

Date of Approval: **October 27, 2020**

PIA ID Number: **5450**

## **SYSTEM DESCRIPTION**

*Enter the full name and acronym for the system, project, application and/or database.*

International Compliance Management Model FATCA, ICMM-FIR

*Is this a new system?*

No

*Is there a PCLIA for this system?*

Yes

*What is the full name, acronym and milestone of the most recent PCLIA?*

International Compliance Management Model Federal, PIA # 3141

*What is the approval date of the most recent PCLIA?*

12/18/2017

*Changes that occurred to require this update:*

Expiring PCLIA

*Were there other system changes not listed above?*

No

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

FATCA Strategic Roadmap Governance Board

*Current ELC (Enterprise Life Cycle) Milestones:*

System Development/Milestone 4B

*Is this a Federal Information Security Management Act (FISMA) reportable system?*

Yes

## **GENERAL BUSINESS PURPOSE**

*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 ICMM-FIR system receives and manages information on foreign accounts held by US citizens. This information provided by US taxpayers, Foreign Financial Institutions (FFI) and the Host Country Tax Authorities (HCTA), as called for in the Foreign Account Tax Compliance Act (FATCA). Currently, individual taxpayers are directed to file Form 8938 with their individual tax return (Form 1040 and 1040-NR). Effective for Filing Season 2017/Tax Year 2016 was the Form 8938 to be attached to business entities tax returns, Forms 1120, 1120-S, 1065, and 1041. Specifically, ICMM-FIR provides functionality in several key areas to support FATCA implementation: 1. Receive, process and store electronically submitted FFI account reports utilizing the Form 8966. 2. Support full data capture of any FFI account reports submitted using Form 8966 in paper format. Incoming data that originated as paper forms are input. Paper forms are transmitted to the IRS Integrated Submission and Remittance Processing facilities, where they are transcribed. The ICMM-FIR system also supports Country-by-Country (CbC) Reporting. US multinational enterprise (MNE) groups with \$850 million or more of revenue in the preceding reporting period are required to file Form 8975 and Schedules A (Form 8975), detailing a MNE group's income, taxes paid, and other indicators of economic activity on a country-by-country basis. This information is exchanged with relevant governments under bilateral Competent Authority Arrangements negotiated between the U.S. and Foreign Tax Administrations. ICMM-FIR also supports an exchange functionality that allows the IRS to conduct treaty exchanges of additional data types in a secure, electronic environment with FIN/GIIN (FATCA identification number/Global Intermediary Identification Number) holders and partner jurisdictions. This information is exchanged with relevant governments and FIN/GIIN holders under treaties or agreements relevant and specific to the Large Business and International organization exchanging the data. Exchanged information is confidential and protected pursuant to the applicable legal instrument permitting exchange.

## **PII DETAILS**

*Does the system use, collect, receive, display, store, maintain, or disseminate IR Code 6103 taxpayer information; or any other type of Sensitive but Unclassified (SBU) information or PII such as information about IRS employees or outside stakeholders?*

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

*What types of tax identification numbers (TIN) apply to this system?*

Social Security Number (SSN)

*List the approved Treasury uses of the SSN:*

Law enforcement and intelligence purposes

Another compelling reason for collecting the SSN

*Explain why the authorized use(s) above support the new or continued use of SSNs (or tax identification numbers)*

Social Security Numbers (SSNs) are part of the data transmitted under Internal Revenue Code (IRC), Title 26, Section 6038D. The Office of Management and Budget Circular A-130 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.

*Describe the planned mitigation strategy and forecasted implementation date to mitigate or eliminate the use of SSN's (or tax identification numbers).*

International Compliance Management Model (ICMM) receives and manages information on foreign accounts and other types of assets held by US persons to be provided by US taxpayers and Foreign Financial Institutions (FFIs) and in Non-Financial Foreign Entities (NFFE) as called for in the Foreign Account Tax Compliance Act (FATCA). The FATCA International Returns (ICMM-FIR) system is an application component that is part of the ICMM stack. Other components of the stack are International Data Exchange Service (IDES), ICMM FATCA International Data Transfer (ICMM-IDT), and FATCA Database (FDB). The ICMM-FIR system requires the use of SSN's because no other identifier can be used to uniquely identify a taxpayer for intergovernmental communications. SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns. There is no known mitigation strategy planned to eliminate the use of SSNs for the system. The SSN is required for the use of this system. The SSN number is needed to research and locate records in response to the request. Social Security Numbers (SSNs) are part of the data transmitted under Internal Revenue Code (IRC), Title 26, Section 6038D.

Employer Identification Number

Other Taxpayer Identification Number

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

Yes

*Specify the PII Elements:*

Name

Mailing address

Phone Numbers

E-mail Address

Date of Birth

Place of Birth

Standard Employee Identifier (SEID)

Mother's Maiden Name

Protection Personal Identification Numbers (IP PIN)

Financial Account Numbers

Tax Account Information

*Does this system use, collect, receive, display, store, maintain, or disseminate SBU information that is not PII?*

Yes

*Specify the types of SBU from the SBU Types List*

Agency Sensitive Information Information which if improperly used or disclosed could adversely affect the ability of the agency to accomplish its mission

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.

Proprietary data Business information that does not belong to the IRS

*Are there other types of SBU/PII used in the system?*

Yes

*Describe the other types of SBU/PII that are applicable to this system.*

Total revenue, profit (loss) before income tax, income tax paid (on a cash basis), income tax accrued (current year), stated capital, accumulated earnings, number of employees, and tangible assets other than cash and cash equivalents.

*Cite the authority for collecting SBU/PII (including SSN if relevant)*

PII for federal tax administration is generally Internal Revenue Code Sections 6001, 6011, & 6012e(a)

SSN for tax returns and return information is Internal Revenue Code Section 6109

*Has the authority been verified with the system owner?*

Yes

## **BUSINESS NEEDS AND ACCURACY**

*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.*

SSNs are the primary key used by auditors and analysts to tie together tax forms relating to a tax case. The replacement of this identifier with a masked identification would not be feasible. SSNs are permissible from IRC 6109, "Identifying Numbers" which requires individual taxpayers to include their SSNs on their income tax returns. US MNE's with revenue of \$850 million or more in the preceding tax year are required to file Form 8975 and Schedule A (Form 8975) that asks for: total revenue, profit (loss) before income tax, income tax paid (on a cash basis), income tax accrued (current year), stated capital, accumulated earnings, number of employees, and tangible assets other than cash and cash equivalents. The CbC System takes the data provided on Form 8975 and Schedules A (Form 8975) from the Modernized Tax Return Database (M-TRDB), and exchange this with jurisdictions in which the US has a signed Competent Authority Arrangement (CAA). Jurisdictions with signed CAA's will also send CbC reports to the US. Exchanged information is confidential and protected pursuant to the applicable legal instrument permitting exchange. This information is used by the LB&I (Large Business & International) Treaty and Transfer Pricing team as part of the information used to conduct high-level transfer pricing risk assessments. The information is limited only to that which is relevant and necessary to meet the mission requirements of the system. US MNE's with revenue of \$850 million or more in the preceding tax year are required to file Form 8975 and Schedule A (Form 8975) that asks for:

total revenue, profit (loss) before income tax, income tax paid (on a cash basis), income tax accrued (current year), stated capital, accumulated earnings, number of employees, and tangible assets other than cash and cash equivalents. The CbC System takes the data provided on Form 8975 and Schedules A (Form 8975) from the Modernized Tax Return Database (M-TRDB), and exchange this with jurisdictions in which the US has a signed Competent Authority Arrangement (CAA). Jurisdictions with signed CAA's also send CbC reports to the US. Exchanged information is confidential and protected pursuant to the applicable legal instrument permitting exchange. This information will be used by the LB&I Treaty and Transfer Pricing team as part of the information used to conduct high-level transfer pricing risk assessments. The information is limited only to that which is relevant and necessary to meet the mission requirements of the system. Exchange file: exchange other data between LB&I and other jurisdictions/FIN/GIIN holders. Data transmitted through the exchange file functionality is uploaded by the user. The specific data transmitted is not stored in the database.

*How is the SBU/PII verified for accuracy, timeliness and completion?*

Forms 8975 and associated Schedules A must be filed as part of the parent entity's tax return either electronically or by paper. If filed electronically, the CbC Report is entered into the Modernized e-File (MeF) schema. MeF does not allow MNE to complete Form 8975 and associated Schedules A unless all required fields are completed and data formatting rules are followed (i.e. numbers where amounts are required, letters where text is required). If Form 8975 and associated Schedules A are paper filed, the forms are processed through the Data Capture System (DCS-2). Data entered on the Form 8975 or associated Schedules A incorrectly or illegibly, the return is to an Expert Verifier Queue for further examination before it is sent to DCS-2. All paper-based records are checked for required fields and correct formatting before being sent from DCS-2 to the CbC System.

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

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.

*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

*Identify the Privacy Act SORN(s) that cover these records.*

IRS 42.017 International Enforcement Program Information Files

IRS 42.021 Compliance Programs and Projects Files

IRS 34.037 Audit Trail and Security Records

IRS 22.026 Form 1042S Index by Name of Recipient

## **RESPONSIBLE PARTIES**

*Identify the individuals for the following system roles:*

## Official Use Only

## **INCOMING PII INTERFACES**

*Does the system receive SBU/PII from other systems or agencies?*

Yes

*Does the system receive SBU/PII from IRS files and databases?*

Yes

*Enter the files and databases:*

System Name: Tax Return Data Base (TRDB)

Current PCLIA: Yes

Approval Date: 10/30/2018

SA&A: No

System Name: Data Capture System (DCS)

Current PCLIA: Yes

Approval Date: 3/21/2019

SA&A: No

System Name: Modernized e-file R10

Current PCLIA: Yes

Approval Date: 2/23/2019

SA&A: Yes

ATO/IATO Date: 5/22/2020

System Name: International Data Exchange Service (IDES)  
Current PCLIA: Yes  
Approval Date: 2/18/2019  
SA&A: No

System Name: IRS Integrated Exchange Portal (IEP)  
Current PCLIA: Yes  
Approval Date: 11/22/2019  
SA&A: Yes  
ATO/IATO Date: 4/16/2020

System Name: Integrated Production Model R12.0  
Current PCLIA: Yes  
Approval Date: 6/6/2019  
SA&A: No

System Name: Compliance Data Warehouse (CDW)  
Current PCLIA: Yes  
Approval Date: 8/30/2018  
SA&A: No

System Name: Integrated Submissions and Remittance Processing  
Current PCLIA: Yes  
Approval Date: 6/10/2020  
SA&A: Yes  
ATO/IATO Date: 12/26/2019

*Does the system receive SBU/PII from other federal agency or agencies?*

No

*Does the system receive SBU/PII from State or local agency (-ies)?*

No

*Does the system receive SBU/PII from other sources?*

No

*Does the system receive SBU/PII from Taxpayer forms?*

Yes



*Please identify the form number and name:*

Form Number: 1042-S Form Name: Foreign Person's U.S. Source Income Subject to Withholding

Form Number: 8938 Form Name: Statement of Specified Foreign Financial Assets

Form Number: 8966 Form Name: Foreign Account Tax Compliance Act Report

Form Number: 8957 Form Name: Foreign Account Registration Form (FATCA)

Form Number: 8975 and SCH A Form Name: Country by Country Report

*Does the system receive SBU/PII from Employee forms (e.g. the I-9)?*

No

## **DISSEMINATION OF PII**

*Does this system disseminate SBU/PII?*

Yes

*Does this system disseminate SBU/PII to other IRS Systems?*

Yes

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

System Name: Integrated Production Model (IPM)  
Current PCLIA: Yes  
Approval Date: 6/6/2019  
SA&A: No

System Name: International Data Exchange System (IDES)  
Current PCLIA: Yes  
Approval Date: 2/18/2019  
SA&A: No

System Name: IRS Integrated Exchange Portal (IEP)  
Current PCLIA: Yes  
Approval Date: 11/22/2019  
SA&A: Yes  
ATO/IATO Date: 4/16/2020

System Name: Compliance Data Warehouse (CDW)  
Current PCLIA: Yes  
Approval Date: 8/30/2018  
SA&A: No

System Name: Security Audit and Analysis System (SAAS)  
Current PCLIA: Yes  
Approval Date: 4/6/2020  
SA&A: No

*Identify the authority*

Sharing terms will be governed by Competent Authority Agreements with foreign governments involved.

*For what purpose?*

The Foreign Account Tax Compliance Act (FATCA), which was passed as part of the Hiring Incentives to Restore Employment (HIRE) Act, generally requires that foreign financial institutions and certain other non-financial foreign entities report on the foreign assets held by their U.S. account holders or be subject to withholding on withholdable payments. The HIRE Act also contained legislation requiring U.S. persons to report, depending on the value, their foreign financial accounts and foreign assets. The United States shares bank deposits and interest data of foreign account holders from certain countries on a reciprocating basis with certain foreign tax administrations under agreements intended to boost FATCA acceptance and implementation. The IRS transmits and receives CbC and exchange file data from partner jurisdictions and FIN/GIIN holders. This information is exchanged with relevant governments and FIN/GIIN holders under treaties or agreements relevant and specific to the Large Business and International organization exchanging the data. Exchanged information is confidential and protected pursuant to the applicable legal instrument permitting exchange.

*Does this system disseminate SBU/PII to other Federal agencies?*

No

*Does this system disseminate SBU/PII to State and local agencies?*

No

*Does this system disseminate SBU/PII to IRS or Treasury contractors?*

No

*Does this system disseminate SBU/PII to other Sources?*

No

## **PRIVACY SENSITIVE TECHNOLOGY**

*Does this system use social media channels?*

No

*Does this system use privacy-sensitive technologies such as mobile, global position system (GPS), biometrics, RFID, etc.?*

No

*Does the system use cloud computing?*

No

*Does this system/application interact with the public?*

No

## **INDIVIDUAL NOTICE AND CONSENT**

*Was/is notice provided to the individual prior to collection of information?*

Yes

*How is notice provided? Was the individual notified about the authority to collect the information, whether disclosure is mandatory or voluntary, the purpose for which the information will be used, with whom the information may be shared, and the effects on the individual, if any, if they decide not to provide all or any of the requested information?*

FATCA legislation was passed in March 2010 to expand the IRS visibility into overseas activities of US taxpayers for tax compliance purposes by 1) requiring US taxpayers to declare foreign financial accounts and assets to the IRS, and 2) enabling the IRS to enter into agreements with foreign banks and other financial institutions for reporting and withholding on certain US assets and accounts. Notice, consent and due process are provided in the tax forms instructions, and pursuant to 5 USC.

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

Yes

*Describe the mechanism by which individuals indicate their consent choice(s):*

Per FATCA legislation passed in March 2010. In order to improve international tax compliance, ICMM will ensure the safe, secure delivery, and storage of third-party reporting data required under FATCA. This data will be compared to information provided by taxpayers on their returns and enable better case selection for international compliance operations. Notice, consent and due process are provided in the tax forms instructions, and pursuant to 5 USC.

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

The data will be used by Large Business and International (LB&I) Division compliance to enhance/expand compliance enforcement on US taxpayers who have investments located outside the United States. This data will also be used to enhance/expand compliance enforcement on non-resident aliens who have business activities in the US. Taxpayers have the right to raise objections and provide additional documentation in response to formal IRS actions or proposed actions, to expect that the IRS will consider their timely objections and documentation promptly and fairly, and to receive a response if the IRS does not agree with their position. Notice, consent and due process are provided in the tax forms instructions, and pursuant to 5 USC. Enrolled Practitioner Program System assistants will be providing support to FFIs and HCTA that contact the IRS regarding error notifications they have received as a result of the processing of their submitted files by ICMM. CbC specific: The data will be used by Large Business and International (LB&I) Division compliance to enhance and expand compliance enforcement on US multinational enterprises. The Treaty and Transfer Pricing Office (T&TPO) team will use the information to conduct high-level transfer pricing risk assessments. Taxpayers have the right to raise objections and provide additional documentation in response to formal IRS actions or proposed actions, to expect that the IRS will consider their timely objections and documentation promptly and fairly, and to receive a response if the IRS does not agree with their position. Notice, consent and due process are provided in the tax forms instructions, and pursuant to 5 USC.

## INFORMATION PROTECTION

*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

*The following people have access to the system with the specified rights:*

*IRS Employees*

Users: Read Write

Managers: Read Write

System Administrators: Administrator

Developers: Read Only

*IRS Contractor Employees*

Contractor Users: Read Only

Contractor Managers: Read Only

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

Access to the system is role based. Data access is determined by the manager based upon a user's position and need-to-know. The manager will request a user be added. They must fill out Form 5081, Information System User Registration/Change Request, to request access to application. A user's access to the data is terminated when it is no longer required. Criteria, procedures, controls, and responsibilities regarding access are documented in the Information System Security Rules on Form 5081. All users access must be approved by LB&I Data Solutions.

## RECORDS RETENTION SCHEDULE

*Are these records covered under a General Records Schedule (GRS, IRS Document 12829), or has the National Archives and Records Administration (NARA) approved a Records Control Schedule (RCS, IRS Document 12990) for the retention and destruction of official agency records stored in this system?*

Yes

*How long are the records required to be held under the corresponding GRS or RCS, and how are they disposed of? In your response, please provide the GRS or RCS chapter number, the specific item number, and records series title.*

ICMM-FIR and CbC are scheduled. A request for records disposition authority for ICMM-FIR and CbC and associated records (including Forms 8966, 8938, 1042-S, Form 8975 and Schedules A (Form 8975) regardless of format) was approved (Disposition Authority-0058-2016-0005). A 10-year retention for ICMM-FIR recordkeeping data was included in the schedule. As approved by the National Archives and Records Administration, disposition instructions for ICMM inputs, system data, outputs, and system documentation will be published in Document 12990 under Records Control Schedule 26 for Tax Administration - International, item number 51 at next publication update. The CbC System will fall within ICMM-FIR.

### **SA&A OR ASCA**

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

Yes

*What date was it completed?*

8/12/2020

*Describe the system's audit trail.*

ICMM-FIR does have an audit plan in place and is updated with each release. The audit plan was updated to include the CbC release. The audit controls are incorporated into the System Security Plan (SSP). The ICMM-FIR audit extract for Security Audit Analysis System (SAAS) is stored in an Access Control List protected directory that is only accessible to the ICMM-FIR application and the Enterprise File Transfer Utility (EFTU) utility. EFTU copies the ICMM-FIR audit extract to the SAAS folder for processing and then moves the extract file into the archive folder. The audit log directory is listed as a critical element of the Operating System ICMM-FIR Component table. ICMM-FIR is following the appropriate audit trail elements pursuant to current Audit Logging Security Standards. Audit data is captured by the Security Audit & Analysis System (SAAS). The purpose of the SAAS system is to collect security audit information. SAAS assists Cybersecurity, Business Units, and Treasury Inspector General for Tax Administration (TIGTA) to detect unauthorized intrusions and privileged access abuse. Security audit information is defined as: A chronological record of user activities that is enough to enable the reconstruction, review, and examination of those activities A set of records that collectively provide evidence to support enforcement actions A set of auditable events that include all related user actions that lead up to any event. The audit trail record must convey these actions (for example, UI activities) in the record in a useful manner such that the auditable event and related actions can be reconstructed and presented in the context in which it happened. SAAS logs contain

sensitive information such as SSNs and tax information. Proper security precautions, as specified in IRM 10.8.1, are followed to ensure that no Sensitive but Unclassified (SBU) or PII information is inadvertently accessed. Enterprise Security Audit Trail (ESAT) maintains a record of system activity both for system and application processes and for user activity on systems and applications. For information on the standards that apply to IRS Cybersecurity ESAT audit plans, please refer to the IRM 10.8.1.

## **PRIVACY TESTING**

*Does the system require a System Test Plan?*

Yes

*Is the test plan completed?*

No

*When is the test plan scheduled for completion?*

12/31/2020

*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?*

The Privacy Controls are tested as part of the Annual Security Controls Assessment for FATCA. A security change management request has been submitted and it is anticipated that an ED-SCA will be the required Level of Assessment (LOA) for CbC. Tripwire, Guardium and Webapp scans will be requested as well as UPCs.

## **SBU DATA USE**

*Does this system use, or plan to use SBU Data in Testing?*

Yes

*Was permission granted per the requirements of Form 14664, SBU Data Use Questionnaire or Form 14665, SBU Data Use Request?*

Yes

*Provide the date the permission was granted.*

10/3/2016

*Was testing performed in conformance with IRM 10.8.8 Information Technology (IT) Security, Sensitive But Unclassified (SBU) Data Policy?*

Yes

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

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

IRS Employees: Not Applicable

Contractors: Not Applicable

Members of the Public: More than 1,000,000

Other: Yes

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

FFI more than 100,000 and HCTA under 500.

## **CIVIL LIBERTIES**

*Does the system maintain any information describing how any individual exercises their rights guaranteed by the First Amendment?*

No

*Is the system information used to conduct 'data-mining' as defined in the Implementing Recommendations of the 9/11 Commission Act of 2007, Public Law 110-53, Section 804?*

No

*Will this system have the capability to identify, locate, and monitor individuals or groups of people?*

No

*Does computer matching occur?*

No



## **ACCOUNTING OF DISCLOSURES**

*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