



<http://finance.senate.gov>
Press_Office@finance-rep.senate.gov

Contact: Jill Kozeny, 202/224-1308
Jill Gerber, 202/224-6522

MEMORANDUM

To: Reporters and Editors
Fr: Jill Gerber for Sen. Grassley, 202/224-6522
Re: GAO on identity theft
Da: Thursday, Oct. 8, 2009

Sen. Chuck Grassley, ranking member of the Committee on Finance, today made the following comment on a new report from the Government Accountability Office, “Tax Administration: IRS Has Implemented Initiatives to Prevent, Detect, and Resolve Identity Theft-Related Problems, but Needs to Assess Their Effectiveness. GAO-09-882. The report is available at <http://www.gao.gov/cgi-bin/getrpt?GAO-09-882>

“The good news is identity theft isn’t occurring from IRS tax data. The bad news is identity theft is resulting in tax fraud. Refund fraud and employment fraud are serious problems. The IRS is slow to match W-2s to 1040s until well after April 15, so it can be almost a year from when someone uses a false Social Security number to obtain employment until the IRS detects such fraud. When taxpayers contact the IRS to report that their identity has been hijacked, the IRS needs to cut through its bureaucratic hurdles to catch fraud and resolve identity theft claims much faster. If identity theft claims aren’t resolved more quickly, honest taxpayers might be victimized twice – once by the theft and then by the IRS possibly holding back a refund claim until it wades through its bureaucratic process. Even worse, identity theft can affect innocent taxpayers for several years. One step that would help is for the IRS to stop making excuses about why other federal agencies may not be referring identity theft cases and work with all possible agencies to try to prevent and resolve identity theft.

“Separately, this report amplifies my concern that the IRS isn’t ready to take on huge new responsibilities under a \$1 trillion health care reform bill. This shows the IRS already has problems with basic tax information reporting on W-2 and 1099 forms. It’s hard to see how the agency could effectively and efficiently administer health reform provisions such as whether everyone has health care, whether individuals qualify for a premium subsidy, and whether employers are providing affordable coverage. That’s a lot to pile onto an unstable foundation.”