

Wealthy Taxpayers Notified of Data Breach Years After IRS Incident



Notification of Data Breach

After years since the notorious IRS data breach involving former contractor Charles Littlejohn, some taxpayers are only now being informed about the compromise of their tax return information. Reports reveal that letters from the IRS have surfaced, alerting individuals and companies about their data being compromised in the breach.

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Scope of the Breach

Littlejohn, who was sentenced to five years in prison earlier this year, admitted to pilfering tax information from thousands of affluent Americans between 2018 and 2020. While the breach initially garnered attention due to the release of former President Donald Trump's tax returns, its full extent remained unclear until recently.

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Legal Implications

The IRS, mandated by Section 7431 of the Internal Revenue Code, is obligated to notify affected taxpayers of any data breach. However, the letters sent out offer limited details, sparking concerns among recipients about the potential ramifications and recourse available to them.

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Potential Lawsuits

Legal experts speculate that the recent wave of notification letters could pave the way for a surge in lawsuits against the government from affected taxpayers. The statute permits individuals to sue for damages incurred due to unauthorized disclosure of tax return information, potentially resulting in significant legal ramifications.

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Precedent and Insights

Recent legal proceedings, such as billionaire hedge fund manager Ken Griffin's lawsuit against the IRS and Treasury Department, offer insights into how subsequent cases may unfold. While Griffin's claim against the IRS was allowed to proceed, other aspects of his lawsuit were dismissed by the court.

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Protecting Against Identity Theft

Taxpayers affected by the breach are advised to apply for an identity protection pin to mitigate the risk of further tax-related identity theft. However, without comprehensive information about the leaked data, affected individuals and entities face challenges in determining the appropriate course of action.

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Continuing Uncertainty

As the fallout from the IRS data breach unfolds, legal practitioners and affected parties alike grapple with uncertainty regarding the breach's full impact and the potential avenues for recourse against those responsible.

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