

IRS SECURITY SIX: Multi-Factor Authentication (MFA)

1 CardinalByte Expert Insight

Multi-Factor Authentication is no longer an "extra" security layer; it is the single most effective defense against unauthorized access. For tax professionals, a compromised password is the primary gateway for data breaches. MFA ensures that even if a password is stolen, the data remains protected by a second, time-sensitive factor.

2 Why It Is Required

The IRS Publication 4557 and the FTC Safeguards Rule mandate that financial institutions (including tax preparers) implement multi-factor authentication for any individual accessing any system that contains customer information.

3 Regulatory Body

Internal Revenue Service (IRS) and the **Federal Trade Commission (FTC)**.

4 How to Implement

MFA should be enabled on all professional accounts, including email (Microsoft 365/Google Workspace), tax software, and cloud storage. Use app-based authenticators (like Microsoft Authenticator or Google Authenticator) rather than SMS/Text messages, which are susceptible to SIM swapping.

5 Step by Step Instructions

1. **Inventory:** Identify every login used for tax preparation and business operations.
2. **Global Policy:** In your admin portal (e.g., Microsoft 365), enforce MFA for all users globally.
3. **Register Devices:** Have each employee download an Authenticator App.
4. **Backup Codes:** Generate and securely store emergency recovery codes.
5. **Verify:** Log out and log back in to ensure the challenge-response is active.

6 Tactical and Operational Checklist

- MFA enabled on primary email accounts.
- MFA enabled on all Tax Software platforms.
- SMS-based MFA disabled in favor of App-based/Hardware keys.
- Staff trained on how to handle "MFA Fatigue" (accidental approvals).

7 Expert Tip

Always utilize "Push Notifications" with number matching if using Microsoft Authenticator. This prevents users from blindly clicking "Approve" when they aren't the ones trying to log in.

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