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TaxForum

| 2018

**Identity Theft Victim Assistance:
How It Works for You and Your Client**



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Security Summit Initiatives – 2016/2017

- Identified and shared scores of data points for 1040 and 1120
- Enhanced password protocols
- New information fields
- Expanded partnerships

Security Summit Initiative - Results – 2015 to 2017



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Tax Pro Data Thefts Trending Up

News Releases and Scam Alerts

[IR-2018-111](#), May 3, 2018, IRS urges small businesses: Protect IT systems from identity theft.

[IR-2018-103](#), April 24, 2018, IRS, Security Summit Partners warn of new twist on phone scam; crooks direct taxpayers to IRS.gov to “verify” calls.

[IR-2018-88](#), April 9, 2018, IRS, Summit Partners warn on tax deadline scams, 'IRS Refunds' email

[IR-2018-68](#), March 22, 2018, Summit partners warn tax pros to be on alert; step up security measures

[IR-2018-61](#), March 16, 2018, Security Summit urges tax pros to protect their identification numbers: EFINs, PTINs and CAF numbers

[IR-2018-27](#), Feb. 13, 2018, Scam Alert: IRS Urges Taxpayers to Watch Out for Erroneous Refunds; Beware of Fake Calls to Return Money to a Collection Agency

[IR-2018-17](#), Feb. 2, 2018, Tax Pros Urged to Step Up Security as Filing Scheme Emerges, Reminded to Report Data Thefts

[IR-2018-8](#), Jan. 17, 2018, IRS, States and Tax Industry Warn Employers to Beware of Form W-2 Scam; Tax Season Could Bring New Surge in Phishing Scheme

[IR-2018-02](#), Jan. 09, 2018, Security Summit Partners Warn Tax Pros of Heightened Fraud Activity as Filing Season Approaches



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Minimal Security Steps

- Recognize and avoid phishing emails.
- Create data security plan using Publication 4557, Safeguarding Taxpayer Data, and Small Business information Security – The Fundamentals.
- Review internal controls:
 - Install security software
 - Create strong passwords, 8 characters or more
 - Encrypt sensitive files



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Minimal Security Steps

- Back up sensitive data
- Wipe clean or destroy old hard drives
- Limit access to taxpayer data
- Check IRS e-Services weekly for EFIN counts

Report Data Thefts immediately to the IRS
Stakeholder Liaisons

Stay connected to the IRS: Subscribe to e-News for
Tax Professionals, QuickAlerts and social media



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Signs of Data Theft in Your Office

- Client e-filed returns begin to reject;
- Clients who haven't filed tax returns begin to receive authentication letters (5071C, 4883C, 5747C) from the IRS;
- Clients who haven't filed tax returns receive refunds;
- Clients receive tax transcripts that they did not request;
- Clients who created an IRS online services account receive an IRS notice that their account was accessed or disabled



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Signs of Data Theft in Your Office

- The number of returns filed with tax practitioner's Electronic Filing Identification Number (EFIN) exceeds number of clients;
- Tax professionals or clients responding to emails that practitioner did not send;
- Network computers running slower than normal;
- Computer cursors moving or changing numbers without touching the keyboard;
- Network computers locking out tax practitioners.



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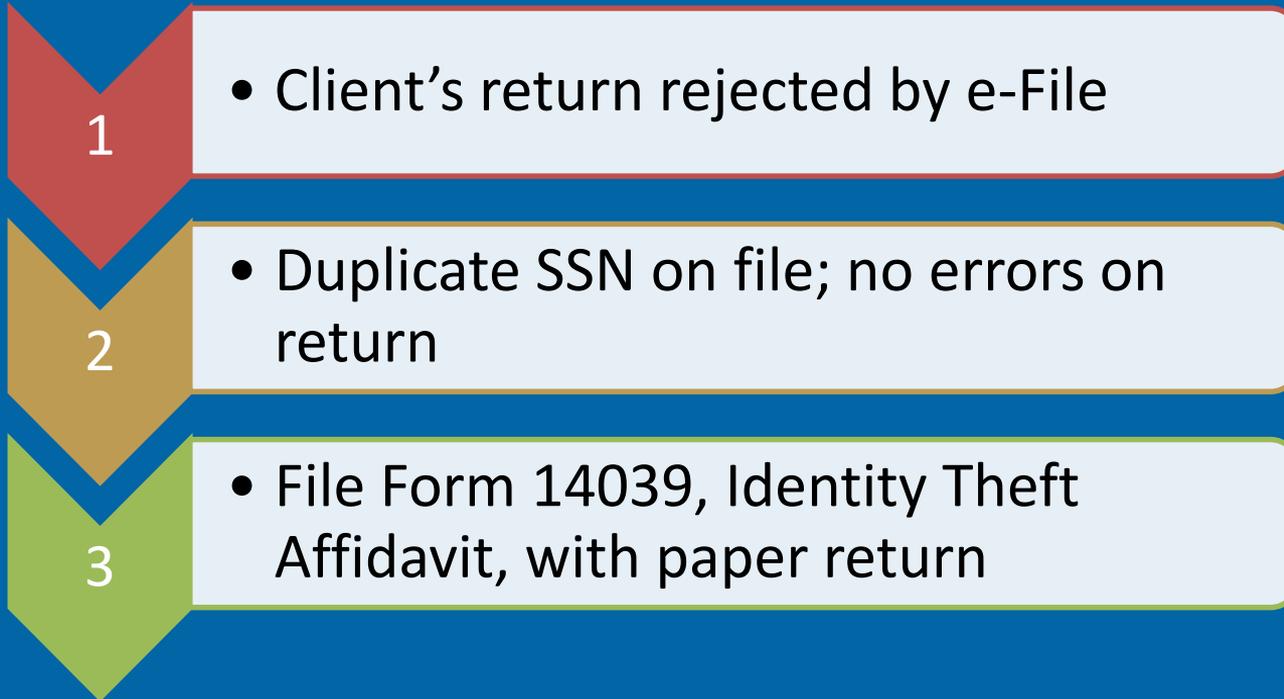
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How Tax Pros Report Data Theft

- Contact IRS and law enforcement
 - IRS stakeholder liaisons are your points of contact
 - Search “stakeholder liaisons” on IRS.gov
- Contact state tax agencies/attorneys general
 - Email Federation of Tax Administrators for state agency contacts at StateAlert@taxadmin.org
- Contact Experts
 - Security expert and/or insurance company
- Review “Data Theft Information for Tax Professionals” at [IRS.gov/identitytheft](https://www.irs.gov/identitytheft)



Taxpayer Victim Assistance: How It Works – You Tell Us





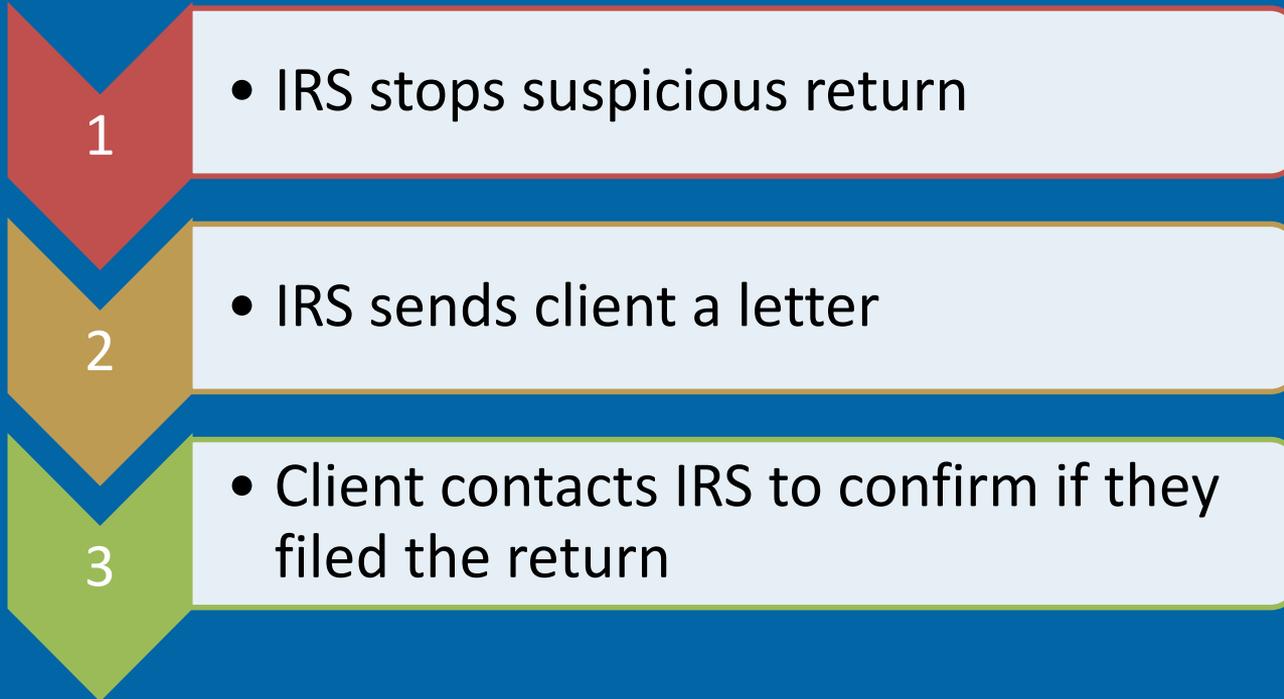
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Taxpayer Victim Assistance: How It Works – We Tell You





Taxpayer Protect Program (TPP) Letters

Letter type	Client Action	File 14039 (yes or no)
4883C	Call the IRS	NO
5071C	Use the online tool or call	NO
5747C	Visit an IRS office	NO
5447C	Call only	NO
No letter	E-File Rejects Return for duplicate SSN	YES



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Identity Protection PIN

- Six-digit number issued to IDT victim (Letter CP01A)
- New IP PIN number assigned each year
- Cannot opt out of IP PIN program
- Return rejects without the IP PIN
- Assigned to either or both primary and secondary taxpayer



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Business Returns and Identity Theft

- Identity Theft involving business, partnership and estates and trusts on the rise
- New Letter 6042C – questionnaire for suspected victims; document request
- New EIN requirements this summer
 - Applicants must be individuals with TINs;
 - Applicants using entities and EINS not accepted



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Multi-Factor Authentication and Tax Pros

- Two-factor authentication: Secure Access for IRS e-Services, Get Transcript, Get an IP PIN and others
- Tax software products moving to multi-factor authentication – two and even three factor
- Use the highest multi-factor option available to protect your clients' data and your business



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Resources to Assist Tax Pros with Data Security

- Publication 4557, Safeguarding Taxpayer Data (REVISED)
- Publication 5293, Data Security Resource Guide for Tax Professionals (NEW)
- www.IRS.gov/ProtectYourClients
- www.IRS.gov/IdentityTheft
 - Individuals
 - Tax Pros
 - Businesses