## **CPA**

## Practice **Advisor**

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Oct. 22, 2015



The Internal Revenue Service, state tax administrators and leaders of the tax industry announced today continued progress to expand and strengthen protections against identity theft refund fraud for the 2016 tax season.

The public-private sector partnership announced success in identifying and testing more than 20 new data elements on tax return submissions that will be shared with

the IRS and the states to help detect and prevent identity-theft related filings. In

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development of several recommendations in June between the IRS, leaders of tax preparation and software firms, payroll and tax financial product processors and state tax administrators. Security Summit participants also identified additional topics for collaboration in the months ahead, and have continued to work together as a group to leverage their collective resources and efforts to protect taxpayers.

Koskinen and other leaders met in Washington, D.C. Tuesday to update the effort. To date, 34 state departments of revenue and 20 tax industry members have signed memorandums of understanding regarding roles, responsibilities and information sharing, with more expected to sign later.

As part of the Security Summit process, members from the IRS, states and industry are co-chairing and serving on several teams. The teams have focused on a number of areas including improved validation of the authenticity of taxpayers and information included on tax return submissions, increased information sharing to improve refund fraud detection and expand prevention, as well as more sophisticated threat assessment and strategy development to prevent risks and threats.

The industry and government groups identified numerous new data elements that can be shared at the time of filing with the IRS and states to help authenticate a taxpayer and detect identity theft refund fraud. There are more than 20 new data components that will help detect possible identity theft. The data will be submitted with the tax return transmission for the 2016 filing season, a step that will help detect and prevent refund fraud on both the federal and state level.

Another component will enhance identity validation for taxpayers using tax software. These stronger steps will protect taxpayer accounts by creating stronger verification of customers. This effort will include creation of security questions and device identity recognition at the time of log-on – both steps being used in the financial sector.

"We are taking new steps upfront to protect taxpayers at the time they file and

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Free File Inc., the National Association of Computerized Tax Processors, the National Branded Prepaid Card Association and the Financial Services Roundtable.

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