

Tennessee Society of CPAs

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Battling Tax Identity Theft

Many people are aware of the dangers of identity theft but may not realize how quickly it is growing or the numerous areas in which it can occur. Did you know, for example, that identity theft reports to the Federal Trade Commission jumped by nearly 50 percent in 2015, to almost half a million claims? Here's another surprising statistic: Tax refund fraud is considered the biggest and fastest-growing kind of identity theft. If you're not sure how to respond to or protect against tax identity theft, the Tennessee Society of CPAs offers some timely answers.

Be on Notice When You Get an IRS Notice

One example of tax identity theft involves a scammer using your Social Security number to file a false return and collect a tax refund they don't deserve. For that reason, you may find out that you're a victim of tax identity theft when you receive a notice from the Internal Revenue Service stating that more than one tax return was filed with your information. Your best response is to respond immediately by following the instructions in the notice. If you believe you are at risk of identity theft due to lost or stolen personal information, you should contact the IRS Identity Protection Specialized Unit at 800-908-4490 immediately so the agency can take action to secure your tax account.

Don't Fall for Phishing

Be wary if you get a call, email, text or other message from the IRS asking you to supply your Social Security number, bank or investment account details or other personal or confidential information. The IRS never initiates contact with taxpayers by email, text, or social media to request personal or financial information and they do not call taxpayers with threats of lawsuits or arrests. If you experience any of these situations, it's almost certain you're dealing with an identity thief. Don't reply to the message or click on any links within it. If you suspect phishing, which happens when identity thieves send you a

communication that tries to trick you into revealing confidential information, report it to the IRS and forward any emails to phishing@irs.gov.

Watch Out for Wage Discrepancies

Scammers will sometimes use someone else's Social Security number when applying for a job because they don't have their own Social Security number or to avoid paying taxes. The employer will then report their earnings to the IRS using the stolen number. When tax time rolls around, you will receive an IRS notice noting an error in your tax return because it doesn't include the income reported by the identity thief's employer. Once again, respond immediately by following the instructions in the notice.

Put a Recovery Plan in Motion

If you think you've been a victim of identity theft, contact one of the three major credit reporting agencies to let them know and to request that a fraud alert be placed on your credit records. That organization will alert the other agencies and the fraud alert can help prevent further illegal activity under your name or in your accounts.

Take Advantage of Valuable Resources

The Federal Trade Commission has updated the theft recovery plan available at the IdentityTheft.gov site. It includes a checklist you can follow when you become aware of identity theft, complete with links and phone numbers for the credit reporting agencies and the FTC. There's also a list of follow up steps and special instructions to consider if affected accounts include utilities or phone companies, banks, investments or student loans, government agencies, apartment or house rentals or deal with bankruptcy filing issues. The IRS also offers identity theft resources on its [site at IRS.gov](http://site.at.irs.gov).

Turn to Your CPA

If you're a victim, your local CPA can work with you on your dealings with the IRS and credit agencies and help you get your financial situation back on track. Be sure to contact him or her for personalized and knowledgeable help with all your financial concerns.

About Money Management

Money Management is a column on personal finance that is a joint effort of the AICPA and the Tennessee Society of CPAs, as part of the profession's nationwide 360 Degrees of Financial Literacy

program. Members of TSCPA are CPAs residing and practicing primarily in Tennessee in all areas of public accounting, education, government, business and industry. TSCPA offers a speakers bureau for many types of business and educational engagements. For details, visit www.tscpa.com. TSCPA is headquartered in Brentwood, Tenn.