

IRS Still Not Properly Notifying Identity Theft Victims

July 26, 2018 - A February report from the IRS Inspector General which pretty well flew under the radar shows that the IRS is still not properly notifying Americans when the agency determines that their social security numbers are used to file fraudulent tax returns. This is nothing new for the agency though. Under the Obama administration the IRS commissioner actually said that they were more interested in collecting income taxes than stopping identity theft. While the new administration has made strides in addressing the issue, they clearly have a long way to go.

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})();
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The report found that the agency failed to properly notify the vast majority of people whose SSNs were used by others to file tax returns in 2017. There were 458,658 people who failed to receive a notification. Additionally, of the 112,445 people who did receive notification, 13.5 percent of those notifications were inaccurate.

The reason that so many people failed to receive notification was that the IRS system only generated notices to people whose SSNs hadn't previously been used on multiple tax returns. Since 2017 was the first year that the IRS made this type of notification, anyone who was a victim of tax identity theft or synthetic identity theft in a prior year wasn't notified. In other words, the 458,000 victims who failed to receive notices had been tax identity theft victims in multiple years.

According to the IRS, the reason for the high rate of inaccuracy on the notices that were actually sent was, "the majority of these cases involved an ITIN filer whose spouse had an SSN that was used to report income on the ITIN filer's e-filed tax return."

Based on the report and its recommendations, the agency agreed to send out notifications to all filers who should have received them and will continue that practice through 2018. The report didn't however recommend that repeat victims continue to receive notifications after 2018, which is problematic. The agency is also adopting recommendations from the report that should help cut down on the number of erroneous notifications.

by Jim Malmberg

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