

Date of Approval: March 31, 2015

PIA ID Number: **1168**

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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. FATCA Withholding & Refund, FATCA W&R

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.

Return Review Program - TS - 1 - Release 1.0, RRP, MS 5

Next, enter the **date** of the most recent PIA. 6/9/2014

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? Yes

If yes, explain what changes were made. On the Foreign Account Tax Compliance Act (FATCA) Executive Steering Committee (ESC) meeting on November 24th, it was decided that the FATCA Withholding & Refund (W&R) matching functionality would reside in the Return Review Program (RRP) system with the data sourced from Integrated Production Model (IPM). The W&R functionality will also have impacts on IPM, Integrated Data Retrieval System (IDRS), Information Returns Master File (IRMF), Business Master File (BMF), Individual Master File (IMF), and Correspondence Letter System (CRX).

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

No Vision & Strategy/Milestone 0  
No Project Initiation/Milestone 1  
Yes 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? 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 Foreign Account Tax Compliance Act (FATCA) Withholding and Refund (W&R) system functionality, which will be housed in the Return Review Program (RRP) system, is an automated, multi-functional system that enhances the IRS capabilities to conduct withholding credit validation. The W&R system has three main objectives: • Collect and aggregate necessary information to conduct withholding credit validation • Conduct automated matching and comparison of Withholding Agents' Form 1042 filings and deposits, and Withholding Agents' and recipient's respective Form 1042-S copies • Disposition (deny/allow) withholding credits and take necessary actions (place applicable indicators in Business Master File/Information Return Master file module, post withholding credit denial transactions in Business Master File/Individual Master File modules, issue notices, and generate reports). The four focus areas aligned to the FATCA Program for Withholding and Refund are: 1. Withholding processing and compliance 2. Deposit processing and documentation 3. Refund processing and compliance 4. Data integration strategy: Integration of FATCA data with existing IRS data sources, business processes, and systems to provide the IRS with capabilities to prevent fraudulent withholding credit claims and ensure withholding agent/taxpayer compliance.

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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 variations of SSN s (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 according to Privacy Requirements? (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
Yes	Date of Birth	Yes	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	No	No	No

Numbers (IP PIN)				
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
Yes	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	No	No

6c. Does this system contain SBU information that 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)	Documents that have been marked OUO or LOU
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? No

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
<u>No</u>	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 variations) are used, explicitly explain why use of SSNs meets this criteria. Be specific.

SBU/PII is used to perform a match comparison of F1042-S Withholding Agent copy and F1042-S Recipient copy in order to ensure a withholding credit is non-fraudulent. The matching criteria (~20 fields) is limited to what is necessary. Additional information from Form 1042, Form 1040NR, and/or Form 1120F is used.

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 data used for Withholding & Refund is validated using existing validation pipeline processes (Integrated Submission and Remittance Processing (ISRP), Filing Information Returns Electronically (FIRE), Chapter Three Withholding (CTW), etc.). F1042-S Recipient copy is a newly transcribed form for Filing Season 2015 (FS2015) and it will remain unperfected until a TBD date.

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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.

**SORNS Number**

**SORNS Name**

2.017

International Enforcement Program Files

2.021	Compliance Programs and Project Files
4.030	Customer Account Data Engine Individual Master Fil
4.037	IRS Audit Trail and Security Records System
22.026	Form 1042 Name Directory

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. N/A

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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>
IPM	Yes	05/29/2014	Yes	06/03/2014

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 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>
1042-S	Foreign Person's U.S. Source Income Subject to Withholding
1120F	U.S. Income Tax Return of a Foreign Corporation
1040NR	U.S. Nonresident Alien Income Tax Return
1042	Annual Withholding Tax Return for U.S. Source Income of Foreign Persons

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? Yes

17a. 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?

Information is voluntarily submitted on tax forms.

18. Do individuals have the opportunity to decline from providing information and/or from consenting to particular uses of the information? Yes

18a. If **yes**, describe the mechanism by which individuals indicate their consent choice(s):  
The individuals consent to the processing of the information when sending forms to the Internal Revenue Service (IRS).

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

Forms used in the W&R system have already been processed and posted. A need for correction/redress/information access would occur outside of the W&R functionality.

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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/</b>
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		<b>Administrator)</b>
Users	No	
Managers	No	
Sys. Administrators	Yes	Administrator
Developers	Yes	Read And Write

Contractor Employees? Yes

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

21a. How is access to SBU/PII determined and by whom? The RRP team developing the W&R functionality assigns access privileges on an as needed basis. The RRP Privacy Impact Assessment (PIA), approved on 06/09/2014, provides further information.

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? No

If **no**, how long are you proposing to retain the records? Please note, if you answered no, you must contact the IRS Records and Information Management Program to initiate records retention scheduling before you dispose of any records in this system.

FATCA W&R data is unscheduled. System owners will work with the IRS Records Office to schedule the data and associated records. Proposed data disposition is 10 years.

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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)? No

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. The system's audit trail will be tied to RRP's audit trail. RRP audit trails capture user access, opening/closing of files and other activities mandated by Internal Revenue Manual (IRM) 10.8.3. The RRP audit log records an audit trail of user actions and shall include the following information for each audit entry: User ID, Date/Time of Event, Event Description. The IPM audit trail is the load history of the data; there is no individual access or end user. Continuous monitoring is done.

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## J. PRIVACY TESTING

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

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

If **in process**, when is the test plan scheduled for completion? 2/20/2015 12:00:00 AM

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?

FATCA W&R will perform System Acceptance Testing (SAT) covering Privacy requirements. This is projected to complete in the July/August 2015 timeframe.

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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?

No

If **no**, explain why not. If required, a Live Data Request will be submitted in the coming months.

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: More than 1,000,000  
26d. Other: Yes

If **other**, identify the category of records and the number of corresponding records (to the nearest 10,000).

Business entities: more than 1,000,000

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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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