
A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. Business Master File, BMF

2. Is this a new system? No

2.a. If **no**, is there a Privacy Civil Liberties Impact Assessment (PCLIA) for this system? Yes

If **yes**, enter the full name, acronym, and milestone of the most recent PCLIA.

Business Master File, BMF, PCLIA 3318 Milestone 4B

Enter the approval **date** of the most recent PCLIA. 03/08/2018

If **yes** Indicate which of the following changes occurred to require this update (check all that apply).

- Yes Addition of Personally Identifiable Information (PII) (PII is any information that is linked or linkable).
- No Conversions
- No Anonymous to Non-Anonymous
- No Significant System Management Changes
- No Significant Merging with Another System
- No New Access by IRS employees or Members of the Public
- No Addition of Commercial Data / Sources
- No New Interagency Use
- No Internal Flow or Collection
- No Expiring PCLIA

Were there other system changes not listed above? No

3. 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: Mary Beth Murphy, SB/SE Commissioner

3.a. Check the current Enterprise Life Cycle (ELC) Milestones (select all that apply).

- No Vision & Strategy/Milestone 0
- No Project Initiation/Milestone 1
- No Domain Architecture/Milestone 2
- No Preliminary Design/Milestone 3
- No Detailed Design/Milestone 4A
- No System Development/Milestone 4B
- No System Deployment/Milestone 5
- Yes Operations & Maintenance (i.e., system is currently operational)

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

A.1 General Business Purpose

5. 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 BMF PCLIA was approved on 3/8/2018, However, 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.

B. PII DETAIL

6. Does the system use, collect, receive, display, store, maintain, or disseminate IR Code 6103 taxpayer information; or any type of Sensitive but Unclassified (SBU) or Personally Identifiable Information (PII)?
Yes

6.a. If **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

If **yes**, check all types of tax identification numbers (TIN) that apply to this system:

Yes Social Security Number (SSN)
Yes Employer Identification Number (EIN)
No Other Taxpayer Identification Number

If SSNs apply, which of the following approved Treasury uses of the SSNs applies:

No Security background investigations
No Interfaces with external entities that require the SSN
No Legal/statutory basis (e.g. where collection is expressly required by statute)
Yes When there is no reasonable alternative means for meeting business requirements
No Statistical and other research purposes
No Delivery of governmental benefits, privileges, and services
No Law enforcement and intelligence purposes
No Another compelling reason for collecting the SSN

Explain why one or more of the eight authorized uses above support the new or continued use of SSNs.

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.

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

If **yes**, specify the information.

<u>Selected</u>	<u>PII Element</u>
Yes	Name
Yes	Mailing address
Yes	Phone Numbers
No	E-mail Address
Yes	Date of Birth
No	Place of Birth
Yes	Standard Employee Identifier (SEID)
No	Mother's Maiden Name
No	Protection Personal Identification Numbers (IP PIN)
No	Internet Protocol Address (IP Address)
No	Criminal History
No	Medical Information
No	Certificate or License Numbers
No	Vehicle Identifiers
No	Passport Number
No	Alien Number
No	Financial Account Numbers
No	Photographic Identifiers
No	Biometric Identifiers
No	Employment Information
Yes	Tax Account Information

6.c. Does this system contain SBU information that is not PII, it uses, collects, receives, displays, stores, maintains, or disseminates? Yes

If **yes**, select the types of SBU

<u>Selected</u>	<u>SBU Name</u>	<u>SBU Description</u>
Yes	Agency Sensitive Information	Information which if improperly used or disclosed could adversely affect the ability of the agency to accomplish its mission
No	Procurement sensitive data	Contract proposals, bids, etc.
No	Official Use Only (OUO) or Limited Official Use (LOU)	Information designated as OUO or LOU is information that: is exempt under one of the statutory Freedom of Information Act exemptions; is prohibited by other laws or regulations; would significantly impede the agency in carrying out a responsibility or function; or would constitute an unwarranted invasion of privacy.
Yes	Proprietary data	Business information that does not belong to the IRS
No	Protected Information	Information which if modified, destroyed or disclosed in an unauthorized manner could cause: loss of life, loss of property or funds by unlawful means, violation of personal privacy or civil rights, gaining of an unfair procurement advantage by contractors bidding on government contracts, or disclosure of proprietary information entrusted to the Government
No	Physical Security Information	Security information containing details of serious weaknesses and vulnerabilities associated with specific systems and facilities
No	Criminal Investigation Information	Information concerning IRS criminal investigations or the agents conducting the investigations.

6.d. Are there other types of SBU/PII used in the system? Yes

If **yes**, describe the other types of SBU/PII that are applicable to this system.

PII on Corporate Officers.

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

- Yes PII for federal tax administration is generally Internal Revenue Code Sections 6001, 6011, 6012e(a)
- Yes SSN for tax returns and return information is Internal Revenue Code Section 6109
- No SSN for personnel administration (IRS Employees) is 5 USC & Executive Order 9397
- No PII for personnel administration is 5 USC
- No PII about individuals for Bank Secrecy Act compliance 31 USC
- No Information by CI for certain money laundering cases may be 18 USC

6.f. Has the authority been verified with the system owner? Yes

B.1 BUSINESS NEEDS AND ACCURACY

7. 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.

8. How is the SBU/PII verified for accuracy, timeliness, and completeness?

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.

C. 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.

9. 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

If **yes**, enter the SORN number(s) and the complete the name of the SORN(s).

<u>SORNS Number</u>	<u>SORNS Name</u>
IRS 24.046	Customer Account Data Engine Business Master File
IRS 34.037	Audit Trail and Security Records System

*IRS is required to have a published Privacy Act system of records in the Federal Register. Please identify the Privacy Act SORN(s) that cover these records. If you need additional assistance identifying the correct SORNS please email *Privacy.*

D. RESPONSIBLE PARTIES

10. Identify the individuals for the following system roles. ## Official Use Only

E. INCOMING PII INTERFACES

11. Does the system receive SBU/PII from other system or agencies? Yes

11.a. If **yes**, does the system receive SBU/PII from IRS files and databases? Yes

If **yes**, enter the files and databases.

<u>System Name</u>	<u>Current PCLIA</u>	<u>Approval Date</u>	<u>SA&A?</u>	<u>Authorization Date</u>
Service Center Input Processing Automation System (SCIPAS)	Yes	04/18/2017	Yes	01/01/2018

11.b. Does the system receive SBU/PII from other federal agency or agencies? Yes

If **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).

<u>Organization Name</u>	<u>Transmission method</u>	<u>ISA/MOU</u>
Social Security Administration	Connect Direct	Yes

11.c. Does the system receive SBU/PII from State or local agencies? No

11.d. Does the system receive SBU/PII from other sources? No

11.e. Does the system receive SBU/PII from **Taxpayer** forms? Yes

If **yes**, identify the forms.

<u>Form Number</u>	<u>Form Name</u>
CT1	Employer's Quarterly Railroad Retirement Tax Return
11B	Special Tax Return – Gaming Devices
11C	Special Tax Return & Application for Registry - Wagering
706	U.S. Estate Tax Return
706GS(D)	Generation Skipping Transfer Tax for Distribution
706GS(d)	Generation Skipping Transfer Tax for Termination
709	U.S. Quarterly Gift Tax Return
720	Quarterly Federal Excise Tax Return
730	Tax on Wagering
940	Employer's Annual Federal Unemployment Tax Return (FUTA)
941	Employer's Quarterly Federal Tax Return
942	Employer's Quarterly Federal Tax Return for Household Employees
943	Employer's Annual Federal Tax Return for Agricultural Employees
944	Employer's Annual Federal Tax Return
945	Payer's Annual Tax Return
990	Organization Exempt from Income Tax
990PF	Private Foundation Exempt from Income Tax
990T	Exempt Organization Business Income Tax Return
1041	U.S. Income Tax Refund for Estates and Trusts
1041A	Trust Accumulation of Charitable Amounts
1042	U.S. Annual Return of Income to be Paid at the Source
1065	U.S. Return of Partnership Income
1066	Real Estate Investment Conduit Return
1120	U.S. Corporation Income Tax Return
2290	Federal Use Tax Return on Highway Motor Vehicles
3520	Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts

4720	Return of Initial Excise Taxes on Private Foundations, Foundation Managers, and Disqualified Persons
5227	Return of Non-exempt Charitable or Split-Interest Trust Treated as a Private Foundation
5330	Excise Taxes Related to Employee Benefit Plans
8038	Information Return for Tax-Exempt Private Activity Bond Issues
8038G	Information Return for Tax Exempt Government Obligations
8038GC	Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Instalment Sales
8038-T	Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate
8328	Carry-forward Election of Unused Private Activity Bond Volume Cap
8453	U.S. Individual Income Tax Declarations for an IRS e-file Return
8610	Annual Low-Income Housing Credit Agencies Report
8609	Low Income Housing Credit Allocation Certification
8693	Low-Income Housing Credit Disposition Bond
8752	Required Payment for Refund Under Section 7519
8804	Foreign Partnership Withholding Income Tax Return
8871	Political Organization Notice of Section 527 Status
8872	Political Organization Report of Contributions and Expenditures
9465	Instalment Agreement Request

11.f. Does the system receive SBU/PII from **Employee** forms (such as the I-9)? No

F. DISSEMINATION OF PII

12. Does this system disseminate SBU/PII? Yes

12.a. Does this system disseminate SBU/PII to other IRS Systems? Yes

If **yes**, identify the full name and acronym of the IRS system(s) that receive SBU/PII from this system.

<u>System Name</u>	<u>Current PCLIA</u>	<u>Approval Date</u>	<u>SA&A?</u>	<u>Authorization Date</u>
Integrated Data Retrieval System (IDRS)	Yes	08/29/2017	Yes	10/14/2017

Identify the authority. 26 USC 6109 is the authority for SSNs in IRS systems.
 For what purpose? 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents. 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.

- 12.b. Does this system disseminate SBU/PII to other Federal agencies? Yes
 If **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).

<u>Organization Name</u>	<u>Transmission method</u>	<u>ISA/MOU</u>
Census Bureau	Connect Direct	Yes
FMS - Financial Management Service	Connect Direct	Yes
Social Security Administration	Connect Direct	Yes

Identify the authority. 26 USC 6109 is the authority for SSNs in IRS systems.

Identify the routine use in the applicable SORN (or Privacy Act exception). Financial Management Service (FMS): FMS provides data to BMF on taxpayers that have other outstanding federal liabilities that can or have been offset by their account overpayment. Social Security Administration (SSA): SSA provides W3 information to BMF on taxpayers that is used in Combined Annual Wage Reporting (CAWR).

For what purpose? 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents. 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.

- 12.c. Does this system disseminate SBU/PII to State and local agencies? No
- 12.d. Does this system disseminate SBU/PII to IRS or Treasury contractors? No
- 12.e. Does this system disseminate SBU/PII to other Sources? No

G. PRIVACY SENSITIVE TECHNOLOGY

13. Does this system use social media channels? No
14. Does this system use privacy-sensitive technologies such as mobile, global position system (GPS), biometrics, Radio Frequency Identification (RFID), etc.? No
15. Does the system use cloud computing? No
16. Does this system/application interact with the public? No

H. INDIVIDUAL NOTICE AND CONSENT

17. Was (or is) notice provided to the individual prior to collection of information? Yes
- 17.a. If **yes**, how is notice provided? Was the individual notified about the authority to collect the information, whether such is mandatory or voluntary, the purpose for which the information will be used, with whom the information may be shared, and the effects, if any, if they decide not to provide 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. BMF does not send any notices directly to the taxpayers.

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

18.a. If **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. BMF does not send any notices directly to the taxpayers.

19. 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. BMF does not send any notices directly to the taxpayers.

I. INFORMATION PROTECTION

20. 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

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

IRS Employees? Yes

<u>IRS Employees?</u>	Yes/No	Access Level (Read Only/Read Write/Administrator)
Users	Yes	Read-Only
Managers	Yes	Read-Only
Sys. Administrators	No	
Developers	No	

Contractor Employees? Yes

<u>Contractor Employees?</u>	Yes/No	Access Level	Background Invest. Level
Contractor Users	Yes	Read-Only	Moderate
Contractor Managers	No		
Contractor Sys. Admin.	No		
Contractor Developers	No		

21.a. 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 from Online 5081 (OL5081) to their local management for approval consideration. Users are not permitted access without a signed OL5081 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 the OL5081 process 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.

I.1 RECORDS RETENTION SCHEDULE

22. Are these records covered under the General Records Schedule (GRS), or have a National Archives and Records Administration (NARA) archivist approved a Record Control Schedule (RCS) for the retention and destruction of official agency records stored in this system? Yes

22.a. If **yes**, how long are the records required to be held under the corresponding RCS and how are they disposed of? In your response, please include the complete IRM number 1.15.XX and specific item number and 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).

I.2 SA&A OR ASCA

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

23.a. If **yes**, what date was it completed? 01/29/2018

23.b. If **in process**, when is the anticipated date of the SA&A or ASCA completion?

23.1. Describe in detail 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.

J. PRIVACY TESTING

24. Does the system require a System Test Plan? Yes

24.a. If **yes**, was the test plan completed? Yes

24.a.1. If **yes**, where are 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/09007562804bd9c4>

24.a.2. If **yes**, were all the Privacy Requirements successfully tested? Yes

24.a.3. If **yes**, are there any residual system privacy, civil liberties, and/or security risks identified that need to be resolved? No

24.1. Describe what testing and validation activities which have been conducted or are in process 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 NIST 800-26. These evaluations of the security controls take into account 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.

K. SBU Data Use

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

25a. If **yes**, was permission granted per the requirements of Form 14664, SBU Data Use Questionnaire or Form 14665, SBU Data Use Request? Yes

If **yes**, provide the date the permission was granted. 06/05/2017

25.b. If **yes**, was testing performed in conformance with IRM 10.5.8, Sensitive But Unclassified (SBU) Data Policy: Protecting SBU in Non-Production Environments? Yes

L. NUMBER AND CATEGORY OF PII RECORDS

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

26.a. IRS Employees:	<u>Not Applicable</u>
26.b. Contractors:	<u>Not Applicable</u>
26.c. Members of the Public:	<u>More than 1,000,000</u>
26.d. Other:	<u>No</u>

M. CIVIL LIBERTIES

27. Does the system maintain any information describing how any individual exercises their rights guaranteed by the First Amendment? No

28. Is the system information used to conduct data-mining as defined in the *Implementing the Recommendations of the 9/11 Commission Act of 2007, Public Law 110-53, Section 804*? No

29. Will this system have the capability to identify, locate, and monitor individuals or groups of people? No

30. Does Computer matching occur? No

N. ACCOUNTING OF DISCLOSURES

31. 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

31.a. 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

End of Report
