



IRS Combats Identity Theft and Refund Fraud on Many Fronts

IRS YouTube Videos

[ID Theft: IRS Efforts on Identity Theft](#)

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Stopping identity theft and refund fraud is a top priority for the Internal Revenue Service (IRS). The agency's work on identity theft and refund fraud continues to grow, touching nearly every part of the organization. For the 2014 filing season, the IRS has expanded these efforts to better protect taxpayers and help victims.

The IRS assigned more than 3,000 IRS employees to work on identity theft-related issues. IRS employees are working to prevent refund fraud, investigate identity theft-related crimes and help taxpayers who have been victimized by identity thieves. In addition, the IRS provides training to more than 35,000 employees who work with taxpayers to recognize identity theft indicators and help people victimized by identity theft.

Refund Fraud Detection and Prevention

The IRS continues to increase its efforts against refund fraud, which includes identity theft. As a result of these aggressive efforts to combat identity theft from 2011 through November 2013, the IRS has stopped 14.6 million suspicious returns, and protected over \$50 billion in fraudulent refunds.

For 2014, the IRS will continue to increase both the number and efficiency of the identity theft filters that are used to identify potentially fraudulent returns due to identity theft prior to the processing of the return and release of any refund.

In Fiscal Year 2013, the IRS initiated 1,492 identity theft related criminal investigations, an increase of 66 percent over investigations initiated in FY 2012. Indictments and sentencing doubled in FY 2013 and the average prison term was more than three years (38 months) – the longest sentenced being 26 years.

Increasing Efforts to Help Victims

The IRS understands that identity theft is a frustrating, complex process for victims. While identity thieves steal information from sources outside the tax system, the IRS is often the first to inform a victim that identity theft has occurred. The IRS is working hard to resolve identity theft cases as quickly as possible. We are also developing programs and information to protect the taxpayer from future misuse of their personal information impacting their tax administration and minimize the impact outside of IRS.

While the IRS has made considerable progress in this area, more work remains. Fighting identity theft is an ongoing battle as identity thieves continue to create new ways of stealing personal information and using it for their gain. Identity theft cases are among the most complex handled by the IRS. The IRS is continually reviewing processes and policies to minimize the incidence of identity theft and to help those who find themselves victimized. Among the steps underway to help victims:

- **IP PIN expansion.** The IRS Identity Protection PIN (IP PIN) is a unique six digit number that is assigned annually to victims of identity theft for use when filing their federal tax return that shows that a particular taxpayer is the rightful filer of the return. For the upcoming tax year 2013 filing season, the IRS expects to provide more than 1.2 million taxpayers with an IP PIN. For the

second tax season in a row, the number of IP PINs has nearly doubled from the year before. The IP PIN will allow these individuals to avoid delays in filing returns and receiving refunds.

- IP PIN Changes:
 - If an IP PIN is assigned to a taxpayer for their 2013 return, the IP PIN must be used on any delinquent 2011 and 2012 returns filed during the 2014 calendar year.
 - IRS is exploring the use of an online process through IRS.gov that will allow taxpayers who have an IP PIN requirement and lose their IP PIN to create an account and receive their original IP PIN online.
- Victim case resolution: The IRS continues to dedicate more and more employees to resolution of victim cases. These are extremely complex cases to resolve, frequently touching on multiple issues and multiple tax years. Cases of resolving identity theft can be complicated by the thieves themselves contacting the IRS. The IRS is working hard to streamline its internal process, but much more work remains. A typical case can take 180 days to resolve, and the IRS is working to reduce that time period.
- Service options. The IRS is providing information in several ways ranging from a special section on IRS.gov devoted to identity theft to a special phone number available for victims to obtain assistance and resource information for resolving tax issues. The IRS Identity Protection Specialized Unit is available at 1-800-908-4490.
- More information is available on IRS.gov, including the Taxpayer Guide to Identity Theft.

IRS Criminal Investigation

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In January 2013, the IRS conducted a coordinated and highly successful identity theft enforcement sweep. The coast-to-coast effort against identity theft suspects led to 734 enforcement actions, including 298 indictments, informations, complaints and arrests.

The Law Enforcement Assistance Program, formerly known as the Identity Theft Pilot Disclosure Program, was expanded nationwide. This program provides for the disclosure of federal tax return information associated with the accounts of known and suspected victims of identity theft with the express written consent of those victims. There are currently more than 300 state/local law enforcement agencies from 35 states participating. For FY 2013, more than 2,400 requests were received from state and local law enforcement agencies.

The Identity Theft Clearinghouse (ITC) continues to develop and refer identity theft refund fraud schemes to Criminal Investigation (CI) Field Offices for investigation. For FY 2013, the ITC received over 1,400 identity theft related leads. Those leads related to more than 391,000 tax returns claiming in excess of \$1.3 billion dollars in potentially fraudulent federal income tax refunds.

CI continues to be the lead agency or actively involved in more than 30 multi-regional task forces or working groups including state/local and federal law enforcement agencies solely focusing on identity theft.

For more information, see the special identity theft section on IRS.gov and IRS Fact Sheet 2014-2, Tips for Taxpayers and Victims about Identity Theft and Tax Returns.