

# TAX ALERT

## BUSINESS TAX RETURNS: WATCH OUT FOR NEW REQUIREMENTS TO MINIMIZE IDENTITY THEFT

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In recent years, individuals have been the victim of tax related identity theft but significant progress has been made to reduce these instances. Individuals reporting identity thefts to the Internal Revenue Service (IRS) have declined since 2015 as a result of the implementation of various safeguards. However, there has been an increase in identity theft involving business related returns including corporations, partnerships, estates and trusts. Thus far in 2017, there have been approximately 10,000 business returns identified as potential theft through June 1st, compared to approximately 4,000 in 2016 and 350 in 2015 for the same period. Although the number of returns does not appear significant, the potential dollar amount is: \$137 million for 2017, \$268 million for 2016 and \$122 million for 2015.<sup>1</sup>


Due to these increasing numbers, in 2018, the IRS will ask tax professionals to gather additional information on their business clients. In order for the IRS to verify that the tax return being submitted is legitimate and not an identity theft return, new information may be asked when filing a business tax return. Some of the required verification items include:

- Name & social security number of the company officer authorized to sign the business return. Is the person signing the return authorized to do so?
- Tax payment history – Were estimated tax payments made? If yes, when were they made, how were they made, and how much was paid?
- Parent company information – Is there a parent company? If yes, who?
- Additional information on deductions claimed.
- Filing history – Has the business filed Form(s) 940, 941 or other business related tax forms?

Although these verification items may modestly increase the time required to file business tax returns, they will hopefully reduce the potential for identity theft and its related costs.

Please contact your Mazars USA professional for more information or to learn more about how Mazars USA can help with your cyber security needs.

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<sup>1</sup> IR-2017-123 July 25, 2017