. Don't fall prey and victim to their desires. If you are contacted by someone, be sure to keep a level head and determine the credibility before responding. You may wish to consider utilizing the services of a certified public accountant to determine the proper course of action. Remember it only takes a few minutes to create the theft, but it will take you as much as months to resolve.



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