

2025 Annual Report

Executive Summary

The year 2025 marked another successful and dynamic chapter for the Identity Theft Tax Refund Fraud Information Sharing and Analysis Center (ISAC). Celebrating its ninth year of operation, the ISAC continued its vital collaboration with partners to share critical information aimed at detecting, preventing, and mitigating sophisticated fraud schemes. These efforts play a pivotal role in ensuring the security and trustworthiness of tax administration while safeguarding taxpayers and the integrity of our nation's revenue system against the disruptive activities of fraudsters and malicious actors.

This year, the partnership commemorated nearly a decade of protecting taxpayer identities through collaboration, information sharing, the adoption of fraud prevention best practices, and leveraging system data to identify and address suspected and confirmed fraudulent activities. These collective efforts help ensure taxpayers are shielded from identity theft and tax refund fraud.

The ISAC continues to innovate and enhance its operations, delivering significant value to its partners and advancing its mission to protect taxpayers from identity theft and tax refund fraud. Key activities and accomplishments in 2025 include:

Social Media and Dark Web Monitoring The ISAC operationalized social media and dark web monitoring as critical tools for information sharing. The ISAC expanded its efforts to include social media scams targeting identity theft, while the ISAC Trusted Third Party (TTP) shared findings with partners about fraudulent activities discovered on these platforms.

Utilization of TFACT Data The Taxpayer First Act (TFACT) data remained a critical resource for ISAC partners, ranking as the second most accessed dataset within the ISAC. In 2025, access and utilization of TFACT data reached an all-time high, with partners reporting that it significantly improved decision-making related to suspicious refund requests and emerging fraud schemes.

Flash Training The ISAC introduced innovative "Flash Training" sessions, delivering concise, 15-minute training modules during the filing season to address emerging trends. Topics covered in 2025 included key fraud detection techniques and best practices.

Machine-to-Machine (M2M) Connections More partners adopted machine-to-machine (M2M) connections to integrate ISAC data directly into their secure systems. This advancement enhances the speed (more efficient workflows, faster discovery of fraudulent activity, and improved decision-making insight) and security of data delivery, particularly for TFACT data and Enhanced Leads.

Enhanced Leads Program The operationalized Enhanced Leads Program delivered substantial value to ISAC partners. By year-end, all 36 states with signed agreements benefited from the program, which provided actionable insights to combat identity theft tax refund fraud (IDTTRF).

Analysts' Community of Practice (ACoP) The Analysts' Community of Practice continued to foster collaboration across partner sectors, reducing data silos and enhancing information sharing. The ACoP engages nearly 440 analysts from partner organizations, including the IRS, state agencies, industry stakeholders, and financial services companies. This unique forum facilitates the exchange of knowledge, best practices, lessons learned, and tools to strengthen fraud detection and prevention efforts.

ISAC Mission

The mission of the Identity Theft Tax Refund Fraud Information Sharing and Analysis Center is to provide a secure platform via a sustainable public/private partnership, to facilitate information sharing consistent with applicable law, and analytics necessary to detect, prevent, and deter activities related to stolen identity refund fraud.

ISAC Vision

Our vision, as a public/private partnership, is a tax ecosystem where taxpayers can confidently file their taxes safely and securely.

Contents

Executive Summary	2
Our History	4
The IRS Security Summit.....	4
Formation of the IDTTRF-ISAC: The Platform and the Partnership	4
Risk Environment	5
Advancements in Artificial Intelligence.....	5
Rising Data Availability on the Dark Web and Escalating Data Breaches.....	5
Persistent Weaknesses in System Protections and Limited Regulatory Enforcement	6
Phishing, Social Engineering and Deep Fakes.....	6
Year in Review – Continued Evolution of the ISAC	6
Delivering Value to the IRS and Taxpayers.....	6
Executive Leadership and Commitment in Action	6
Taxpayer First Act Data.....	6
Metrics	7
Participation	7
Data Contribution.....	8
Analysis.....	8
Strategic Plan	8
2025 Strategic Accomplishments	9
ISAC Leadership	10

Built on nearly 10 years of trust between the IRS, the states and industry, the ISAC partnership continues to demonstrate that we are stronger together than apart. The importance of the ISAC’s ongoing and nimble efforts are more relevant now than ever as many of the identity theft and tax refund fraud scams and schemes have become more sophisticated. The ISAC continues to advance its mission by innovating and enhancing its operations to tighten the net used to identify and address emerging trends. In 2025, the ISAC operationalized social media and dark web monitoring, introduced flash training, and made data analysis and data sets more readily available and usable to partners yielding positive results. The IRS continues its commitment to this critical partnership and its mission of protecting taxpayers from identity theft and tax refund fraud.

– Ken Corbin, IRS Taxpayer Services Chief

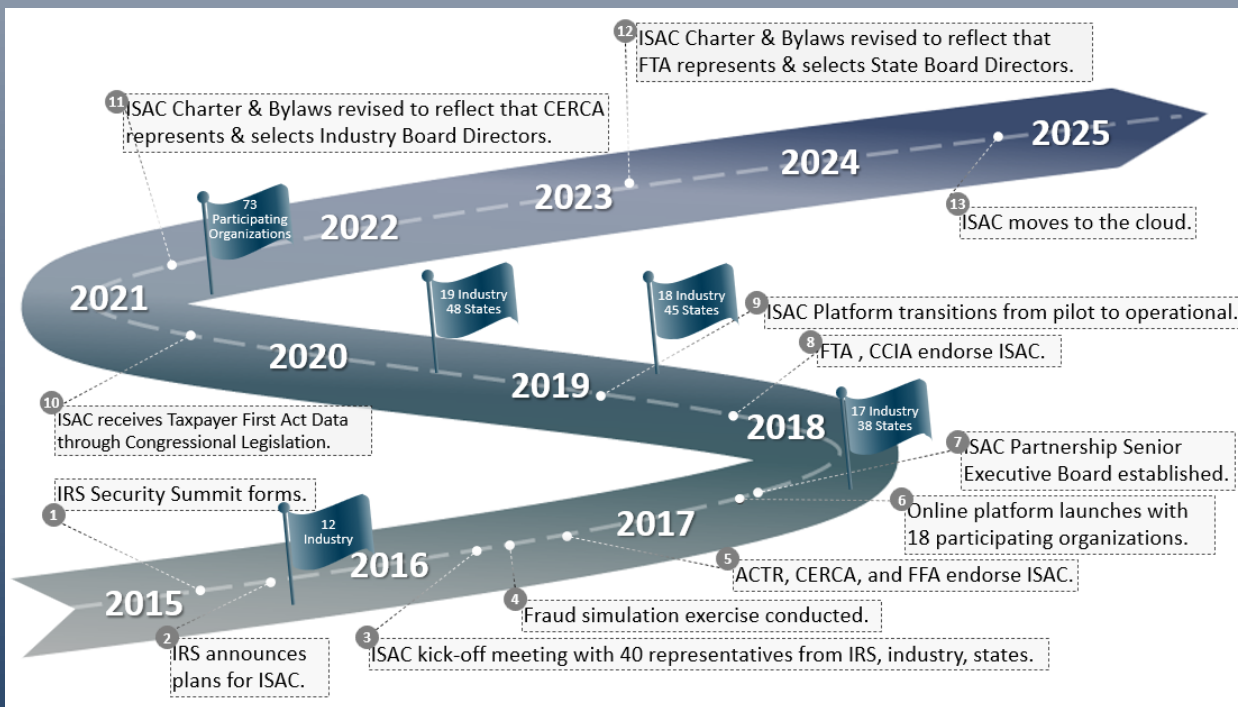
Our History

The IRS Security Summit

In March 2015, the IRS convened an unprecedented coalition of state tax agencies and private-sector tax industry officials to tackle a difficult task – fighting back against emerging criminal syndicates, based in the U.S. and overseas, that were filing fraudulent returns for refunds using stolen identities. These new cyber gangs were often sophisticated, highly organized, and well-funded. In 2016, Security Summit partners agreed on the need for a formal Public-Private Partnership for sharing data in a collaborative environment based on partner-agreed rules.

Formation of the IDTTRF-ISAC: The Platform and the Partnership

In January 2017, the Identity Theft Tax Refund Fraud Information Sharing and Analysis Center (the IDTTRF-ISAC or simply, the ISAC) was formed, governed in equal partnership by the IRS, industry, and states. The ISAC consists of two components: the platform and the partnership. The platform is operated under the direction of the IRS, through a Federally Funded Research and Development Center (FFRDC). The FFRDC serves as the ISAC’s Trusted Third Party (TTP) facilitating information sharing among entities that would not otherwise do so. The platform serves as the centralized information-sharing vehicle for the ISAC and includes controls to ensure that sharing is consistent with applicable regulations and laws.



Today the ISAC partnership includes 73 organizations – 48 States, 15 Industry partners, 4 Financial Services Companies, the IRS and 5 Endorsing Organizations. This collaboration and data sharing creates a formidable defense against criminals’ ongoing attacks on our tax system.

Risk Environment

The detection and prevention of identity theft tax refund fraud remain a top priority for ISAC partners. However, the landscape of identity theft continues to evolve, driven by advancements in technology, the increasing digitalization of taxpayer information, sophisticated criminal tactics and tools, and persistent efforts to exploit the tax system.

Today, the risk environment for information and data theft used in tax-related criminal activities is no longer defined solely by stolen Social Security numbers and addresses. Instead, it is characterized by a combination of bold technological innovations, advanced system knowledge, human error, personal vulnerabilities, and the exploitation of social media to uncover and leverage sensitive information. Collectively, these factors have elevated to unprecedented levels both the risks to tax systems and the potential rewards for criminal enterprises. Following is a partial list – not necessarily in order of severity – of common factors in today’s risk environment.

The partnership and collaboration between IRS, states, and industry have been priceless. Being able to quickly collaborate and respond to emerging threats is critical in the ever-changing fraud landscape.

– ISAC User

Advancements in Artificial Intelligence

The rapid evolution of AI-driven tools and capabilities has empowered criminal enterprises to impersonate individuals with increasing precision and success. These technologies enable attackers to bypass security measures and authentication protocols more effectively. Additionally, AI tools facilitate continuous data mining and real-time testing of security barriers, pinpointing system vulnerabilities and exploiting stolen data to perpetrate fraud across multiple levels.

Expansion of Digital Identities and Platforms

The growing reliance on digital identities for banking, shopping, entertainment, social interaction, remote work, and virtual employment has made taxpayer data more accessible online. While these platforms offer convenience, they also heighten the risk of data theft and identity abuse. The proliferation of digital records—some with minimal or no security protections—has increased the likelihood of personal information being stolen and misused.

Rising Data Availability on the Dark Web and Escalating Data Breaches

Personal data breaches continue unabated, affecting consumer retailers, financial institutions, government agencies, and more. The sophistication of dark web marketplaces has turned stolen personal information into a global commodity, with offerings ranging from Social Security numbers (often available for free) to financial account details and sensitive personal information like birthdates and family histories. The availability of high-quality, real-time data further amplifies the risks.

Now a decade old, the ISAC has developed into a vital tool in the tax system’s effort to root out and combat identity theft tax refund fraud. The ISAC was established and still operates upon a very simple premise: The key stakeholders in the tax system – the Internal Revenue Service, private-sector tax preparers, and state departments of revenue – must communicate with one another about the patterns they are observing, and they must flag suspicious activities for further inquiry. This joint effort has proven tremendously successful, protecting the public treasury and taxpayers alike. ACTR and its members companies, which were instrumental in establishing the ISAC, are proud of these accomplishments, and recognize that our efforts must continue to evolve to meet the ongoing threats.

– David Ransom
Counsel

American Coalition for Taxpayer Rights (ACTR)

Persistent Weaknesses in System Protections and Limited Regulatory Enforcement

Many systems continue to lack strong safeguards for handling personal data. Although measures such as multi-factor authentication and biometric security are increasingly used, they are often optional, inconsistently implemented, and not entirely reliable. The absence of widespread enforcement and accountability—where only the most high-profile breaches face legal or financial consequences—leaves many systems vulnerable and emboldens bad actors who face minimal deterrence.

Phishing, Social Engineering and Deep Fakes

Phishing attacks and social engineering tactics have become increasingly sophisticated, leveraging detailed and customized fake requests for information and credentials. Techniques such as "smishing" (SMS phishing), "vishing" (voice phishing), and bundled attacks that combine fake caller IDs with stolen data and counterfeit credentials have significantly increased the success rate of data breaches. Even with standard protections in place, these advanced methods continue to penetrate systems and compromise sensitive information.

Year in Review – Continued Evolution of the ISAC

Since 2017, the ISAC has made significant progress in understanding the information needs of its partners, identifying areas of value, and fostering trust. This growth has been fueled by active collaboration across all partner sectors, including data contributions and feedback on user collaboration and portal improvements from highly committed analysts and leaders. These efforts have strengthened the security of taxpayer data while also providing substantial benefits to the broader tax ecosystem.

Delivering Value to the IRS and Taxpayers

The sharing of data via alerts, confirmed fraud reports, or leads, and of expertise through pilot programs and the Analysts' Community of Practice (ACoP), ensures that the ultimate beneficiary is the taxpayer at both the federal and state levels. The ISAC's value to the IRS is evidenced by its renewed commitment – for the 9th year – to this unique partnership.

Executive Leadership and Commitment in Action

ISAC leadership and Endorsing Organizations work collaboratively to strengthen trust and information sharing. They actively participate in forums, conferences, and regular meetings to exchange ideas, address concerns, and explore solutions that benefit all stakeholders. ISAC Board members also engage in extensive outreach activities, fostering relationships that promote deeper collaboration and more effective information sharing across the tax ecosystem.

Taxpayer First Act Data

Since Congress passed the Taxpayer First Act (TFACT) in 2019 to enable the IRS to share limited data through the ISAC's secure infrastructure, the TFACT data has become one of the most valuable sources of information for ISAC analysts. Many partners now receive this critical data automatically through a secure machine-to-machine connection with the ISAC.

The ISAC continues to be a force multiplier, increasing the effectiveness of our identity theft and refund protection work by empowering the partnership to collaborate in leveraging our knowledge, tools, and experience to combat this difficult and disruptive criminal activity. Identity theft continues to be challenging on many fronts, and the states are unwavering in our commitment to continue this important work of proactive fraud detection and prevention in an effort to protect the taxpayers we serve and the integrity of the tax administration system. We want to thank the IRS and industry partners as we continue our efforts in working together, fully aligned, in our mission of combating fraud and deterring the criminals who perpetrate it.

– Vernon Barnett
Board of Trustee President
Federation of Tax Administrators (FTA) and
Commissioner, Alabama Department of Revenue

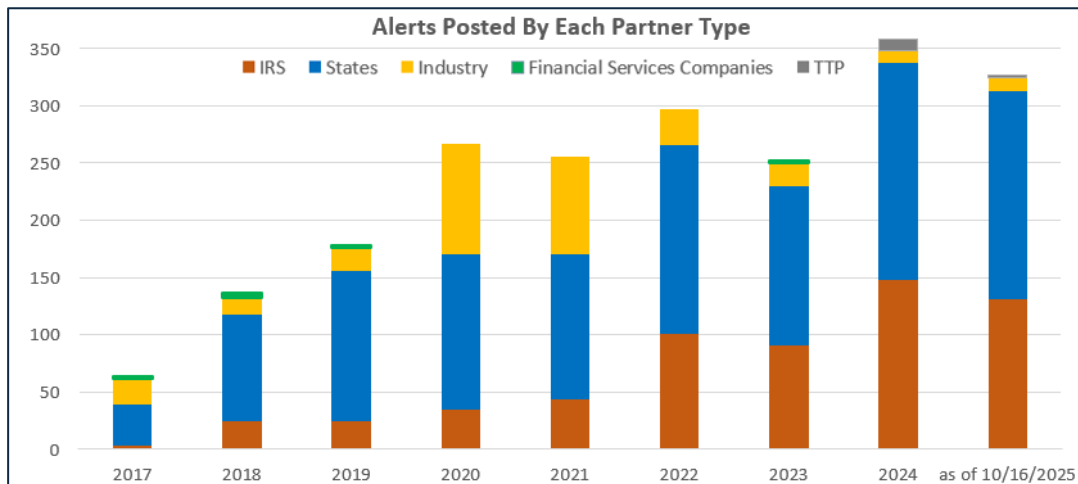
Metrics

Collaboration and information sharing within the ISAC represent a groundbreaking achievement in the tax ecosystem. The 73 partner organizations bring deep expertise and valuable insights unified by a shared commitment to safeguarding taxpayers and tax revenue by combating identity theft tax refund fraud.

The Partnership-approved metrics offer both qualitative and quantitative insights to evaluate progress and performance. They highlight the ISAC's value within the tax ecosystem and provide actionable information to guide future initiatives.

The ISAC currently measures its work across three key categories:

- Levels of industry, state and IRS **participation** in the ISAC;
- Volume and quality of alert and information **contributions** that identify ecosystem threats; and
- Volume and quality of the ISAC's data **analysis** in identifying suspected identity theft tax refund fraud.



Participation

The ISAC continues to thrive on the active involvement of its 457 users, each contributing specialized skills and experience. Participation continues to grow through activities such as data sharing, leading training sessions, serving on committees, membership on the Senior Executive Board, and engaging in the Analysts Community of Practice (ACoP). The number of analysts joining and utilizing the platform each year reflects the tangible value partners gain from their ISAC participation. The ACoP underscores the importance of collaboration inside the ISAC and has become a transformative model of trust and collaboration within the tax ecosystem. Fraud analysts

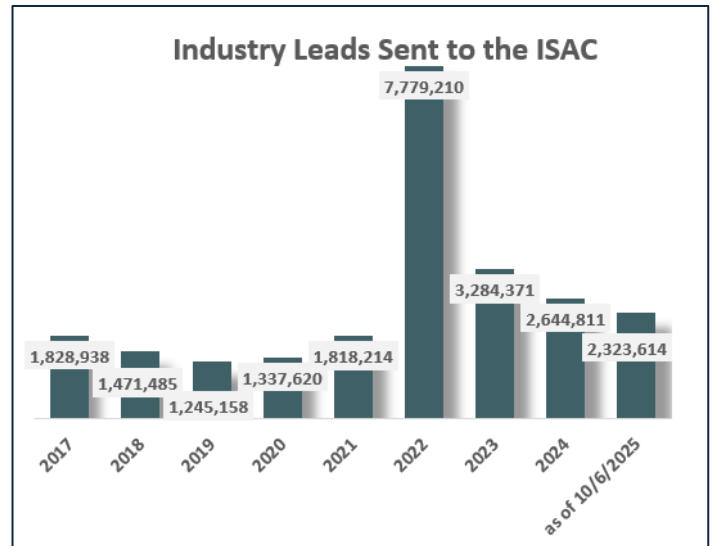
CERCA is honored to be one of the major endorsing organizations of the ISAC since its inception in 2016. This public-private partnership with the IRS, states, and industry has made significant strides in the fight against identity theft. While the ISAC has had many successes, fraudsters continue to adapt, devising new methods to steal taxpayer identities and disrupt lives. CERCA and its member companies remain committed to actively participating in the ISAC to benefit American taxpayers and businesses. The CERCA-Hosted Annual ISAC Roundtable remains a vital component of the ISAC's efforts, fostering collaboration to outpace fraudsters. CERCA looks forward to continuing its role in this partnership, addressing emerging challenges to safeguard American taxpayers and businesses.

– Timur Taluy
Chair, Council for Electronic Revenue Communication Advancement (CERCA)
and Chief Executive Officer, Fileyourtaxes.com

from member organizations, who previously lacked a formal mechanism to share threat data, now exchange best practices and discuss fraud schemes and identity theft trends; they build relationships, deepen their understanding of identity theft’s impact across the ecosystem, and work tirelessly to protect it. The ACoP annual meeting serves as a platform to celebrate ISAC’s collective efforts and the benefits of partnership.

Data Contribution

ISAC partners contribute critical data, including industry reports of suspicious activity (Industry Leads), state-confirmed fraud, IRS-provided TFACT data, and partner-identified alerts. This shared information forms the foundation for identifying and addressing threats across the tax ecosystem.

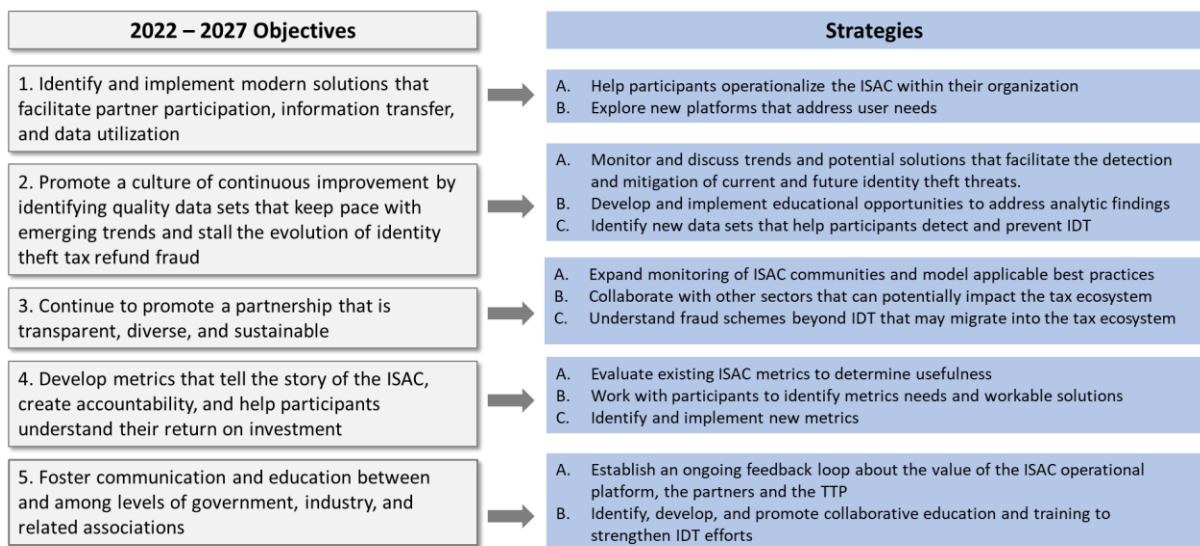


Analysis

The ISAC’s Trusted Third Party aggregates, de-identifies, and analyzes partner-contributed data, including leads, alerts, TFACT data, and other shared information. The resulting analysis is distributed to partner sectors as appropriate, enabling actionable insights.

Strategic Plan

The ISAC Senior Executive Board approved and deployed a five-year strategic plan for 2022-2027. The strategic plan incorporated information and feedback from all ISAC participants and was predicated on an environmental scan of the tax ecosystem, a comparative analysis of other ISACs, and a review of the identity theft threat environment. The partnership’s strategy continues to provide a comprehensive and agile approach to combating identity theft tax refund fraud and has stood the test of time in the intervening years. In keeping with its strategy, the partnership has evolved to meet emerging threats via advanced analytical tools, key data sets, and improved efficiencies for data processing and partner workflows.



2025 Strategic Accomplishments

- **Dark Web & Social Media** In 2025, the ISAC expanded its efforts to gather and analyze identity theft intelligence from social media and the Dark Web by actively monitoring for tutorials, tips, and materials created by bad actors, with particular attention to those targeting tax credits, partner organizations, and system vulnerabilities. To address these threats, the ISAC issues alerts and tailored intelligence reports to partners on emerging risks to the tax ecosystem emanating from the Dark Web and Social Media. Partners leverage this intelligence to prevent fraudulent payments, notify affected taxpayers, and support investigations.
- **ISAC Identified Schemes** Further development of the Alert App now enables users to access ISAC-identified schemes in a convenient, easily searchable format. This portal enhancement empowers partners to refine their filters, detect emerging threats, and prevent IDTTRF more efficiently.
- **Automated Information Sharing** Through advanced secure techniques, the ISAC platform connected with multiple partner platforms through machine-to-machine (M2M) connections, allowing for more efficient operational workflows, reducing partners' time to discovery, and improving decision-making insights. This automated approach to information sharing reduces partner security and compliance risks, speeds partner access to ISAC data, and facilitates data-driven partner actions to better mitigate IDTTRF.
- **Flash Training** In response to user feedback, the ISAC introduced Flash Trainings, which are brief, targeted training sessions focused on specific topics. These sessions have been well-received by ISAC users who value opportunities to connect with partner organizations, learn about new tools and data, and prefer shorter meetings that fit more easily into their schedules.
- **Partner Feedback** The Trusted Third Party launched a rolling series of partner interviews that take place throughout the year. Alongside the Flash Trainings and other alternative approaches, the ISAC is shifting toward shorter, more frequent partner interactions to foster stronger cross-organization connections and enhance ongoing dialogue.
- **Business Identity Theft** While most of the ISAC's data focuses on individual identity theft, partners also share information about business identity theft through alerts and data reports. Recognizing the connections and overlaps between these two types of theft, the ISAC Partnership Trusted Third Party plans to initiate efforts to encourage partners to share more information to better identify and address business identity theft (BIDT).
- **Ongoing Infrastructure and Security Enhancements** In its ongoing commitment to security, compliance and risk management, the ISAC appointed a Privacy Officer to develop, implement, and manage privacy policies, ensuring compliance with data privacy laws and regulations. The ISAC also established secure automation zones and advanced data exchange capabilities by implementing a serverless architecture, enhancing both security and operational efficiency.

The Dark Web files are especially useful—we forward them to other parts of our organization.

– ISAC User

How the ISAC Works



Information Sharing

The ability to post, read, and respond to near real-time alerts—reports of tax ecosystem threats—within the ISAC’s secure environment.



Collaboration

Shared expertise, best practices, and concerns related to detection and prevention of IDTTRF through partner dialogues such as the Analysts’ Community of Practice (ACoP).



Data Reports and Analytics

Timely and tailored data – including Taxpayer First Act data – and analytic reports, easily accessible and delivered in digestible formats.

ISAC Leadership

The Partnership’s Senior Executive Board is composed of 15 senior-level representatives, ensuring equal representation across three sectors: the IRS, state revenue agencies, and the private sector tax industry (five representatives from each). The Senior Executive Board and its committees are responsible for the following:

- **Strategic Guidance:** Provides direction in key areas, including recommending operating procedures for the ISAC, establishing membership criteria, and shaping the Partnership’s vision and mission.
- **Stakeholder Communication:** Communicates with IRS leadership, state revenue agencies, and private sector tax organizations regarding the ISAC.
- **Policy and Procedure Development:** Oversees the creation and approval of procedures, activities, and communications by the Partnership Committees to other parties.
- **Analysis and Review:** Identifies topics for study and analysis, and reviews results of analyses submitted by the TTP.

The Co-chairs of the Senior Executive Board lead their respective sectors, ensuring effective leadership and coordination of communication efforts.

The 2025 ISAC Co-Chairs are:

- Gardy LaRochelle, IRS Co-chair; Director, Return Integrity Verification Operations (RIVO), Wage & Investment Division, Internal Revenue Service
- Neena Savage, Esq., State Co-chair; Rhode Island Tax Administrator and Immediate Past President of the Federation of Tax Administrators (FTA)
- Mark Steber, Industry Co-chair; Chief Tax Officer, Jackson Hewitt Tax Services, Inc.