

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

## **WAYS TO AVOID IDENTITY THEFT**

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## WAYS TO AVOID IDENTITY THEFT

Identity theft presents a challenge to businesses, organizations and governments, including the Internal Revenue Service. Tax-related identity theft occurs when someone uses a stolen Social Security number (SSN) to file a tax return to claim a fraudulent refund. Although identity theft affects a small percentage of tax returns, it can delay a taxpayer's refund and have a major impact on the victim's peace of mind.

### ***"This is the IRS calling" phone scam***

Recently people all over the country have been targets of an aggressive, and relatively sophisticated, phone scam that targets ordinary taxpayers, including recent immigrants. The callers claim to be IRS employees, which, of course they aren't. They're plain old con artists, but they sound awfully convincing when they call. They use fake names and may even give victims their 'official' IRS identification badge numbers. They always seem to know a lot about you, and they nearly always change their caller ID to make it look like an IRS call.

You, the victim, are told that you owe money to the IRS and have to pay it immediately, usually via a pre-loaded debit card or wire transfer. If you refuse they threaten you with arrest, deportation, or the suspension of your business or driver's license. If you continue to refuse their demands or question them further they often become hostile and insulting.

Sometimes, they'll try to trick you into sharing private information by telling you that you have a refund due. And if you're out or just not picking up the phone they'll even leave an 'urgent' callback request.

There are a number of very important things to remember if you're on the receiving end of one of these calls. First, the IRS will never, ever, call to demand any kind of payment. Nor will they call you about taxes you may owe. They always mail you a bill and an explanatory letter first. Second, the IRS will never demand that you pay taxes without giving you the opportunity to question –or appeal – the amount you supposedly owe. Third, they would never ask you use a particular kind of payment method, such as a prepaid debit card; nor would they ask for your credit or debit card numbers over the phone. Fourth, and last, they would never, ever, threaten to bring in the local police – or another law-enforcement agency, such as the FBI – to have you arrested for nonpayment.

To protect yourself from becoming a victim of identity theft you would be well advised to heed the following tips:

### ***How to protect yourself from becoming a victim of identity theft***

There are some quite simple, but effective ways, of protecting yourself from identity theft. To begin with, never carry your Social Security card, or any other documents that include your SSN or your Individual Taxpayer Identification Number (ITIN).

Also, don't give *any* business your SSN or ITIN just because they ask you. They have to give you

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a legitimate reason for needing it. If they can't give you one, beware. In fact, you should safeguard your financial and personal information in every possible way. For example, check your credit report regularly. The IRS says you should do this every 12 months. We say do it *monthly*. And review your Social Security Administration earnings statement every year.

Also very important: Secure your personal computer(s) by installing reputable firewall and anti-spam/virus software, and updating your Internet passwords. And finally, *never* give *anyone* personal information over the phone, through the mail, or on the Internet unless you have a.) initiated the contact yourself or you're b.) absolutely certain you know who you're talking to.

### ***Learn to read the signs - and be prepared***

Be vigilant. And be prepared for possible tax-related identity theft. It happens when you least expect it. For instance, the IRS may discover, and notify you, that more than one tax return was filed for you. Other red flags: You find that you owe additional tax, have a refund offset or have had collection actions taken against you for a year you did not file a tax return, or IRS records show that you received more wages than you actually earned. Finally, your state or federal benefits were reduced – or cancelled – because the agency received information reporting a change of income. If any of these happen to you take action immediately.

### ***What to do if you're a victim of tax-related identity theft***

If you're unlucky enough to be a victim of identity theft the Federal Trade Commission recommends that you take a number of steps. First, file a report with your local police department. Then file a formal complaint with the Federal Trade Commission. You can do it online by going to [www.consumer.ftc.gov](http://www.consumer.ftc.gov), or you can call the FTC Identity Theft hotline directly at 877-438-4338 or TTY 866-653-4261.

The next step: Contact one of the three major US credit bureaus and register a 'Fraud Alert' for your account. These are the three bureaus:

- Equifax - [www.equifax.com](http://www.equifax.com), call 800-525-6285
- Experian - [www.experian.com](http://www.experian.com), call 888-397-3742
- TransUnion - [www.transunion.com](http://www.transunion.com), call 800-680-7289

Finally – and this is extremely important – close any of your accounts that have been tampered with or opened illegally.

### ***Marks Paneth is here to help - always***

If your SSN has been compromised in any way, or if you know, or even suspect, that you've been the victim of tax-related identity theft, do the following: Contact us if you receive an IRS notice. We can help you to understand what the notice means and ensure that you respond immediately to the

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request – in the appropriate way. Plus, we can also prepare IRS Form 14039, Identity Theft Affidavit, if necessary. And should it become necessary, we'll work on your behalf with the IRS Identity Protection Specialized Unit to find seek a solution to your identity theft problem.

The IRS has greatly reduced the time it takes to resolve identity theft cases, but these cases can be extremely complex and often raise numerous issues that may involve several tax years. It can be time consuming – and frustrating. Keep in mind that most cases typically take about 120 days to resolve. Patience is called for.

However, if you take the information-protection steps we've recommended, you will greatly lessen your risk of being a victim of identity theft. And if it does become necessary, we are here to assist you through the process and help restore your peace of mind.

### FOR MORE INFORMATION

If you have questions about this article, please contact [Steven Eliach](#), Principal-in-Charge of the Tax Practice, by phone at (212) 503-6388 or by email at [seliach@markspaneth.com](mailto:seliach@markspaneth.com) or any of our [Marks Paneth professionals](#).

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