Cui Bono:
IRS Wants to Liberate Our Tax Returns

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Chris Hoofnagle reported in RISKS 24.21 <http://catless.ncl.ac.uk/Risks/24.21.html> on news that the IRS was pushing for new rules allowing commercial tax preparers to sell information from tax returns to anyone they like. "If consent is given, the FULL RETURN can be given to other entities for marketing purposes, and the tax preparer does not have to even ensure that these other entities are legit or following the preparer's privacy policy."

Jeff Gelles of the Philadelphia Inquirer <http://tinyurl.com/puqul> wrote, "The change is raising alarm among consumer and privacy-rights advocates. It was included in a set of proposed rules that the Treasury Department and the IRS published in the Dec. 8 Federal Register, where the official notice labeled them 'not a significant regulatory action.' IRS officials portray the changes as housecleaning to update outmoded regulations adopted before it began accepting returns electronically. The proposed rules, which would become effective 30 days after a final version is published, would require a tax preparer to obtain written consent before selling tax information. Critics call the changes a dangerous breach in personal and financial privacy. They say the requirement for signed consent would prove meaningless for many taxpayers, especially those hurriedly reviewing stacks of documents before a filing deadline."

Media watchdog MediaMatters For America <http://tinyurl.com/k2t29> reported that "On the CBS Evening News [for March 23], Washington correspondent Bob Orr characterized a recent Internal Revenue Service (IRS) regulations proposal allowing tax return preparers to sell information from returns to third parties as spelling out a 'loophole of sorts' that has 'been around for more than 30 years.' In fact, in permitting sales to third parties, the new proposal would allow tax preparers to do something they are not currently permitted to do; under current law, they can pass on such information only to affiliates."

The US Public Interest Research Group (U.S. PIRG) has established a Web site to cover this developing issue. <http://www.uspirg.org/uspirg.asp?id2=24620> In testimony on behalf of the U.S. PIRG and the Consumer Federation of America, Beth McConnell said, “The IRS would allow tax preparers to sell a consumer's return to companies that have a terrible track record of safeguarding information from identity thieves." She added that “...[A] trusted tax preparer [could easily] finagle a taxpayer already under pressure into signing away his or her rights." <http://www.rep-am.com/story.php?id=5080>

One question we should be asking is “Who needs this rule change?” Can you imagine hordes of pitchfork-wielding taxpayers carrying pitchforks storming the IRS castle demanding that our tax forms be _sold_ for _profit_ (someone else’s profit, that is) to commercial organizations? So where did the pressure for these “Proposed Regulations to Safeguard Taxpayer Information” (the IRS heading for its December 7, 2005 press release <http://tinyurl.com/z7bn3>) come from?
How many of us blithely sign every form our accountant gives us as she is preparing our tax returns? How many of us read every word of every form? Would you, personally, be happy to discover that your full tax return were in the hands of a marketing firm? If you think you would be happy with that kind of arrangement, I suggest that you watch the ACLU (American Civil Liberties Union) Surveillance Campaign Flash video at <http://www.aclu.org/pizza/>.

Have a nice pizza.

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