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How Vulnerable Are You to ID Theft With the IRS?

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After the recent Target identity theft fiasco, it seems even more important to discuss another type of popular fraud that most people are unaware of. Stolen Identity Refund Fraud, or (SIRF), is a crime where thieves steal the tax identity of their victim. By using the victim's name and social security number, a false return is filed with the IRS and a refund request is made. In a lot of cases, the refund is issued, and the IRS is unaware a crime has occurred. Unsuspecting victims submit what they think is the only return of the year and are completely surprised when they are informed by the IRS that a return has already been filed and processed.

As many of us know from firsthand experience, or by hearing what others have endured, ID theft it is a difficult and time-consuming mess to untangle. Unfortunately, when dealing with the IRS there might be consequences to credit scores, as well as other problems. The IRS has some procedures in place to try and combat this frustrating crime, including hiring thousands of full-time employees to work solely on identifying fraud, but even with this help billions of dollars were stolen in refunds by ID thieves in 2013.

So, what should you do if you suspect you are a victim of this crime?

You should immediately fill out an Identity Theft Affidavit and submit it to the IRS (form 14039). You will then get an IRS IP PIN number – a unique 6-digit code the IRS created to identify the rightful filer. This code is issued only for victims of fraud. Expect a resolution to take 180 days at minimum but most likely over a year. Also, the IRS Identity Protection Specialized Unit is available at 1-800-908-4490 if you would like to speak directly with them. Another smart step is to place a fraud alert with all of the credit bureaus because once you become a victim, other ID theft incidents could occur with credit cards, loan applications and more.

How can you protect yourself from becoming a victim of SIRF and other types of ID theft?

There are some simple precautions you can take to prevent you from being a victim. Be aware that thieves have many clever ways of getting your information. For instance, you should shred all documents that have any personal information before throwing them out. Also, do not carry Social Security cards or numbers in your purse or wallet in case it is stolen, and make sure to have a lock on all mailboxes that can be easily accessed by public or private roads. And when going out, do not carry all of your credit cards in your purse or wallet.

Of course, besides physical theft, thieves can get to your information digitally as well. Passwords are an easy way to steal information, so you should consistently change them for bank accounts and online sign-ins. Having firewalls and security software on computers can also prevent this. And make sure not to give your passwords or usernames to others.

In addition, there are other tricky ways thieves get information. One way is through stores. Thieves can hack information from your debit card through scanning machines, so avoid using them in-store at all costs. They can also call you directly and "phish" for information. Do not give your personal information and Social Security number to anyone who calls you on the phone requesting it. Instead, call the creditor back independently to confirm it was a legitimate request.

I recommend monitoring your credit on a daily basis and paying attention to your credit card bills. You should scan them for any unknown charges and report to the creditor if found. Nothing is 100% foolproof, but if you follow these steps, you may not become a victim like millions of others out there. Or you may be able to see that your information has been compromised earlier to save yourself greater headaches!

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