

Responding to tax return fraud

Over the last few years, hundreds of physicians and other health professionals have been notified that they were victims of identity theft in the form of fraudulent federal income tax filings. Those affected had to submit paper returns and additional information to prove identity. However, physicians are not the only victims and there is no evidence, according to the Internal Revenue Service (IRS), that physicians are being specifically targeted.

Thousands of tax filers have been impacted by a surge in refund fraud. Under the tax fraud scheme, thieves file false tax returns using stolen Social Security Numbers so they can collect the refunds. When fraud victims try to file their legitimate tax returns, those returns are rejected because the thieves already have filed using the victims' identity and collected funds based on the false returns.

In 2014, AMA sent a letter to Secret Service Director Julia Pierson alerting the agency on the serious increase in volume and scope of identity theft against physicians, and asking for the Secret Service to look into the breach of physician Social Security numbers resulting in tax refund fraud.

In an earlier communication, Amy L. Stanton, director, Privacy and Information Protection, Internal Revenue Service, indicated that the issue of tax fraud targeting the medical community had been referred to the agency's criminal investigation area.

What to do if you are the victim of tax return fraud

The IRS Taxpayer Guide to Identity Theft offers additional information about tax-related identity theft, including these three warning signs:

- You are notified that more than one tax return was filed using your Social Security number
- You owe additional tax, refund offset or have had collection actions taken against you for a year in which you did not file a tax return
- IRS records indicate you received wages or other income from an employer for whom you did not work

If you are a victim of this scam, you should receive a 5071C letter from the IRS with instructions for providing information via the IRS identity theft website. You also can call the IRS at (800) 830-5084 to let agency officials know that you did not file the return referred to in the IRS letter.

The next step is to file a paper return if you have not done so already, attaching a Form 14039 Identity Theft Affidavit to explain what happened. You also should attach copies of the 5071C letter and any other notices from the IRS on this issue.