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TIGTA VICTIMS

The IRS is failing to provide personal identity numbers to all taxpayers who are the victims of tax-related identity theft, according to a report publicly released today by the Treasury Inspector General for Tax Administration ...

Isaac M. O'Bannon • Oct. 28, 2014

The [Internal Revenue Service](#) (IRS) is not providing personal identity numbers to all taxpayers who are the victims of tax-related identity theft, according to a report publicly released today by the Treasury Inspector General for Tax Administration (TIGTA).

To provide relief to victims of identity theft, the IRS began issuing Identity Protection Personal Identification Numbers (IP PIN) to eligible taxpayers in Fiscal Year 2011.

Use of an IP PIN provides relief to taxpayers because it allows the IRS to process their tax returns without delay and helps prevent the misuse of taxpayers' Social Security Numbers on fraudulent tax returns.

TIGTA assessed the IP PIN criteria and processes to determine whether the IRS is improving its assistance to victims of identity theft.

"Tax-related identity theft continues to be one of the biggest challenges facing the Federal system of tax administration," said J. Russell George, Treasury Inspector General for Tax Administration. "It is incumbent upon the Internal Revenue Service to fully utilize all available tools in the fight against this fraudulent activity."

TIGTA found that the IRS issued 1.2 million IP PINs to taxpayers to use in filing tax returns in 2014, up from 770,000 in 2013. In addition, taxpayers who used their IP PIN to file their tax returns claiming a refund in Processing Year 2013 had their returns processed in a time frame similar to the general population of return filers claiming a refund.

Although the program expanded, the IRS did not provide an IP PIN to 532,637

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TIGTA also found that the IP PIN notices issued to 759,446 taxpayers for Processing Year 2013 did not provide taxpayers adequate instructions on the use of the number and its importance on a tax return.

TIGTA recommended that the IRS: ensure that IP PINs are consistently issued; revise its IP PIN issuance criteria to make eligible those taxpayers who have had their Personally Identifiable Information lost, breached, disclosed, or stolen and have authenticated themselves; 3) ensure that the finalized IP PIN criteria are provided to the Applications Development function before each filing season; 4) ensure that IP PIN criteria are accurately programmed; and 5) revise the IP PIN issuance notice to explain the effect on processing a recipient's tax return and refund when the number is not included on the filed tax return.

The IRS agreed with the recommendations. However, its corrective action for one of the recommendations does not adequately address the concerns raised. The IRS indicates that individuals whose Personally Identifiable Information was compromised are eligible to receive an IP PIN. However, the IRS's website for its online IP PIN application still has not been updated to inform these individuals of this option.

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