
A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. State Income Tax Levy Program, SITLP

2. Is this a new system? No

2a. If **no**, is there a PIA for this system? Yes

If **yes**, enter the full name, acronym, PIA ID Number and milestone of the most recent PIA.

State Income Tax Levy Program (SITLP) #891

Next, enter the **date** of the most recent PIA. 07/02/2014

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

- No Addition of PII
- 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

Were there other system changes not listed above? No

3. Check the current ELC (Enterprise Life Cycle) 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
- Yes System Development/Milestone 4B
- No System Deployment/Milestone 5
- No Operations & Maintenance (i.e., system is currently operational)

4. Is this a Federal Information Security Management Act (FISMA) reportable system? No

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 State Income Tax Levy Program (SITLP) is administered by the Collection Activity Reports Statutory Reports (CARSR) section of the Internal Management Division of the IRS. The CARSR PIA is #1786. The general business purpose of the SITLP/system is to collect overdue federal taxes by levying state income tax refunds of individuals that owe a federal tax. States with an income tax requirement can sign a Memorandum of Understanding with the IRS to conduct the matching process. Qualifying federal tax debts are sent electronically via the Electronic File Transfer Utility (EFTU) to each participating state agency along with a Notice of Levy (Form 668-A). The state agencies conduct a matching process, the individual tax debt is matched against the individual state income tax refund and all or a portion of the refund is sent to the IRS to satisfy the federal tax debt. Due process is provided pursuant to 26 USC. Benefit to the IRS: The program/system assist in paying off or paying down on the federal tax liabilities of taxpayers and bringing the taxpayer into compliance.

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

6a. 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 who the SSN (or tax identification number) is collected on.

Yes On Primary Yes On Spouse No On Dependent

If **yes**, check all types SSN s (or tax identification numbers) that apply to this system:

Yes Social Security Number (SSN)
Yes Employer Identification Number (EIN)
No Individual Taxpayer Identification Number (ITIN)
No Taxpayer Identification Number for Pending U.S. Adoptions (ATIN)
No Practitioner Tax Identification Number (PTIN)

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 memorandum M-07-16 requires that federal agencies develop a mitigation or elimination strategy for systems that use SSNs. An exception to that requirement is when the SSN is uniquely needed to identify a user's record. The SITLP is administered by the CARSR system. The CARSR 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.

6b. Does this system contain other (non-SSN) PII that it uses, collects, receives, displays, stores, maintains, or disseminates? (i.e. Names, addresses, etc.) Yes

If **yes**, specify the information.

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

6c. Does this system contain SBU information that is not PII, it uses, collects, receives, displays, stores, maintains, or disseminates? No

6d. Are there other types of SBU/PII used in the system? No

6e. 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

6f. 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.

Corporate File On-Line, Individual Master File (IMF), and Taxpayer Information File are primarily used because they contain the most recent taxpayer transaction codes. The taxpayers name, SSN, and address are needed elements so the state agencies can perform their matching process, in order to send the IRS the levy funds. The balance due information is needed in order to have the state levy the proper amount. Secure Data Transport is used to send and receive the data in order to levy the refund and post the levy payment. Posting the levy payment will generate a Case Processing 92, advising of the levy, from the IMF to the taxpayer. CARSR runs extract data for the IRS Government Liaison Data Exchange Program (GLDEP). They disseminate requested and approved portions of the extract data to other federal and state (or city) agencies. The GLDEP was created with the specific intent of sharing federal return and return information with state agencies to assist with state tax administrations. The goals and benefits of the GLDEP is to help the states as follows: to leverage resources, to increase revenue and compliance, and to provide opportunities for enhanced taxpayer outreach and education.

8. How is the SBU/PII verified for accuracy, timeliness, and completeness? Explain how steps are taken to ensure that all information maintained by the system that is used by IRS to make any adverse determination about an individual's rights, benefits, and/or privileges is maintained with such accuracy, relevance, timeliness, and completeness as is reasonably necessary to assure fairness to the individual in the determination

All CARSR System Reports and data files, including the data files of the SITLP; are generated by the IRS Enterprise Operations (EOPS) on a pre-determined schedule, then securely stored, maintained, and verified for accuracy with begin and end balancing. These reports and data files are then distributed by EOPS to the various CARSR customers; who in turn verify their applicable reports and related data files for accuracy, timeliness, and completeness.

C. PRIVACY ACT AND SYSTEM OF RECORDS

9. Are 10 or more records containing SBU/PII maintained, stored, and/or transmitted by or through this system? Yes

- 9a. If **yes**, are records in the system retrieved by any personal identifier (e.g., name, SSN, Photograph, IP Address) for an individual? Yes

If **yes**, is there a System of Records Notice(s) or SORNs that addresses the PII records in this system? Yes

If **yes**, enter the SORN numbers and the complete the name of the SORN.

<u>SORNS Number</u>	<u>SORNS Name</u>
IRS 24.030	Customer Account Data Engine Individual Master File
IRS 24.046	Customer Account Data Engine Business Master File
IRS 26.019	Taxpayer Delinquent Accounts Files
IRS 34.037	Audit Trail and Security Records System

If **yes**, does the System of Records Notice(s) (SORN) published in the Federal Register adequately describe the records as required by the Privacy Act? Yes

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

11a. 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>
Individual Master File (IMF)	Yes	03/06/2017	Yes	11/14/2016
Business Master File (BMF)	Yes	04/24/2015	Yes	03/13/2013

11b. Does the system receive SBU/PII from other federal agency or agencies? No

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

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

11e. Does the system receive SBU/PII from **Taxpayer** forms? No

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

F. PII SENT TO EXTERNAL ORGANIZATIONS

12. Does this system disseminate SBU/PII? Yes

12a. Does this system disseminate SBU/PII to other IRS Systems? No

12b. Does this system disseminate SBU/PII to other Federal agencies? No

12c. Does this system disseminate SBU/PII to State and local agencies? Yes

If **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).

<u>Organization Name</u>	<u>Transmission method</u>	<u>ISA/MOU</u>
Alabama Depart. of Revenue	EFTU	Yes
Arizona Depart. of Revenue	EFTU	Yes
Arkansas Finance & Administration	EFTU	Yes
California Franchise Tax Board	EFTU	Yes
Colorado Depart. of Revenue	EFTU	Yes
Connecticut Depart of Revenue Services	EFTU	Yes
Delaware Division of Revenue	EFTU	Yes
District of Columbia Office of Tax and Revenue	EFTU	Yes
Georgia Depart. of Revenue	EFTU	Yes
Idaho State Tax Commission	EFTU	Yes
Illinois Depart of Revenue	EFTU	Yes
Indiana Depart of Revenue	EFTU	Yes
Iowa Depart of Revenue	EFTU	Yes
Kansas Department of Revenue	EFTU	Yes
Kentucky Depart of Revenue	EFTU	Yes
Louisiana Depart of Revenue	EFTU	Yes
Maine Bureau of Revenue Services	EFTU	Yes
Maryland Office of the Comptroller	EFTU	Yes
Massachusetts Depart of Revenue	EFTU	Yes
Michigan Depart of Treasury	EFTU	Yes
Minnesota Depart of Revenue	EFTU	Yes
Mississippi Depart of Revenue	EFTU	Yes
Missouri Depart of Revenue	EFTU	Yes
Nebraska Depart of Revenue	EFTU	Yes
New Jersey Division of Revenue and Enterprise Services	EFTU	Yes
New Mexico Taxation and Revenue Department	EFTU	Yes
New York Depart of Taxation and Finance	EFTU	Yes
North Carolina Depart of Revenue	EFTU	Yes
Ohio Depart of Taxation	EFTU	Yes
Oklahoma Tax Commission	EFTU	Yes
Oregon Depart of Revenue	EFTU	Yes
Pennsylvania Depart of Revenue	EFTU	Yes
Rhode Island Depart of Revenue	EFTU	Yes
South Carolina Depart of Revenue	EFTU	Yes
Utah Department of Finance	EFTU	Yes
Vermont Depart of Taxes	EFTU	Yes
Virginia Depart of Taxation	EFTU	Yes
West Virginia State Tax Department	EFTU	Yes
Wisconsin Depart of Revenue	EFTU	Yes

Identify the authority and for what purpose? IRS 6103. In order for the participating state agencies to conduct their levy matching process, the taxpayer's SSN, name, address and federal tax liability information is needed by the program/system. Participating state taxing agencies are required to match on the SSN, name control and name before deducting the money from the taxpayer's state income tax refund. The federal liability information is need by the state so the payments can be applied to the correct taxpayer's account. The CARSR system disseminates requested and approved portions of extracted data to other federal and state (or city) agencies. This process enables the IRS to collect millions of dollars in delinquent taxpayer revenue.

12d. Does this system disseminate SBU/PII to IRS or Treasury contractors? No

12e. 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, 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/is notice provided to the individual prior to collection of information? No

17b. If **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.

CARSR extracts data files from IMF and BMF. The CARSR area does not manipulate data or interact with individual's data directly. "Notice, consent, and due process" are provided via BMF, IMF, and its related tax forms and instructions.

18. Do individuals have the opportunity to decline from providing information and/or from consenting to particular uses of the information? No

18b. If no, why not? CARSR extracts data files from IMF and BMF. The CARSR area does not manipulate data or interact with individual's data directly. "Notice, consent, and due process" are provided via BMF, IMF, and its related tax forms and instructions.

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

CARSR extracts data files from IMF and BMF. The CARSR area does not manipulate data or interact with individual's data directly. "Notice, consent, and due process" are provided via BMF, IMF, and its related tax forms and instructions.

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	Yes	Read-Only

Contractor Employees? No

21a. How is access to SBU/PII determined and by whom? The users must submit a special request to access the CARSR data, via Online 5081. The request must be approved by the user's manager before being forwarded to the CARSR business unit (BU). The CARSR BU is responsible for reviewing the request and ensuring the user is added to the appropriate access control list in order for the user to receive proper access to the CARSR data.

21b. If computer matching occurs, can the business owner certify that it meets requirements of IRM 11.3.39 Disclosure of Official Information, Computer Matching & Privacy Protection Act?

Not Applicable

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

22a. 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.

SITLP data is approved for destruction 10 years after end of processing year or when no longer needed for operational purposes, whichever is later (Job No. N1-58-09-65, approved 11-9-09). These disposition instructions are published in IRS Document 12990 under Records Control Schedule (RCS) 19 for the Enterprise Computing Center - Martinsburg. CARSR is not the official records keeping repository of the extracted information in the system. All information in the system is properly scheduled in its original forms under the General Records Schedule and the RCS of the IRS. Extracted Federal Tax Information is provided to state and local agencies under the authority of IRC 6103d for purposes of state tax administration. 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 Internal Revenue Manual 1.15.6. For different data types, there are different retention periods. Retention schedules are documented in the Functional Specification Packages.

I.2 SA&A OR ECM-R

23. Has the system been through SA&A (Security Assessment and Authorization) or ECM-R (Enterprise Continuous Monitoring Reauthorization)? No

23c. If **no**, is the system secured in accordance with all applicable federal, treasury, and IRS security policy, procedures, and requirements? Yes

23.1 Describe in detail the system's audit trail. Audit trail is not needed because CARSR performs Read-Only extracts. CARSR does not update taxpayer information.

J. PRIVACY TESTING

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

24b. If **yes**, Is the test plan in process or completed: Completed

24.3 If **completed/ or in process**, 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?

For SITLP, the CARSR area performs the testing. The program testing and validation is performed in a secured environment using quality data to ensure the integrity and privacy accountability of any test inputs and outputs. Limited amounts of data are used to further minimize risk of access to personally identifiable information.

24b.1. If **completed**, where are the test results stored (or documentation that validation has occurred confirming that requirements have been met)? Testing is conducted by the CARSR area, test results and documentation is found in the IRS Document Management System.

24b.2. If **completed**, were all the Privacy Requirements successfully tested? Yes

24.2 If **completed**, are there any residual system privacy, civil liberties, and/or security risks identified that need to be resolved? No

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. 04/20/2016

25b. 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:

26a. IRS Employees: 50,000 to 100,000
26b. Contractors: Not Applicable
26c. Members of the Public: More than 1,000,000
26d. Other: No

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 9/11 Commission Recommendations 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

N. ACCOUNTING OF DISCLOSURES

30. 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

End of Report
