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Jim Buttonow • Jul. 29, 2013

From the **IRS Inside** blog.

In recent years, the IRS has stressed its commitment to protecting taxpayers from tax-related identity theft. As part of this commitment, the IRS enhanced the Electronic Fraud Detection System (EFDS).

In 2012, the EFDS detected 7.8 million potentially fraudulent returns. When the system flags a tax return, the IRS does not process the return and freezes any refunds until the taxpayer verifies his or her identity.

When a return is flagged, the IRS sends Letter 5071C or Letter 4883C to affected taxpayers to request additional information to continue processing the tax return. The taxpayer is instructed to:

1. Obtain a copy of the past two years' tax returns to provide specific information to the IRS.
2. Call the Taxpayer Protection Line (TPL) at (800) 834-5084 or visit idverify.irs.gov.

The IRS representative and the website questionnaire will request specific information about the taxpayer's return, such as filing status, dependent information, employer information, adjusted gross income and other personal and financial information that will help the IRS confirm the taxpayer's identity.

Some taxpayers have had limited success with using the website questionnaire, and have resorted to calling the TPL.

After the taxpayer has verified his or her identity with the IRS, the IRS should process

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- Uncertainty about their ability to accurately self prepare tax returns
- Fear that they have a larger IRS compliance issue

As a tax professional, you might be contacted by a self preparer for help addressing this letter. Follow these steps to respond to the letters:

1. Gather your client's 2011 and 2012 tax returns, including information statements (Forms W-2, 1099, etc.). In some instances, a 2010 return is also required.
2. Complete and file Form 2848, *Power of Attorney and Declaration of Representative*, covering 2012 and at least two prior years.
3. Call the TPL at (800) 834-5084 on behalf of your client. If you already have a Centralized Authorization File (CAF) number, you can fax the Form 2848 to the representative when you call. If you do not have a CAF number, you will need to fax Form 2848 to the CAF unit and wait until the CAF unit processes it before calling the TPL. If you have an e-Services account, you can also file Form 2848 via the e-Services Disclosure Authorization (DA) product, until [DA's slated retirement date of Aug. 11](#).
4. Once the IRS representative has released the return for processing, you can monitor the status of the refund through the "Where's My Refund" tool on IRS.gov.
5. If there is a significant delay in processing the refund and your client is suffering an economic hardship, contact the Taxpayer Advocate Service at (877) 777-4778 to request assistance.

Helping clients with this issue will allow you to offer value in addition to tax preparation services, as an advocate who will contact the IRS for your clients if any need arises.

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