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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. Data Capture System, DCS

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.

Data Capture System, DCS

Next, enter the **date** of the most recent PIA. 6/13/2013

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

- No Addition of PII
- Yes 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
- 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 purpose of LB&I DCS is to provide LB&I with the following major functionality: (1) Taxpayer Registry. The taxpayer registry is derived from taxpayer filings including, but not limited to the Corporate Tax Return form 1120 and the entire 1120 family of returns, Partnership returns form 1065, Sub-Chapter S Corporation return form 1120S and supporting tax return schedules such as forms K-1 Partners Distributive Shares of Partnership Interest, 851 corporate affiliations schedule, and forms 5471 and 5472 for international affiliations. The purpose of the taxpayer registry is to identify the entire picture of ownership of a business entity in corporations, partnerships, and trusts. (2) Case Building. The LB&I DCS combines tax and external financial data from multiple data sets and delivers the information to Research Workload Identification (RWI) for the agent(s) who have been assigned to audit a company. This reduces the time on the case and burden the taxpayer incurs supporting information requests from IRS.

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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

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 No 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)  
Yes 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).

None - The use of SSNs is necessary to select and deliver the tax returns to examiners

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>
Yes	Name	Yes	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? 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)

- No 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

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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.

Administration of the Tax Law pertaining to Business Tax Returns and Tax Returns containing International Business transactions or features.

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 LB&I DCS system utilizes copies of "authoritive data" from IRS data sources. Data is downloaded and run through the system. It is supplemented by data extracted from paper returns using an OCR process with multiple rules engines, a system that executes business rules, to ensure accuracy. LB&I DCS data verification occurs in four phases: OCR Verification; Manual Validation; Managerial Review; and Data Analysis. Two types of validation errors are identified during OCR processing and result in an additional indicator to a verifier:  Fields where a character or symbol does not meet a percentage of recognition points. For example, the program may only be 50% sure that a number is a 3 as opposed to an 8 (70% is the default).  A field does not meet predefined business rules. For example, the EIN on the return must match the EIN on the return coversheet. During the Verification: During the Manual Validation phase, the verifier must stop on each field and press enter to move forward. Fields identified as problematic during OCR are flagged to the verifier. Recognition problems will not allow the verifier to enter past the field until corrected. Field values that violate business rules cause an error message to appear. Verifier corrections are further evaluated against the business rules in the background. The error must be corrected or the message bypassed (appropriate when the taxpayer made the error – i.e. we do not alter returns).

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

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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 number(s) and the complete the name of the SORN.

<u>SORNS Number</u>	<u>SORNS Name</u>
Treasury/IRS 22.026	Form 1042S Index by Name of Recipient
Treasury/IRS 22.027	Foreign Information System (FIS)
Treasury/IRS 22.054	Subsidiary Accounting Files
Treasury/IRS 24.046	CADE Business master File (BMF)
Treasury/IRS 34.037	Audit Trail and Security records
Treasury/IRS 36.003	General personnel and Payroll Records
Treasury/IRS 42.001	Examination Administrative File
Treasury/IRS 42.008	Audit Information Management Systems (AIMS)
Treasury/IRS 42.017	International Enforcement Program Information File
Treasury/IRS 42.021	Compliance Programs and Projects Files
Treasury/IRS 42.027	Data on Taxpayers Filing on Foreign Holdings

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

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**D. RESPONSIBLE PARTIES**

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10. Identify the individuals for the following system roles. \*Redacted Information For 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

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 PIA?</u>	<u>PIA Approval Date</u>	<u>SA &amp; A?</u>	<u>Authorization Date</u>
AIMS	Yes	12/05/2015	No	
IMS	Yes	09/12/2013	No	
IPM	Yes	12/03/2015	No	
MTRDB	Yes	05/02/2014	No	
SWC	Yes	04/02/2014	No	

11b. 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>
Security and Exchange Commission data purchased from Standard and Poor's Inc	No	No

11c. Does the system receive SBU/PII from State or local agency (-ies)? No

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

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

If **yes**, identify the forms

<u>Form Number</u>	<u>Form Name</u>
1040 NR	Non Resident Alien Tax Return
Form 1042	Annual Withholding Tax Return for US Source Income of Foreign Persons
Form 1065	U.S. Partnership Return of Income
Form 1065-B	U.S. Return of Income for Electing Large Partnerships
Form 1120	U.S. Corporation Income Tax Return
Form 1120-F	U.S. Income Tax Return of Foreign Corporations
Form 1120-L	U.S. Life Insurance Company Income Tax Return
Form 1120-S	U.S. Small Business Corporation Income Tax Return

Form 3520-A	Annual Return of Foreign Trust with U.S. Beneficiaries
Form 1040	US Individual Income Tax Return with International
Form 940	Employer's Annual Federal Unemployment Tax Return (FUTA)
Form 5471	Information Return of US Persons with Foreign Corporations
Form 5472	Information Return Foreign Owned Corporation
Form 8886	Reportable Transaction Disclosure Statement
Form 1120FSC	US Income Tax Return Foreign Sales Corporation
Form 1120 REIT	US Income Tax Return for Real Estate Investment Trusts

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

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#### F. PII SENT TO EXTERNAL ORGANIZATIONS

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12. Does this system disseminate SBU/PII? 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, 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

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#### H. INDIVIDUAL NOTICE AND CONSENT

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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.

The information is not collected directly from individuals. The information collected as part of the application is the information obtained from various IRS databases and files, which in turn are tax forms filed by tax entities. Notice, consent and due process are provided in the tax forms instructions, and pursuant to 5 USC.

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? The information is not collected directly from individuals. The information collected as part of the application is the information obtained from various IRS databases and files, which in turn are tax forms filed by tax entities. Notice, consent and due process are provided in the tax forms instructions, and pursuant to 5 USC.

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

The information is not collected directly from individuals. The information collected as part of the application is the information obtained from various IRS databases and files, which in turn are tax forms filed by tax entities. Notice, consent and due process are provided in the tax forms instructions, and pursuant to 5 USC.

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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

<b>IRS Employees?</b>	<b>Yes/No</b>	<b>Access Level(Read Only/Read Write/Administrator)</b>
Users	Yes	Read-Only
Managers	Yes	Read-Only
Sys. Administrators	Yes	Administrator
Developers	No	

Contractor Employees? No

21a. How is access to SBU/PII determined and by whom? All access credential requests are enforced through the Online 5081 process for granting permissions to systems and applications used by IRS personnel. A formal request is made through the IRS employees' management chain. Online 5081 forms are completed. Each request is evaluated and a determination to grant access or deny access is made. IRS employees who are authorized on the system will have access to the data. LB&I DCS Administrators utilize the role based access features on the COTS software product to limit what users can retrieve. Users are only permitted to access data for TIN/EINs authorized by their manager.

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

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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

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 system is defined as a recordkeeping system under 36 CFR Chapter XII. 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 IRM 1.15.6. Individual (Form

1042, and Partnership Return – Form 1065) tax filing information will be eliminated from the system in accordance with IRS Records Control Schedule (RCS) 29, Item 55 for Electronically Filed Individual Partnership and Fiduciary Income Tax Returns. Corporate (Form 1120) tax filing information will be eliminated from the system in accordance with RCS 19, Item 81 for Modernized e-File System. RCS 29, Item 344 will be followed for the elimination of Information Returns for Foreign Corporation, and Examinations and Audits Case Files will be eliminated in accordance with RCS 23, Item 42. LB&I's Issue Management System records are maintained in accordance with RCS 26, Item 47. Other records series added to the system in future updates to the program will be managed according to requirements under IRM 1.15.1 and 1.15.6 and will be destroyed using IRS Records Control Schedules 8 through 64 as coordinated with the IRS Records and Information Management (RIM) Program and IRS Records Officer.

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## **I.2 SA&A OR ECM-R**

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23. Has the system been through SA&A (Security Assessment and Authorization) or ECM-R (Enterprise Continuous Monitoring Reauthorization)? Yes

23a. If **yes**, what date was it completed? 8/24/2015

23.1 Describe in detail the system's audit trail. Currently working with SAAS and ESAT are developing a LBI DCS Audit Plan. However, Windows and SQL logs that capture User Log-in ID and timestamp are captured in the audit trail log of the application. The audit function also provides a record of the actions performed by users in LB&I DCS and will collect data on everything viewed or accessed while on the system. Audit logs are collected and reviewed by IRS Cyber Security.

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## **J. PRIVACY TESTING**

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

24c. If **no**, please explain why. SA&A conducted every three years. /ASCA/ECM conducted annually where full SA&A is not done.

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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? 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. 1/12/2015

25b. If **yes**, was testing performed in conformance with IRM 10.8.8 Information Technology (IT) Security, Sensitive But Unclassified (SBU) Data Policy? Yes

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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:

26a. IRS Employees: Not Applicable

26b. Contractors: Not Applicable  
26c. Members of the Public: Under 100,000  
26d. Other: No

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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 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

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**N. ACCOUNTING OF DISCLOSURES**

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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

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**End of Report**

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