

What to Do When You Are a Victim of Tax Identity Theft

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When it comes to filing our tax returns, we all want to complete every form accurately and according to the instructions. So finding out that someone has filed a fraudulent return in our name is something we never want to experience. Unfortunately, it happens all too often. In fact, despite having prevented more than 787,000 fraudulent tax returns in 2016, the [Internal Revenue Service \(IRS\)](#) still paid out \$239 million in “suspect” refunds.

To fraudulently file taxes, a thief just needs your name, social security number (SSN), and date of birth. From there, he or she can easily falsify “your” W-2 information in an attempt to claim a refund. You, the taxpayer, won’t find out about the fraud until it’s too late and you receive notification from the IRS that your real tax return has been rejected.

How do criminals obtain the information to file taxes in your name?

Cybercriminals obtain your personal information in a number of ways: posing as an IRS representative and procuring information via phone or e-mail, sending phishing e-mails, stealing your W-2 from your mailbox, and accessing information over unsecure Wi-Fi networks. Unfortunately, with tax fraud, your SSN has been forever compromised. This means that you’ll likely have another identity theft issue in the future.

What do you do now?

Unlike a credit card number, an SSN cannot simply be canceled and changed when it’s stolen. Therefore, it’s up to you to do all you can to protect yourself from the fraudulent use of your SSN going forward.

1. **Notify the Federal Trade Commission (FTC), Social Security Administration (SSA), and IRS.** The faster you take action, the less damage will be done. In addition to filing a complaint with the FTC and notifying the SSA, call the IRS Identity Protection Specialized Unit at 800.908.4490 to report the theft.
2. **Complete and submit Form 14039.** If you haven’t already done so, fill out IRS [Form 14039](#), the Identify Theft Affidavit, so that the IRS is aware that your future returns may be at risk.
3. **Apply for an Identity Protection PIN.** Once you’ve been identified by the IRS as an identity theft victim, you’ll want to apply for this six-digit PIN. The IRS will provide it for you, and the PIN must be used for future tax returns in order for them to be accepted.
4. **Notify one of the major credit bureaus.** Report the fraud and place an alert on your credit report to one of the three major credit bureaus: Experian, TransUnion, or Equifax. When you file a report with one bureau, it is legally required to alert the other two. A fraud alert on your credit report will require potential creditors or lenders to contact you directly and obtain permission before opening a new line of credit.
5. **Strongly consider purchasing credit monitoring.** With credit monitoring, you’ll be able to keep tabs on your credit report. Not only will credit monitoring services let you know when a new line of credit is attempted, but they will also monitor existing accounts and alert you of any changes. Many also offer

recovery assistance services, monetary and legal assistance, and insurance that covers expert consulting regarding identity theft.

Stay vigilant

Considering that your SSN is in the hands of at least one identity thief, you more likely than not will face this same issue in the future. So stay vigilant! Credit monitoring will help you keep tabs on your credit. In addition, every year, file your taxes *as soon as possible* to avoid another fraudulent filing. Finally, remember that the IRS will *never* contact you electronically and almost never via phone. It almost always communicates via letters through the U.S. Postal Service. If you do receive a phone call from someone saying that he or she is from the IRS, hang up and call your local IRS office directly.

Questions?

If you have any questions about the information shared here, please feel free to call us at 317-579-9400. We will do all that we can to help you.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.

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