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BUZZ

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COGNIZANCE

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Tax Security 2.0 –

IRS Resort to Protect Sensitive Taxpayer Data

Letter From The Editor

Dear Readers,

Ever since the Security Summit, a coalition of the IRS, state tax agencies, and the private-sector tax community across the United States, came into existence in March, 2015, some major steps have been taken to prevent identity theft and refund fraud. However, fighting back against the emerging criminal syndicates has not at all been easy for the Security Summit partners. In fact, today's cybercriminals have become more sophisticated and more organized, and have turned out to be a bigger threat to the tax community and the sensitive data of taxpayers.

This year, though, the Security Summit partners look very determined to combat tax-related identity thefts. Recently, the Summit urged professional tax preparers across the nation to analyze and review their security measures within their practice to protect sensitive taxpayer data. To assist the tax community, the partners have rolled out a "Taxes-Security-Together" Checklist, which is being considered as a starting point for reviewing and validating data security of modern tax practices.

In this August Edition of Fizzfx – A Sagenext Publishing we have discussed in detail about the initial step on the checklist, which comprises the "Security Six" protections. Our cover story highlights what tax professionals need to consider while deploying the essential steps to ensure basic protection of the confidential data of the taxpayers. Besides that, we have tried to shed some light on what small and mid-sized businesses need to know about HIPAA compliant hosting. Also, we have a special write-up for the owners of SMBs regarding how they can harness technology and government policies for their betterment and growth.

Lastly, I would like to appreciate all our readers for showing immense love and support for our efforts. We are steadily making our way to the top and much of the credit goes to you for valuing our content.

Happy Reading!

Ehtesham Haque
is the Chief Executive Officer of Sagenext Infotech and one of the Directors of The Sagenext Group. As a leader, he has been heralding Sagenext's transition into an all-round IT hosting company, pushing its cloud infrastructure and hosting solutions to counteract the mounting demand of CPAs, accounting professionals and small and mid-sized businesses across the world.

Security Six: The Tax Security 2.0 Checklist by the IRS for Tax Pros

After countless debates revolving around data security, the IRS is back again with its yearly reminder for the tax industry to take cyber-security a little bit more seriously. To explain how imperative it is for firms to ensure data security, the IRS is urging the Tax Pros to take their client's data more seriously. The reason being, even though the number of data breaches has been falling year-by-year, the chances of tax fraud are still fairly high. American's are still losing piles of data at the hands of the hackers every year.

So, the IRS is telling you how imperative it is for firms to take certain compulsory steps to ensure the security of data, whether it belongs to them or their clients.

The Tax Security 2.0 Checklist

The tax security 2.0 checklist by the IRS suggests some technical safeguards and other necessary steps to protect American's data from being stolen. Here are the 'Security Six' the IRS urges tax professionals to follow to protect the taxpayers' data from identity theft:

- **Anti-Virus software**
- **Secure Firewalls**
- **Two-Factor Authentication**
- **Regular Backups**
- **Full-disk Encryption**
- **Use of Virtual Private Networks (VPNs)**

Want to know what more you can do to tighten data security? If yes, [click here](#) to read!

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How Technology Gives You A Foolproof Finance Function

Finance is the life and blood of a business. No firm can function efficiently with shortage of funds. Therefore, for a business to sustain, run smoothly, and successful, finance function plays a key role. Out of all the factors that make finance function work for an organization, technology plays a key role.

The Role of Technology

Over the years, technology has transformed the way businesses work. From manufacturing to marketing, automation has entered every step of the business operations and revamped it for good. And, so is the case with financial management. The accountants these days rely heavily on technology, mainly in the form of cloud computing. Let's see how technology can give a foolproof finance function to businesses:

No More Red Tape In Budgeting

Higher the amount of the budget to be passed, the longer it takes to get an approval. If done digitally, with the help of technology, budgeting and Capex approvals can be acquired in less time. With everything stated clearly on-screen, it gets easier for officials to go through the key information and previously made suggestions quickly, making way for faster approvals.

Farewell Traditional Accounting Methods

A large number of businesses and accountants still rely on traditional methods for accounting. These businesses when introduced to the cloud, can speed up their accounting tasks, add efficiency to the process, and witness a great scope for streamlining their day-to-day tasks. Automation in accounting and financial management is an efficient and effortless way of taking your finance function to the next level.

Easy Monetary Reimbursement To Employees

If you are running a small or medium-sized business, your employees must often seek monetary reimbursement for a series of expenses. Managing these requests can often be time-consuming. Further delays can take place in case the manager is not sure which requests can and can't be approved. Once automation is introduced into the system with clear parameters, it can speed up the process.

Are We Slowly Losing Our Small Businesses?

You must have come across the extremely popular, not-so-appealing, and 'often carelessly used' statement - The rich become richer and the poor poorer. The statement seems heavy, but not many have probably attempted to quantify the depth and credibility it holds. However, the controversy behind the statement has managed to gain momentum time and again, and the internet has gone into frenzy whenever the discussion surfaced.

But, do you know the irony attached to the testimony? The demographic on the globe that is proudly in agreement with the claim can neither be classified as rich, nor as to the poor. It usually comes down to the middle-class, the middle-men, and the mediators that happen to see, profess, agree, and promote the idea of seeing the rich getting richer and the poor getting poorer.

So, Is The Reality Any Different?

Not really! While countless pieces have praised the growth spurt shown by the big businesses, not many have directed a sincere focus on the smaller ones. Sadly, the statistics do not shy away. Data has proven that income inequality is a normal problem in the real world. It quickly validates the fact that as the high-income classes fill their pockets with more money, the lower income sections struggle to afford even the basics.

How Did We Reach Here?

The rich population has bloomed in the past few decades. If we compare the current picture with that of the 1980s, the number of rich has grown tremendously. An amalgamation of different factors has played an important role in helping businesses grow the way they did. The increasing population, changing trends, altering demands of people, the growth in competition, inflation, lifestyle changes, and more have formed a cocktail of all the reasons that helped businesses bloom over the years.

However, two factors managed to stand out:

a) Technology that promotes business growth
Undoubtedly, technology has played a major role in promoting growth in businesses. The advent of globalization, the constant yearning for technical innovation, the introduction of artificial intelligence and machine learning, and the realization of the power of big data are just some examples that prove the involvement of technology in the promotion of business growth.

But, has technology been exclusive? Partly, yes! There is a common viewpoint associated with automation and big businesses that say technology was something only the rich could afford and exploit. The poor, however, were merely spectators who felt foreign whenever talks about technology came up.

b) Government's policies that favor businesses
Businesses are not usually a fan of government regulations. They often pose a huge burden on business organizations, both small, medium, and large. Where medium and large business houses tend to absorb and abide by the growing regulations with comparative ease, it is the small businesses that feel burdened under the massive controls.

The reason being the compliances and regulations are fairly expensive to implement.

So, Are Regulations Unnecessary?
[Click here](#) **to know more**

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What SMBs need to know about HIPAA Compliant Hosting?

The dynamics of the American healthcare industry is changing at a rapid pace.

The HITECH (Health Information Technology for Economic and Clinical Health) Act was signed into law in 2009, and later in 2013, the HIPAA (Health Insurance Portability and Accounting Act) Omnibus Rule was released, which collectively paved a path for the rapid digitization of the American dental and healthcare industry. This process of digitization has already made a tremendous impact by improving and streamlining the protected healthcare information available to doctors and other healthcare professionals in various aspects while saving thousands of lives.

HITECH, by bringing electronic health records (EHRs) into mainstream operations, also led to a rapid expansion of those organizations that access, store, and process such kind of information, and therefore, fall under HIPAA compliance category. However, this has resulted in most entities, small and mid-sized businesses in particular, being unsure about their roles and responsibilities under the regulation.

HIPAA and Its Impact on SMBs

All kinds of entities belonging to the healthcare sector or IT facilities for those providing medical services in the United States must be aware of HIPAA along with their responsibilities essential for complying with the regulations. On the other hand, it is to be noted that HIPAA is applied to all kinds of businesses that store and process electronic Protected Health Information (ePHI), which generally includes Personal Details, Medical Information, and Descriptions provided by doctors or medical professionals about the treatments.

Hence, for such businesses, it is more than just a mere obligation to comply with the HIPAA regulations, and in fact, failing to do so may result in some unwanted penalties. And, in fact, the fine is decided by each individual breached record, and the organizations, be it healthcare services or their associates, are enlisted on breach records (also called "Wall of Shame") released by the Department of Health and Human Services (HHS) Office for Civil Rights (OCR). These records mainly showcase businesses of all types and sizes that are found non-HIPAA compliant. Thankfully though, for those businesses that are unclear about the HIPAA requirements, it is not at all challenging, and assistance is readily available to get the job done.
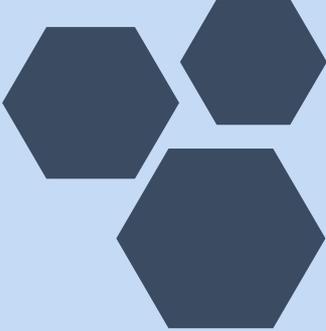
Ensuring HIPAA Compliance in SMBs

The second section, mostly referred to as "Title II", is the main section of HIPAA for business associates. This section outlines the general needs and requirements for administering ePHI, which comprises HIPAA Security Rule – the key pointers which SMBs need to take into consideration. Also, it specifies the parameters that need to be followed for securing patient information both in transit and in storage.

To be precise, there are 3 types of safeguards involved in the HIPAA security rule, which are supposed to jointly ensure the integrity, confidentiality, and security of the electronic Protected Health Information. **To know more about the 3 safeguards, [click here](#)**

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