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**Montana Dept. of Revenue updates taxpayers on tax fraud and refund precautions**

HELENA – The Montana Department of Revenue issued an update today on its efforts to detect fraudulent tax returns and stop bogus refunds. The filing of fake tax returns has significantly increased this year largely due to the steady rise of identity theft. Although it appears that many of the fraudulent returns are filed using tax self-preparation software provider TurboTax, the department is seeing other commercial software being used as well. The department's online tax system remains secure and has not been compromised.

Since this year's tax season opened on January 20, the department has blocked 57 fraudulent returns totaling \$64,000. By the end of January last year, the department had stopped 17 fraudulent returns.

The department is reaching out to some individuals to alert those who may have been victims of a fraudulent filing or identity theft. "We're using internal sources and tools to identify fraudulent returns. If we suspect that there is a problem with an individual's return, we are taking the necessary steps to verify that the return is valid," said Revenue Deputy Director Gene Walborn.

The department emphasizes that filing your taxes electronically is not the problem. The problem is identity theft that could have occurred when personal information - like social security numbers, birthdates, usernames, and passwords – was stolen in one of the recent well-publicized security breaches. "E-filing is still a recommended, secure, and fast way of filing your taxes," said department Director Mike Kadas. "Taxpayers need to be vigilant about protecting their personal information in other online systems and frequently changing account passwords and usernames."

Taxpayers who are concerned about their tax refunds or that their personal tax information may have been compromised should:

- Log into the tax software you've used in previous years and change your username and password. Do not use usernames or passwords that you've used for other accounts or websites.
- If you log into your tax software and it says you've already filed for 2014, that's an indication that your identity may have been stolen. If you think there is a problem with your tax software account, contact the software company immediately.
- File early. This helps to preempt fraudulent filings.

Reportedly, 20 other states and the IRS have identified similar problems and are taking comparable precautions to identify and stop fraudulent returns. TurboTax stopped and then resumed processing state tax returns after adding more identity verification steps. TurboTax handles about thirty percent of the self-preparation tax software market, which could make it and other industry leaders like H&R Block targets of fraudsters.

The department would like to remind taxpayers that extra security and review procedures will slow down the speed at which refunds are usually issued. "We're working extra hours and thoroughly reviewing every return and we thank Montana taxpayers for their patience," said Director Kadas.

For more information about guarding against identity theft and what to do if you think you're a victim, go to the Montana Department of Justice's identity theft website at [dojmt.gov/consumer/for-consumers/identity-theft/](http://dojmt.gov/consumer/for-consumers/identity-theft/) or their Office of Consumer Protection at (800) 481-6896 or (406) 444-4500.

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