

**DESCRIPTION OF H.R. 5437,  
A BILL TO REQUIRE THE SECRETARY OF THE TREASURY TO  
ESTABLISH A PROGRAM FOR THE ISSUANCE OF IDENTITY  
PROTECTION PERSONAL IDENTIFICATION NUMBERS**

Scheduled for Markup  
by the  
HOUSE COMMITTEE ON WAYS AND MEANS  
on April 11, 2018

Prepared by the Staff  
of the  
JOINT COMMITTEE ON TAXATION



April 10, 2018  
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## CONTENTS

	<u>Page</u>
INTRODUCTION .....	1
A. Identity Protection Personal Identification Numbers.....	2
B. Estimated Revenue Effect of the Proposal.....	3

## INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup of H.R. 5437, a bill to require the Secretary of the Treasury to establish a program for the issuance of identity protection personal identification numbers. This document,<sup>1</sup> prepared by the staff of the Joint Committee on Taxation, provides a description of the bill.

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<sup>1</sup> This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 5437, A Bill to Require the Secretary of the Treasury to Establish a Program for the Issuance of Identity Protection Personal Identification Numbers* (JCX-23-18), April 10, 2018. This document can also be found on the Joint Committee on Taxation website at [www.jct.gov](http://www.jct.gov). All section references herein are to the Internal Revenue Code of 1986, as amended (herein “Code”), unless otherwise stated.

## **A. Identity Protection Personal Identification Numbers**

### **Present Law**

In 2011, the IRS launched a pilot program to test the Identity Protection Personal Identification Number (“IP PIN”). The IP PIN is a unique six-digit identifier that authenticates a return filer as the legitimate taxpayer at the time the return is filed. The IP PIN allows taxpayers affected by identity theft to avoid delays in filing returns and receiving refunds. The IRS verifies the presence of the IP PIN at the time of filing, and rejects returns associated with a taxpayer’s account where an IP PIN has been assigned but is missing. For the 2016 filing season, the IRS issued IP PINs to more than 2.7 million taxpayers who had identity theft markers on their tax accounts.<sup>2</sup>

In January 2014, the IRS also started a limited pilot program whereby taxpayers who obtained an electronic filing PIN through an IRS authentication website and lives in the District of Columbia, Florida, or Georgia were provided an opportunity to obtain an IP PIN.<sup>3</sup> These locations were selected because they had the highest per capita rate of tax-related identity theft when the initiative was piloted. Residents in these places do not need to be identity theft victims to participate.

### **Description of Proposal**

Within five years of the date of enactment, the Secretary (or the Secretary’s delegate) is required to establish a program to issue an IP PIN to any individual requesting one to assist the Secretary in verifying the individual’s true identity. It is intended that the IRS implement the program in such a way as to make the program available in additional States every year, such that by the conclusion of the five year period ending after the date of enactment, taxpayers residing in all fifty States are able to receive an IP PIN upon request.

### **Effective Date**

The proposal is effective on the date of enactment.

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<sup>2</sup> Inspector General for Tax Administration, Department of the Treasury, *Inconsistent Processes and Procedures Result in Many Victims of Identity Theft Not Receiving Identity Protection Personal Identification Numbers* (TIGTA 2017-40-026), March 23, 2017, available at <https://www.treasury.gov/tigta/auditreports/2017reports/201740026fr.pdf>.

<sup>3</sup> Internal Revenue Service, *IP PIN pilot continues in Georgia, Florida and the District of Columbia*, available at <https://www.irs.gov/identity-theft-fraud-scams/identity-protection-pin-pilot-program>.

## **B. Estimated Revenue Effect of the Proposal**

The proposal is estimated to have no effect on Federal fiscal year budget receipts for the period 2018-2028.