

It might seem like a strange thing to do... stealing a person's tax identity, but it is a growing problem for American taxpayers. Because of its growing prominence, identity theft has been coined the "crime of the 21<sup>st</sup> century." In 2011, the US Internal Revenue System (IRS), identified over one million incidents of identity theft. In 2012 that number increase to 1.8 million and the number continues to rise each year.

What motivates criminals to commit tax identity theft? The IRS processes over 147 million individual tax returns annually. As a result, over 333 billion dollars in refunds are allocated.

Based on the IRS definition, taxpayer identity theft "occurs when someone uses your stolen Social Security number (SSN) to file a tax return claiming a fraudulent refund. The thief uses your SSN to file a false claim early in the tax season (January – April 15.) As a victim, you are often unaware that this occurred until you try to file your own genuine claim and learn that one has already been filed under your Social Security number.

Criminals are going after fraudulent tax returns. They file early so that they receive the tax return funds from the fraudulent filing before the IRS or taxpayer realize the individual's Social Security number has been compromised. In the case of taxpayer identity theft, the IRS is often the first to realize there is a problem. The IRS stops and flags suspicious duplicate federal tax returns. They suspect a problem with the name or social security number in the filing.

The IRS will contact you with a 5071C letter mailed to your home indicating one or more of the flags they have found with your filing. The letter will indicate one of the following:

- 1) More than one tax return was file with your SSN.
- 2) You were paid by an employer you don't know.
- 3) You owe more tax or have had collection actions taken against you for a year you did not file a tax return

If you receive this letter from the IRS, they will recommend that you verify your identity online at [www.edverify.irs.gov](http://www.edverify.irs.gov) or you can call the toll-free number listed in the letter.

In his 2013 testimony before the US Special Committee on Aging, the Honorable J. Russell George shared that senior citizens are especially susceptible to this crime. People in this age group are “easier targets” because many are not required to file a tax return. They are unaware that their identities have been stolen by criminals for the purpose of tax identity theft. The IRS is similarly unaware of the fraudulent claim unless the taxpayer files a tax return. It is in the duplicate filing that the IRS recognizes there is a problem.

If you find that you have become a victim of this crime, take these general steps to minimize the impact of identity theft.

- Contact your local law enforcement to file a report of the theft.
- Call the Federal Trade Commission Identity Theft Hotline at 1-877-438-4338 to file a complaint or complete a complaint form on their website at [www.identitytheft.gov](http://www.identitytheft.gov)
- Contact one of the three main credit bureaus to request that a “fraud alert” be placed on your credit records. Ideally, they will communicate this information between the three companies, but you could always contact all three to make sure that happens:
  - Equifax, 1-800-5256285, [www.Equifax.com](http://www.Equifax.com)
  - Experian, 1-888-387-3742, [www.Experian.com](http://www.Experian.com)
  - TransUnion, 1-800-680-7289, [www.TransUnion.com](http://www.TransUnion.com)
- Call your financial institutions to let them know they your identity has been stolen. Ask them to close any accounts that have been opened without your knowledge or have been tampered with.
- Verify your annual earnings statement with the Social Security Administration. You can create an account with SSA at [www.ssa.gov](http://www.ssa.gov).

As a victim of taxpayer identity theft, take these additional steps:

- Respond to any IRS communications immediately. **Note: The IRS will not initiate contact with you by email to request personal or financial information. They will not use any form of electronic communication such as text messages or social media channels.**
- Complete IRS form 14039, Identity Theft Affidavit. You can complete a fillable form at IRS.gov, print, then send via USPS or fax according to the directions on the form. The link to this form is: <http://www.irs.gov/pub/irs-pdf/f14039.pdf>
- Pay your taxes and file your tax return, even if you do so by paper.

Next week, I will share some of the ways criminals try to access your personal information through phone scams and online phishing techniques.

Call me at the Geary County K-State Research and Extension office to find out more about other consumer concerns at 785-238-4161. Until next time, keep living resourcefully!