

## Identity Theft

Many people are familiar with the violating feeling of having someone break into their house and steal their property. Others may have had their credit card information stolen. An increasing number of people are having their social security numbers stolen. Unlike the first two scenarios, the stolen social security information is usually not realized until the victim tries to file their tax return.

Our firm has seen an increasing number of these crimes over the past year. We have the dreadful task of having to call our clients and inform them that their tax return was rejected because someone else has already filed a tax return using their social security number. Once the fraudulent return has been processed, the legitimate return gets rejected because the social security number has already been used.

The highest concentration of this activity is with our physician clients. This demographic is not isolated to our firm's experience. There are investigations underway regarding widespread reports that identity thieves have stolen or purchased social security numbers on physicians in order to electronically file fraudulent tax returns and claim large refunds. Besides stealing or purchasing information, other common ways thieves obtain personal information is through email or telephone phishing. The email or caller may threaten dire consequences to solicit information. Thieves also may scour a victim's trash for personal information.

All high income taxpayers are at risk for this type of activity. Reason being is that they typically have either large withholdings or large estimated tax payments that make them a prime target for a thief to go after. Thieves will file a fraudulent return early in the filing season before the IRS has any W-2s, 1099s, K-1s, or other documents typically used to match a taxpayer's income to their tax return.

### What Can You Do If You Have Been A Victim of Identity Theft?

A few things that you can do to remedy the situation are as follows:

- Respond immediately to any IRS notices and call the number on the notice or call the IRS's Identity Protection Specialized Unit (IPSU) at 1-800-908-4490
- Complete IRS Form 14039, Identity Theft Affidavit
- Contact your local police and credit bureau
- If you didn't hear about it from your tax professional, notify us right away

### What You Can Do Going Forward

All taxpayers are well advised to protect their records. If you have a lost or stolen wallet, credit card, or other personal information, call the IPSU at the number above. Be mindful of who is around you when you use your credit card. Do not carry your social security card in your wallet. Check your credit report every twelve months.

Do not give out your social security number to a business just because they ask for it. Often it is not required. Invest in a shredder to use for discarding documents containing personal information.

The IRS is trying to assist with the problem as well. The agency has expanded its efforts on refund fraud detection and prevention for the 2013 tax season in several ways:

- There has been a significant increase in the number and quality of identity theft screening filters that spot fraudulent tax returns before refunds are issued.
- IRS Criminal Investigation tripled the number of identity theft investigations in fiscal year 2012.
- The IRS expanded a pilot program nationwide that allows local law enforcement agencies to obtain tax return data that helps investigate and pursue identity thieves.
- The IRS is collaborating with more than 130 financial institutions to identify identity theft fraud schemes and block refunds from reaching the hands of identity thieves.

If you have been the victim of identity theft, the IRS will issue you a six-digit identity protection personal identification number (IPPIN) that you must use when you file your return. The PIN can only be used once and a new one will be issued each year if needed.

Unfortunately, we see a growing number of identity theft cases. It is our duty to keep you informed of what you need to look out for and how to protect yourself from these crimes. If we note anything suspicious with your records, we will notify you immediately and equip you with the resources you need to repair any potential damage that has been done. If you have any questions regarding identity theft or the security of your records at VT Williams & Associates, do not hesitate to contact our office.

