Date of Approval: 12/09/2025
Questionnaire Number: 2520

Basic Information/Executive Summary

What is the name of your project (system, database, pilot, product, survey, social media site, etc.)?

Withholding Compliance System

Acronym:

WHCS

Business Unit

Small Business and Self Employed

Preparer

For Official Use Only

Subject Matter Expert

For Official Use Only

Program Manager

For Official Use Only

Designated Executive Representative

For Official Use Only

Executive Sponsor

For Official Use Only

Executive Summary: Provide a clear and concise description of your project and how it will allow the IRS to achieve its mission.

The mission of the Withholding Compliance Program (WHC) is to ensure that taxpayers who have serious under-withholding problems are brought into compliance with federal income tax withholding requirements. WHC uses Form W-2 Wage and Tax Statement (W-2) information to identify taxpayers with insufficient withholding that result in tax compliance problems. The goal is to correct withholding to ensure that taxpayers have enough income tax withheld to meet their withholding tax obligations. In instances where a serious under-withholding problem exists for a particular taxpayer, IRS may issue a notice, commonly known as a “lock-in letter” to the employer. This notice directs the employer to disregard the taxpayer's Form W-4 and withhold using the marital status and number of allowances specified by the Service. WHC cases are housed in the Withholding Compliance System (WHCS), a database application owned

by the Small Business/Self-Employed (SB/SE) Business Unit. The application resides on the IBM mainframe at the Enterprise Computing Center and does not directly interface with any other systems external to the IRS. All input to the WHCS application is obtained via batch processes that pull information from the Individual Master File (IMF) and Payer Master File (PMF). The Withholding Compliance System Case Creation (WHCSCC) utilizes the Form W-2 to identify employees with a potential under-withholding problem that could be causing tax compliance problems. The system enables the Service to determine when employers are complying with the instructions that the IRS provides to them. WHCSCC creates compliance cases by matching W2s to the Individual Master File. It is a component of the Withholding Compliance System (WHCS). WHCS provides a means to monitor and control information related to the WHC case inventory. Records contain case-related personally identifiable information (PII). WHCS users can add, update, query, close, and maintain case information such as case actions, decisions made, and letters issued to taxpayers and/or employers.

Personally Identifiable Information (PII)

Will this project use, collect, receive, display, store, maintain, or disseminate any type of Sensitive but Unclassified (SBU), Personally Identifiable Information (PII), or Federal Tax Information (FTI)?

Yes

Please explain in detail how this project uses sensitive data from inception to destruction (data lifecycle).

The information flows in through a transaction file from both Withholding Compliance System Case Creation (WHCSCC), Individual Online Account (IOLA), Robotic Process Automation (RPA). Then the PII and SBU information is loaded on the database. The information is assigned by SB/SE Withholding Compliance and manually updated by a Tax Analyst and once the Withholding Compliance issue is resolved, the data is archived and removed from the database.

Please select all types of Sensitive but Unclassified data (SBU)/Personally Identifiable Information (PII)/Federal Tax Information (FTI) that this project uses.

Address
Alien Registration Number
Employer Identification Number
Employment Information
Federal Tax Information (FTI)
Individual Taxpayer Identification Number (ITIN)
Internet Protocol Address (IP Address)
Name
Social Security Number (including masked or last four digits)
Standard Employee Identifier (SEID)

Tax ID Number
Telephone Numbers

Cite the authority for collecting SBU/PII/FTI (including SSN if relevant).
PII for federal tax administration - generally IRC Sections 6001 6011 or 6012
PII for personnel administration - 5 USC
SSN for tax returns and return information - IRC section 6109

Product Information (Questions)

1 Is this PCLIA a result of a specific initiative or a process improvement?
Yes

1.1 What is the name of the Business Unit (BU) or Agency initiative?
Small Business / Self Employed

2 What type of project is this (system, project, application, database, pilot/proof of concept/prototype, power platform/visualization tool)?
System, Application, Database

3 What Tier designation has been applied to your system? (Number)
1

4 Is this a new system?
No

4.1 Is there a previous Privacy and Civil Liberties Impact Assessment (PCLIA) for this project?
Yes

4.11 What is the previous PCLIA number?
1050

4.12 What is the previous PCLIA title (system name)?
Withholding Compliance System

4.2 You have indicated this is not a new system; explain what has or will change and why. (Expiring PCLIA, changes to the PII or use of the PII, etc.)
Expiring PCLIA

5 Is this system considered a child system/application to another (parent) system?
No

6 Indicate what OneSDLC State is the system in (Allocation, Readiness, Execution) or indicate if you go through Information Technology's (IT) Technical Insertion Process and what stage you have progressed to.

Execution

7 Is this a change resulting from the OneSDLC process?

No

8 Please provide the full name and acronym of the governance board or Executive Steering Committee (ESC) this system reports to.

SBSE or SBSE Collection, (Small Business / Small Employer)

9 If the system is on the As-Built-Architecture (ABA), what is the ABA ID number of the system? If this PCLIA covers multiple applications shown on the ABA, please indicate the ABA ID number(s) for each application covered separated by a comma. If the system is not in the ABA, then contact the ABA (https://ea.web.irs.gov/aba/index.html) for assistance.

211168, 211170

10 If this system discloses any PII to any third party outside the IRS, 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?

No

11 Does your project/system involve any use of artificial intelligence (AI), including virtual assistant, chat bot, and robotic process automation, as defined in Executive Order 13960 and 14110?

No

12 Does this system use cloud computing?

No

13 Does this system/application interact with the public?

No

14 Describe the business process allowing an individual to access or correct their information. (Due Process)

Taxpayer calls WHCS Service Center and communicates changes to the Tax Analyst.

15 Is this system owned and/or operated by a contractor?

No

16 Identify what role(s) the IRS and/or the contractor(s) performs; indicate what access level (to this system's PII data) each role is entitled to. (Include details about completion status and level of access of the contractor's background investigation was approved for.)

IRS Tax Analyst - admin access to the taxpayer's information only on the WHCS system

17 The Privacy Act of 1974 (5 USC § 552a(e)(3)) requires each agency that maintains a system of records, to inform each individual requested to supply information about himself or herself. Please provide the Privacy Act Statement presented by your system or indicate a Privacy Act Statement is not used and individuals are not given the opportunity to consent to the collection of their PII.

Our legal authority to collect this information is 5 U.S.C. 301. We are requesting this information to help understand the Withholding Compliance Program experiences and to solicit suggestions on how to improve the program. We may disclose information with identifiers to the Office of Personnel Management if authorized by law and requested for official purposes for the purpose of properly administering this data collection in accordance with applicable laws, Executive Orders, and applicable regulations. Your responses to this interview are voluntary. Not answering all of part of the questions will not affect you except it may affect our ability to obtain feedback and suggestions on how to improve the Withholding Compliance Program.

18 How many records in the system are attributable to IRS Employees? Enter "Under 50,000", "50,000 to 100,000", "More than 100,000" or "Not Applicable".

More than 100,000

19 How many records in the system are attributable to contractors? Enter "Under 5,000", "5,000 to 10,000", "More than 10,000" or "Not Applicable".

Not Applicable

20 How many records in the system are attributable to members of the public? Enter "Under 100,000", "100,000 to 1,000,000", "More than 1,000,000" or "Not applicable".

100,000 to 1,000,000

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

SB/SE (Small Business / Small Employer) WHC (Withholding Compliance Group) determines a selection criterion for selecting specific taxpayer tax accounts that have not met their withholding compliance and needs to be addressed by a Tax Analyst to pay off their tax debt. Those accounts are loaded to the WHCSDB system and monitored by a tax analyst until the debt is paid.

23 Is there a data dictionary on file for this system? Note: Selecting "Yes" indicates an upload to the Attachment Section is required.

No

24 Explain any privacy and civil liberties risks related to privacy controls.

Yes POA&M IPT0022310 AC-2 Auto Disable Accounts and PT-5(2) Privacy Policy Act Statement Security Assessment Report - SAR Table 12 2025R01AC-2 Repeat Finding WHCS does not configure the system to automatically disable inactive accounts at the application level after 120 days. Compensating Factors: NONE 2025R02PT-5(2) WHCS does not provide an IRS Internal Privacy Policy and Privacy Act Statement upon every major entry point per IG guidance PGLD 10-0224-0004. Compensating Factors: NONE

25 Please upload all privacy risk finding documents identified for the system (Audit trail, RAFT, POA&M, Breach Plan, etc.); click "yes" to confirm upload(s) are complete.

Yes

26 Describe this system's audit trail in detail. Provide supporting documents.

All actions taken by the tax examiner for a taxpayer are saved in an audit trail and submitted to SPLUNK daily.

27 Does this system use or plan to use SBU data in a non-production environment?

No

Interfaces

Interface Type

IRS Systems, file, or database

Agency Name

Withholding Compliance Case Creation (WHCSCC)

Incoming/Outgoing

Outgoing (Sending)

Transfer Method

Application to Application (A2A)

Interface Type

IRS Systems, file, or database

Agency Name

SPLUNK

Incoming/Outgoing

Outgoing (Sending)

Transfer Method

Electronic File Transfer Utility (EFTU)

Interface Type
IRS Systems, file, or database
Agency Name
IOLA
Incoming/Outgoing
Incoming (Receiving)
Transfer Method
Electronic File Transfer Utility (EFTU)

Interface Type
IRS Systems, file, or database
Agency Name
Security and Communication(s) System (SACS) (Neg Tin Check)
Incoming/Outgoing
Incoming (Receiving)
Transfer Method
Application to Application (A2A)

Interface Type
IRS Systems, file, or database
Agency Name
Correspondence Letter System (CRX)
Incoming/Outgoing
Outgoing (Sending)
Transfer Method
Application to Application (A2A)

Interface Type
IRS Systems, file, or database
Agency Name
Security and Communication(s) System (SACS) (Neg Tin Check)
Incoming/Outgoing
Outgoing (Sending)
Transfer Method
Application to Application (A2A)

Interface Type
IRS Systems, file, or database
Agency Name
Master File through WHCSCC
Incoming/Outgoing
Incoming (Receiving)
Transfer Method
Application to Application (A2A)

Systems of Records Notices (SORNs)

SORN Number & Name

IRS 42.021 - Compliance Programs and Projects Files

Describe the IRS use and relevance of this SORN.

to update and correct the taxpayers tax issue

SORN Number & Name

IRS 24.030 - Customer Account Data Engine Individual Master File

Describe the IRS use and relevance of this SORN.

To import data to Under Withholding

SORN Number & Name

IRS 24.046 - Customer Account Data Engine Business Master File

Describe the IRS use and relevance of this SORN.

To import data for under withholding

SORN Number & Name

IRS 34.037 - Audit Trail and Security Records

Describe the IRS use and relevance of this SORN.

Recording changes to the taxpayer records

Records Retention

What is the Record Schedule System?

Record Control Schedule (RCS)

What is the retention series title?

IRS Records Control Schedule (RCS) 29

What is the GRS/RCS Item Number?

IRS Records Control Schedule (RCS) 29, Item 85 (5)

What type of Records is this for?

Electronic

Please provide a brief description of the chosen GRS or RCS item.

Any records generated and maintained by WHCS will be managed according to requirements defined in IRM 1.15.1 and 1.15. and will be destroyed using IRS Records Control Schedule (RCS) 29, Item 85 (5) Job N158-07-9 AUTHORIZED DISPOSITION

What is the disposition schedule?

Delete 3 years after lock-in is released or 10 years after lock-in date, per precedence. All records residing in the WHCS system will be purged in accordance with approved retention policies aligned with National Archives approval.

What is the Record Schedule System?

Record Control Schedule (RCS)

What is the retention series title?

IRS Records Control Schedule (RCS) 19

What is the GRS/RCS Item Number?

IRS Records Control Schedule (RCS) 19

What type of Records is this for?

Electronic

Please provide a brief description of the chosen GRS or RCS item.

Any records generated and maintained by WHCS will be managed according to requirements defined in IRM 1.15.1 and 1.15. and will be destroyed using IRS Records Control Schedule (RCS) 19 AUTHORIZED DISPOSITION

What is the disposition schedule?

Cut off at end of processing year. Delete/Destroy 10 years after cutoff or when no longer needed for operational purposes, whichever is later

Data Locations

What type of site is this?

System

What is the name of the System?

Withholding Compliance System

What is the sensitivity of the System?

Federal Tax Information (FTI)

Please provide a brief description of the System.

The Withholding Compliance System (WHCS) is an IBM DB2 database application that runs in real-time and resides on the IBM mainframe. WHCS houses the withholding compliance case inventory. Records include case actions, letters issued, taxpayer information including names, addresses, social security numbers, data from the most recently filed 1040's, W-2 information, and employer information. The WHCS receives Individual Master File (IMF) extracts approximately 6 to 8 months of the year (usually from late summer or early fall through late winter or early spring), once a week from the previous tax year. A JCL batch job runs on Wednesday mornings to load the WHCS database with records from the IMF extract subject to business rules analysis and based on prescribed case creation criteria and then prints weekly reports containing variety of counts and other metrics. Case notification letters (commonly referred to as a "lock-in letters") are sent to employers to withhold federal income tax at an IRS determined

rate for taxpayers and notification letters are sent to those employees who have been identified as having serious under withholdings. This is done to ensure that corrections are made to address withholding issues by ensuring so that taxpayers have enough income tax withheld to meet their tax obligations. The way WHCS is accessed by the user may vary. In most instances, WHCS is accessed using InfoConnect's Accessory Manager software and a host session file to connect to the IBM mainframe by way of a Customer Information Control System (CICS) interface.

What are the incoming connections to this System?

Withholding Compliance Case Creation - Sequential data feed. Individual Online Account (IOLA) - Sequential data feed. Robotic Process Automation (RPA) - Sequential data feed.

What are the outgoing connections from this System?

Withholding Compliance Case Creation - Sequential data feed.