

Date of Approval: **January 21, 2022**

PIA ID Number: **6692**

SYSTEM DESCRIPTION

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

Data Capture System, DCS

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?

Data Capture System, DCS Operations & Maintenance milestone #3958

What is the approval date of the most recent PCLIA?

3/21/2019

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.

Risk Inventory Control Board (RICB)

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 purpose of LB&I (Large Business and International) DCS is to provide LB&I with the following major functionality: (1) Taxpayer Registry. The taxpayer registry is derived from taxpayer filings including, but not limited to the Corporate Tax Return form 1120 and the entire 1120 family of returns, Partnership returns form 1065, Sub-Chapter S Corporation return form 1120S and supporting tax return schedules such as forms K-1 Partners Distributive Shares of Partnership Interest, 851 corporate affiliations schedule, and forms 5471 and 5472 for international affiliations. The purpose of the taxpayer registry is to identify the entire picture of ownership of a business entity in corporations, partnerships, and trusts. (2) Compliance Planning and Analytics. The LB&I DCS combines tax and external financial data from multiple data sets and makes available the information for research, workload selection, and reporting. This is integral to LB&I's compliance initiatives.

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:

Legal/statutory basis (e.g., where collection is expressly required by statute)

When there is no reasonable alternative means for meeting business requirements

Law enforcement and intelligence purposes

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

International PII is collected to support risking and prioritization of returns to the field for audit.

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

The Office of Management and Budget CIRCULAR NO. A-130 requires that federal agencies develop a mitigation or elimination strategy for systems that use SSNs, which the Service continues to develop strategies to meet. An exception to that requirement is when the SSN is uniquely needed to identify a user's record. DCS requires the use of SSN's because no other identifier can be used to uniquely identify a taxpayer at this time. SSNs are permissible from Internal Revenue Code (IRC) 6109, "Identifying Numbers", which requires individual taxpayers to include their SSNs on their income tax returns.

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
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:

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

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.

Federal Tax Information - income amounts from tax returns, filing status, fact of filing.

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.

This is necessary for the administration of the Tax Law pertaining to Business Tax Returns and Tax Returns containing International Business transactions or features.

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

The LB&I DCS system utilizes copies of "authoritative data" from IRS data sources. Data is downloaded and run through the system. It is supplemented by data extracted from paper returns using an OCR (optical character recognition) process with multiple rules engines, a system that executes business rules, to ensure accuracy. LB&I DCS data verification occurs in four phases: OCR Verification; Manual Validation; Managerial Review; and Data Analysis. Two types of validation errors are identified during OCR processing and result in an additional indicator to a human verifier: Fields where a character or symbol does not meet a percentage of recognition points. For example, the program may only be 50% sure that a number is a 3 as opposed to an 8 (70% is the default). A field does not meet predefined business rules. For example, the EIN (employer identification number) on the return must match the EIN on the return coversheet. During the Verification: During the Manual Validation phase, the verifier must stop on each field and press enter to move forward. Fields identified as problematic during OCR are flagged to the verifier. Recognition problems will not allow the verifier to enter past the field until corrected. Field values that violate business rules cause an error message to appear. Verifier corrections are further evaluated against the business rules in the background. The error must be corrected, or the message bypassed (appropriate when the taxpayer made the error - i.e., we do not alter returns).

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 22.026 Form 1042S Index by Name of Recipient
- IRS 22.027 Foreign Information System (FIS)
- IRS 22.054 Subsidiary Accounting Files
- IRS 24.046 Customer Account Data Engine Business Master File
- IRS 34.037 Audit Trail and Security Records
- IRS 36.003 General Personnel and Payroll Records
- IRS 42.001 Examination Administrative Files
- IRS 42.008 Audit Information Management System
- IRS 42.017 International Enforcement Program Information Files
- IRS 42.021 Compliance Programs and Projects Files
- IRS 42.027 Data on Taxpayers' Filing on Foreign Holdings

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: AIMS - Automated Information Management System

Current PCLIA: Yes

Approval Date: 10/11/2021

SA&A: Yes

ATO/IATO Date: 11/13/2020

System Name: TRDB - Tax Return Data Base

Current PCLIA: Yes

Approval Date: 11/1/2021

SA&A: No

System Name: CDW - Compliance Data Warehouse

Current PCLIA: Yes

Approval Date: 9/16/2020

SA&A: Yes

ATO/IATO Date: 5/29/2018

System Name: SWC - Selection Workload Classification

Current PCLIA: Yes

Approval Date: 3/9/2020

SA&A: Yes

ATO/IATO Date: 12/17/2018

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: Security & Exchange Information purchased from Standard & Poors Inc.

Transmission Method: IRS Secure File Transfer Protocol

ISA/MOU: 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: 1040 NR

Form Name: Non Resident Alien Tax Return

Form Number: Form 1042

Form Name: Annual Withholding Tax Return for US Source Income of Foreign Persons

Form Number: Form 1065

Form Name: U.S. Partnership Return of Income

Form Number: Form 1065-B

Form Name: U.S. Return of Income for Electing Large Partnerships

Form Number: Form 1120

Form Name: U.S. Corporation Income Tax Return

Form Number: Form 1120-F

Form Name: U.S. Income Tax Return of Foreign Corporations

Form Number: Form 1120-L

Form Name: U.S. Life Insurance Company Income Tax Return

Form Number: Form 1120-S

Form Name: U.S. Small Business Corporation Income Tax Return

Form Number: Form 3520-A

Form Name: Annual Return of Foreign Trust with U.S. Beneficiaries

Form Number: Form 1040

Form Name: US Individual Income Tax Return with International

Form Number: Form 940

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

Form Number: Form 5471
Form Name: Information Return of US Persons with Foreign Corporations

Form Number: Form 5472
Form Name: Information Return Foreign Owned Corporation

Form Number: Form 8886
Form Name: Reportable Transaction Disclosure Statement

Form Number: Form 1120FSC
Form Name: US Income Tax Return Foreign Sales Corporation

Form Number: Form 1120 REIT
Form Name: US Income Tax Return for Real Estate Investment Trusts

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

No

DISSEMINATION OF PII

Does this system disseminate SBU/PII?

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?

The information is not collected directly from individuals. The information collected as part of the application is the information obtained from various IRS databases and files, which in turn are tax forms filed by tax entities. Notice, consent, and due process are provided in the 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?

No

Why not?

The IRS has the legal right to ask for information per IRC sections 6001, 6011, and 6012(a), and their regulations. The regulations state that "taxpayers must file a return or statement with IRS for any tax they are liable for". Their response is mandatory under these sections. The information is not collected directly from individuals. The information collected as part of the application is the information obtained from various IRS databases and files, which in turn are tax forms filed by tax entities. Notice, consent, and due process are provided in the tax forms instructions, and pursuant to 5 USC.

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

The information is not collected directly from individuals. The information collected as part of the application is the information obtained from various IRS databases and files, which in turn are tax forms filed by tax entities. Notice, consent, and due process are provided in the 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

System Administrators: Administrator

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

All access credential requests are enforced through the Business Entitlement Access Request System (BEARS) process for granting permissions to systems and applications used by IRS personnel. A formal request is made through the IRS employees' management chain. BEARS forms are completed. Each request is evaluated and a determination to grant access or deny access is made. IRS employees who are authorized on the system will have access to the data. LB&I DCS Administrators utilize the role-based access features on the COTS (commercial off-the-shelf software) product to limit what users can retrieve. Users are only permitted to access data for TIN/EINs authorized by their manager.

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 system is defined as a recordkeeping system under 36 Code of Federal Regulations (CFR) Chapter XII. All records housed in the system will be erased or purged from the system at the conclusion of their retention period(s) as required under IRM 1.15.6. Individual (Form 1042, and Partnership Return - Form 1065) tax filing information will be eliminated from the system in accordance with IRS Records Control Schedule (RCS) 29, Item 55 for Electronically Filed Individual Partnership and Fiduciary Income Tax Returns. Corporate (Form 1120) tax filing information will be eliminated from the system in accordance with RCS 19, Item 81 for Modernized e-File System. RCS 29, Item 344 will be followed for the elimination of Information Returns for Foreign Corporation, and Examinations and Audits Case Files will be eliminated in accordance with RCS 23, Item 42. Other records series added to the system in future updates to the program will be managed according to requirements under IRM 1.15.1 and 1.15.6 and will be destroyed using IRS Records Control Schedules 8 through 64 as coordinated with the IRS Records and Information Management (RIM) Program and IRS Records Officer.

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?

9/28/2021

Describe the system's audit trail.

A complete audit trail of the use of the system is captured and includes every login, logoff, file access and database query. The system monitors for security risks and compliance violations to ensure that the use of the system takes place only for an approved purpose that is within the professional responsibility of each user. DCS is following the appropriate audit trail elements pursuant to current Audit Logging Security Standards.

PRIVACY TESTING

Does the system require a System Test Plan?

No

Please explain why:

DCS is currently in the Operations and Maintenance phase of its lifecycle. Continuous Monitoring (now called Annual Security Control Assessment) occurs annually to ensure that controls remain in place to properly safeguard PII. All the customer configurable security controls are implemented as intended and documented in the LB&I DCS System Security Plan (SSP).

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.

12/4/2017

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: 100,000 to 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?

No