

H&R Block CEO Statement on IRS Working Group on Identity Theft and Refund Fraud

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KANSAS CITY, MO -- (Marketwired) -- 03/19/15 -- H&R Block (NYSE: HRB) released the following statement from its president and CEO, Bill Cobb:

"I applaud Commissioner Koskinen for organizing this important meeting. We are here today because an explosion of stolen identity refund fraud (SIRF) through DIY tax preparation methods this tax season has highlighted a problem that is costing our country over \$5 billion a year and has victimized some three million taxpayers since 2010. We are also here because this SIRF threat will continue to grow without a set of mandatory standards in the DIY tax space. Today's meeting is the first step to stop talking about the problem and start solving it; a collaboration of industry, the IRS, Treasury Department, Congress and state departments of revenue to develop effective fraud prevention protocols and processes. Specifically, the work that was started here today must lead to uniform, industry-wide requirements that address:

- Fraud detection and prevention, including authentication and security safeguards;
- Information sharing between the IRS, state departments of revenue and industry; and
- Consistent regulatory and compliance structure

While quickly putting these actions into effect will do much to stop SIRF, there are two other major sources of continuing tax fraud that should also be addressed now. The first, refundable credits, already has a solution ready to be implemented. Last December, in the omnibus government appropriations bill signed by the president for the current fiscal year, Congress directed the Treasury Department to ensure that all taxpayers who claim a refundable credit answer the same eligibility questions regardless of how they file their taxes. The Treasury Department has still not unveiled its implementation plan -- this despite the latest government estimate showing improper EITC payments alone are at nearly \$18 billion annually. It makes no sense that the government is not moving quickly to plug this huge source of tax fraud when the solution has already been mandated by Congress. Again, I call on Treasury and the IRS to put an executable plan in place in time for the 2016 tax season.

The second is the lack of mandatory minimum competency standards for paid tax return preparers. Simply put, incompetent or unscrupulous paid preparers continue to be a source of tax fraud. And clearly the fraudsters aren't signing up for the voluntary program the IRS has now. We need a mandatory program that includes registration, testing, continuing education and background checks. Congress needs to reexamine this common sense solution and take measures to enact it.

Our [research shows](#) taxpayers believe that all of us -- industry, government and taxpayers -- have a role in helping to solve the tax fraud threat. With this public-private partnership we established at today's meeting, we can and must get it done."

About H&R Block

H&R Block, Inc. (NYSE: HRB) is the world's largest consumer tax services provider. More than 650 million tax returns have been prepared worldwide by and through H&R Block since 1955. In fiscal 2014, H&R Block had annual revenues over \$3.0 billion with 24.2 million tax returns prepared worldwide. Tax return preparation services are provided by professional tax preparers in approximately 12,000 company-owned and franchise retail tax offices worldwide, and through H&R Block tax software products. H&R Block Bank provides affordable banking products and services. For more information, visit the H&R Block Newsroom at <http://newsroom.hrblock.com/>.

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