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Ken Berry, JD • May. 27, 2015

A serious security breach at the IRS has the agency scrambling to beef up its ID theft efforts while the public and lawmakers stew. The IRS announced on May 26 that hackers had gained access to the personal information of more than 100,000 American households through its "Get Transcript" application.

According to IRS Commissioner John Koskinen, who spoke to media at a press conference, the identity crooks were successful in about 104,000 attempts to gain information from February through the middle of May. Another 100,000 hacks failed. There were no other breaches outside the Get Transcript program.

Late last week, the Federal Bureau of Investigation announced that it has started to investigate the theft and that agents were "working to determine the nature and scope of this matter." IRS Commissioner John Koskinen has said the information was stolen as part of an elaborate scheme to claim fraudulent tax refunds. Two officials told The Associated Press that the IRS believes the thieves may be part of a crime syndicate in Russia.

The incident comes on the heels of other cyber breaches in certain states earlier in the year. It points out the dangers facing the taxpaying public and the growing strength of the criminal element the IRS is up against.

"Eighty percent of the identity theft we're dealing with and refund fraud is related to organized crime here and around the world," said Koskinen. "These are extremely sophisticated criminals with access to a tremendous amount of data."

The Get Transcript application enables taxpayers to gain access to returns from

In order to access the accounts, the crooks had to provide specific information, including a taxpayer's Social Security number, date of birth, tax filing status and address. In addition, the process requires you to answer some personal questions, such as the name of your high school's mascot. Koskinen indicated that social media may have aided the thieves in this regard.

"This is not a hack or data breach. These are impostors pretending to be someone who has enough information" to get more," he said. He then suggested that the crooks may be relying on other sophisticated programs to mine and collect this data.

However it is characterized, both the Treasury Inspector General for Tax Administration (TIGTA) and the IRS' Criminal Investigation unit are investigating the intrusion. In the meantime, the IRS has announced that it will provide free credit monitoring services to victims and will notify the taxpayers involved in the unsuccessful attempts. It also has emphasized that the thefts didn't involve its core system. "During this filing season, taxpayers successfully and safely downloaded a total of approximately 23 million transcripts," the IRS said.

Nevertheless, vocal members of Congress – led by Senator Orrin Hatch (Rep.-Utah), chairman of the Senate Finance Committee (SFC) and House Ways & Means Chairman Paul Ryan (Rep- Wis.) – are both alarmed and irate. Changes could be coming at the tax collection agency.

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