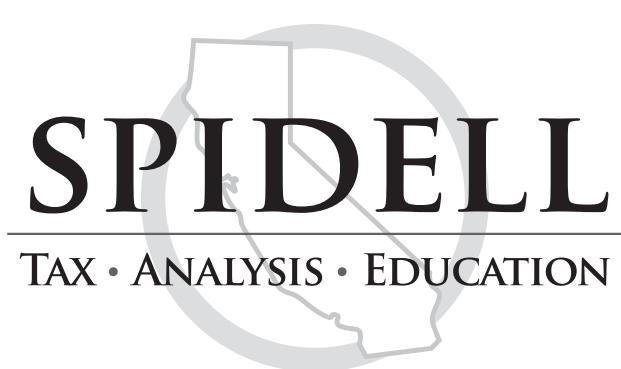


Tax Practitioner's Guide to Identity Theft



www.caltax.com | E-mail: CPE@spidell.com | Phone: 714-776-7850 | Fax: 714-776-9906

YOUR CALIFORNIA SOLUTION SINCE 1975

Table of Contents

Growth of identity theft	1
Tax practitioner data breach.....	2
Steps to prevent and mitigate data breaches	2
Staff education.....	2
Credit monitoring costs.....	3
Consult a security professional before a data breach	3
Steps to take if your practice suffers a data breach	5
Contact security experts and insurance	5
Contact your local IRS Stakeholder Liaison.....	5
Contact the FTB	5
Contact local police	5
Contact clients and other services	5
Contact state attorneys general	6
Client identity theft.....	7
Discovering tax-related identity theft	7
Immediate action	8
Respond to IRS and FTB notices	8
File a police report	9
File IRS identity theft affidavit.....	10
File FTB identity theft affidavit	10
File a complaint with the Federal Trade Commission.....	11
Contact credit bureaus	11
Contact financial institutions.....	11
Change passwords.....	11
Maintain contact with source of data breach	11
Ongoing steps to take	12
Obtain IP PIN from IRS.....	12
Requesting a copy of the fraudulent return	12
Fraudulent California returns	13
Filing in the year after the theft.....	14
More state resources	15
IRS and FTB actions to combat ID theft.....	15
Taxability of identity theft protection services	16
California conformity	16
W-2 and 1099-MISC reporting deadline and delayed refunds.....	16
Delayed tax return processing	17
No more than three refunds per account	17
Stronger protections for taxpayers using software	17

W-2 verification pilot program	17
Driver's license requirement for e-filed returns	17
IRS adopts final regulations allowing truncated TINs	18
Frequent scam and ID theft updates	18
Is the IRS really knocking at your door?.....	19
Restricted access to MyFTB accounts.....	19
Appendix.....	20
Tax practice data breach client letter.....	20
Identity Theft Victim Checklist.....	22