

What To Know About Tax-related Identity Theft

Tax-related identity theft occurs when someone uses a taxpayer's stolen SSN to file a tax return claiming a fraudulent refund. In the vast majority of tax-related identity theft cases, the IRS identifies a suspicious tax return and pulls the suspicious return for review. The IRS then sends a letter to the taxpayer and won't process the tax return until the taxpayer responds.

Depending on the situation, the taxpayer will receive one of three letters asking them to verify their identity:

Letter 5071C, Potential Identity Theft during Original Processing with Online Option. This letter asks the taxpayer to use an online tool to verify their identity and tell the IRS if they filed that return.

Letter 4883C, Potential Identity Theft during Original Processing. This letter asks the taxpayer to call the IRS to verify their identity and tell the IRS if they filed that return.

Letter 5747C, Potential Identity Theft during Original Processing - TAC AUTH ONLY. The IRS sends this letter to a taxpayer who has been a victim of a data breach. This letter may ask the taxpayer to verify their identity in person at a Taxpayer Assistance Center.

If the IRS sends a taxpayer an identity theft letter, the taxpayer should follow the steps in the letter. That will provide all the information that the IRS needs. There is no need for the taxpayer to file a Form 14039, Identity Theft Affidavit.

When to File an Identity Theft Affidavit

If a taxpayer hasn't heard from the IRS but suspects tax-related identity theft, they should complete and submit Form 14039, Identity Theft Affidavit. Signs of possible tax-related identity theft include:

- A taxpayer can't e-file their tax return because a duplicate tax return was filed using their Social Security number. (Check that there's no error in the SSN, such as transposed numbers.)
- A taxpayer can't e-file because a dependent's Social Security number or ITIN was already used by someone on another return without the taxpayer's knowledge or permission. (Also, check that the SSN or ITIN is correct and be sure the dependent hasn't filed a separate tax return.)
- A taxpayer receives a tax transcript in the mail they did not request.
- A taxpayer receives a notice from a tax preparation software company confirming an online account was created in their name, and they did not create one.
- A taxpayer receives a notice from their tax preparation software company that their existing online account was accessed or disabled when they took no action.

- A taxpayer receives an IRS notice informing them that they owe additional tax or their refund was offset to a balance due, or that they have had collection actions taken against them for a year they did not earn any income or file a tax return.
- The IRS sends a taxpayer a notice indicating that the taxpayer received wages or other income from an employer for whom they didn't work.
- The taxpayer was assigned an Employer Identification Number (EIN), but they did not request or apply for an EIN.

The IRS will work to verify the legitimate taxpayer, clear the fraudulent return from the taxpayer's account and, generally, place a special marker on the account that will generate an IP PIN each year for the taxpayer who is a confirmed victim.

Non-tax-Related Identity Theft; No Need to File Form 14039

Non-tax-related identity theft occurs when someone uses stolen or lost personally identifiable information (PII) to open credit cards, obtain mortgages, buy a car or open other accounts without their victim's knowledge.

Potential evidence of non-tax-related identity theft can include:

- An individual receives balance due bills from companies with whom they didn't conduct business, magazine subscriptions they didn't order, notifications of a mortgage statement, and/or credit cards for which they didn't apply.
- An individual receives notices of unemployment benefits for which they didn't apply.
- An individual receives a Notice CP 01E, Employment Identity Theft.
- An individual receives a Form W-2 or 1099 from a corporation or employer from whom they did not receive the income reported, and they have not received a notice or letter from the IRS questioning them about that income.
- A taxpayer can't e-file because a dependent's SSN or ITIN was already used by someone known to the taxpayer but is not the parent or legal guardian, and the taxpayer did not provide permission for that person to claim the dependent. For additional information about this issue, please call the office for assistance.

Victims of non-tax-related identity theft don't need to report these incidents to the IRS but should take steps to protect against the type of identity theft they've experienced.

Help Is Just a Phone Call Away

Don't hesitate to contact the office if you have any questions or concerns about tax-related identity theft or need assistance with any tax-related issue.