

06/04/2014

By: Administrator

A recent [article](#) by Sheryl Harris in the Cleveland Plain Dealer (*IRS freezes tax ID theft victims' returns – then hits them with late penalties*, May 31, updated June 3) points to the need for the Internal Revenue Service to step up its game when it comes to helping victims of tax ID theft. Government document or benefits fraud was the top category of identity theft incidents [reported](#) to the Federal Trade Commission last year, and most of those cases involved tax or wage-related fraud. Crooks have discovered that it's easy to raid the federal piggybank by filing for tax refunds using other people's identifications.

While the IRS has made some headway in spotting fraudulent returns and stopping checks from going out to ID thieves, the victims are often hung up for a long time. One couple whose situation is described in Harris's piece provided all the documentation that the IRS required more than a year ago, but their account is still frozen, as is the tax credit that they had planned to use this year, and they are now being dunned for back taxes and late penalties.

Nina Olsen, the National Taxpayer Advocate, noted in her 2013 [report](#) to Congress that the Treasury Inspector General found that the average time it takes the IRS to fully resolve identity theft complaints is 312 days. In contrast, her office, to which some frustrated taxpayers have turned for help, has been able to resolve identity theft cases in an average of 87 days. The problem, she said, is that under the current IRS system, dealing with ID theft victims' complaints requires coordination among over twenty different units at the agency. She recommended that the IRS should set up a centralized unit and assign one person to work with each victim through the entire process of resolving the problem.

The IRS [Taxpayer's Guide to Identity Theft](#) provides information about what people should do if they become victims of tax ID theft and how to contact the IRS for assistance. But the agency clearly needs to revamp in order to ensure that victims get help in a timely manner. And, as Harris said in her article, "At the very least, the IRS should refrain from penalizing ID theft victims for problems triggered by the agency's glacial pace."

