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Fake tax returns? How Equifax, Data Breaches Increase the Risk of Fraud

Last year, more than 145 million Americans had their personally identifiable information compromised after unauthorized third parties hacked consumer credit reporting agency Equifax (EFX), which means consumers have reason to be extra cautious this filing season. Although the Equifax breach was massive, it is far from the only way thieves could potentially access your personal data. In addition to other cyberattacks that have occurred throughout recent years, stolen information is regularly sold on the black market. Filing a fake return is a low-lift crime for hackers, since it can go undetected for a while. In the first nine months of 2016, 237,750 individuals claimed they were the victim of a fraudulent filing. The Internal Revenue Service (IRS) said the dollar amount of suspect refunds over that timeframe was \$239 million – a sharp decline from the year prior. Unfortunately, the only way to know whether someone has filed a fake claim using your personal information is by filing your own tax return. At that point, the IRS will notify you of any duplication. “The IRS will provide a notice if your [Social Security number] is used more than once to file a tax return,” Thomas Phelps, CIO of Laserfiche, said. “Make sure you check your mail after mailing your tax return and look out for any notices. If you e-file, the return may be rejected if the IRS already has a tax return on file.” If you get a bounce back notice when you file your tax return, you should immediately contact the IRS. You have the option to fill out a claim online. You should also notify the Federal Trade Commission (FTC).