IRS Issuing PIN Numbers to ID Theft Victims

January 8, 2013 - Identity theft continues to be a growing problem for millions of Americans. And one area of particular concern is taxpayer identity theft. This happens when crooks file false tax returns using someone else's Social Security Number. In most cases, the crooks receive a nice tax return that doesn't belong to them and cash it in long before anyone realizes that a crime has been committed. And when the victim files his or her actual tax returns, instead of a refund, they receive a letter from the IRS telling them that someone else has filed using their Social Security Number and that in order to get their refund, they now need to prove that they are ID theft victims. Now the IRS has a system to help make sure that victims don't face the same problem a second time.

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The IRS has put in place a system that issues PIN numbers to people who are victims of identity theft. Once issued, the PIN needs to be used on all correspondence/communication with the agency. While the system is far from perfect, it is also much better than having no system at all.

The IRS' PIN program began in 2011 when the agency issued 250,000 PINs to victims of ID theft. Last year, that number more than doubled to 600,000 PINs.

Unfortunately, the system is not preventative. In order to get a PIN, you need to be a victim of ID theft already. Its sole purpose is to make sure that victims of tax fraud don't face the same problem year after year.

The system isn't automatic either. Simply because you receive a letter from the IRS stating that someone else has filed a tax return with your SSN, that doesnâ€™t mean that you'll receive a PIN. For that to happen, you need to fill out IRS Form

14039. To get that ball rolling, victims can call the IRS' Identity Theft group at 1-800-908-4490.

Even so, until the IRS began the PIN program, there was no system in place to prevent repeat victimization. So the PIN system is a big improvement. And the number of participants is also likely to grow rapidly. According to a recent congressional report on e-filing (filing tax returns online), the IRS is facing a "major challenge" in preventing the large scale fraudulent use of the e-filing system. Put another way, the fact that the IRS is pushing people to file their tax returns online will only increase the likelihood that filers will become ID theft victims.

You don't have to be a tax fraud victim to participate. You only need a history of ID theft. Anyone who has been an identity theft victim is strongly advised to contact the IRS and get a PIN.

byJim Malmberg
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