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Congress of the United States
House of Representatives
Washington, DC 20515-0910

April 12, 2012

The Honorable Douglas H. Shulman
Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, D.C. 20224

Dear Commissioner Shulman:

As the deadline for individuals to file their tax returns approaches, I would like to take this opportunity to call on the IRS to address the issue of tax fraud by identity theft.

As you are well aware, this crime has been particularly prevalent in the Tampa Bay region that I have the privilege to represent. Several of my constituents have been victims of identity theft and I thank you and your staff for your efforts to help resolve their cases.

Tax season is stressful enough without the threat of identity theft. The taxpayers we work for should not have to worry that their identity has been stolen while they are complying with the law and simply filing their tax returns.

Victims of identity theft can also experience significant delays in receiving their refunds, depriving them of money that many were counting on to help in these difficult economic times. Often, these innocent citizens are left with no idea of when they will be able to get the refund that is rightly theirs.

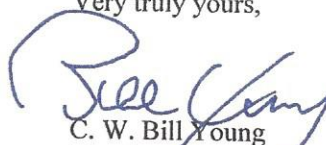
At a time when the federal government is again projected to run a deficit of more than \$1 trillion, we should not be paying out fraudulent tax refunds to identity thieves. The IRS should do everything in its power to prevent this crime and quickly assist victims. If the IRS requires additional statutory authority to take these steps, I would urge you to work with the Congress to find appropriate solutions.

To this end, I ask that you respond to the following questions:

1. What actions has the IRS taken in this tax filing season to address the growing number of tax-related identity theft cases?
2. How can the IRS better focus its resources to deal with identity theft and assist victims?
3. What steps has the IRS taken to ensure the timely issuance of refunds to victims of identity theft?
4. How can the IRS better work with federal, state, and local law enforcement agencies to identify, investigate, and prosecute identity thieves while protecting the privacy of victims?

Again, thank you for your work to help the victims of tax-related identity theft and your prompt reply to these questions. With best wishes and personal regards, I am.

Very truly yours,


C. W. Bill Young
Member of Congress



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

WAGE AND INVESTMENT DIVISION

06/28/2012

The Honorable C.W. Bill Young
U.S. House of Representatives
Washington, DC 20515

Attention: Matthew Dickerson

Dear Mr. Young:

Thank you for your letter of April 12, 2012, on our policy and processes for identity theft. We appreciate your concern as this is an ongoing problem in the country and continues to worsen. We understand and sympathize with your constituents who have experienced identity theft problems.

Identity theft is a complex problem. The nature of the problem is constantly changing, as identity thieves continue to find new ways to steal personal information. Over the past few years, we have seen a significant increase in refund fraud schemes that involve identity theft. As a result, we have developed a comprehensive identity theft strategy that focuses on preventing, detecting, and resolving these cases.

What actions has the IRS taken in this tax filing season to address the growing number of tax-related identity theft cases?

We have taken a number of additional steps this tax filing season to prevent identity theft and detect refund fraud before it occurs. We designed new identity theft screening filters that improved our ability to identify false returns before we processed them and issued a refund. We also placed more identity theft indicators on taxpayer accounts to track and manage identity theft incidents.

How can the IRS better focus its resources to deal with identity theft and assist victims?

We continue to assess our needs and resources, and, as a result, we are currently undergoing training an additional 1,200 employees to assist with the processing of identity theft cases. We will train these employees to assist identity theft victims

What steps has the IRS taken to ensure the timely issuance of refunds to victims of identity theft?

In identity theft situations, our employees work to resolve all the issues affecting both the taxpayer and the IRS. When we receive a fraudulent tax return, we conduct an in-depth review to identify the "valid" taxpayer, verify the amounts claimed on the tax return, and complete all tax account adjustments. Unfortunately, this process can be time consuming.

Once we verify the taxpayer is a victim of tax-related identity theft, we place an identity theft indicator on his or her account. This indicator triggers a review of any tax return submitted with the taxpayer's social security number to confirm the validity of the return. We continue working to correct the taxpayer's account until we complete the correction.

How can the IRS better work with federal, state, and local law enforcement agencies to identify, investigate, and prosecute identity thieves while protecting the privacy of victims?

Recently, we, with the Justice Department, announced the results of a nationwide investigation of suspected identity theft perpetrators. Working with the Justice Department's Tax Division and local U.S. Attorneys' Offices, the nationwide effort targeted 105 people in 23 states. This coast-to-coast effort included indictments, arrests, and the execution of search warrants involving the potential theft of thousands of identities and taxpayer refunds. In all, the resulting indictments included 939 criminal charges.

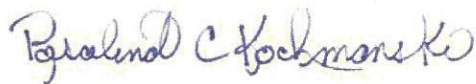
Local law enforcement and other federal agencies play a critical role in combating identity theft. Thus, an important part of our effort to stop identity thieves involves collaborating with law enforcement agencies. Although the rules for protecting taxpayer privacy often make it difficult for us to share information that local law enforcement might find helpful, we are developing a procedure that would enable us to share falsified returns with local law enforcement after obtaining a privacy waiver from the innocent taxpayer. Also, proposed legislation H.R. 3482 (the Tax Crimes and Identity Theft Prevention Act) would expand section 6103 of the U.S. tax code to allow limited disclosure of returns and return information to law enforcement for the purpose of combating tax crimes.

We share your concerns about identity theft. We will continue to review our processes to ensure that we are doing everything possible to minimize the affect of identity theft to taxpayers and help those who are victims of this crime.

I hope this information is helpful. If you need further assistance, please call me at

(559) 454-6004 or Mr. James Denning (Identification Number 1000160482) at (559) 454-6691 if we can assist you further.

Sincerely,

A handwritten signature in blue ink, reading "Rosalind C. Kochmanski". The signature is written in a cursive style with a large, stylized "R" and "K".

Rosalind C. Kochmanski
Field Director, Accounts Management