
A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. 1120-F Non-Filer/Delinquent Return Program, NONF

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.

1120-F Non-Filer/Delinquent Return Program, NONF #249

Next, enter the **date** of the most recent PIA. 11/2/2012

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? Yes

If yes, explain what changes were made. Update required because the three year life cycle of previous Privacy Impact Assessment expired.

3. Check the current ELC (Enterprise Life Cycle) Milestones (select all that apply)

Yes Vision & Strategy/Milestone 0

Yes Project Initiation/Milestone 1

No Domain Architecture/Milestone 2

No Preliminary Design/Milestone 3

No Detailed Design/Milestone 4A

No 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.

International Business Compliance's (IBC's) 1120-F Task Force has a Compliance Initiative Project (CIP). The CIPs focus is on developing strategies , selecting high non-compliant Forms 1120-F including protective & delinquent returns and identifying non-filed Forms 1120-F. The foreign corporation information obtained from the external sources (i.e. Department of State, States, Customs) will be incorporated into a workbook and compared to internal data of Form 1120-F filings. Those with no filings will be pursued for tax compliance through 1) the issuance of soft letters encouraging voluntary compliance and 2) examination(s) of the non-US foreign corporation(s) where information obtained from third party sources (i.e. state sales tax) does not appear equal to that reported by voluntary filings and/or where a foreign corporation responds that it has no filing obligation or are unresponsive to the soft letters where third party information suggests United States effectively connected income (US ECI).

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.)? No

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>Selected</u>	<u>PII Element</u>	<u>On Primary</u>	<u>On Spouse</u>	<u>On Dependent</u>
No	Name	No	No	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
No	Tax Account Information	No	No	No

6c. Does this system contain SBU information that is not PII, it uses, collects, receives, displays, stores, maintains, or disseminates? Yes

If **yes**, select the types of SBU

<u>Selected</u>	<u>SBU Name</u>	<u>SBU Description</u>
No	Agency Sensitive Information	Information which if improperly used or disclosed could adversely affect the ability of the agency to accomplish its mission
No	Procurement sensitive data	Contract proposals, bids, etc.
No	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.
Yes	Proprietary data	Business information that does not belong to the IRS
Yes	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
No	Physical Security Information	Security information containing details of serious weaknesses and vulnerabilities associated with specific systems and facilities
No	Criminal Investigation Information	Information concerning IRS criminal investigations or the agents conducting the investigations.

6d. Are there other types of SBU/PII used in the system? Yes

If **yes**, describe the other types of SBU/PII that are applicable to this system. Customs information such as total amount of goods imported, value of the imports, importer names and other information. Potentially state sales and use tax information and related tax forms (initiative to obtain this data has been recently started with the Governmental Liaison's (GL's) office).

6e. Cite the authority for collecting SBU/PII (including SSN if relevant)

<u>Yes</u>	PII for federal tax administration is generally Internal Revenue Code Sections 6001, 6011, 6012e(a)
<u>No</u>	SSN for tax returns and return information is Internal Revenue Code Section 6109
<u>No</u>	SSN for personnel administration (IRS Employees) is 5 USC & Executive Order 9397
<u>No</u>	PII for personnel administration is 5 USC
<u>No</u>	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.

The foreign corporation names, addresses and Employer Identification Number (EIN's) where available along with the Registered Agents names and addresses are needed in order to pursue tax compliance. Where no EIN was obtained from external sources, Planning, Analysis, Inventory and Research (PAIR) ran a name match to obtain EIN's. The EIN's, where available, were/will be used to check in Internal Revenue Service's (IRS's) internal database of filers to determine if a foreign corporation has filed. Those foreign corporations in which no filing of Form 1120-F (1120 or 1065) could be determined may be pursued via soft letter explaining filing requirements and requesting filing of returns if applicable. The foreign corporation names and addresses/registered agent names and addresses are necessary for the mailings. Customs data and state sales and use tax information will be/ is being used to determine those foreign corporations which, from these data sources, appear to have a permanent establishment (PE) and ECI in the United States of America (USA)

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

The PII will be compared to Audit Information Management Systems (AIMS) or other internal database to determine its accuracy. The PII is not used to make any adverse determinations against individuals.

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? No

D. RESPONSIBLE PARTIES

10. Identify the individuals for the following system roles. N/A

E. INCOMING PII INTERFACES

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

F. PII SENT TO EXTERNAL ORGANIZATIONS

12. Does this system disseminate SBU/PII? 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, cloud, 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. Not applicable. No information is being collected on individuals.

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? Not applicable. No information is being collected on individuals.

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

The entire examination process and procedures are dictated by the Internal Revenue Manual guidelines - IRM Part 4 Examining Process and IRM Part 8 Appeals. IRS policy allows taxpayers the opportunity to clarify or dispute negative determinations per the examination and appeal process.

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	No	
Managers	No	
Sys. Administrators	No	
Developers	No	

Contractor Employees? No

Contractor Employees?	Yes/No	Access Level	Background Invest.
Contractor Users			
Contractor Managers			
Contractor Sys. Admin.			
Contractor Developers			

21a. How is access to SBU/PII determined and by whom? With regards to item 21 IRS Employees - IRS Users, IRS Managers, IRS System Administrators, IRS Developers. and Contractor Employees: 1120-F National Task Force members have access to the "system" which at this point in time is comprised of excel spreadsheets/Access document and is available on a need-to-know basis with spreadsheets provided under the direction of the Task Force Team Leader/Manager. We have one Computer Audit Specialist (CAS) assigned to assist us with obtaining downloads from non-IRS sites i.e. public Secretary of State sites and also has assisted us with combining and sorting data. He may be considered an IRS administrator but this is not known. We also have certain PAIR personnel assisting us with running our spreadsheet against IRS internal databases to determine if the foreign entities registered to do business have filed Forms 1120-F, 1120 or 1065 along with doing name matching to determine EIN's to check for filings. Our next step involves requesting state sales and use tax data from state tax agencies. The correlating spreadsheet of the individual states potential non-US foreign corporations will be provided to the appropriate agency to obtain only the data for the entities which are on the spreadsheet (i.e. New Jersey (NJ) potential non-filer list provided to the appropriate NJ taxation agency). This data will give us information as to the entities US sales (ECI) and support the Task Force's contacts to those non-US foreign corporations via soft letters. It is highly unlikely the system will ever be available via Online 5081. This data is specifically for the 1120-F Task Force CIP.

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.

The 1120-F Non-Filer Delinquent Return Program is a newer LB&I system in development and is unscheduled. A request for records disposition authority for this system and associated records need to be coordinated between the business unit and the IRS Records and Information Management (RIM) Program Office. When approved by the National Archives and Records Administration (NARA), disposition instructions for the 1120-F Non-Filer Delinquent Return Program inputs, system data, outputs, and system documentation will likely be published under Records Control Schedule 26 for Large Business and International, item number to be determined.

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? Do not know

23.1 Describe in detail the system s audit trail. No actual system is in place at this time. Excel spreadsheet only.

J. PRIVACY TESTING

24. Does the system require a System Test Plan? No

24c. If **no**, please explain why. There is no actual system at this point in time. Merely excel spreadsheets.

K. SBU Data Use

25. Does this system use, or plan to use SBU Data in Testing? No

L. NUMBER AND CATEGORY OF PII RECORDS

26. Identify the number of individual records in the system for each category:

26a. IRS Employees: Not Applicable
26b. Contractors: Not Applicable
26c. Members of the Public: Under 100,000
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
