

# Balance sheet

## Spotting Early Signs of Identity Theft

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According to the Federal Trade Commission (FTC), as many as 10 million Americans have identities stolen each year. In fact, almost 50% of complaints received by the FTC in 2015 were tax-related ID theft, making it their number one complaint for the sixth consecutive year. Judging from recent news reports, this does not seem to be getting any better. Hopefully it never happens to you. But, if it does, early detection could mean the difference between a painful experience and a disastrous one. A good way to proactively recognize that you have a potential identity theft situation is to request and review copies of your tax account transcripts from the IRS and credit reports from the three major credit reporting agencies.

### Periodically Review IRS Transcripts

IRS transcripts can show early signs of identity theft and should be reviewed periodically. They are available for free on the "Get Transcript" web page at [www.irs.gov](http://www.irs.gov), by calling (800) 908-9946 to receive the transcript by mail, or submitting Form 4506-T (Request for Transcript of Tax Return).

For identity theft purposes, a couple of potentially important codes are TC 150, which indicates that a tax return was filed and posted to the taxpayer's account, and TC 976, which indicates that a duplicate return was filed and posted to the taxpayer's account. For example, if more than one return was filed, which indicates a possible identity theft situation, and the fraudulent return posts first, the fraudulent return will be identified on the account with TC 150 and the taxpayer's (subsequent) return will be identified by TC 976.

Taxpayer accounts are marked throughout the identity theft resolution process to indicate actions taken. Identity theft indicators are placed on taxpayers' accounts using TC 971 AC 552 when identity theft is initially suspected either by the IRS or by the taxpayer.



### Review Your Credit Reports

Your credit report may show the first signs that someone has misused your information, so it is important to check your report at least once a year if not more often. You have the right to obtain a free copy of your credit report every 12 months from each of the three primary credit reporting companies – Experian, Equifax, and TransUnion – at [www.annualcreditreport.com](http://www.annualcreditreport.com) or by calling (877) 322-8228. Some issues to watch out for as possible indications of identity theft include the following:

- Do any of the inactive accounts show new activity? Unfamiliar activity on an inactive account could be a red flag, although it is possible that recent activity could still be posted on the credit report if the creditor reports activity, such as changing the report date.
- Is there a line of credit that you did not open or that looks unfamiliar? If so, your identity may have been stolen and used to open new lines of credit.
- Is an account unfamiliar, or an account you recognize but did not think was overdue, delinquent or in collections? The latter could be an issue if an identity thief hijacked the account and had the bills forwarded to a different address.
- Are there inquiries from creditors ("hard inquiries") that you do not recognize? The inquiry information on your credit report generally covers the past two years. An inquiry for which you did not apply could be another indicator of identity theft.

### Conclusion

Obviously, there is much more to identity theft than outlined above. If you suspect identity theft and it relates to tax filings, please contact us. Otherwise, you may want to contact your bank, credit card company, or legal counsel to address the matter.

Items presented are not intended to be technically complete. Additional information may be required to make an informed decision.