American Coalition for Taxpayer Rights (ACTR): Assisting IRS and States in Combatting Stolen Identity and Tax Refund Fraud (SIRF)

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Stephen M. Ryan, Esq.
David D. Ransom, Esq.
Who Is ACTR and How Has It Partnered with IRS?

- ACTR is a 501(c)(6)
- The 13-member Coalition is made up of two components: (1) tax preparation and tax software companies, and (2) financial services settlement companies.
- ACTR members assist in the preparation and electronic filing of more than 94 million of the approximately 146 million individual federal income tax returns in 2014.
- ACTR members provide about 19 million of the nearly 21 million Refund Transfers (RTs) chosen by taxpayers each year.
Who Is ACTR? (Continued)

- The tax preparation companies’ electronic filing offerings range from:
  - In-person (brick-and-mortar) tax preparation
  - Do-It-Yourself (DIY) software
  - Professional software (used by CPAs, attorneys, enrolled agents and independent tax preparers)

- The financial services settlement companies primarily offer and facilitate the Refund Transfer (RT), which:
  - (1) facilitates various refund disbursement methods (e.g., direct deposit, cards, checks) for taxpayers; and
  - (2) are compliant with federal banking regulations.
Who Is ACTR? (Continued)

- ACTR tax preparation and tax software companies:
  - H&R Block
  - Intuit
  - Jackson Hewitt
  - Liberty Tax
  - TaxACT
  - TaxSlayer
  - CCH Small Firm Services (UTS)
  - OnLine Taxes Inc.
  - TaxHawk

- ACTR financial services companies:
  - Metabank/Refund Advantage
  - Republic Bank & Trust
  - Santa Barbara Tax Products Group
  - NetSpend
IRS Initiates Federal-State-Private Industry Security Summit to Detect and Prevent SIRF

- IRS Commissioner Koskinen convened and kicked off IRS-State-Industry stolen identity tax refund fraud “Summit” in March 2015.

- IRS, States and industry stakeholders signed onto a Memorandum of Understanding obligating the parties to share and exchange information in an effort to combat SIRF.

- Duties and responsibilities of the parties:
  - Authentication
  - Leads Reports
  - Information and Analysis Center (ISAC) on SIRF

- Continuing dialogue and interaction.
What Fraud Is the Security Summit Addressing?

- Stolen identity tax refund fraud
- Account takeovers
- Breach
- Identities for sale on the black market/dark web
Establishing an Information Sharing and Analysis Center (ISAC) for Tax

- IRS, States and Industry met with representatives of ISACs designed for FAA (commercial air safety), financial services and the health insurance industry.

- ACTR regards the establishment of an IRS-led Information Sharing and Analysis Center (ISAC) as *the* critical structural glue to the continued success in responding to stolen identity refund fraud (SIRF).

- IRS, states and industry must be able to share information that helps educate them on threats.

- ACTR sees IRS as leading this ISAC effort.

- Essential that ISAC be stood up as soon as possible.
ACTR Members’ Participation in IRS-State-Industry Summit Process

- Financial Services Working Group – Tax Products Group
- Authentication Working Group – TaxSlayer
- Communications Working Group – Intuit
- Information Sharing Working Group – TaxACT
- ISAC Working Group – HR Block
- Cyber-Security STAR Working Group – HR Block & Intuit
- Tax Professional Working Group -- CCH
Challenges in Combatting SIRF

- Adequate IRS funding from Congress to address the problem.
- Funding from Congress for an ISAC.
- Other issues, including legal barriers designed to protect taxpayer privacy (§6103, §7216).