



HALT! WHO GOES THERE? IRS EXPANDS IDENTITY PINS PROTECTION TO ALL TAXPAYERS

BY DOUG NELSON, CPA, WEST REGION TAX MANAGER

In the race to stay ahead of online identity thieves attempting fraudulent computer hacks during tax season, the Internal Revenue Service (IRS) has expanded its Identity Protection PIN Opt-In Program (IP PIN Program) to all taxpayers who can verify their identities.

You may remember that the IRS initially launched the IP PIN Program nearly a decade ago to protect identity theft victims from ongoing tax-related fraud. In recent years, the IRS expanded the program to specific states where taxpayers could voluntarily opt into the IP PIN program. Now, the voluntary program is going nationwide.

With the Identity Protection PIN, the IRS can serve as the ultimate electronic sentry on your tax account. The PIN is a six-digit code known only to the taxpayer and to the IRS. It helps prevent identity thieves from filing fake tax returns using a taxpayers' personally identifiable information.

But taxpayer beware: You must possess some computer know-how to avail yourself of the protective powers of the IP PIN, and some may struggle requesting the IP PIN unless they have help. For example, you may be pressed by the system to confirm your identity with selected details only the taxpayer would know from decades-old financial mortgages or property ownership documents. You may find it surprising at how far back and to what depth the IRS may ask you about long-forgotten financial transactions. Prepare for a rigorous online session to get the IRS to authorize your IP PIN. Count on at least 30 minutes.



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If you make it through the obstacle course, the IP PIN is only good for one tax season. You have to reapply each succeeding year going forward to continue to participate in the IP PIN Program.

Requesting an IP PIN may not be the right thing for everybody without the taxpayer having personal computer savvy. However, for those who can't sleep at night over online security issues, it is an option that will help lock your tax account. Electronic returns that do not contain the correct IP PIN will be rejected, and paper returns will go through additional scrutiny for fraud.

No change for confirmed identity theft victims

Taxpayers who are already confirmed identity theft victims or who have filed an identity theft affidavit because of suspected stolen identity refund fraud will automatically receive an IP PIN via mail once their cases are resolved. Current tax-related identity theft victims who have been receiving IP PINs via mail will experience no change.

So, remember, the key is preparation as you may want to have someone familiar with your financial history with you when making the online request. Businesses can also apply for an IP PIN. The online IP PIN tool is offline between November and mid-January each year. Correct IP PINs must be entered on electronic and paper tax returns to avoid rejections and delays. No opt-out option is currently available, but the IRS is working on a remedy for 2022.

How to get an IP PIN

Here is information the IRS shares in its recent bulletin¹ on the topic:

"Taxpayers who want an IP PIN for 2021 should go to [IRS.gov/IPPIN](https://www.irs.gov/ippin) and use the Get an IP PIN tool. This online process will require taxpayers to verify their identities using the Secure Access authentication process if they do not already have an IRS account. See [IRS.gov/SecureAccess](https://www.irs.gov/SecureAccess) for what information you need to be successful. There is no need to file a Form 14039, an Identity Theft Affidavit, to opt into the program.

Once taxpayers have authenticated their identities, their 2021 IP PIN immediately will be revealed to them. This PIN should be immediately printed and/or written down in a secure place – it will not be available after you leave this page. This IP PIN must be used for both paper filed returns (written by hand near the signature line) and on electronically filed returns (in the software).

Taxpayers who verify their identities through the in-person process will have an IP PIN mailed to them within three weeks. Once in the program, the IP PIN will be mailed to these taxpayers each year."

1 IRS Newswire, Jan. 12, 2021. Issue Number: IR-2021-09

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Doug manages the West Region tax team for Commerce Trust Company. The tax team oversees the back office functionality of Commerce Trust as it relates to taxes, specifically consisting of forms 1099 and 1041 on accounts. They also interact with select clients by providing tax preparation, tax consulting, and estate planning services. Prior to joining Commerce in 2010, Doug was a senior manager at Hostess Brand, Inc., and oversaw the outsourced income tax function and personal property tax compliance and planning. Also, he utilized bankruptcy codes to benefit the company regarding tax savings and cash payment deferrals. Doug has a bachelor of science degree in accounting from Missouri Western State College and a master of science degree in tax accounting from the University of Missouri-Kansas City.



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