

Date of Approval: **August 02, 2023**

PIA ID Number: **8081**

## **SYSTEM DESCRIPTION**

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

Federal Contractor Tax Check System, FCTCS

*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?*

Federal Contractor Tax Check System, FCTCS, Milestone 2

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

12/15/2021

*Changes that occurred to require this update:*

Significant Merging with Another System

*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.*

Financial Services Governance Board (FS GB), Executive Steering Committee (ESC)

*Current ELC (Enterprise Life Cycle) Milestones:*

System Deployment/Milestone 5

*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.*

Congress legislated the requirements for development of a Federal Contractor Tax Check System (FCTCS) in the Consolidated Appropriations Act of 2019. FCTCS allows business taxpayers seeking to contract with the Federal government, including sole proprietors, to request a Tax Certificate for Award Use (TCAU) which is an electronic certificate stating whether they have a seriously delinquent tax debt. Government agencies may not contract with businesses that have unpaid tax debt greater than \$52,000 and a federal tax lien or levy. This certificate does not reflect tax compliance. The FCTCS application will allow individuals authenticated by Secure Access Digital Identity (SADI) and verified as authorized business owner or designee to request and download the Tax Certificate for Award Use using Business Online Account (BOLA).

## 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?*

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

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?*

No

*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.*

FCTCS will provide an automated check for seriously delinquent tax debts based on requirements in the Federal Acquisition Regulation (FAR) for business taxpayers seeking a federal contract with a federal agency, other than the IRS. FCTCS is reporting tool that relies on existing tax records of sole proprietors and other businesses. No additional information is gathered, collected, or maintained by the IRS. FCTCS requires the use of a Taxpayer Identification Number (TIN) i.e., an EIN to retrieve the tax records of the business and perform the check. FCTCS is a non-record keeping system. The EIN of the business is entered by an authenticated individual who is validated as a responsible party on BMF, authorized to request the tax check for the business. Query of records in the Custodial Detail Database (CDDDB) will identify unpaid taxes with a balance due greater than zero, by tax year, type of tax, and whether there is a lien or levy on the account. This information is necessary for FCTCS to determine whether the business has unpaid tax debts exceeding \$52,000 and issue the Tax Certificate for Award Use pursuant to the FAR requirement.

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

Only an authenticated individual that passes an authorization check may log into the business online account (BOLA) and request a Tax Certificate for Award Use (TCAU) from FCTCS. The FCTCS tax check is not for purposes of tax administration and the TCAU is not used by IRS to enforce or collect unpaid taxes. Unpaid tax liabilities reported by FCTCS are from the business master file tax account which is based on a tax assessment following established IRS procedures with due process rights afforded to the taxpayer. Tax records for the certificate are retrieved from the Custodial Detail Database (CDDDB) of the IRS which are timely and accurately maintained. CDDDB is a subsystem of the Financial Management Information System (FMIS). The taxpayer may follow established tax administration procedures to pay overdue tax liabilities, enter into an installment agreement or contact customer service for tax assistance.

## **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 34.037    Audit Trail and Security Records
- IRS 24.046    Customer Account Data Engine Business Master File
- IRS 26.019    Taxpayer Delinquent Account Files
- IRS 24.030    Customer Account Data Engine Individual Master File
- IRS 00.009    Taxpayer Assistance Center (TAC) Recorded Quality Review Records
- IRS 22.061    Information Return 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: Tax Compliance Check Service (TCCS)

Current PCLIA: Yes

Approval Date: 4/1/2021

SA&A: Yes

ATO/IATO Date: 2/8/2023

System Name: Financial Management Information System (FMIS)/Custodial Detail Database (CDDDB)

Current PCLIA: Yes

Approval Date: 10/1/2020

SA&A: Yes

ATO/IATO Date: 8/30/2022

System Name: Business Master File (BMF)

Current PCLIA: Yes

Approval Date: 9/22/2021

SA&A: Yes

ATO/IATO Date: 10/31/2022

*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?*

No

*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: Business Online Account (BOLA)

Current PCLIA: No

SA&A: No

*Identify the authority.*

Business Master File (BMF)- 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?*

FCTCS uses the PII to call the Business Master File (BMF) and run a check to determine if the business entity has seriously delinquent tax debts as defined by Congress for purposes of creating the Tax Certificate for Award Use.

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

No

*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?*

Yes

*Was an electronic risk assessment (e-RA) conducted on the system/application?*

Yes

*When was the e-RA completed?*

6/28/2023

*What was the approved level of authentication?*

Level 2: Some confidence in the asserted identity's validity  
Confidence based on Financial/Utility Information Validation

## 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 IRS notifies all individuals who file tax returns of such collection via the Privacy Act Notice which provides the legal right to ask for information under Internal Revenue Code sections 6001, 6011, and 6012(a), and their regulations.

*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):*

FCTCS allows business taxpayers seeking to contract with the Federal government to request Letter 6575, Tax Certificate for Award Use (TCAU) which is an electronic certificate stating whether they have a seriously delinquent tax debt. Authorized individuals logged into their Business Online Account (BOLA) will have the option of requesting the Tax Certificate for Award Use and are not required to do so. The business may be required to submit the TCAU to another federal agency when applying for a federal contract or grant pursuant to the Federal Acquisition Regulations, however the business may choose not to submit it as part of the application process. The IRS provides the certificate to the business and is not a party to the submission process.

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

The FCTCS application is a reporting tool that displays existing business tax account status to individuals. Due process to address tax liabilities and any federal tax delinquencies is afforded by the Internal Revenue Code and established IRS tax administration procedures.

## 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: Administrator

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

Access to PII will be restricted to authenticated individuals logged into Business Online Accounts (BOLA) which will establish that the individual is a responsible party of the business entity and authorized to request a Tax Certificate for Award Use for the business.

## **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?*

No

*You must work with the IRS Records and Information Management (RIM) Program Office to address records retention requirements before you dispose of any records in this system.*

## **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.*

FCTCS uses SPLUNK for audit trails. Splunk is a Security Information and Event Management (SIEM) software solution tool composed of various dashboards to aggregate and/or analyze security data for systems/applications.

## **PRIVACY TESTING**

*Does the system require a System Test Plan?*

Yes

*Is the test plan completed?*

No

*When is the test plan scheduled for completion?*

7/19/2023

*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?*

Testing will ensure that the FCTCS system provides the functionality specified in the user stories and system/program documentation. Testers gained access to the web application via Simple Object Access Protocol (SOAP-UI) web service, Using FCTCS Rest call and the queried results will be analyzed. Testing will be performed in the Site Acceptance Testing (SAT), Framework for Integrated Test (FIT), and Development (DEV) environments.

## **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.*

7/19/2023

*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