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Hatch Statement at Finance Markup of Bills to Protect and Prevent Taxpayers from Identity Theft and Tax Refund Fraud

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a markup of an original bill to curb identity theft and tax refund fraud, and an additional bill to protect taxpayers:

Welcome everyone to this morning’s executive session. It’s been a few months since we’ve gathered together to consider legislation. I think all of us are looking forward to debating and reporting these two important bills.

Today the committee will first consider legislation to fight identity theft and tax refund fraud. The bill we’ll debate – and hopefully report – today consists of 18 separate provisions and represents a significant step forward in the effort to address and hopefully prevent stolen identity refund fraud.

That said, none of us are under any illusions that this legislation will solve the problem entirely. For now, our goal is to make it as difficult as possible for fraudsters to get away with these types of crimes.

The bill aims to put more tools in the proverbial toolbox, and, going forward, the committee will remain vigilant as we seek to identify additional measures that will allow us to detect and prevent stolen identity refund fraud. And, we will also continue to oversee the activities of the IRS and the private tax preparation and processing industry to ensure that these growing problems are adequately and appropriately addressed by using the tools that will be provided by this bill.

According to the American Institute of Certified Public Accountants, 63 percent of CPAs who answered a 2015 survey said that at least one of their clients was a victim of tax identity theft in the 2015 filing season. And, with the theft of sensitive taxpayer information at large retailers, insurers, and other entities across the United States, as well as the recent breach of the IRS’s Get Transcript and IP PIN tools, we will almost certainly see this trend continue in the

future unless further action is taken. The continued and heightened threats to taxpayers and the tax system from cybercriminals that we heard about at our hearing last week is yet another reason for the committee to act today to move this bipartisan legislation forward.

At our hearing last week, we heard how the IRS, leaders of the electronic tax industry, and state revenue agencies convened a summit last year to discuss ways they could work together to protect taxpayers from stolen identity refund fraud. Some of their agreed-upon solutions are already having positive effects. Our bill will require the IRS to provide us updates on some of these solutions and add to and enhance these efforts.

In addition, the bill provides “streamlined critical pay authority” to the IRS so that it can quickly recruit, hire, and retain certain information technology professionals to better address pressing stolen identity refund fraud issues as well as broader cybersecurity concerns.

Furthermore, the bill will also increase penalties for misappropriating a taxpayer’s identity in connection with tax fraud and for improper disclosures or uses of information by tax return preparers.

I want to thank Ranking Member Wyden and his staff for working so closely with us to ensure we had a bipartisan product to mark up today. Many of the provisions in this bill were included in legislation that Senator Wyden and I introduced in 2014, and others were included in bills introduced by Senator Nelson. I also need to recognize Senator Isakson, who has been very active in this space as well.

I look forward to our discussion and markup of this legislation and the ideas that our members have for addressing stolen identity refund fraud.

In addition to this important bill, we will also consider the Taxpayer Protection Act of 2016, another bipartisan bill that will provide, strengthen, and clarify a series of taxpayer protection measures. This bill includes 11 separate proposals, many of which come from bills introduced by Senators Grassley, Thune, Cardin, and Cornyn. I want to thank these members for their efforts in developing these ideas and proposals.

I know all of the members of this Committee feel strongly about protecting taxpayers, given the many amendments filed to this bill by members looking to further improve this bipartisan legislation. I think we’ll have a robust discussion of all these proposals and I look forward to working through these issues.

With that, I want to once again thank all of the members for their efforts in addressing these matters and working with us to get to this markup today.

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