

Polling Question 1

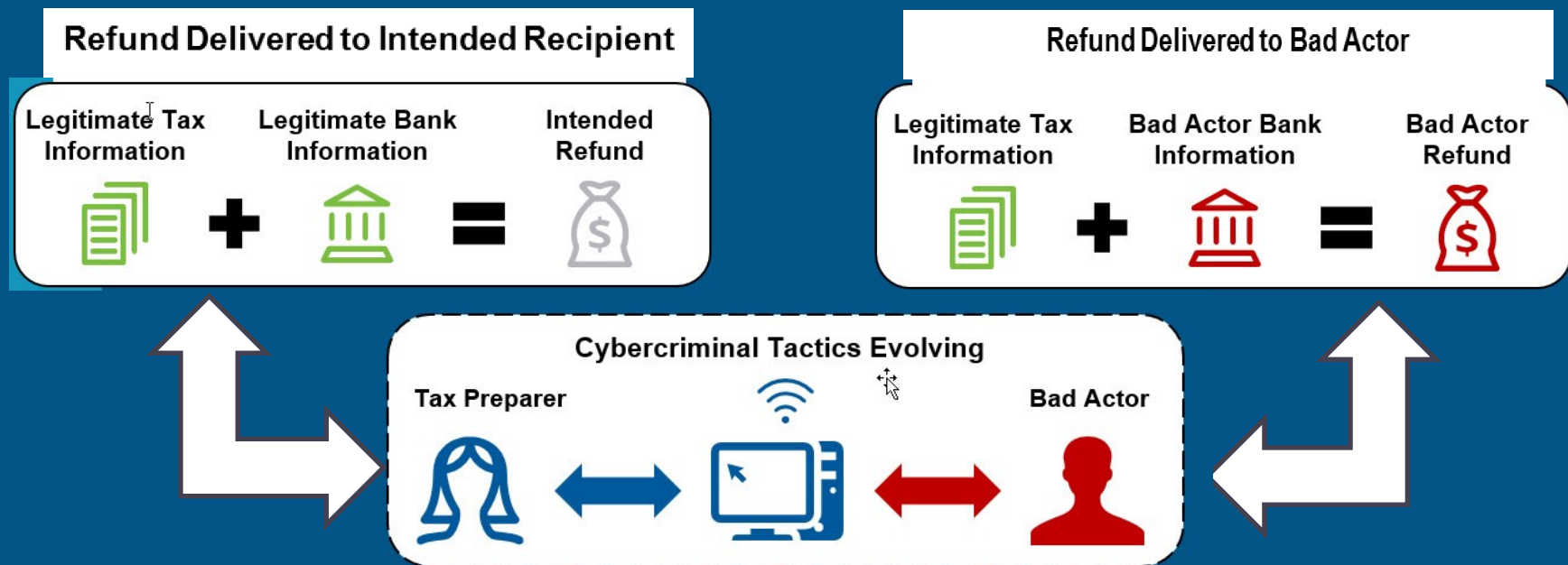
True or False:

Federal law requires all professional tax return preparers to create and maintain written information security plans.

- a) True
- b) False
- c) Don't know

Tax Pro Data Thefts Trending UP

Because of Security Summit safeguards, thieves need legitimate tax information to file fraudulent tax returns.



Thieves also steal EFINs, PTINs and CAF numbers to impersonate tax pros.

Security Summit Progress 2015-2017

Because the IRS does a better job of stopping fraudulent returns from entering the processing pipeline, key indicators of identity theft show a dramatic decline.

597K 

Number of confirmed
IDT tax returns.
Down **57 percent** since 2015.

242K 

Number of taxpayers
self-reporting as IDT victims.
Down **65 percent** since 2015.

144K 

Number of refunds
recovered by bank partners.
Down **58 percent** since 2015.

FTC & Gramm-Leach-Bliley Act



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PROTECTING AMERICA'S CONSUMERS

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Safeguards Rule

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16 CFR Part 314

RULE SUMMARY:

The Safeguards Rule requires financial institutions under FTC jurisdiction to have measures in place to keep customer information secure. In addition to developing their own safeguards, companies covered by the Rule are responsible for taking steps to ensure that their affiliates and service providers safeguard customer information in their care.

[Text of Rule](#)

FTC “Safeguards Rule”

- Designate one or more employees to coordinate the information security program
- Identify and assess the risks to consumer information in each relevant area of company operations
- Design, implement a safeguards program
- Require service providers to maintain safeguards
- Adjust program as needed

Common Cybercriminal Tactics

Spear Phishing emails

- 91% data thefts start with a phishing email
- From "Trusted" source
- Urgency – "Act Now"
- Contains embedded link or attachment
- Intent – steal passwords or download malware

Remote Access Takeover

- Thieves gain control of office networks
- Email scams
- Malware
- Hacking unprotected devices
- All wireless devices are vulnerable
- Reset factory passwords

Ransomware

- Phishing email, or
- Failure to update software
- Thieves encrypt all data on the computer
- Demand a ransom in return for a "key" to unlock encrypted data
- If paid, unlikely to provide the key

Spear Phishing Email

----- Original Message -----
Subject: Tax return
From: [REDACTED]
Date: Tue, February 28, 2017 5:10 am
To:

Hello,

I got your email from the local directory. Hope your doing good and actively involved in the tax filing season.

I would like to file my tax return. which includes that of me at <https://bit.ly/2lcoxgsa> Click to follow link. I would like you to have a review and let me know the cost. Click [here](#) to view my details

Regards
[REDACTED]

Thief targets specific audience - such as tax pros

Email may be ungrammatical or oddly worded

Includes hyperlink using a tiny URL to disguise link destination.

Polling Question 2

If your office experiences a data theft, which of the following could be affected:

- a) Your reputation
- b) Your profits
- c) Your health
- d) All of the above

Susan Jarvis 1

- Certified Public Accountant
- Private practice since 1982; staff of 3
- Clients include small businesses inside and outside Pennsylvania, several nonprofits, as well as individual tax clients.
- Active in Pennsylvania Institute of Certified Public Accountants
- Served as president of Lehigh Valley Chapter
- Serves on the boards of numerous charities

Signs of Data Theft in Your Office

- Client e-filed returns begin to reject;
- Clients who haven't filed tax returns begin to receive authentication letters (5071C, 4883C, 5747C) from the IRS;
- Clients who haven't filed tax returns receive refunds;
- Clients/Practitioners receive tax transcripts that they did not request;

Signs of Data Theft in Your Office

- The number of returns filed with tax practitioner's Electronic Filing Identification Number (EFIN) exceeds number of clients;
- Tax professionals or clients responding to emails that practitioner did not send;
- Network computers running slower than normal;
- Computer cursors moving or changing numbers without touching the keyboard;
- Network computers locking out tax practitioners.

Polling Question 3

Which of these is an example of a strong password that meets new NIST guidelines?

- a) Password01
- b) uE*s3P%8V)
- c) SunWalkRainDrive

Basic Security Steps

- Recognize and avoid phishing emails.
- Create data security plan using Publication 4557, Safeguarding Taxpayer Data, and Small Business information Security – The Fundamentals.
- Review internal controls:
 - Install security software
 - Create strong passwords, 8 characters or more
 - Encrypt sensitive files

Basic Security Steps

- Back up sensitive data
- Wipe clean or destroy old hard drives
- Limit access to taxpayer data
- Check IRS e-Services weekly for EFIN counts
- Report Data Thefts immediately to the IRS Stakeholder Liaisons
- Stay connected to the IRS – Subscribe to:
 - e-News for Tax Professionals,
 - QuickAlerts and social media

Susan Jarvis 2

- Encrypt your server
- Use Multi-factor authentication for remote workers
- Do not use clients' flash drives
- Get data theft insurance
 - Not as costly as you may think
- Engage IT security experts
- Communicate early and often

Polling Question 4

If you experience a data loss, who should you call first?

- a) IRS Stakeholder Liaison
- b) Federal Bureau of Investigation
- c) Secret Service

How Tax Pros Report Data Theft

- Contact IRS and law enforcement
 - IRS stakeholder liaisons are your points of contact
 - Search “stakeholder liaisons” on IRS.gov
- Contact state tax agencies/attorneys general
 - Email Federation of Tax Administrators for state agency contacts at StateAlert@taxadmin.org
- Contact Experts
 - Security expert and/or insurance company
- Review “Data Theft Information for Tax Professionals” at [IRS.gov/identitytheft](https://www.irs.gov/identitytheft)

Polling Question

Which IRS Publication provides an overview of the issues highlighted today?

- a) Publication 17
- b) Publication 4557
- c) Publication 1

Security Resources for Tax Pros

- Publication 4557, Safeguarding Taxpayer Data
- Publication 5293, Data Security Resource Guide for Tax Professionals
www.IRS.gov/ProtectYourClients
- www.IRS.gov/IdentityTheft