

Date of Approval: **April 06, 2020**

PIA ID Number: **4697**

## **SYSTEM DESCRIPTION**

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

Combined Federal/State Filing Program, CF/SF

*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?*

Combined Federal/State Filing Program, CF/SF, #2240, 4b

*What is the approval date of the most recent PCLIA?*

3/6/2017

*Changes that occurred to require this update:*

Expiring PCLIA

*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.*

Corporate Data Governance Board (CP GB)

*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?*

No

## **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.*

A passthrough system to minimize duplication of effort on the taxpayer by providing forms to the federal government, who then pass the same data back to the participating states instead of the taxpayer presenting the information to both the state and the federal government. Input from the Filing Information Returns Electronically (FIRE) program contains many forms from the taxpayer. The Combined Federal/State Filing program extracts just the forms (listed below) and separates the output by participating state agency. Then the Electronic File Transfer Utility section transmits the data to a file server where the participating state agencies pull the data. Described fully in "Publication 1220 Specifications for Electronic Filing of Forms: 1097, 1098, 1099, 3921, 3922, 5498, 8935, and W-2G". The Combined Federal/State Filing program was established to simplify information returns filing for payers. Through CF/SF, the IRS electronically forwards information returns (original and corrected) to participating states. The following information returns may be filed under the Combined Federal/State Filing Program: Form 1099-B (Proceeds from Broker and Barter Exchange Transactions), Form 1099-DIV (Dividends and Distributions), Form 1099-G (Certain Government Payments), Form 1099-INT (Interest Income), Form 1099-K (Payment Card and Third Party Network Transactions), Form 1099-MISC (Miscellaneous Income), Form 1099-OID (Original Issue Discount), Form 1099-PATR (Taxable Distributions Received From Cooperatives), Form 1099-R (Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.), and Form 5498 (IRA Contribution Information).

## **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:*

Interfaces with external entities that require 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)*

This application is a taxpayer burden reduction program that allows taxpayers that need to send 1099 forms to both the IRS and state agencies only have to send it to the IRS. The IRS then copies the 1099 data and sends it to the participating state agency. The CF/SF system requires the use of SSNs because no other identifier can be used to uniquely identify a taxpayer. SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns.

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

The SSN is needed to uniquely identify a taxpayer record. No alternative solutions have/or will be applied to the system.

Employer 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

E-mail Address

Employment Information

Tax Account Information

*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*

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

*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.*

All of the data contained on 1099 forms: 1099-DIV, F-5498, 1099-INT, 1099-PATR, 1099-R, 1099-MISC, 1099-OID, 1099-G, 1099-B, and 1099-K

*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.*

SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns. Additional information can be found at these two links: <http://www.irs.gov/pub/irs-wd/00-0075.pdf> <http://www.law.cornell.edu/uscode/text/26/6109>. Tax information such as name, address, SSN, and Employment information are used in conjunction with tax forms to correctly identify tax accounts. CF/SF is a taxpayer burden reduction program where filers send 1099 forms to only the IRS. The IRS then sends the 1099's to participating state agencies. All information on each of the 1099's is relevant to the program.

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

This is a batch, pass-through file system where the files are pulled by state agencies. Each file contains that state's 1099's that are included with the Combined Federal/State Filing Program. Automated quality reviews are done on the files before they are placed in a secure server for participating states to pull the information. Reports are generated and reviewed for accuracy.

## **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 24.030 Customer Account Data Engine Individual Master File

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: Filing Information Returns Electronically (FIRE)

Current PCLIA: Yes

Approval Date: 11/16/2017

SA&A: No

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

No

*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: Form 1099-B    Form Name: Proceeds from Broker and Barter Exchange Transactions

Form Number: Form 1099-DIV    Form Name: Dividends and Distributions

Form Number: Form 1099-G Form Name: Certain Government Payments

Form Number: Form 1099-INT Form Name: Interest Income

Form Number: Form 1099-K Form Name: Payment Card and Third Party Network Transactions

Form Number: Form 1099-MISC Form Name: Miscellaneous Income

Form Number: Form 1099-OID Form Name: Original Issue Discount

Form Number: Form 1099-PATR Form Name: Taxable Distributions Received From Cooperatives

Form Number: Form 1099-R Form Name: Distributions From Pensions, Annuities, Retirement or Profit-Sharing

Form Number: Form 5498 Form Name: IRA Contribution Information

*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?*

No

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

No

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

Yes

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

Organization Name: CALIFORNIA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: COLORADO  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: ARIZONA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: ALABAMA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: CONNECTICUT  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: DELAWARE  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: DISTRICT OF COLUMBIA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: GEORGIA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: HAWAII  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: IDAHO  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: INDIANA  
Transmission Method: File via EFTU  
ISA/MOU Yes



Organization Name: IOWA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: KANSAS  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: LOUISIANA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: MAINE  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: MARYLAND  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: MASSACHUSETTS  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: MICHIGAN  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: MINNESOTA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: MISSISSIPPI  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: MISSOURI  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: MONTANA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: NEBRASKA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: WISCONSIN  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: NEW JERSEY  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: NEW MEXICO  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: NORTH CAROLINA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: NORTH DAKOTA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: OHIO  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: SOUTH CAROLINA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: UTAH  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: VERMONT  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: VIRGINIA  
Transmission Method: File via EFTU  
ISA/MOU Yes

Organization Name: ARKANSAS  
Transmission Method: File via EFTU  
ISA/MOU Yes

*Identify the authority*

As provided by 26 U.S.C. 6103. Office of Management and Budget Memorandum M-03-22 & IRS Privacy Principles and Privacy Requirements Number 16 for tax administration.

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

Copy of 1099 data to participating state agencies.

*For what purpose?*

Taxpayer burden reduction.

*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?*

State agencies notify individuals that they are part of the Combined FedState extract process thereby only having to submit 1099 form data to the federal government. Then we copy the file to send to the states, which reduces the burden on the taxpayer. Notice, consent and due process are provided in the tax forms instructions filed by the taxpayer, 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):*

They would send the form to both the federal government and the state government offices. Notice, consent and due process are provided in the tax forms instructions filed by the taxpayer, and pursuant to 5 USC.

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

That is determined by the state agencies. Notice, consent and due process are provided in the tax forms instructions filed by the taxpayer, 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*

System Administrators: Read Only

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

Martinsburg Computing Center mainframe administrators determine the level of access. Access is determined on a need-to-know basis by Information Technology management or the Governmental Liaison's project office executive. Access is granted by specific individuals via a request tracking system, where the request is routed from requestor to manager(s), to administrator who approve and performs the necessary action to grant access. The level and number of approvers depend upon the application.

## **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.*

All records housed in the Combined Federal State Application will be erased or purged from the system in accordance with approved retention periods. It is the official repository for data and documents and has National Archives approval to affect data disposition (Job No. N1-58-09-39). Any records generated by the system will be managed according to requirements under Internal Revenue Manual 1.15.1 and 1.15.6, and will be destroyed using IRS Records Control Schedules 19, Item 55 and as coordinated with the IRS Records and Information Management Program and IRS Records Officer (A) Inputs: Includes data extracted from two IRS files, the Business Master File (BMF) and the Business Return Transaction File (BRTF). The BMF/BRTF extract is actually two separate extracts. Agencies must enroll for the BMF extract in order to enroll for the BRTF extract since name and address information is not included on the BRTF extract. The only exception is that an agency may obtain the BRTF extract for the Form 706 data only as it does include name and address information. These two extracts are usually referred to as one, using the singular grammatical form.

AUTHORIZED DISPOSITION Temporary. The Business Master File (BMF) and Business Return Transaction File (BRTF) are scheduled records under IRS Records Control Schedule 29. Information extracted from the BMF and BRTF can be deleted/destroyed upon verification or when no longer needed. (B) System Data: The Business Return Transaction File (BRTF) contains line items and data elements from the following Forms: 942, 1041, 1065, 1120, 1120S and 706. The extract Year 2007 BRTF Extract would include records for Original returns that posted from Cycle 200640 to 200739. AUTHORIZED DISPOSITION Destroy when 3 years old or no longer needed for operational purposes, whichever is sooner. (C) Outputs: 15 systems receive data from this application. They are: Business Master File Statistics of Income Extracts, Business Return Transaction Data Store, Census 941-943

Extract, Census Annual Economic Data Extract, Census QFR Data Extract, Compliance Data Environment, Electronic Fraud Detection System, Enforcement Revenue Information System, Exempt Organizations Extracts, Federal Unemployment Tax Act Tier 1, Federal-State BRFT Extract, Management Information System Reports, Midwest Automated Compliance System, and NASS BMF-IMF-ELF Extract. AUTHORIZED DISPOSITION Destroy when obsolete, superseded, or no longer needed for business, whichever is later. (D) System Documentation: System documentation consists of codebooks, records layout, user guides, and other related materials. AUTHORIZED DISPOSITION Delete/Destroy when superseded. Last versions should be deleted 5 years after the system is terminated, whichever is later.

## **SA&A OR ASCA**

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

No

*Is the system secured in accordance with all applicable federal, treasury, and IRS security policy, procedures, and requirements?*

Yes

*Describe the system's audit trail.*

Record counts only. Not a system that does transactions. Flat file processing. CFSF 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)?*

The CFSF End-of-Test Report is stored in DocIT, a web based electronic document management system powered by the enterprise standard tool Documentum. This is a tool that provides documentation control for IT projects.

*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?*

Unit testing only. This is a batch file processing where the input records are split off by state and sent but, all the customer configurable security controls are implemented as intended and documented in the CF/SF System Security Plan (SSP).

## **SBU DATA USE**

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

No

## **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