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# Balance *sheet*

## Identity Theft & Preventing it

By Kyli Lause

Identity theft is the fraudulent acquisition and use of a person's private identifying information, which usually results in financial gain to the perpetrator. Tax-related identity theft occurs when someone uses a taxpayer's lost or stolen social security number (SSN) or individual tax identification number to file a tax return claiming a fraudulent refund. Most cases, the Internal Revenue Service (IRS) catches these fraudulent tax returns and will identify them as suspicious and pull it for review. Once the IRS pulls the tax return for review, they will send a formal letter to the taxpayer's address requesting additional information.

The return will not be processed until the taxpayer responds to one of the following three letters: Letter 5071C, Letter 4883C, or Letter 5747C. If you believe that you have a tax-related identity theft problem and have not received a letter from the IRS, you should complete Form 14039. Signs of tax-related identity theft include if you cannot e-file your tax return because a tax return has already been filed using your SSN or your dependents SSN without your knowledge.

If one of the above situations occurs, double check that yours or your dependents SSN on the return is correct and be sure a claimed dependent has not filed their own return. After the IRS receives Form 14039, the IRS will work to verify your identity and confirm whether you are a victim of tax-related identity theft. Once confirmed, the IRS will clear any fraudulent returns from your account and place a special code on your account. That code prompts the IRS to send you an identity protection personal identification number (IP PIN) to you each year.

The IP PIN gives you an added layer of protection against any tax-related identity theft. Having this six-digit IP PIN means no one can file a tax return under your name without the given IP PIN. You can request to receive an IP PIN before tax-related identity theft occurs to you. The IRS has a "Get an IP PIN" tool on their website and your SSN or individual taxpayer identification number can be used to verify your identity online. For those who cannot verify online and meet the annual threshold, Form 15227, Application for an IP PIN is another way to apply to receive an IP PIN. Once the IRS receives Form 15227, an IRS representative will call the provided telephone number and verify your identity. For security reasons, a taxpayer requesting an IP PIN using Form 15227 will receive an IP PIN for the next filing season, thus the taxpayer will not be able to use the IP PIN for the current filing season.

Please contact us if you have any questions or need assistance in completing the above forms.

Items presented are not intended to be technically complete. Additional information may be required to make an informed decision.  
You cannot rely upon this information for avoiding tax penalties.

