

## ETAAC Recommends Ways to Combat Tax Fraud, Improve Taxpayer Experience

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### Committee member and H&R Block executive Kathy Pickering weighs in

KANSAS CITY, Mo., June 28, 2017 (GLOBE NEWSWIRE) -- After joining the Electronic Tax Administration Advisory Committee (ETAAC) in October, [Kathy Pickering](#) and the 17 other industry leaders on the Committee released 22 recommendations for combating tax identity theft and stolen identity refund fraud (SIRF). H&R Block (NYSE:HRB) commends the efforts of the ETAAC as it continues to drive the work of the [public-private partnership IRS initiated in 2015](#) to address, prevent and eliminate tax fraud.

“H&R Block was among the first to suggest this public-private partnership that became the IRS security summit,” said Pickering, vice president of regulatory affairs and executive director of The Tax Institute at H&R Block. “We will continue to [lead by example](#) and work with the IRS and others in tax preparation to protect all taxpayers. It is critical for the integrity of the filing system to continue our focus on fighting identity theft refund fraud.”

### Recommendations cover enhanced information sharing to implementation of cybersecurity standards

Among the 22 recommendations the ETAAC makes, the Committee recommends ways to improve the taxpayer experience, strengthen information sharing, enhance security, expand financial institution engagement, improve taxpayer and tax professional outreach and increase electronic filing.

“In my opinion, the most important recommendation is the launch and continued funding of the Information Sharing and Analysis Center, or ISAC,” said Pickering. “Information sharing is critical between the industry and government and at the state and federal level. The state tax departments of revenue perspective were critical to this effort and I think their voice and partnership will continue to yield important results.”

An additional concern for ETAAC is the outreach to sole practitioners who are often vulnerable to cyberattacks. ETAAC recommends the IRS require security training for tax professionals and that the IRS makes more clear which security courses qualify as required continuing education.

To improve the taxpayer experience, ETAAC recommends reevaluating the [prior-year adjusted gross income/self-select PIN](#) implemented last tax season. The ETAAC report states that the new signature verification method had an “exceptionally high” number of e-file rejects: up to 4 million legitimate attempts by taxpayers failed.

“The prior-year AGI requirement hindered millions of taxpayers trying to electronically file their tax returns on their own online or with software. While authentication is one of the most important and successful ways to combat tax fraud, we at ETAAC ultimately concluded there needs to be a better, less burdensome approach for taxpayers,” said Pickering.

### Successes in finding, stopping and preventing fraud

The report also cites considerable success in reducing tax identity fraud since the security summit began in spring 2015. Falling from \$5.8 billion in fraudulent refunds paid by the IRS in 2013, trends have been significantly reduced, with [the number of new reports of identity theft by individuals who filed 2015 federal tax returns decreasing by nearly 50 percent](#).

“The IRS also experienced a 50 percent drop in the number of fraudulent returns that made it into IRS systems, which shows that anti-fraud measures are working to prevent fraud – not just identify it and address it after it occurs,” said Pickering. “The more we can root out and eliminate fraud, the more we can protect taxpayers – not just the victims of tax refund identity theft, but also the taxpayers who claim refundable credits that thieves so often target and undermine.”

The full report to Congress is available on [the IRS website](#) and taxpayers can learn more about [H&R Block’s work with](#)

[the IRS security summit](#) on the [H&R Block newsroom](#).

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