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Division of Taxation

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ADVISORY FOR TAX PROFESSIONALS
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Tax professionals should report data theft immediately

Follow established procedure to ensure clients are protected, Security Summit urges

PROVIDENCE, R.I. – The Rhode Island Division of Taxation, the Internal Revenue Service, and other partners in the Security Summit remind tax professionals that they should report data theft immediately and follow an established process to help ensure that their clients are protected.

If notified in a timely fashion, the IRS and other tax agencies can help stop fraudulent tax returns being filed in clients' names, which otherwise might delay legitimate tax refunds. But protecting taxpayers in such situations requires the cooperation of the tax professional with the IRS and other agencies.



Although the Security Summit is making progress against tax-related identity theft, cybercriminals continue to evolve, and data thefts at tax professionals' offices are on the rise. Thieves use stolen data from tax practitioners to create fraudulent returns that are harder to detect.

Should a tax professional experience a data compromise – whether by cybercriminals, theft, or accident – there are certain basic steps to take. These include:

Contacting the IRS and law enforcement:

- When contacting the [Internal Revenue Service](#), report client data theft to local stakeholder liaisons. Liaisons will notify IRS Criminal Investigation and others within the agency on the tax professional's behalf. Speed is critical. If reported quickly, the IRS can take steps to block fraudulent returns in clients' names.
- Also contact the nearest office of the [Federal Bureau of Investigation](#) and the nearest office of the [Secret Service](#) if directed. Contact local police to file a police report on the data breach.

Contacting states in which the tax professional prepares state returns:

- Any breach of personal information could have an effect on the victim's tax accounts with the states as well as the IRS. To help tax professionals find where to report data security incidents at the state level, the Federation of Tax Administrators has created a [special page](#) with state-by-state listings.
- Let the Rhode Island Division of Taxation know by calling the agency's Personal Income Tax section at (401) 574-8829 and choosing option # 3. Or send an email to Tax.Assist@tax.ri.gov and put "Possible Data Breach" in the subject field, with your contact information (and nothing more) in the body of the email.

- A list of [State Attorneys General](#) is available, showing contact information for each state.
- Under the Rhode Island Identity Theft Protection Act of 2015, those who store, collect, process, maintain, acquire, use, own, or license personal information about a Rhode Island resident must implement and maintain a risk-based information security program that contains reasonable security procedures and practices appropriate to the size and scope of the organization. The law spells out notification and related measures that must be taken if personal information is disclosed or a security breach occurs that poses a significant risk of identity theft to any Rhode Island resident. Penalties apply for violation. See Rhode Island General Laws [Chapter 11-49.3](#). To contact the Office of the Rhode Island Attorney General, see the [Attorney General's website](#).

Contacting the following experts:

- Security expert – to determine the cause and scope of the breach, to stop the breach, and to prevent further breaches from occurring.
- Insurance company – to report the breach and to check if the insurance policy covers data breach mitigation expenses.

Also contacting the following:

- [Federal Trade Commission](#) – for guidance for businesses. For more individualized guidance, email: idt-brt@ftc.gov.
- Credit / identity theft protection agency – offering credit monitoring/ID theft protection to victims of ID theft may be required.
- Credit bureaus – to notify them if there is a compromise; clients may seek their services.
- Clients – Send an individual letter to all victims to inform them of the breach but work with law enforcement on timing. (Clients should complete IRS Form 14039, “Identity Theft Affidavit”, but only if their e-filed return is rejected because of a duplicate Social Security number or they are instructed to do so.
- Remember: IRS toll-free assisters cannot accept third-party notification of tax-related identity theft. Again, preparers should use their local [IRS Stakeholder Liaison](#) to report data loss.

About this announcement

This is the final installment in a series of Security Summit announcements called “Protect Your Clients; Protect Yourself: Tax Security 101.”

The Security Summit awareness campaign is intended to provide tax preparers and other tax professionals with the basic information they need to better protect taxpayer data and to help prevent the filing of fraudulent tax returns.

The Security Summit consists of the IRS, state tax agencies, and the tax community -- including tax preparation firms, software developers, processors of payroll and tax financial products, tax professional organizations, and financial institutions. Partners in the Security Summit work together to combat identity theft to protect the nation's taxpayers.

The Security Summit partners urge all tax professionals to help avoid data thefts by taking the appropriate precautions detailed during this latest education and awareness campaign for tax professionals.

The objective of “Protect Your Clients, Protect Yourself: Tax Security 101” is to ensure that all tax professionals, whether at a one-person shop or a major firm, understand the risk posed by national and international criminal syndicates, take the appropriate steps to protect their clients and business, and understand the laws around their obligation to secure that data.

The Security Summit reminds all tax professionals that they must have a written data security plan as required by the Federal Trade Commission and its [Safeguards Rule](#).

Get help with security recommendations by reviewing the recently revised IRS [Publication 4557](#), “[Safeguarding Taxpayer Data, and Small Business Information Security](#)”, by the National Institute of Standards and Technology.

IRS [Publication 5293](#), “Data Security Resource Guide for Tax Professionals”, provides a compilation of data theft information available on IRS.gov.

The Rhode Island Division of Taxation office is at One Capitol Hill in Providence, R.I., diagonally across from the Smith Street entrance of the State House. It is open to the public 8:30 a.m. to 3:30 p.m. business days. To learn more, see the Division's website: www.tax.ri.gov.
