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By Susan Grant, CFA Director of Consumer Protection and Privacy

In the identity theft complaints reported to the Federal Trade Commission last year, the most common use of victims' stolen information was to commit tax or wage fraud. What's even more alarming is the upward trajectory of this type of fraud, from 32.8 percent of identity theft cases reported in 2014 to 45.3 percent in 2015. This trend is borne out by Consumer Federation of America's latest survey of state and local consumer protection agencies around the country, which revealed that tax ID theft was among the top three fastest-growing complaints that they received last year. Often victims of tax ID theft don't realize it until they file their own returns and discover that someone else has gotten their refunds.

A bipartisan bill in the House of Representatives recently proposed by Carlos Curbelo (R-FL) and Gwen Graham (D-FL), the Taxpayer Identity Protection and Alert Act of 2016, would require the Commissioner of the Internal Revenue Service (IRS) to assess the feasibility of notifying taxpayers when returns are filed using their information. This is a good idea. Could there be a way for people to respond and say "stop the process!" if it's a fraudulent filing? That ought to be explored as well. With tax ID theft on the rampage, we need to not only alert taxpayers but empower them to block it.