

," he said. "Across the IRS we are doing everything we can to tackle the issue and help the victims as quick as we can. We have taken aggressive steps to get after the perpetrators."

The IRS has created a special identification number to authenticate that a return belongs to a legitimate taxpayer. Starting in the filing season 2012, the agency issued an Identity Protection Personal Identification Number to about 250,000 taxpayers. For this year's filing season, the program is expanding to more than 1 million taxpayers.

The agency has created on its website (www.irs.gov) a section devoted to identity theft. It also has a dedicated telephone line. You can reach the Identity Protection Specialist at 800-908-4490.

Olson was critical of the secrecy of the special unit within the IRS set up to deal with identity theft. People need a point of contact, he added. The agency needs to be a "traffic cop" to handle these cases.

Olson reports that it is making progress in blocking identity thieves and assisting victims, but that the problem is falling further behind, Olson said.

Olson's report is rejected, he said. "I'm sure that for the IRS, it's a poor folks vice. The agency continues to fight against it as a low priority."

IRS can't rules for tax preparers

By Matthew Barakat

ASSOCIATED PRESS

FALLS CHURCH, Va. — A federal judge on Friday barred the IRS from imposing a series of new regulations, including a competency exam, on hundreds of thousands of tax preparers.

US District Judge James Boasberg in Washington ruled against the IRS in favor of three tax preparers who filed suit last year with the help of a libertarian legal group, the Arlington, Va.-based Institute for Justice.

Since 2011, in response to what it says has been a growing problem of poorly done returns, the IRS has sought to impose a series of new regulations on tax preparers. That included a requirement to pass a qualifying exam, paying an annual application fee, and taking 15 hours of continuing-education courses annually.

Attorneys and certified public accountants would have been exempt.

The Institute for Justice argued that the IRS lacked the statutory authority to impose the regulations and said they would put tens of thousands of mom-and-pop tax preparers out of business, because the regulations were onerous and create a competitive disadvantage.

The judge's order includes an injunction that bars implementation of the regulations, which have been put in place

on a piecemeal basis. The competency exam was to have taken effect in 2014.

Dan Alban, an Institute for Justice attorney, said the timing of the ruling is good because tax preparers who could have been put out of business will be able to work during the coming tax season.

"It is also good for the public at large because the cost of preparing a tax return was about to go up" as a result of the increased regulations, Alban said.

Alban called the IRS plan "an unlawful power grab by one of the most powerful federal agencies and thankfully the court stopped the IRS dead in its tracks."

The IRS argued in court that it not only had the statutory authority to impose the regulations, but also had the inherent authority to do so.

An IRS spokesman declined to comment Friday on the ruling. The government can appeal.

Paid tax preparers fill out 60 percent of all US tax returns, according to a study from the Government Accountability Office, a congressional watchdog agency. The GAO has found significant problems over the years in the quality of work done by them. In one 2006 study, the GAO took tax returns to 19 different commercial tax preparers, and 17 of 19 incorrectly calculated the taxes due.