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**A. SYSTEM DESCRIPTION**

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1. Enter the full name and acronym for the system, project, application and/or database. ACA Information Returns, AIR

2. Is this a new system? No

2.a. If **no**, is there a Privacy Civil Liberties Impact Assessment (PCLIA) for this system? Yes

If **yes**, enter the full name, acronym, and milestone of the most recent PCLIA.

Affordable Care Act (ACA) Information Returns, AIR, 1899,

Enter the approval **date** of the most recent PCLIA. 10/17/2016

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

- No Addition of Personally Identifiable Information (PII)(PII is any information that is linked or linkable).
- No Conversions
- No Anonymous to Non-Anonymous
- Yes Significant System Management Changes
- No Significant Merging with Another System
- No New Access by IRS employees or Members of the Public
- Yes Addition of Commercial Data / Sources
- No New Interagency Use
- No Internal Flow or Collection
- No Expiring PCLIA

Were there other system changes not listed above? No

3. What governance board or Executive Steering Committee (ESC) does this system report to? Full name and acronym.

ACA Program Governance Board (PGB) is responsible for AIR.

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

4. Is this a Federal Information Security Management Act (FISMA) reportable system? Yes

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## A.1 General Business Purpose

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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 Affordable Care Act (ACA) Information Returns (AIR) is a Major Application housed inside of the IRS's intranet responsible for receiving, accepting, processing, and releasing information returns from employers, insurers, State Exchanges and others required by the Affordable Care Act. The application uses Commercial Off-The Shelf (COTS) and internal information systems to complete the processing. The business scope of AIR (SYS12) is to receive and validate data for the following Forms: • 1095A – Exchange Information Return form (Electronic format only) • 1094/95B: Issuer Information Return transmittal and form (Electronic and paper) • 1094/95C: Employer Information Return transmittal and form (Electronic & paper) • 8963 - Report of Health Insurance Provider Fee Information (IPF).

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## B. PII DETAIL

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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

6.a. 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 all types of tax identification numbers (TIN) that apply to this system:

<u>Yes</u>	Social Security Number (SSN)
<u>Yes</u>	Employer Identification Number (EIN)
<u>No</u>	Other Taxpayer Identification Number

If SSNs apply, which of the following approved Treasury uses of the SSNs applies:

<u>No</u>	Security background investigations
<u>Yes</u>	Interfaces with external entities that require the SSN
<u>No</u>	Legal/statutory basis (e.g. where collection is expressly required by statute)
<u>No</u>	When there is no reasonable alternative means for meeting business requirements
<u>No</u>	Statistical and other research purposes
<u>No</u>	Delivery of governmental benefits, privileges, and services
<u>No</u>	Law enforcement and intelligence purposes
<u>No</u>	Another compelling reason for collecting the SSN

Explain why one or more of the eight authorized uses above support the new or continued use of SSNs.

SSNs are provisioned for Business Units (BU) access to accomplish their compliance related activities.

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-17-12 requires that federal agencies develop a mitigation or elimination strategy for systems that use SSNs, which the Service continues to develop strategies to meet. An exception to that requirement is when the SSN is uniquely needed to identify a user's record. AIR requires the use of SSN's because no other identifier can be used to uniquely identify a taxpayer at this time. SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns.

6.b. Does this system use, collect, receive, display, store, maintain, or disseminate other (non-SSN) PII (i.e. Names, addresses, etc.)? Yes

If **yes**, specify the information.

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

6.c. 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>
Yes	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.
No	Proprietary data	Business information that does not belong to the IRS
No	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.

6.d. 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.

AIR processes Transmitter Control Codes (TCC). The TCC is used to identify transmitters and track their Information Return files through processing. A transmitter must submit an application for electronic filing, and must be approved, in order to be assigned a TCC. A TCC is required to transmit ACA information Returns directly to the IRS.

6.e. 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

6.f. Has the authority been verified with the system owner? Yes

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## **B.1 BUSINESS NEEDS AND ACCURACY**

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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 PII data elements are required by the information reporting requirements of Public Law 111-148: Patient Protection and Affordable Care Act (March 23, 2010), IRC Section 36B (Health Insurance Premium Tax Credit), IRC Section 6055 (Reporting of Health Insurance Coverage), and IRC Section 6056 (Large Employers Required to Report on Health Insurance Coverage). The data is required on ACA Information Returns.

8. How is the SBU/PII verified for accuracy, timeliness, and completeness?

Healthcare coverage information may sometimes be transmitted by third parties authorized to submit forms on behalf of the health care coverage providers. It is the responsibility of the business trading partner who sends the data to ensure it is correct, timely, and complete, but the Provider is responsible for the accuracy of the return and is liable for any penalties. As AIR makes no changes to data, the data will be as accurate, relevant, timely, and complete as it was when the business trading partner sent it to AIR. Information coming from IRS systems will be assumed to be accurate. Taxpayer identification number data may be validated and perfected against existing tax records. TIN data may be validated for a match to the TIN Validation Enterprise Common Services (TINV-ECS) to ensure it is a valid TIN prior to sending downstream. The TIN submitted by the external entities are not changed.

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**C. PRIVACY ACT AND SYSTEM OF RECORDS**

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*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.*

9. 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

If **yes**, enter the SORN number(s) and the complete the name of the SORN(s).

<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 34.037	Audit Trail and Security Records System

*IRS is required to have a published Privacy Act system of records in the Federal Register. Please identify the Privacy Act SORN(s) that cover these records. If you need additional assistance identifying the correct SORNS please email \*Privacy.*

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**D. RESPONSIBLE PARTIES**

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10. Identify the individuals for the following system roles. ## Official Use Only

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**E. INCOMING PII INTERFACES**

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11. Does the system receive SBU/PII from other system or agencies? Yes

11.a. If **yes**, does the system receive SBU/PII from IRS files and databases? No

11.b. Does the system receive SBU/PII from other federal agency or agencies? Yes

If **yes**, for each federal interface, identify the organization that sends the SBU/PII, how the SBU/PII is transmitted 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>
Centers for Medicare and Medicaid Services	Electronic	Yes

11.c. Does the system receive SBU/PII from State or local agencies? Yes

If **yes**, for each state and local interface identify the organization that sends the SBU/PII, how the SBU/PII is transmitted 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>
State Based Marketplace	Electronic	No

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

11.e. Does the system receive SBU/PII from **Taxpayer** forms? Yes

If **yes**, identify the forms.

<u>Form Number</u>	<u>Form Name</u>
1095-A	Health Insurance Marketplace Statement
1095-B	Health Coverage
1095-C	Employer-Provided Health Insurance Offer and Coverage
1094-C	Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns
1094-B	Transmittal of Health Coverage Information Returns

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

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## F. DISSEMINATION OF PII

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12. Does this system disseminate SBU/PII? Yes

12.a. Does this system disseminate SBU/PII to other IRS Systems? Yes

If **yes**, identify the full name and acronym of the IRS system(s) that receive SBU/PII from this system.

<u>System Name</u>	<u>Current PCLIA</u>	<u>Approval Date</u>	<u>SA&amp;A?</u>	<u>Authorization Date</u>
Business Analytics (BA)	Yes	11/03/2017	No	
Integrated Enterprise Portal (IEP)	Yes	12/15/2015	Yes	06/17/2018
Enterprise Service Bus (ESB)	No		No	
Integrated Submission and Remittance Processing (ISRP)	Yes	01/25/2017	Yes	11/09/2018
Coverage Data Repository (CDR)	Yes	05/03/2018	Yes	05/31/2018
Insurance Provider Fee	Yes	12/02/2016	Yes	05/31/2018
Tin Validation – Enterprise Common Service (TIN-ECS)	Yes	01/04/2016	No	
Integrated Production Model (IPM)	Yes	10/27/2017	No	
Information Sharing Reporting – Analytics and Reporting (ISR AR)	Yes	09/07/2016	Yes	05/31/2018
Security Audit and Analysis System (SAAS)	Yes	04/13/2018	Yes	06/19/2018

Identify the authority. The following systems are identified and approved by the IRS to process/transmit/store information from AIR: Integrated Submission and Remittance Processing (ISRP), Insurance Provider Fee (IPF), TIN Validation - Enterprise Common Service (TINV-ECS), Integrated Production Model (IPM), Information Sharing Reporting - Analytics & Reporting (ISR AR), ISR - Sharing (ISR-S)/Enterprise Service Bus (ESB), Security Audit and Analysis System (SAAS), and Coverage Data Repository (CDR) also known as the Information Returns Database (IRDB).

For what purpose? The purpose of these systems is to support the processing, transmitting, and storage of information returns sent to AIR by all the systems identified in this PCLIA.

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

12.c. Does this system disseminate SBU/PII to State and local agencies? No

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

12.e. Does this system disseminate SBU/PII to other Sources? No

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## **G. PRIVACY SENSITIVE TECHNOLOGY**

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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, Radio Frequency Identification (RFID), etc.? No

15. Does the system use cloud computing? No

16. Does this system/application interact with the public? No

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## **H. INDIVIDUAL NOTICE AND CONSENT**

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17. Was (or is) notice provided to the individual prior to collection of information? Yes

17.a. If **yes**, how is notice provided? Was the individual notified about the authority to collect the information, whether such is mandatory or voluntary, the purpose for which the information will be used, with whom the information may be shared, and the effects, if any, if they decide not to provide any of the requested information?

All forms come with instructions on what is required.

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

18.b. If individuals do not have the opportunity to give consent, why not?

Reporting of health care insurance information is mandatory for all designated providers (Insurers and Employers).

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

After checking status to find out that their submission contains an error or was rejected, the submitter can correct the error(s) in their own environment and re-submit. The rejection response from the IRS to the submitter will include details as to why the submission was rejected. Likewise, in the case of incorrect information that does not cause a reject, the submitter will be informed as to exactly what elements are incorrect. Transmitters will have access to IRS personnel (dedicated phone lines), as well as documentation (published documents as well as material at IRS.gov) to assist them in interpreting the responses, making necessary corrections, and resubmitting the transmission.

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## I. INFORMATION PROTECTION

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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	Yes	Read and Write
Developers	Yes	Read-Only

Contractor Employees? Yes

<u>Contractor Employees?</u>	Yes/No	Access Level	Background Invest. Level
Contractor Users	Yes	Read-Only	Moderate
Contractor Managers	Yes	Read-Only	Moderate
Contractor Sys. Admin.	Yes	Read and Write	Moderate
Contractor Developers	Yes	Read-Only	Moderate

21.a. How is access to SBU/PII determined and by whom? Internal Users (IRS Employees) – Internal Users are subject to management, system administrator, data administrator, and security administrator approval via the Online 5081 (OL5081) system. No contractors have access to the system without going through OL5081 and obtaining approval from IRS management. OL5081 is used to document access requests, modifications, terminations for all types of users, including system administrators. External Users do not have access to PII on AIR. Once users receive approval to access AIR, they can then view returns via the AIR Management Console (AMC) to check for any errors while being processed by the AIR application. AIR employees and contractors do not have direct or indirect access to AMC, only approved IRS employees.

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### I.1 RECORDS RETENTION SCHEDULE

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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

22.a. 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.

AIR is an IRS application. ACA Information Return data is approved for destruction under National Archives and Records Administration (NARA) Job No. NC1-58-77-4 and published in IRS Document 12990 under Records Control Schedule (RCS) 29 for Submissions Processing Campus Records, item 85. In advance of its operational date, system administrators and business unit representatives will ensure the AIR system recordkeeping is in compliance with instructions outlined in RCS 29. Should any updates or modifications to



approved retention requirements be necessary to meet or accommodate AIR data collection and maintenance needs, the business owner/developer will coordinate with the IRS Records and Information Management (RIM) Program Office to discuss and seek approval for those changes, as appropriate.

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## **I.2 SA&A OR ASCA**

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23. Has the system been through Security Assessment and Authorization (SA&A) or Annual Security Control Assessment (ASCA)? Yes

23.a. If **yes**, what date was it completed? 06/17/2018

23.1. Describe in detail the system's audit trail. All AIR auditable events are captured by the underlying infrastructure and sent to Hewlett Packard Enterprise (HPE)ArcSight. Unauthorized Access (UNAX)-related events are sent to the Security Audit and Analysis System (SAAS). AIR depends on the approved SAAS and Platform Level Audit Plans and associated events. The current Audit Plan identifies all applicable Platform Audit Plans where all infrastructure level audit events are detailed. AIR has auditing capabilities that conform to IRM 10.8.1. The AIR Audit Plan details how event log monitoring is performed.

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## **J. PRIVACY TESTING**

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

24.b. If **no**, please explain why. A test plan was completed as part of the previous PCLIA. The only change to this PCLIA from the last is the interconnection with the more modern Negative Taxpayer Identification Number (NTIN) system.

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## **K. SBU Data Use**

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

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## **L. NUMBER AND CATEGORY OF PII RECORDS**

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

26.a. IRS Employees:	<u>50,000 to 100,000</u>
26.b. Contractors:	<u>More than 10,000</u>
26.c. Members of the Public:	<u>More than 1,000,000</u>
26.d. Other:	<u>No</u>

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## **M. CIVIL LIBERTIES**

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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 Recommendations of the 9/11 Commission 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

30. Does Computer matching occur? No

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**N. ACCOUNTING OF DISCLOSURES**

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31. 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

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**End of Report**

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