

IRS Fact Sheet

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IRS Combats Identity Theft and Refund Fraud on Many Fronts

IRS YouTube Videos

ID Theft: IRS Efforts on Identity Theft: [English](#) | [Spanish](#) | [ASL](#)

IRS Identity Theft FAQ: First Steps for Victims: [English](#) | [ASL](#)

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Stopping identity theft and refund fraud is a top priority for the Internal Revenue Service. For the 2015 filing season, the IRS continues to expand these efforts to better protect taxpayers and help victims.

IRS employees are working to prevent refund fraud, investigate identity theft-related crimes and help taxpayers who have been victimized by identity thieves.

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 October 2014, the IRS has stopped 19 million suspicious returns and protected more than \$63 billion in fraudulent refunds.

For 2015, the IRS will continue to increase both the number and efficiency of the identity theft data models and filters that are used to identify potentially fraudulent returns. These pre-refund filters stop the vast majority of fraudulent returns. Additionally, the IRS continues to expand its partnerships with financial institutions to identify and stop fraudulent refunds.

Starting January 2015, the IRS also will limit the number of direct deposit refunds to a single financial account or pre-paid debit card to three. Fourth and subsequent valid refunds will convert to paper checks and be mailed to the taxpayer. The limit also will stop certain tax preparers who improperly deposit client refunds into their own accounts.

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.

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:** 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.
- **IP PIN Expansion:** The IRS is offering certain taxpayers the opportunity to opt in to the IP PIN program. These are taxpayers who may be unaware that they are identity theft victims but the IRS identified them because their accounts have indications of identity theft.
- **IP PIN Pilot:** The IRS will continue its IP PIN pilot program that allows taxpayers who filed tax returns last year from Florida, Georgia or the District of Columbia to opt into the IP PIN program.
- **IP PIN changes:** This year, the IRS uses 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 an IP PIN online.
- **Victim case resolution:** These are extremely complex cases to resolve, frequently touching on multiple issues and multiple tax years. The IRS is working hard to streamline its internal process. A typical case can take 120 days to resolve, and the IRS is working to reduce that time period.
- More information is available on IRS.gov, including the Taxpayer Guide to Identity Theft.

IRS Criminal Investigation

In Fiscal Year 2014, the IRS initiated 1,063 identity theft related investigations. Criminal Investigation enforcement efforts resulted in 748 sentencing as compared to 438 in FY 2013, an increase of 75 percent and the incarceration rate rose 7.1 percent to 87.7 percent. The courts imposed significant jail time with the average months to serve in FY 2014 at 43 months as compared to 38 months in FY 2013 - the longest sentencing being 27 years.

The nationwide Law Enforcement Assistance 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 now more than 755 state/local law enforcement agencies from 47 states participating. For FY 2014, more than 6,776 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. Since its

inception in FY12, it has received over 7,600 individual identity theft leads. These leads involved approximately 1.47 million returns with over \$6.8 billion in refunds claimed.

CI continues to be the lead agency or actively involved in more than 78 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 2015-2, Identity Theft Information for Taxpayers and Victims.