

IRS may let all tax preparers pass along personal data

By Sherri Williams
THE COLUMBUS DISPATCH

With your permission, large tax-preparation companies such as H&R Block can share your Social Security number, income level and other information from your tax return with financial-services companies that are affiliated with them.

Now, the Internal Revenue Service wants to allow all tax preparers to send such information to a third party, a move consumer advocates say could lead to more identity theft. They warn that you might not even know you are agreeing to turn over the information.

"I don't think your average taxpayer has any idea of the value of this information to marketers and how many times it can be turned over," said Melissa J. Mitchell, a privacy lawyer in Columbus.

"Tax returns contain Social Security numbers, date of birth, name of dependents and all these things that, when coupled with other information, can be damaging if someone commits crimes with it."

The IRS held a hearing on the new rules yesterday in Washington. No date has been set for the changes to take effect.

The agency says the changes are designed to level the playing field so that all tax preparers can offer the same types of financial services.

The agency also says the new rules will

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force preparers to make it clear to their customers what information will be turned over, how it might be used and that they have no control over what a third party does with it.

Deborah Levingston, of the East Side, had her taxes prepared at a Jackson Hewitt office last week, and she could not remember whether tax preparers asked her permission to share her information.

"They had me sign a lot of papers; it might have been on the paper," said Levingston, 53.

Because people are required to submit a tax return every year, their trust in tax preparers and the government should be protected, said Jean Ann Fox, director of consumer protection for the Consumer Federation of America.

"Tax information should be

The IRS would require all tax preparers to clearly disclose how the data could be used by others.

private between the tax preparer and the government," she said. "It shouldn't be the mother lode of marketing data used for anything from selling your investments to soliciting charitable contributions."

H&R Block, a large commercial tax-preparation service, is concerned that the change would restrict discussions between tax professionals and their clients.

"The result is that taxpayers may not learn of helpful financial products and services or government benefits programs," H&R Block officials said in a written statement.

Tax preparers shouldn't be allowed to share taxpayers'

information with merchants and marketers at all, Levingston said.

"It's already hard enough to keep it to yourself, and it's getting harder every day."

Keeping the information from taxpayers' tax returns private can keep consumers from being bombarded by marketers, said Gary W. Miller, 50, of the East Side.

"It should remain private," he said. "To get it out in the whole spectrum, then you would get calls every night from everyone."

However, the proposed change to more clearly disclose how the data could be used in the future is a good idea, Miller said, especially if it is explained in plain English.

"You should understand exactly what you're getting into," he said. "It should be in layman's terms so you know what you're getting into."

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