Harrisburg, Pa. — The Pennsylvania Department of Revenue saved taxpayers approximately $29.3 million in the last fiscal year by improving the process it uses to prevent the issuance of fraudulent and erroneous tax refunds, Revenue Secretary Dan Hassell announced today. An estimated $80.5 million will be saved over four years.

“As a department that processes more than six million personal income tax returns each year, we must defend against cybercriminals trying to file fraudulent returns and take extra steps to examine returns that are inaccurate,” Secretary Hassell said today at a news conference in the Capitol Media Center. “We are proud to have saved the General Fund nearly $30 million and to help those who are victims of tax identify theft.”

The department achieved the savings in part by renegotiating a software contract that helps identify and prevent fraudulent and erroneous tax returns. The new contract also allowed the department to expand its reviews to more types of tax returns while reducing the cost of its system.

In the 2016-17 fiscal year, the department’s review process prevented the issuance of approximately $23.7 million in refunds that were fraudulent, erroneously filed or in need of adjustment. An additional $5.6 million was saved by renegotiating the software contract and reassigning existing department staff to create a Fraud Investigation Unit that focuses on assisting victims of identity theft and combating tax refund fraud.

Established in 2016, the Fraud Investigation Unit has partnered with state and federal tax administrators to address the rise in fraudulent tax returns filed by scammers. Armed with new analytical tools provided by the renegotiated software contract, the unit also has helped the department strengthen its automated fraud filters, which intercept fraudulent and erroneous refund filings. These filings mainly contain overstated expenses and incorrectly reported wages or withholding from W-2s.

So far this year, more than 61,000 personal income tax returns have been flagged for review. For comparison, the department flagged 31,336 in 2016, 8,521 in 2015 and 1,132 in 2014.

In addition to those savings, the department now has the capability to deploy identity verification quizzes that assist taxpayers in confirming their identities online. The department has sent more than 56,000 identity validation letters to taxpayers in 2017 to date.

“These new procedures are helping us assist victims of identity theft and combat tax refund fraud in a more cost effective manner,” Hassell said.

While the department continues to detect and prevent more attempts at fraud, taxpayers also should take further steps to protect themselves, Secretary Hassell said.
With the holiday shopping season underway and the tax filing season approaching, Hassell encouraged taxpayers to take extra precautions to protect their information and identities. Here are some helpful tips:

- Use security software with firewall and anti-virus protections.
- To protect against malicious software, allow security software to update automatically. These routine updates help to guard your electronic device against constantly evolving malware.
- Make sure to use secure wireless networks when accessing the internet. If a Wi-Fi network is unsecure, taxpayers put themselves at greater risk of having their information stolen by criminals. Be sure to create a password and always encrypt your wireless network.
- Develop unique eight or more character passwords, mixing letters, numbers and special characters. Passwords should vary from other accounts and should never use your name, birthday or common words.
- Beware of phishing emails purporting to be from your financial institution or a tax software company. A link may take you to a fake website that is designed to steal your log-on information. The attachment you open may include a program that allows a cyber-thief to get access to sensitive files on your computer.
- If you like to file your return online, start at www.revenue.pa.gov or at IRS.gov. If you like to file using installed software, buy your software from a trusted retailer, or by going directly (not clicking a link) to your preferred software company’s website. If you use an accountant, make sure it’s someone you know will be available after the filing deadline date. Do not let any preparer take your refund and then pay you directly.

If a scammer used your identity to claim a Pennsylvania tax refund, contact the Department of Revenue’s Fraud Investigation Unit at 717-772-9297 or by email at Ra-rvpitfraud@pa.gov.

Since 2015, state agencies have already saved more than $373 million as part of Governor Wolf’s GO-TIME initiative, which aims to provide $500 million in savings by 2020. To learn more about GO-TIME, visit www.governor.pa.gov/go-time.

For more information regarding the Pennsylvania Department of Revenue, visit www.revenue.pa.gov, or follow the department on Facebook.

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