



Tax Preparer Guide to Identity Theft



Tax preparers play a critical role in assisting individual and business clients who are victims of tax-related identity theft.

The IRS is working hard to prevent and detect identity theft as well as reduce the time it takes to resolve these cases.

What is tax-related identity theft?

Tax-related identity theft occurs when someone uses a stolen Social Security number to file a tax return claiming a fraudulent refund. Thieves may also use stolen Employer Identification numbers to create false Forms W-2 to support refund fraud schemes.

Warning signs for individual clients

Your client's SSN may be compromised, putting them at risk when:

- We reject their e-file return and the code indicates the taxpayer's SSN was already used, or
- They notice activity on their account or they receive IRS notices regarding a tax return after all tax issues were resolved, refund received or account balances paid, or
- They receive an IRS notice indicating they earned wages from an employer unknown to them.

Remember: You must have a power of attorney on file and authenticate your identity before an IRS customer service representative can provide you with any taxpayer information.

Assisting victims of identity theft

The Federal Trade Commission, the lead federal agency for identity theft, recommends these steps for victims:

- 1. File** a complaint and get a recovery plan at [IdentityTheft.gov](https://www.identitytheft.gov).
- 2. Place** a fraud alert on victim's credit report by contacting one of the three major credit bureaus:
 - [Equifax.com](https://www.equifax.com) - 800-525-6285
 - [Experian.com](https://www.experian.com) - 888-397-3742
 - [TransUnion.com](https://www.transunion.com) - 800-680-7289
- 3. Review** victim's credit report and consider closing any financial or credit card accounts that can't be confirmed.

Resources for tax preparers

- [Publication 1345, Handbook for Authorized IRS e-file Providers \(Security\)](#)
- [Publication 4557, Safeguarding Taxpayer Data](#)
- [Publication 4600, Safeguarding Taxpayer Information](#)

IRS victim assistance

In addition to FTC recommendations, you should take the following steps if a client's SSN is compromised and they suspect or know they're a victim of tax-related identity theft:

- Respond promptly to IRS notices.
- Complete [Form 14039, Identity Theft Affidavit](#), if we rejected their e-file return and the reject code indicates a duplicate filing under their SSN or you're instructed to do so. Attach Form 14039 to their paper return and mail according to instructions. This form allows us to put an indicator on the client's tax records for questionable activity.
- Clients should continue to file returns and pay taxes, even if it must be done on paper while we research their case.
- If you or your client previously contacted us and didn't get a resolution, call us for specialized assistance at 800-908-4490. We have teams ready to assist individuals who are victims of tax-related identity theft.
- Information about how IRS identity theft victim assistance works is available at irs.gov/IdtVictimAssistance.

Warning signs for business clients

- Your client's business return is processed as an amended return but they haven't filed a return for that year.
- Your client receives IRS notices about fictitious employees.
- Your client detects activity related to or receives IRS notices regarding a closed or dormant business after they paid all account balances.

If any of the above conditions affect your client, please refer them to irs.gov/BusinessIDT.

Resources for everyone

- [IRS.gov/IdentityTheft](https://irs.gov/IdentityTheft)
- [Publication 5027, Identity Theft Information for Taxpayers](#)
- [Publication 1, Your Rights as a Taxpayer](#), at irs.gov/TBOR
- **Taxpayer Advocate Service:** TAS is an independent organization within the IRS that can help protect taxpayer rights. Find them at irs.gov/advocate.