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By Isaac M. O'Bannon, Managing Editor

Tax professionals need be alert to the subtle signs of data theft. Cybercriminals often leave few signs of their burglary until the fraudulent tax returns are filed and clients are harmed. This is one more reason tax professionals should use strong security protections to prevent data theft from occurring.

In it's series, "[Protect Your Clients; Protect Yourself: Tax Security 101](#)," the IRS is highlighting security issues for tax pros. While the IRS and it's Security Summit partners are making progress against tax-related identity theft, cybercriminals continue to evolve, and data thefts at tax professionals' offices are on the rise.

Here are the top 10 warning signs that a tax pro or his or her office may have experienced a data theft:

- Client e-filed returns begin to be rejected because returns with their Social Security numbers were already filed;
- Clients who haven't filed tax returns begin to receive taxpayer 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 IRS emails stating their account has been disabled. Or clients unexpectedly receive an IRS notice that an IRS online account was created in their names;
- The number of returns filed with the tax professional's Electronic Filing Identification Number (EFIN) exceeds the number of clients;
- Tax professionals or clients responding to emails that the firm did not send;
- Network computers running slower than normal;

- Computer cursors moving or changing numbers without touching the keyboard;

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professionals nationwide, immediately filing fraudulent returns before the tax professionals were aware of the robbery. The crimes were first reported to the IRS by taxpayers who unexpectedly received refunds in their bank accounts. The crooks, posing as IRS contractors, tried calling the taxpayers to get them to forward the fraudulent refund to their accounts.

Identity thieves sometimes try to leverage the stolen data by using taxpayer information to access the Get Transcript system. Taxpayers who receive transcripts by mail but did not order them are sometimes victims of this approach. Get Transcript Online is protected by a robust, two-factor authentication process. But crooks may still try to use stolen identities to try to create Get Transcript accounts, which results in the IRS disabling the account and sending the taxpayer a letter.

During the tax filing season, tax practitioners should make a weekly review of returns filed with the office's Electronic Filing Identification Number or EFIN. A report is updated weekly. Tax preparers can access their e-File applications and select "check EFIN status" to see a count. If the numbers are inflated, practitioners should contact the e-Help Desk. Tax professionals may also notice IRS acknowledgements for returns they did not e-file. Acknowledgements are sent soon after a return is transmitted.

Tax professionals who fall victim to spear phishing email scams may suddenly see responses to emails they never sent. If a practitioner mistakenly provides username and password information to the thief, the thief often harvests their contact list, stealing names and email addresses to expand their spear phishing scam.

Always be alert to phishing scams, even if the emails appear to come from a colleague or client. If the language sounds a bit off or if the request seems unusual, contact the "sender" by phone to verify rather than opening a link or attachment. Tax professionals who notice any signs of identity theft should contact their state's [IRS](#)

[Stakeholder Liaison](#) immediately. The process for reporting data theft to the IRS is

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Are There More Twists to Come in Online Sales Tax Saga? [Thomson Reuters Blog.](https://tmsnrt.rs/2wMS2AN)
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IRS Updates 402(f) Notice Safe Harbor Language. [Wolters Kluwer Blog.](https://bit.ly/2xxkEhF)
<https://bit.ly/2xxkEhF>

3 Tips for Diversifying Tax Workforce. [Bloomberg Tax Blog.](https://bit.ly/2so7Yan)
<https://bit.ly/2so7Yan>

Do You Know these 3 Types of Tax Clients? [AICPA Insights Blog.](https://bit.ly/2NTQuzp)
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Top Tax News

IRS Offers Relief to Hurricane Florence Victims. Hurricane Florence victims have until Jan. 31, 2019, to file certain individual and business tax returns and make certain tax payments.

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AICPA Says Taxpayers Need Option to Direct Section 965 Overpayments.

Taxpayers should have ability to direct application of overpayments resulting from their combined 2017 estimated taxes and 2017 extension payments.

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Tax Leaders Plan to Embrace Innovation. Harnessing benefits of new technologies and increasing reporting and compliance requirements for tax reform are among the major challenges they face in the next 12 months.

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Report Forecasts Increase to Tax Brackets in 2019. Report calculates inflation adjustments to next year's individual income tax brackets, standard deduction amounts, and other annually-adjusted figures.

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