



Using a Public-Private Partnership to Address a Common Problem

The Identity Theft Threat to Our Nation’s Tax System

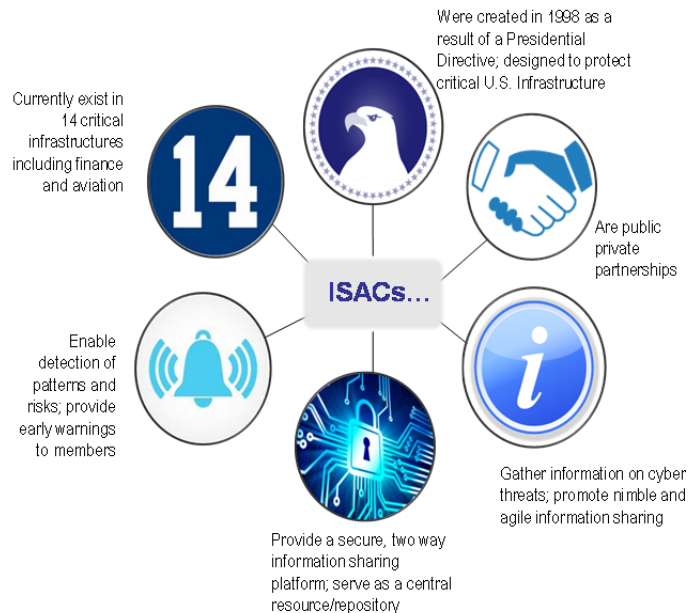
Over 150 million households file federal and state tax returns each year, which amounts to trillions of dollars flowing through the tax ecosystem. With the data in these returns including highly sensitive personal information, it is the responsibility of everyone in the tax ecosystem to support cyber-security and to combat Identify Theft. In April 2016, it was estimated that 429 million identities had been exposed due to data breaches alone. When data breaches occur, actionable intelligence-sharing between public and private entities is key to increasing security protections for the nation’s taxpayers and preventing further harm to personal data.

Looking at the Problem Holistically

As a result of the large scale threat identify theft continues to pose to the tax system, IRS Commissioner John Koskinen convened the first public-private sector Security Summit in March 2015 to discuss the growing challenges related to combating tax-related identity theft and identify ways to combat refund fraud. The summit now includes 42 states and 21 industry partners endorsed by seven major organizations representing various segments of the tax and financial industries. The summit’s collective work has helped all parts of the tax return submission pipeline by keeping false returns out, improving internal fraud filters and preventing fraudulent refunds from being deposited into criminals’ accounts.

The Identity Theft Tax Refund Fraud Information Sharing & Analysis Center (IDTTRF-ISAC)

The evolving sophistication of identity theft prompted the leaders of the IRS, tax preparation firms, software developers, payroll and tax financial product processors, tax professionals and state tax administrators to identify steps to protect taxpayers and the integrity of the federal and state tax system. The participants identified the **Identify Theft Tax Refund Fraud Information Sharing & Analysis Center (ISAC)** as an important tool for collecting and quickly sharing meaningful data and information between member organizations. The vision for the ISAC is to foster collaboration between the participants, provide each member with a greater understanding of the identify theft environment, help to anticipate identity theft attacks and proactively increase protections.

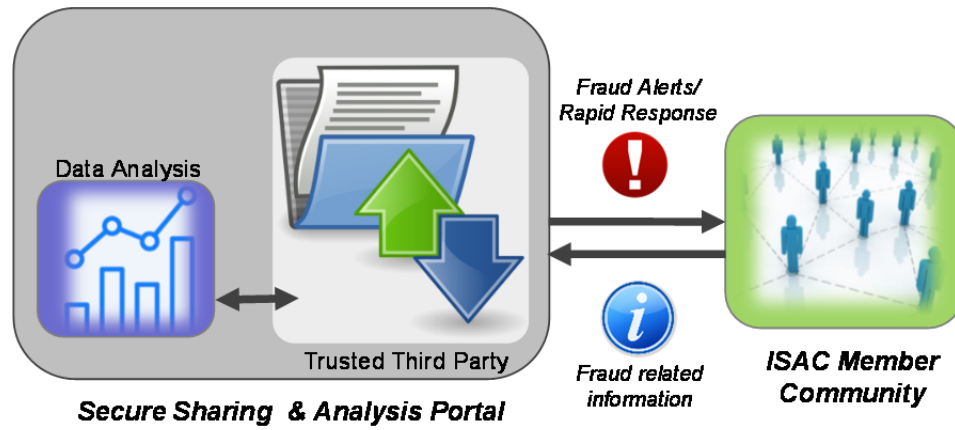




Using a Public-Private Partnership to Address a Common Problem

The ISAC became operational in January 2017 as a centralized, enhanced compilation and analysis tool for member organizations to share valuable data. This includes information on data breaches and the evolving tactics used by Identify thieves to compromise taxpayer information.

Members of the ISAC interact with an independent trusted third party entity, which has been evaluated and sanctioned by the IRS in order to facilitate the analysis and compilation of data. By working with the trusted third party, members are able to transmit data into a secure portal, and download data submitted by other members of industry and state tax administrators in order to perform further analysis and identify patterns of identity theft. The ISAC also supports participating organizations



Identity Theft Tax Refund Fraud Information and Analysis Center

through dissemination of tax ecosystem alerts, which provide a timely alert system for actionable intelligence that can be used to improve the security of taxpayer information.

Participating as a member among industry and other state tax authorities is crucial to attaining the vision for the public-private sector partnership and collaboration that the ISAC was founded on.

In you are interested in learning more and discussing how your state or organization can benefit from participation in the ISAC, please contact the IDTTRF-ISAC trusted third party at: idttrf@mitre.org.