



Recovery of Stolen Checks Act (H.R. 1155)

Background:

- In 2022, the Financial Crimes Enforcement Network received over 680,000 Bank Secrecy Act filings related to check fraud, which is **nearly double the filings received for the previous year.**
- If a taxpayer does not receive their refund check within six weeks of mailing their tax return to the Internal Revenue Service (IRS), the taxpayer can request a “refund trace.”
 - Once a taxpayer has determined the refund is missing, they can ask the IRS to trace the refund using the “Where’s My Refund” system on the IRS website.
- If a check is determined to be stolen or lost, and not cashed, a **taxpayer will receive a replacement check once the original check is cancelled.**
 - This replacement check is sent in the same form as the original paper check.
 - However, many taxpayers are having their replacement checks stolen as well.
- Taxpayers who have a check stolen are **unable to request that the replacement check be sent via direct deposit.**
- There is currently no law that prohibits the IRS from allowing taxpayers to request a replacement refund via direct deposit.
 - However, the IRS would need to develop processes and procedures to provide taxpayers with this service.
 - As of now, the IRS has not developed this capability.

The Recovery of Stolen Checks Act:

- This bill requires the Secretary of the Treasury to establish processes and procedures under which taxpayers, who are otherwise eligible to receive an amount by paper check in replacement of a lost or stolen paper check, **may elect to receive such amount by direct deposit.**
- We must ensure that taxpayers who have been victims of fraud can receive the funds owed to them without further hassle and uncertainty.
- This bill is a valuable first step in combatting the fraud, as providing taxpayers with the option to use direct deposit for a replacement check **ensures the replacement check is not stolen again.**