

FTC SAFEGUARDS COMPLIANCE

Compliance is no longer a suggestion for tax professionals.

Page 1: The Reality Check

The Problem: If you handle more than 5,000 consumer records, the FTC legally classifies your firm as a "Financial Institution." Being a small practice is no longer a valid legal defense.

The 3 Pillars of CardinalsByte Compliance

- 1. Designation:** You must appoint a "Qualified Individual" (QI) to oversee your security program. Without this designation, you are automatically non-compliant.
- 2. Documentation:** You are required to maintain a Written Information Security Plan (WISP) and conduct periodic risk assessments of your digital environment.
- 3. Encryption:** All non-public personal information (NPI) must be encrypted both at rest (on your drives) and in transit (via email or portals).



Page 2: The Publication 4557 Checklist

The IRS Publication 4557 outlines the 7 core areas of taxpayer data protection. Failing to meet these standards can lead to severe professional and legal consequences.



The Cost of "Doing Nothing"

Fines for non-compliance can reach **\$100,000+ per violation.**

CardinalsByte Expert Opinion: Compliance is the floor, not the ceiling. A professional security plan protects your professional license, your clients' identities, and your firm's hard-earned reputation.

CardinalsByte

Cybersecurity Compliance & Risk for:
Small Business, CPAs, Tax Professionals, Bookkeepers and Accountants

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