

October 10, 2017

Nonie Manion
Acting Commissioner
New York State Department of Taxation and Finance
W.A. Harriman Campus
Albany, NY 12227

Dear Ms. Manion:

The New York State Society of Certified Public Accountants (NYSSCPA) and its 26,000 members commend and support the New York State Department of Taxation and Finance's (NYSDTF) efforts to protect taxpayers from fraud and identity theft by applying additional safeguards to the e-filing process during the 2016 tax-filing year. However, we have concerns with regard to the driver license requirement that is to become mandatory for the 2017 filing season in light of the July 29, 2017, Equifax security breach, in which 143 million customers' data was exposed, some of it driver license information. The NYSSCPA urges the NYSDTF to continue to allow voluntary compliance with the Department's requirement for tax practitioners to include taxpayer driver license information when e-filing client returns for the 2017 tax year until the state can implement a more secure taxpayer identity-authentication solution.

That CPA firms are already high-value targets for hackers phishing for client data is well documented. Even the largest firms that have at their disposal the most sophisticated network security infrastructures are vulnerable, as we saw when Big Four accounting firm Deloitte announced in late September that its email system and certain client records, including those of government agencies, had been compromised. To require tax practitioners to request and maintain their clients' driver license information increases not only the risk of identity theft for the taxpayer, but it also puts the tax practitioner directly in the crosshairs of sophisticated hackers who see CPA firms as easy targets while, at the same time, it increases the liability of a firm.

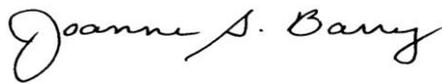
Alternatives, such as two-factor authentication for both the preparer and the taxpayer—or for the taxpayer alone, if filing directly—would provide a solution that actually reduces the risk of identity theft for the taxpayer, tax practitioner and the NYSDTF itself. The NYSSCPA is committed to working with the NYSDTF to develop a solution. Until that time, it is imperative that the driver license requirement remain voluntary in the 2017 tax year or be discontinued altogether until a more effective and secure means of verification is developed.

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Sincerely,



Harold L. Deiters III
President
NYSSCPA



Joanne S. Barry
Executive Director/CEO
NYSSCPA



Philip J. London
Chair
New York, Multistate and Local Taxation Committee
NYSSCPA