

Tax Tips – Fraud Claims

Let's face it. No one likes finding out that they owe money in taxes. But for some Americans, tax payments will be the least of their worries this year, when they learn that someone else has already filed taxes *in their name*. Typically driven by the desire to obtain a fraudulent refund or the need to prove eligibility for employment, this form of identity theft has become increasingly more common in recent years and can result in serious consequences for the victim, including the:

- Delay or denial of funds.
- Assessment of new tax debts based on income reflected on the fraudulent filer's return.
- Loss of entitlements, such as unemployment and disability benefits.
- Need to prove one's identity to the IRS year after year.

Below ID theft expert Brian Lapidus, chief operating officer of Kroll's Fraud Solutions, highlights the warning signs of tax-related fraud and offers some important advice for those consumers who suspect that their tax information has been compromised. At Kroll, Lapidus oversees a highly-skilled team that includes veteran licensed investigators who meet regularly with IRS agents to stay apprised of emergent tax fraud issues – bolstering the team's specialized work supporting breach victims and restoring individuals' compromised identities to pre-theft status.

Signs You May be a Victim of Tax-Related Fraud

1) You are unable to file your return electronically, because a prior return included your SSN.

Take Action:

- *Submit your return by paper and include proof of SSN ownership (i.e., a registered letter from the Social Security Administration)*

2) You have received a W2 or 1099 form from a company with whom you have never been employed nor had a financial relationship.

Take action:

- *Contact the company in question by phone, with a follow-up letter, to request a corrected W2 or 1099, maintaining call notes and copies of all related documentation. If receipt of document was not due to an error by reporting company, file a police report.*
- *Maintain records until you receive a notice from the IRS.*

3) You received a notice from the IRS advising you of unclaimed wages or income.

Take action:

- *Contact the assigned IRS agent listed on the notification. He/she will work with you to ensure that you are not held liable for any fraud-related or errant wages/earnings.*
- *If you do not notify the IRS of a dispute, the IRS will assume the reporting is accurate. As a result, the wages/income will be processed and the IRS will send you a bill. Continued failure to notify the IRS can result in wage garnishment or tax levies.*
- *Follow all instructions and provide all information or documentation to the assigned IRS agent, as requested.*

NOTE: If you have been contacted by the IRS (upon receipt of a notice), but have not received timely or satisfactory assistance, you may be eligible for assistance from the Taxpayer Advocate Service (TAS). Call (877) 777-4778 for more information.