

**DESCRIPTION OF H.R. 5439, A BILL TO PROVIDE FOR
A SINGLE POINT OF CONTACT AT THE INTERNAL REVENUE
SERVICE FOR THE TAXPAYERS WHO ARE VICTIMS
OF TAX-RELATED IDENTITY THEFT**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
on April 11, 2018

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



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CONTENTS

	<u>Page</u>
INTRODUCTION	1
A. Single Point of Contact for Tax-Related Identity Theft Victims	2
B. Estimated Revenue Effect of the Proposal.....	4

INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup of H.R. 5439, a bill to provide a single point of contact at the Internal Revenue Service for the taxpayers who are victims of tax-related identity theft. This document¹ prepared by the staff of the Joint Committee on Taxation, provides a description of the bill.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 5439, A Bill to Provide for a Single Point of Contact at the Internal Revenue Service for the Taxpayers Who Are Victims of Tax-Related Identity Theft* (JCX-25-18), April 10, 2018. This document can also be found on the Joint Committee on Taxation website at www.jct.gov. All section references herein are to the Internal Revenue Code of 1986, as amended (herein “Code”), unless otherwise stated.

A. Single Point of Contact for Tax-Related Identity Theft Victims

Present Law

Disparate elements in tax law and administration are implicated in identity theft. Tax-related identity theft generally occurs in one of two ways. In refund fraud, a perpetrator may obtain a taxpayer's identifying information, submit an individual income tax return using a falsified Form W-2, Wage and Tax Statement, and fraudulently claim a refund. In other cases, the stolen identifying information is used in order to obtain employment. The returns then filed by the persons employed using the stolen identity may be based on the actual wages and withholding of the identity thief. Victims of the fraud include the individuals whose identifying information was stolen as well as the businesses whose systems may have been breached to obtain that personal information.

The IRS describes its procedures for addressing both types of fraud in the Internal Revenue Manual. The IRS initially established the Identity Protection Specialized Unit ("IPSU") to assist victims of identity theft, but taxpayers were also referred to other operating units of the IRS to deal with various aspects of their cases.² Subsequently reorganized and renamed the Identity Theft Victim Assistance ("IDTVA") organization, the unit is staffed with specially trained employees who are able to assess each case, identify issues, and assist the taxpayer in getting the correct return filed, refunds issued, etc.³ The IDTVA organization's work is coordinated by the IRS's Identity Protection Program through the auspices of an oversight office within the Wage and Investment Operating Division.⁴

If a victim thinks he or she is not being properly served by the IRS or the IDTVA organization, the taxpayer may be eligible for assistance from the Taxpayer Advocate Service ("TAS"), as in the case of economic hardship caused by the theft. In such instances, the TAS will assign a case advocate to the taxpayer's account.

Description of Proposal

The proposal requires the Secretary (or his or her delegate) to establish procedures to implement a single point of contact for taxpayers adversely affected by identity theft. The single point of contact consists of a team or subset of specially trained employees who can work across functions to resolve problems for the victim and who are accountable for handling the case to completion. The makeup of the team may change as required to meet IRS needs, but the

² Inspector General for Tax Administration, Department of the Treasury, *Most Taxpayers Whose Identities Have Been Stolen to Commit Refund Fraud Do Not Receive Quality Customer Service* (TIGTA 2012-40-050), May 2012.

³ A description of the services provided by the IDTVA organization is available at <https://www.irs.gov/uac/Newsroom/IRS-Identity-Theft-Victim-Assistance-How-It-Works>.

⁴ Internal Revenue Service, *Identity Protection and Victim Assistance*, Internal Revenue Manual Chapter 23, paragraph 25.23.1 et seq. (September 22, 2016).

procedures must ensure continuity of records and case history and may require notice to the taxpayer in appropriate instances.

Effective Date

The proposal is effective on the date of enactment.

B. Estimated Revenue Effect of the Proposal

The proposal is estimated to have no effect on Federal fiscal year budget receipts for the period 2018-2028.