
Protect Yourself from Tax Refund Fraud

In a recently released [U.S. Government Accountability Office](#) report for the 2013 tax year, it was estimated that the IRS paid \$5.8 billion in fraudulent tax refunds. That amount increased from the estimated \$3.6 in fraudulent tax refunds paid in 2012. There is no doubt that tax refund fraud is growing. At Downey & Company, we have seen firsthand from a handful of clients who had their information stolen, what the aftermath of resolving the issue with the IRS is like for victims. There are steps you can take to help make yourself less of a target for tax refund fraud.

1. File your taxes as early as possible. Criminals file fraudulent tax returns early to take advantage of the time delay before the real taxpayer files. Also, file electronically, if possible. The IRS takes much longer to process a paper return which gives criminals the advantage of even more time. Make sure if you are filing electronically yourself, never send your return over an unsecured Wi-Fi network.
2. Have any refund deposited directly into your bank account. Do not request a check or pre-paid debit card which can be easily stolen. If you do have to request a check, track your refund using [Where's My Refund?](#) to help prevent your refund from getting stolen in the mail or redirected to a wrong address.
3. Request a PIN from the IRS. Victims of tax identity theft are issued PINs from the IRS to add an extra layer of security for future tax filing. However, if you live in certain areas of the country where there is a high rate of tax identity theft, you will qualify for one even if you have not been a victim of tax identity theft. If you don't live in those certain high risk areas, but have been informed that your personal information has been compromised in a data breach, for example, consider filing an [IRS Form 14039 \(Identity Theft Affidavit\)](#) and check box 2. The IRS may decide to grant you a PIN if they feel you are at an elevated risk of identity theft. Even if the IRS does not grant you a PIN, filing the form could qualify you for other heightened security measures within the IRS.
4. This may sound basic, but protect your Social Security number. Do not keep the card in your wallet. Keep it at home in a safe or lock box. If you keep past tax returns on your personal computer at home, protect it with a password. Do not give out your Social Security number unless it is absolutely necessary. Criminals are stealing them from medical offices, nursing homes, insurance, and mortgage companies, just to name a few places. If you have to give it out, don't be afraid to ask the company how they are protecting your information.
5. Check your credit report at least once a year, if not more often. Each of the three major credit bureaus has to give you a free copy of your credit report once a year. Please remember to check your young children's social security numbers as well. They are also prime targets for criminals.
6. Do not reply to phone calls, emails, social media posts, etc. from anyone purporting to be from the IRS. The IRS will generally contact you via mail. Specifically, do not click on links in emails that look like they are from the IRS. These links redirect you to a website that will steal your personal information.
7. Do not leave important documents in your mail box for pick up by the mail carrier. Drop the documents in a mail box or at the post office. Make sure you collect your mail daily when expecting tax documents, especially during the month of January. If you were expecting a tax document and did not receive it, call the institution right away to find out where the tax document may be.
8. Make sure you shred any documents with personal information that you want to dispose of. Criminals are looking for your name, date of birth, and Social Security number. Any documents that contain any of this information should never go in the trash whole.
9. Use a reputable CPA firm to process your tax return if you decide you need professional assistance. Be wary of the places that pop up around tax time promising you big refunds. If it sounds too good to be true, it probably is.

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