

IRS Tells Judge that Taxpayers Can't Sue Them over Data Breach

December 7, 2015 – The IRS has told a federal judge that taxpayers whose data was released in an agency data breach can't file a lawsuit against them. The agency is making two claims. First, that the victims of the breach don't have standing to sue because they haven't incurred any actual damages. Second, that even if they have incurred actual damages, the IRS has sovereign immunity; meaning that the court doesn't have jurisdiction to hear the case in the first place. So much for government accountability!

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})();
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The data breach began in February but was only discovered until after the tax filing season ended. The breach was caused when hackers managed to bypass agency security protocols and gain access to the tax returns of people who had signed up for the IRS's now defunct "Get Transcript" tax service. This service allowed taxpayer to gain access to order copies of their tax returns online.

The breach affected approximately 330,000 families nationwide. The data stolen includes copies of W-2s, social security numbers, addresses, birth dates and any other private information that they included on their tax returns. The breach also included data on anyone claimed as a dependent, including minor children.

In the agency's filing with the court, they state that the costs incurred by victims to prevent future potential identity theft shouldn't count as a monetary injury for the victims.

Attorneys for the plaintiffs have stated that the agency was repeatedly warned by its own Inspector General and others that it needed to increase the security being used on stored information but that it ignored those warnings.

by Jim Malmborg

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