

Date of Approval: **September 22, 2021**

PIA ID Number: **6288**

SYSTEM DESCRIPTION

Enter the full name and acronym for the system, project, application and/or database.

Business Master File, BMF

Is this a new system?

No

Is there a PCLIA for this system?

Yes

What is the full name, acronym and milestone of the most recent PCLIA?

Business Master File, BMF

What is the approval date of the most recent PCLIA?

8/27/2018

Changes that occurred to require this update:

Addition of Personally Identifiable Information (PII)

Were there other system changes not listed above?

No

What governance board or Executive Steering Committee (ESC) does this system report to? Full name and acronym.

Small Business Self Employed, Information Technology Governance Board (SB/SE IT Governance Board. CHAIR:

Current ELC (Enterprise Life Cycle) Milestones:

Operations & Maintenance (i.e. system is currently operational)

Is this a Federal Information Security Management Act (FISMA) reportable system?

Yes

GENERAL BUSINESS PURPOSE

What is the general business purpose of this system? Provide a clear, concise description of the system, application or database, the reason for the system, and the benefits to the IRS to use the information, and how the information will be used.

The following PII information is being introduced/added to BMF: The names and SSNs of each corporate officer, general partner, or managing member of a Limited Liability Company (LLC). Business Master File is an IRS Critical Infrastructure asset. All tax data and related information pertaining to individual business income taxpayers are posted to the BMF so that the file reflects a continuously updated and current record of each taxpayer's account. All settlements with taxpayers are affected through computer processing of the BMF account and the data therein is used for accounting records, for issuance of refund checks, bills, or notices, answering inquiries, classifying returns for audit, preparing reports and other matters concerned with the processing and enforcement activities of the Internal Revenue Service. Management Information System Reports (MIS RPTS), Business Return Transaction File (BRTF), Non-filer Tracking (*NFTRAC), and Exempt Org are a portion of "BMF 701 Extract and Reports", which is a sub-project of BMF. Business Master File On-Line Processing (BMFOL), which provides internal-use only access to BMF data, is also a sub-project of BMF. *NFTRAC also extracts data from Individual Master File (IMF) and should be covered under the IMF 701 Extracts separately

PII DETAILS

Does the system use, collect, receive, display, store, maintain, or disseminate IR Code 6103 taxpayer information: or any other type of Sensitive but Unclassified (SBU) information or PII such as information about IRS employees or outside stakeholders?

Yes

Does the system use, collect, receive, display, store, maintain, or disseminate Social Security Numbers (SSN's) or tax identification numbers (i.e., last 4 digits, etc.)?

Yes

What types of tax identification numbers (TIN) apply to this system?

Social Security Number (SSN)

List the approved Treasury uses of the SSN:

When there is no reasonable alternative means for meeting business requirements

Explain why the authorized use(s) above support the new or continued use of SSNs (or tax identification numbers).

The BMF system requires the use of EIN's and SSN's because no other identifier can be used to uniquely identify a taxpayer for intergovernmental communications.

Describe the planned mitigation strategy and forecasted implementation date to mitigate or eliminate the use of SSN's (or tax identification numbers).

There is no alternative to the use of the SSN's and EIN's. The SSN's and EIN's are significant parts of the data being processed. The BMF system requires the use of EIN's and SSN's because no other identifier can be used to uniquely identify a taxpayer for intergovernmental communications. There is no known mitigation strategy planned to eliminate the use of SSNs/EINs for the system. The SSN and EIN is required for the use of this system.

Employer Identification Number

Other Taxpayer Identification Number

Does this system use, collect, receive, display, store, maintain or disseminate other (non-SSN) PII (i.e., names, addresses, etc.)?

Yes

Specify the PII Elements:

Name
Mailing address
Phone Numbers
Date of Birth
Standard Employee Identifier (SEID)
Tax Account Information
Centralized Authorization File (CAF)

Does this system use, collect, receive, display, store, maintain, or disseminate SBU information that is not PII?

Yes

Specify the types of SBU from the SBU Types List:

Agency Sensitive Information Information which if improperly used or disclosed could adversely affect the ability of the agency to accomplish its mission.

Proprietary data Business information that does not belong to the IRS.

Are there other types of SBU/PII used in the system?

Yes

Describe the other types of SBU/PII that are applicable to this system.

PII on Corporate Officers.

Cite the authority for collecting SBU/PII (including SSN if relevant).

PII for federal tax administration is generally Internal Revenue Code Sections 6001, 6011, & 6012e(a)

SSN for tax returns and return information is Internal Revenue Code Section 6109

Has the authority been verified with the system owner?

Yes

BUSINESS NEEDS AND ACCURACY

Explain the detailed business needs and uses for the SBU/ PII, and how the SBU / PII is limited only to that which is relevant and necessary to meet the mission requirements of the system. If SSNs (or tax identification numbers) are used, explicitly explain why use of SSNs meets this criteria. Be specific.

The name, Taxpayer Identification Number (TIN), and address are required to identify the taxpayer's account. The income, deductions, credits, etc. reported on the tax return, as well as any payments received, are required to settle the taxpayer's account, and maintain a record of taxes assessed, abated, and collected.

How is the SBU/PII verified for accuracy, timeliness, and completion?

In the current application database, audit trailing is implemented. IRM 10.8.1 require auditing processes on each table and event. This auditing will include capturing the following: insert date and time, inserted by, update date and time, updated by. The data that BMF receives is from internal IRS systems which are deemed reliable, and the data is validated for accuracy by the system sending the data as described in that system's PCLIA. BMF is following the appropriate audit trail elements pursuant to current Audit Logging Security Standards.

PRIVACY ACT AND SYSTEM OF RECORDS

The Privacy Act requires Federal agencies that maintain a system of records to publish systems of records notices (SORNs) in the Federal Register for records from which information is retrieved by any personal identifier for an individual who is a US citizen, or an alien lawfully admitted for permanent residence. The Privacy Act also provides for criminal penalties for intentional noncompliance.

Does your application or this PCLIA system pertain to a group of any record from which information is retrieved by any personal identifier for an individual who is a US citizen, or an alien lawfully admitted for permanent residence? An identifier may be a symbol, voiceprint, SEID, or other personal identifier that is used to retrieve information.

Yes

Identify the Privacy Act SORN(s) that cover these records.

IRS 24.046 Customer Account Data Engine Business Master File

RESPONSIBLE PARTIES

Identify the individuals for the following system roles:

Official Use Only

INCOMING PII INTERFACES

Does the system receive SBU/PII from other systems or agencies?

Yes

Does the system receive SBU/PII from IRS files and databases?

Yes

Enter the files and databases:

System Name: Service Center Input Processing Automation System
Current PCLIA: No
SA&A: Yes
ATO/IATO Date: 1/1/2018

Does the system receive SBU/PII from other federal agency or agencies?

Yes

For each federal interface, identify the organization that sends the SBU/PII, how the SBU/PII is transmitted and if there is an Inter-Agency Agreement (ISA) /Memorandum of Understanding (MOU).

Name: Social Security Administration
Transmission Method: Connect Direct
ISA/MOU: Yes

Does the system receive SBU/PII from State or local agency (-ies)?

No

Does the system receive SBU/PII from other sources?

No

Does the system receive SBU/PII from Taxpayer forms?

Yes

Please identify the form number and name:

Form Number: CTI
Form Name: Employer's Quarterly Railroad Retirement Tax Return

Form Number: 11B
Form Name: Special Tax Return - Gaming Devices

Form Number: 11C
Form Name: Special Tax Return & Application for Registry - Wagering

Form Number: 706
Form Name: U.S Estate Tax Return

Form Number: 706GS(D)
Form Name: Generation Skipping Transfer Tax for Distribution

Form Number: 706GS(d)
Form Name: Generation Skipping Transfer Tax for Termination

Form Number: 709
Form Name: U.S Quarterly Gift Tax Return

Form Number: 720
Form Name: Quarterly Federal Excise Tax Return

Form Number: 730
Form Name: Tax on Wagering

Form Number: 940
Form Name: Employer's Annual Federal Unemployment Tax Return (FUTA)

Form Number: 941
Form Name: Employer's Quarterly Federal Tax Return

Form Number: 942
Form Name: Employer's Quarterly Federal Tax Return for Household Employees

Form Number: 943
Form Name: Employer's Annual Federal Tax Return for Agricultural Employees

Form Number: 944
Form Name: Employer's Annual Federal Tax Return

Form Number: 945
Form Name: Payer's Annual Tax Return

Form Number: 990
Form Name: Organization Exempt from Income Tax

Form Number: 990PF
Form Name: Private Foundation Exempt from Income Tax

Form Number: 990T
Form Name: Exempt Organization Business Income Tax Return

Form Number: 1041
Form Name: U.S. Income Tax Refund for Estates and Trusts

Form Number: 1041A
Form Name: Trust Accumulation of Charitable Amounts

Form Number: 1042
Form Name: U.S. Annual Return of Income to be Paid at the Source

Form Number: 1065
Form Name: U.S. Return of Partnership Income

Form Number: 1066
Form Name: Real Estate Investment Conduit Return

Form Number: 1120
Form Name: U.S. Corporation Income Tax Return

Form Number: 2290
Form Name: Federal Use Tax Return on Highway Motor Vehicles

Form Number: 3520
Form Name: Annual Return to Report Transactions with Foreign Trusts and Receipt of
Certain Foreign Gifts

Form Number: 4720
Form Name: Return of Initial Excise Taxes on Private Foundations, Foundation Manager and
Disqualified Persons

Form Number: 5227
Form Name: Return of Non-Exempt Charitable or Split-Interest Trust Treated as a Private
Foundation

Form Number: 5330
Form Name: Excise Taxes Related to Employee Benefit Plan

Form Number: 8038
Form Name: Information Return for Tax-Exempt Private Activity Bond Issues

Form Number: 8038(G)
Form Name: Information Return for Tax Exempt Government Obligations

Form Number: 8038GC
Form Name: Information Return for Small Tax-Exempt Governmental Bond Issue, Leases
and Installment Sales

Form Number: 8038-T
Form Name: Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate

Form Number: 8328
Form Name: Carry-Forward Election of Unuse Private Activity Bond Volume Cap

Form Number: 8453
Form Name: U.S. Individual Income Tax Declarations for an IRS e-file Return

Form Number: 8610
Form Name: Annual Low-Income Housing Credit Agencies Report

Form Number: 8609
Form Name: Low Income Housing Credit Allocation Certification

Form Number: 8693
Form Name: Low Income Housing Credit Disposition Bond

Form Number: 8752
Form Name: Required Payment for Refund Under Section 7519

Form Number: 8804
Form Name: Foreign Partnership Withholding Income Tax Return

Form Number: 8871
Form Name: Political Organization Notice of Section 527 Status

Form Number: 8872
Form Name: Political Organization Report of Contributions and Expenditures

Form Number: 9465
Form Name: Installment Agreement Request

Does the system receive SBU/PII from Employee forms (e.g., the I-9)?

No

DISSEMINATION OF PII

Does this system disseminate SBU/PII?

Yes

Does this system disseminate SBU/PII to other IRS Systems?

Yes

Identify the full name and acronym of the IRS system(s) that receive SBU/PII from this system.

System Name: Integrated Data Retrieval System (IDRS)
Current PCLIA: Yes
Approval Date: 1/27/2021
SA&A: Yes
ATO/IATO Date: 10/29/2020

Identify the authority.

IRC 6103(h)(1)

For what purpose?

IRC 6103(h)(1) provides for disclosure of returns and return information to officers and employees of Department of the Treasury (including IRS) whose official duties access for tax administration.

Does this system disseminate SBU/PII to other Federal agencies?

Yes

Identify the full names of the federal agency(s) that receive SBU/PII from this system, and if there is an Inter-Agency Agreement (ISA) / Memorandum of Understanding (MOU).

Organization Name: Census Bureau
Transmission Method: Connect Direct
ISA/MOU: Yes

Organization Name: FMS - Financial Management Service
Transmission Method: Connect Direct
ISA/MOU: Yes

Organization Name: Social Security Administration
Transmission Method: Connect Direct
ISA/MOU: Yes

Identify the authority.

The authority to disseminate SBU/PII to other agencies is IRC 6103(h)(1).

Identify the Routine Use in the applicable SORN (or Privacy Act exception).

Disclosure of returns and return information may be made only as provided by 26 U.S.C. 6103. All other records may be used as described below if the IRS deems that the purpose of the disclosure is compatible with the purpose for which IRS collected the records, and no privilege is asserted.

For what purpose?

To maintain records of business tax returns, return transactions, and authorized taxpayer representatives.

Does this system disseminate SBU/PII to State and local agencies?

No

Does this system disseminate SBU/PII to IRS or Treasury contractors?

No

Does this system disseminate SBU/PII to other Sources?

No

PRIVACY SENSITIVE TECHNOLOGY

Does this system use social media channels?

No

Does this system use privacy-sensitive technologies such as mobile, global position system (GPS), biometrics, RFID, etc.?

No

Does the system use cloud computing?

No

Does this system/application interact with the public?

No

INDIVIDUAL NOTICE AND CONSENT

Was/is notice provided to the individual prior to collection of information?

Yes

How is notice provided? Was the individual notified about the authority to collect the information, whether disclosure is mandatory or voluntary, the purpose for which the information will be used, with whom the information may be shared, and the effects on the individual, if any, if they decide not to provide all or any of the requested information?

Notice, consent, and due process are provided via the IRS systems and their related tax forms instructions, and pursuant to 5 USC.

Do individuals have the opportunity to decline from providing information and/or from consenting to particular uses of the information?

Yes

Describe the mechanism by which individuals indicate their consent choice(s):

Notice, consent, and due process are provided via the IRS systems and their related tax forms instructions, and pursuant to 5 USC.

How does the system or business process ensure 'due process' regarding information access, correction, and redress?

Notice, consent, and due process are provided via the IRS systems and their related tax forms instructions, and pursuant to 5 USC.

INFORMATION PROTECTION

Identify the owner and operator of the system (could be IRS owned and Operated; IRS owned, contractor operated; contractor owned and operated).

IRS Owned and Operated

The following people have access to the system with the specified rights:

IRS Employees

Users: Read Only

Managers: Read Only

IRS Contractor Employees

Contractor Users: Read Only

How is access to SBU/PII determined and by whom?

Data access is granted on a need-to-know basis. A potential user must submit a request for access form using the Business Entitlement Access Request System (BEARS) to local management for approval consideration. Users are not permitted access without a BEARS form from an authorized management official. Access to the BMF is restricted using Resource Allocation Control File (RACF) and Security and Communications System (SACS). Only privileged users who have successfully registered through BEARS are allowed access the system and are limited to read-only access. RACF restricts users, based on Role Based Access Controls (RBAC), from inputting data into the application. Users are granted the minimum set of privileges required to perform their regular and recurring work assignments. All contractors that work on BMF are subjected to MBI (moderate background investigations), Personal Identification Verification (PIV) forms, tax filing obligations checks, and finger printing.

RECORDS RETENTION SCHEDULE

Are these records covered under a General Records Schedule (GRS, IRS Document 12829), or has the National Archives and Records Administration (NARA) approved a Records Control Schedule (RCS, IRS Document 12990) for the retention and destruction of official agency records stored in this system?

Yes

How long are the records required to be held under the corresponding GRS or RCS, and how are they disposed of? In your response, please provide the GRS or RCS chapter number, the specific item number, and records series title.

The records in the BMF DS to the BMF System are scheduled. Approved disposition instructions are published in IRS Document 12990, under Records Control Schedule 29 for Tax Administration-Wage and Investment Records, Item 210. In 1980, the National Archives and Records Administration (NARA) appraised the Information Returns as Temporary Records (Job No. NC1-58-82-9), but with a long-term storage requirement of 75 years after year of processing. Annual Conversion updates the BMF. An analysis is performed and based on factors such as the current status, the assessment expiration date and collection expiration data entity and tax modules are removed to the retention register. A copy of the removed Entity will be put on the Microfilm Replacement System (MRS) Deleted Entity File for future research purposes. IRS follows disk sanitization procedures for destruction of discarded media. IRM 2.7.4, Management of Magnetic Media (Purging of SBU Data and Destruction of Computer Media) provides those procedures used for sanitizing electronic media for reuse (e.g., overwriting) and for controlled storage, handling, or destruction of spoiled media or media that cannot be effectively sanitized for reuse (e.g., degaussing).

SA&A OR ASCA

Has the system been through SA&A (Security Assessment and Authorization) or ASCA (Annual Security Control Assessment)?

Yes

What date was it completed?

11/12/2020

Describe the system's audit trail.

In the current application database, audit trailing is implemented. IRM 10.8.1 require auditing processes on each table and event. This auditing will include capturing the following: insert date and time, inserted by, update date and time, updated by. The data that BMF receives is from internal IRS systems which are deemed reliable, and the data is

validated for accuracy by the system sending the data as described in that system's PCLIA. BMF is following the appropriate audit trail elements pursuant to current Audit Logging Security Standards.

PRIVACY TESTING

Does the system require a System Test Plan?

Yes

Is the test plan completed?

Yes

Where are the test results stored (or documentation that validation has occurred confirming that requirements have been met)?

System Test Plan (STP) and/or Test Plan S
<http://docit.web.irs.gov/docit/drl/objectId/0b007562808172e0>

Were all the Privacy Requirements successfully tested?

Yes

Are there any residual system privacy, civil liberties, and/or security risks identified that need to be resolved?

No

Describe what testing and validation activities have been conducted or are in progress to verify and validate that the applicable Privacy Requirements (listed in header) have been met?

BMF security controls are developed and implemented in accordance with the ELC methodology. The use and operation of the security controls are tested during the Annual Security Control Assessment (ASCA) phase of the SA&A process to ensure consistency and interoperability within established IT architecture guidelines. Self-Assessments are performed annually based on "National Institute of Standards and Technology (NIST) 800-26" NIST 800-26. These evaluations of the security controls consider the value of the application, threats, vulnerabilities, and the effectiveness of current or proposed security safeguards. In addition to planned reviews of security controls, additional security controls and safeguards are implemented as needed to address security shortcomings. Development changes to the BMF undergo functional, unit, and capability testing by IRS Product Assurance (PA) / Test Assurance Domain (TAD) prior to implementation. Several levels of assurance tests are performed to ensure the safety of major releases. Endeavor serves as the source code repository providing version control and configuration management capabilities to the BMF. Endeavor documents changes to the application throughout the production life

cycle. Within Endeavor are different libraries for short and long-term development that include production and test environments. These libraries allow the developer to see what has been added, deleted, and changed in addition to providing the ability to test proposed release source code. Each stage in the development and testing path has associated storage that is effectively a duplicate of the previous stage. The final stage is reserved for the production version/level of source and executable elements. In addition, BMF undergoes Final Integration Testing (FIT) and System Acceptability Testing (SAT) for all development changes to BMF. As part of the SA&A efforts in 2009, SCA was performed on the BMF. Results will be documented according to NIST methodology. Vulnerabilities, system flaws, and weaknesses identified for the application will be tracked through Plan of Actions and Milestones (POA&Ms) for remediation tracking.

SBU DATA USE

Does this system use, or plan to use SBU Data in Testing?

Yes

Was permission granted per the requirements of Form 14664, SBU Data Use Questionnaire or Form 14665, SBU Data Use Request?

Yes

Provide the date the permission was granted.

7/21/2021

Was testing performed in conformance with IRM 10.8.8 Information Technology (IT) Security, Sensitive But Unclassified (SBU) Data Policy?

Yes

NUMBER AND CATEGORY OF PII RECORDS

Identify the number of individual records in the system for each category:

IRS Employees: Not Applicable

Contractors: Not Applicable

Members of the Public: More than 1,000,000

Other: No

CIVIL LIBERTIES

Does the system maintain any information describing how any individual exercises their rights guaranteed by the First Amendment?

No

Is the system information used to conduct 'data-mining' as defined in the Implementing Recommendations of the 9/11 Commission Act of 2007, Public Law 110-53, Section 804?

No

Will this system have the capability to identify, locate, and monitor individuals or groups of people?

No

Does computer matching occur?

No

ACCOUNTING OF DISCLOSURES

Does the system include or require disclosure of tax or employee information to anyone other than IRS employees in the performance of their duties, or to the person to whom the information pertains or to a 3rd party pursuant to a Power of Attorney, tax, or Privacy Act consent?

Yes

Does the system have a process in place to account for such disclosures in compliance with IRC §6103(p) (3) (A) or Subsection (c) of the Privacy Act? Contact Disclosure to determine if an accounting is required.

Yes