Date of Approval: **March 26, 2021**

PIA ID Number: **5448**

# SYSTEM DESCRIPTION

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

Filling Information Returns Electronically, FIRE

*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?*

Filling Information Returns Electronically, FIRE, PCLIA 3051

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

11/16/2017

*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.*

Wage & Investment Risk Committee - (W&I Modernization Advisory Council)

*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 primary purpose of FIRE is to enable the IRS to reconcile income tax documents (e.g. income from dividends, interest, etc.) filed by taxpayers against those that were provided via forms such as 1099-DIV.1 FIRE receives approximately 3.5 billion records every year. The users who submit their files electronically are called Business Trading Partners (trading partner). If a person or organization submits less than 250 information returns annually and still wishes to create an account in FIRE, they may do so. They can create an account within FIRE by going to Fire.irs.gov (no www), where an account can be created. Creating an account involves setting up a user ID, password and Personal Identification Number (PIN). Once an account is created, the next step is the completion of Form 4419, Application for Filing Information Returns Electronically. Upon approval, the IRS assigns a Transmitter Control Code (TCC) for the trading partner and they can start transmitting files to FIRE. When FIRE receives incoming electronic files from external trading partners' files are passed to programs downstream. FIRE then receives statistics back from these downstream programs. The statistical information informs FIRE of the transmission status. (For example, if a file was sent from FIRE to the mainframe and was successful or unsuccessful, this would be contained in the statistical information. When FIRE receives the statistical information back from the mainframe, it posts the data to the FIRE database

# 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:*

Delivery of governmental benefits, privileges, and services

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

> The FIRE system requires the use of 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).*

> SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns. There is no known mitigation strategy planned to eliminate the use of SSNs for the 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
> E-mail Address
> Standard Employee Identifier (SEID)
> 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:*

> 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.

*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.*

FIRE is used for Tax Administration Purposes. The FIRE application allows users who electronically submit 250 or more files electronically to become a Business Trading Partners by submitting form 4419 (Application for Filling Information Returns Electronically) online which streamlines processes. If a person or organization submits less than 250 information returns annually and still wishes to create an account in FIRE, they may do so. Once form 4419 has been submitted the data is moved to downstream programs ( Automated Magnetic Media Processing System (AMMPS), Chapter 3 Withholdings (CTW), Corporate Data Employee Plans Master File (CDEPMF), Automated Tips (ATM), Corporate Data, Research and Support Section) applying statistical analysis. Analysis is returned notating successful or unsuccessful transmission thereby granting approval. Trading Partners can create an account within FIRE by going to Fire.irs.gov (no www)."

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

Data is moved to downstream programs (Automated Magnetic Media Processing System (AMMPS), Chapter 3 Withholdings (CTW), Corporate Data Employee Plans Master File (CDEPMF), Automated Tips (ATM), Corporate Data, Research and Support Section) where statistical analysis are applied. The analysis is then returned notating accuracy, timeliness, and completeness.

# 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
>
> IRS 22.062    Electronic Filing Records

# 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: Allocated Tips
> Current PCLIA: Yes
> Approval Date: 10/1/2018
> SA&A: Yes
> ATO/IATO Date: 1/17/2018

System Name: Automated Magnetic Media Processing System (AMMPS)
Current PCLIA: Yes
Approval Date: 3/16/2020
SA&A: Yes
ATO/IATO Date: 10/15/2020

System Name: Automated Extensions (AWAX-EAWPMF)
Current PCLIA: Yes
Approval Date: 3/16/2020
SA&A: Yes
ATO/IATO Date: 10/15/2020

System Name: Chapter Three Withholding System (CTW)
Current PCLIA: Yes
Approval Date: 11/5/2020
SA&A: Yes
ATO/IATO Date: 4/22/2020

System Name: Collection Activity Reports/Statutory Reports (CARSR)
Current PCLIA: Yes
Approval Date: 5/29/2019
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: 1097-BTC
Form Name: Bond Tax Credit

Form Number: 1098
Form Name: Mortgage Interest Statement

Form Number: 1098-C
Form Name: Contributions

Form Number: 1098-E
Form Name: Student Loan Interest

Form Number: 1098-F
Form Name: Fines, Penalties

Form Number: 1098-T
Form Name: Tuition

Form Number: 1099-A
Form Name: Acquisition or Abandonment of Secured Property

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

Form Number: 1099-C
Form Name: Cancellation of Debt

Form Number: 1099-CAP
Form Name: Changes in Corporate Control and Capital Structure

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

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

Form Number: 1099-INT
Form Name: Interest Income

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

Form Number: 1099-LS
Form Name: Reportable Life Insurance Sale

Form Number: 1099-LTC
Form Name: Long Term Care and Accelerated Death Benefits

Form Number: 1099-MISC
Form Name: Miscellaneous Income

Form Number: 1099-NEC
Form Name: Nonemployee Compensation

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

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

Form Number: 1099-Q
Form Name: Payments from Qualified Education Programs

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

Form Number: 1099-S
Form Name: Proceeds From Real Estate Transactions

Form Number: 1099-SA
Form Name: Distributions From an HSA, Archer MSA or Medicare Advantage MSA

Form Number: 1099-SB
Form Name: Sellers Investment in Life Insurance Contract

Form Number: 3921
Form Name: Exercise of an Incentive Stock Option Under Section 422(b)

Form Number: 3922
Form Name: Transfer of Stock Acquired through Employee Stock Purchase

Form Number: 5498
Form Name: IRA Contribution Information

Form Number: 5498 -ESA
Form Name: Coverdell ESA Contribution Information

Form Number: 5498-SA
Form Name: SA, HSA, Archer MSA or Medicare Advantage MSA Information

Form Number: W-2G
Form Name: Certain Gambling Winnings

*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: Automated Magnetic Media Processing System
Current PCLIA: Yes
Approval Date: 3/16/2020
SA&A: Yes
ATO/IATO Date: 10/15/2020

System Name: Automated Extensions
Current PCLIA: Yes
Approval Date: 3/16/2020
SA&A: Yes
ATO/IATO Date: 10/15/2020

System Name: Allocated Tips
Current PCLIA: Yes
Approval Date: 3/16/2020
SA&A: Yes
ATO/IATO Date: 1/17/2018

System Name: Chapter Three Withholding System
Current PCLIA: Yes
Approval Date: 11/5/2020
SA&A: Yes
ATO/IATO Date: 4/22/2020

*Identify the authority.*

Authority and purpose is pursuant to section 6103(h)(1) of the Internal Revenue Code (IRC). IRC 6103(h)(1) provides for disclosure of returns and return information to officers and employees of the Department of the Treasury (including IRS) whose official duties require access for tax administration. SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns.

*For what purpose?*

For tax administration purposes.

*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?*

9/26/2019

*What was the approved level of authentication?*

Level 2: Some confidence in the asserted identity's validity
Confidence based on Knowledge Based Authentication (Out of Wallet)

# INDIVIDUAL NOTICE AND CONSENT

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

No

*Why not? If information is not collected directly from an individual, please discuss the factors considered in deciding to collect information from third party sources.*

Essentially, FIRE is a pass thru system. No information is collected directly from individual taxpayers. Individual taxpayer data is collected and submitted by the Business Trading Partners. However, when the data is sent to FIRE, the application tracks the TCC and the number of records in the file. The FIRE application performs preprocessing edits to ensure the data is properly formatted prior to sending it to the mainframe. FIRE then archives the file in the event it is needed later. The data elements consist of items recorded on each of the tax forms sent to FIRE by the trading partners.

*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):*

Individual users who file less than 250 returns annually can complete/submit form 8508 for each Tax Identification Number to opt out of electronic filing.

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

The FIRE process centers around TCC information. To gain access, trading partners are required to have a user id and password authenticated via the internal tables. Without an updated or correct TCC in FIRE, application trading partner(s) aren't recognized as a user and their data transmissions can't be submitted. When creating an account, users create their own unique user id and the internal tables are used to authenticate and update. The Business unit uses a dedicated team to address flaws related to Transmitter Codes. These Internal users are granted access via the 5081 system which is authenticated using SEID via the Windows platform. When there is a need to edit or address transmitter issues table indicators are used to identify and/or complete specific changes.

# 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 Write

Managers: Read Write

System Administrators: Administrator

Developers: Administrator

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

Access to the data is determined by the manager based on a user's position and need-to-know. The manager will request a user to be added via the Online 5081 system. They must submit the request via the Online 5081 process to request access to the System. FIRE doesn't make changes to SBU/PII, it provides research assistance on submission errors.

# 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)?*

Yes

*What date was it completed?*

6/1/2020

*Describe the system's audit trail.*

No information is collected directly from individual taxpayers. Individual taxpayer data is collected and submitted by the business Trading Partners. However, when the data is sent to FIRE, the application tracks the trading partners Transmitter Control Code (TCC) and the number of records in the submitted file(s). To ensure data is properly formatted prior to sending it to the mainframe, edits are preprocessed then archived. When FIRE receives the statistical information back from the mainframe, it posts the data to a SQL database on a Wintel Server. FIRE internal tables use this archived data to authenticate the TCC of trading partners and track actions associated with TCC. Also, Customer Service Representatives (CSR) are granted access via the OL5081 system to authenticate and gain access to FIRE internal database using Secure Employee Identification (SEID) via the Windows platform. (CSR's do not log on). Internal CSR actions are tracked using the SEID.

# 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)?*

Treasury FISMA Inventory Management System

*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?*

Filing Information Returns Electronically (FIRE) undergoes Continuous Monitoring testing applicable controls annually according to ELC guidelines. Every third year the application undergoes full testing in accordance with the ELC and NIST guidelines.

# 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: Under 50,000

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?*

No