

 Fact Sheet

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## **Safeguards Included in Private Debt Collection Initiative**

FS-2006-18, March 2006

The IRS has a variety of safeguards in place to protect taxpayers as the private debt collection initiative moves forward:

- Before beginning work, all contractor personnel working on this contract or who will have access to confidential tax information will be the subject of a background investigation appropriate to the risk designation of their positions. High-risk positions subject to a full background investigation include, for example, system administrator, shift supervisor or security operator. Contractor employees must also be in full compliance with federal tax laws and are subject to FBI fingerprint screening annually and a reinvestigation every five years.
- Contractors will conduct preliminary reviews of each employee's job application for complete entries regarding employment history, education and address history. Contractors will also review each person for criminal activity history, poor credit history, etc. before submitting the employee for the background investigation required.
- Contractors will secure photo identification issued by a government entity to properly identify all employees performing activities associated with the IRS contract, with photocopies to be maintained until six months after the employee has separated.
- All work will be performed within the United States; no data transmission outside the U.S. for any reason.
- All work by contractors or subcontractors must be performed by U.S. citizens or permanent resident aliens.

### **Taxpayer Disclosure and Safeguards**

- Before any access to confidential tax information is granted, employees and officers will complete all IRS required training including the Privacy Act of 1974.
- Contractors are required to certify the initial training and annual update training for the life of the contract. Each officer and employee must sign certifications about the training as well.

- If a contractor or officer or employee makes any unauthorized disclosure of confidential tax information, the contractor will be considered in breach of the contract. Ten days before beginning work, the contractor will provide IRS copies of the executed non-disclosure agreement.
- Each officer or employee will be notified in writing that any unauthorized disclosure constitutes a felony punishable by up to \$5,000 fine and/or five years in prison. Also, they will be notified in writing that any unauthorized inspection of confidential tax data is punishable by up to \$1,000 and/or one year in prison as well as civil damages.
- Unauthorized secondary use of confidential tax information is specifically prohibited and may result in the imposition of civil or criminal penalties against the responsible officers.
- Confidential tax information supplied to the contractor and contractor materials generated from it (such as copies, spreadsheets, etc.) are subject to specific guidelines for destruction, which will be witnessed by an IRS employee to ensure that data is safeguarded.
- With IRS involvement, contractors are required to conduct quarterly safeguard reviews.
- Contractors are required to provide secured facilities and equipment restricted to authorized IRS and private debt collection personnel. Facilities must be physically separated from other activities with walls and secure access per IRS security requirements.

### **Additional Safeguards**

- IRS will monitor contractor's collection activity with all applicable federal and state laws. Failure to comply with applicable laws and regulations will be considered a breach of contract.
- The Fair Debt Collection Practices Act applies to contractor's activity including provisions specifically applicable to IRS employees.
- Contractors are not authorized to communicate with third parties other than the taxpayer's representative.
- Contractors are prohibited from soliciting direct receipt of funds from taxpayers.
- Contractors shall not base compensation on dollars collected. IRS compliance reviews will include review of employee compensation methodologies.