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## **AYOTTE OPENING STATEMENT FOR BUDGET COMMITTEE FIELD HEARING ON TAX IDENTITY THEFT**

**MANCHESTER, NH** – In advance of today's Senate Budget Committee field [hearing](#) in Manchester entitled, "Tax-Related Identity Theft and Fraudulent Tax Returns", following is the text of U.S. Senator Kelly Ayotte's opening statement as prepared for delivery:

*Thank you all for joining us today at this field hearing of the Senate Budget Committee. I'd like to thank all of the witnesses for their time and for their willingness to participate in this important discussion. We're here today to discuss a growing problem, not only in New Hampshire, but across the country – tax-related identity theft.*

*Tax-related identity theft is a serious problem that is growing at epidemic proportions. According to the Treasury Inspector General for Tax Administration, about 2.4 million taxpayers' names or Social Security numbers were used to file fraudulent tax returns in 2013. That's a nearly tenfold increase since 2010. And with major data breaches occurring more frequently, I am concerned that we will see tax fraud affect even more taxpayers next year.*

*Filing a tax return should be easy. But for an increasing number of taxpayers who are victims of identity theft, it's too often the beginning of a frustrating and burdensome process that can take months or even years to resolve.*

*These innocent taxpayers frequently find themselves in a confusing and frustrating maze of bureaucratic red tape. Not only do taxpayers have to spend countless hours collecting and submitting the necessary documents to prove their identities, they are often given conflicting instructions and inconsistent messages from the IRS. Or worse, they cannot reach the IRS at all. Instead of focusing on regaining and safeguarding their personal identities, these tax fraud victims spend hours simply trying to prove who they are to the IRS.*

*That's just wrong. And the IRS must do more to address this issue and better assist taxpayers who are facing this problem.*

*One of those taxpayers is Lori Weeks of Strafford, New Hampshire. I want to thank Lori for her willingness to share her story today.*

*Lori Weeks has endured something that no mother should ever have to experience – the loss of her daughter, Maddison, in a tragic car accident.*

*That heartbreaking loss was compounded when Lori and her husband learned that Maddison's identity had been stolen and*

*used to file three fraudulent tax returns. But when Lori asked the IRS for copies of the fraudulent returns, so that she could find out how much of her family's personal information was compromised, the IRS said that it could not provide her with this information, citing privacy concerns.*

*Tax fraud victims should not be left in the dark regarding the full extent of what personal information was stolen, and the least the IRS can do is provide them with copies of their fraudulent returns so that they may secure their personal identity. On behalf of Lori and other New Hampshire families, I wrote to Commissioner Koskinen this spring and asked the IRS to change its policy and provide victims of tax fraud with copies of fraudulent returns filed in their names. In response, the commissioner has agreed to establish a process through which identity theft victims can obtain copies of fraudulent returns, and I urge the agency to get this process in place as soon as possible.*

*I have also heard from several tax fraud victims in New Hampshire who continue to struggle to get their refunds from the IRS, even after proving their identities. One constituent from Bath told me that the IRS told him that he should receive a refund within 6 weeks of proving his identity. When 8 weeks passed without any progress, he called the IRS again to follow up. After waiting on hold for 45 minutes, this individual was told that processing his case could take up to 6 months.*

*The IRS's mission is to "provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all." However, as these examples demonstrate, the IRS is falling woefully short of fulfilling that mission. In her latest report to Congress, Nina Olson, the Taxpayer Advocate, notes that "the IRS continues to view itself as an enforcement agency first and a service agency second."*

*While the IRS is taking some steps to reduce fraud – including enhanced collaboration with representatives of tax preparation and software firms and other tax industry partners, and a new policy to earlier match W-2 information received from employees and employers -- it's clear that much more must be done to prevent fraud from occurring in the first place, and to better help victims when fraud does occur.*

*Congress can also play a role to the extent that legislative fixes are needed to reduce fraud. Earlier this year, I worked with Senators Ron Johnson of Wisconsin and Mark Warner of Virginia to introduce the bipartisan Social Security Identity Defense Act of 2015, which would require the IRS to notify an individual if it has reason to believe the individual's Social Security number has been fraudulently used. It also requires that the IRS notify law enforcement and that the Social Security Administration notify employers who submit fraudulently used Social Security numbers. The bill adds civil penalties and extends jail time for those who fraudulently use an individual's Social Security number.*

*The purpose of our hearing today is to take a critical look at how the IRS handles tax-related identity theft cases – with the goal of identifying necessary steps the IRS must take to improve its response to this growing problem. I want to welcome our first panel: Lori Weeks of Strafford and John Walker, a tax preparer based in Concord, who will share his experience working on tax-related identity theft cases. During the second panel, we will hear from IRS Commissioner John Koskinen, Inspector General J. Russell George, and Mr. Christopher Lee of the National Taxpayer Advocate Service, to examine the IRS' administrative practices and look at ways to improve service from the taxpayer's perspective. Again, I want to thank you all for being here today.*

*And now I'd like to call on our first witness, Lori Weeks, to give her opening statement. Thank you, Lori.*

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