



# Designing & Building Your Future

A Blueprint for  
Growth & Profitability.

September 2021 Issue

## Securing Private Data is No Longer an Option – Why You Need a WISP



Architectural and engineering firms that have not yet implemented a Written Information Security Plan (WISP) for their business are taking a huge risk. Data breaches and security hacks occur every day, affecting firms of all sizes and types.

In just one example, a ransomware attack in 2020 forced a London-based architectural firm to bring its network offline, disrupting remote operations that had been instituted during the Covid-19 crisis. Cyber criminals attempted to extort money after breaking into the firm's servers and stealing confidential information. The firm alerted police after finding messages on its server saying internal company data had been encrypted and would only be released if it negotiated a ransom settlement with the hacker. The message included screenshots of hacked payroll and cash book information. Although the firm's data was backed up, it is unknown how much information has been stolen.

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### Proposed House Tax Bill Includes Major Changes

The House Ways and Means Committee has released a [memo](#) outlining proposed tax law changes that will be placed in bill form before the full House. The memo summarizes a variety of proposed corporate and individual tax law changes. It is important to note that

these proposed changes have a long legislative path ahead and may not become law.

Below are some of the highlights of the proposed changes. You can read the full text of the [House Ways & Means Committee's tax proposal here](#).



- Raising the corporate tax rate to 26.5% from 21%.
- Raising the top marginal tax rate to 39.6% starting in 2022 for individuals with taxable income of \$400,000 (\$450,000 for married couples) and higher.
- Adding a 3% surtax on adjusted gross income more than \$5 million.
- Increasing the top cap gain rate to 25%, generally effective as of 9/13/2021.
- Sunsetting the increase in the estate/gift/GST tax exemption as of December 31, 2021 (five years early).
- Forcing distributions from “MEGA IRAs” as well as limiting contributions once the account exceeds threshold amounts.
- Elimination of Roth IRA conversions for married taxpayers earning over \$450,000 a year.
- Eliminating discounts for lack of control for passive assets, with a carveout for family farms and businesses.
- New limits on note sales to Grantor Trusts as well as changes to Grantor Trust taxation.
- Allowing tax-free conversions from an S corporation into a partnership before the end of 2023.
- Capping the 199A deduction for individuals at \$400,000 and married couples at \$500,000.
- Limiting deductions for conservation easements retroactive to September 2016.
- Delaying the changes in the R&D tax credit (which will require R&D expenditures to be amortized) from December 31, 2021 to December 31, 2025.
- Allowing up to \$250 in labor organization annual dues as an above the line deduction.

“We are sharing these proposed changes because it is essential for all taxpayers and business entities to be aware of the potential impact that could result if any (or all) of these provisions become law. Having a strategy in place to plan for and manage changes in tax law is an important part of an overall financial plan,” said Kelly Berardi, JD, LL.M., a partner in the Tax Department at Gray, Gray & Gray, LLP.

For more information or assistance please contact Gray, Gray & Gray at (781) 407-0300.

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## Gray, Gray & Gray’s Tom Yuen Named to Boston Business Journal “40 Under 40” List



We are pleased to announce that Gray, Gray & Gray Partner [Tom Yuen, CPA, MST](#), has been named to the [Boston Business Journal's 2021 “40 Under 40” list](#), an award that celebrates the city’s best and brightest young professionals. Tom leads Gray, Gray & Gray’s Life Sciences Practice Group, is a key member of our Diversity & Inclusion Committee, and serves as a mentor to young professionals at the firm. He is also an advocate for and volunteer at the Italian Home for Children in Jamaica Plain, MA.

*“Tom Yuen is a friend, mentor, and integral part of the Gray, Gray & Gray team,”* said Jim DeLeo, MBA, CPA/MST, Leading Partner of Gray, Gray & Gray. *“ His exceptional technical accounting and tax expertise, desire to help clients, and drive to lead team members to achieve their own success are the reasons Tom is a 40 Under 40 honoree.”*

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## Why the Quality of Your Audit Matters

Most Certified Public Accounting (CPA) firms provide audits of financial statements. But that does not mean all audits are created equal. Although there are accepted standards for the audit process (Generally Accepted Auditing Standards, or GAAS), the quality and accuracy of audit examination and reporting is not without its flaws. In just one example, the Department of Labor reports that it has found “material deficiencies” in 39% of the audits they review.



*Click below to read more on the importance of audit quality.*

READ THE FULL ARTICLE  
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## Gray, Gray & Gray Named to “Best of the Best” Accounting Firms

Gray, Gray & Gray, LLP, a certified public accounting, consulting and business advisory firm based in Canton, MA, has been named to **“Best of the Best”** as one of the nation’s best-managed firms by *INSIDE Public Accounting* magazine.

The publication’s annual “Best of the Best” list recognizes the 50 best managed firms among every major accounting firm in the United States.



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