Tax professionals urged to use multi-factor authentication

*Security Summit says it helps protect against identity and data theft*

PROVIDENCE — With security incidents on the rise, the Rhode Island Division of Taxation, the Internal Revenue Service, and other partners in the Security Summit today urged tax professionals and taxpayers to use a special feature – multi-factor authentication – to help protect against identity and data theft.

Multi-factor authentication, sometimes referred to as two-factor authentication -- provides more security. It allows the tax professional or taxpayer to use another feature such as a security code sent to a mobile device, a PIN number, or a fingerprint in addition to the username and password.

Remember: A thief may steal usernames and passwords but cannot access accounts without the additional multi-factor feature.

“The Security Summit has made great strides to protect the tax community, but we need the help of everyone in the tax professional community,” IRS Commissioner Chuck Rettig said in a statement.

“Using the multi-factor authentication feature available on tax preparation products is one of the easiest and cheapest security measures any tax pro can take. It's offered for free by the tax software providers. As people continue to get vaccines, we urge tax professionals as well as taxpayers to boost their security immunity and help in the battle against identity theft,” he said.

“Using multi-factor authentication can help safeguard your clients’ confidential information -- but also your own confidential data,” said Rhode Island Tax Administrator Neena Savage.

Data theft reports

Through June 30, 2021, there have been 222 data theft reports this year from tax professionals to the IRS, outpacing the rate of 211 in 2020 and 124 in 2019. Each individual report may involve hundreds or thousands of taxpayers.

✓ Remember: Client information stolen from tax professionals’ offices is used to create fraudulent tax returns that are difficult to detect because the identity thief is using real financial data.
Based on reports to the IRS in 2020, many tax professionals whose client data was stolen failed to use multi-factor authentication, and the feature could have prevented some of the thefts. Tax professionals should use multi-factor authentication features anywhere it is offered, such as commercial email products and cloud storage providers.

Multi-factor authentication is just one of several security steps tax professionals – and taxpayers – should use to protect sensitive data. Following are some other steps:

- Use anti-virus software and set it for automatic updates. Anti-virus software scans existing files and drives on computers - and mobile phones – to protect from malware.
- Use a firewall to shield digital devices from external attacks.
- Use backup software/services to protect data. Making a copy of files can be crucial, especially if the user becomes a victim of a ransomware attack.
- Use drive encryption to secure computer locations where sensitive files are stored. Encryption makes data on the files unreadable to unauthorized users.
- Create and secure Virtual Private Networks. A VPN provides a secure, encrypted tunnel to transmit data between a remote user via the internet and the company network. Search for “Best VPNs” to find a legitimate vendor; major technology sites often provide lists of top services.

The IRS also reminds tax professionals that federal law, enforced by the Federal Trade Commission, requires all professional tax preparers to create and implement a data security plan.

About this announcement

The Security Summit partners today kicked off the annual 2021 “Protect Your Clients; Protect Yourself” summer campaign aimed at tax professionals. This year’s theme is “Boost Security Immunity: Fighting Against Identity Theft” to urge tax professionals to step up their efforts to protect client data amid the pandemic and its aftermath. For more information:

https://www.irs.gov/newsroom/security-summit

The Rhode Island Division of Taxation is open to the public from 8:30 a.m. to 3:30 p.m. business days. To learn more, see the agency’s website: www.tax.ri.gov.