

Date of Approval: April 24, 2015

PIA ID Number: **1270**

A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. E-Trak Non-Resident Filing (NRF), NRF

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.
Non-Resident Filing (NRF)

Next, enter the **date** of the most recent PIA. 7/11/2012

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

No Addition of PII
No Conversions
No Anonymous to Non-Anonymous
No Significant System Management Changes
No Significant Merging with Another System
No New Access by IRS employees or Members of the Public
No Addition of Commercial Data / Sources
No New Interagency Use
No Internal Flow or Collection

Were there other system changes not listed above? Yes

If yes, explain what changes were made. System has added new data fields to F1042 and F1042-S, based on legislative form changes.

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? No

A.1 General Business Purpose

5. What is the general business purpose of this system? Provide a clear, concise description of the system, application or database, the reason for the system, and the benefits to the IRS to use the information, and how the information will be used.

Currently there is no automated way to verify the withholding amounts for the 1042-S or 8805 filed with a 1040NR or 1120-F to prevent erroneous refunds for non-residents. There is also no automated way to compare against Form 1042 and Forms 1042S; Form 8805 and Form 8804 submitted to the IRS by withholding agents. ETRAK-NRF will allow for document matching and credit verification using Form 1042-S data and 8805. Refund claims on the Form 1040NR and Form 1120-F tax returns will be verified by matching the recipients and withholding agent copies of the Form 1042-S withholding documents. Form 1042 liabilities will be matched against the Form 1042-S documents submitted by the Withholding Agents. Form 8804 liabilities will be matched against the Form 8805 documents submitted by the Withholding Agents.

B. PII DETAIL

6. Does the system use, collect, receive, display, store, maintain, or disseminate IR Code 6103 taxpayer information; or any type of Sensitive but Unclassified (SBU) or Personally Identifiable Information (PII)? Yes

6a. If **yes**, does the system use, collect, receive, display, store, maintain, or disseminate Social Security Numbers (SSN s) or variations of SSN s (i.e. last 4 digits, etc.)? Yes

If **yes**, check who the SSN (or SSN variation) is collected on.

Yes On Primary No On Spouse No On Dependent

If **yes**, check all types SSN s (or variations of SSN s) 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 Preparer Taxpayer Identification Number (PTIN)

Describe the planned mitigation strategy and forecasted implementation date to mitigate or eliminate the use of SSN s (or variations of SSN s).

E-Trak only collects information as submitted from F1042, F1042-S, and F8805. As the TINs are eliminated from these forms, E-Trak will no longer collect them. The IRS requires the collection of these TINs for these forms.

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

| <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 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 |
| 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 |
| No | Tax Account Information | No | No | No |

6c. Does this system contain SBU information that 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

B.1 BUSINESS NEEDS AND ACCURACY

7. Explain the detailed business needs and uses for the SBU/PII, and how the SBU/PII is limited only to that which is relevant and necessary to meet the mission requirements of the system. If SSNs (or variations) are used, explicitly explain why use of SSNs meets this criteria. Be specific.

The information available in e-trak NRF is necessary to allow for document matching and credit verification using Form 1042-S data 8805, 1042, and 8804 data. Refund claims on the Form 1040NR and Form 1120-F tax returns will be verified by matching the recipients and withholding agent copies of the Form 1042-S and 8805 withholding documents.

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 system loads the most current records from BMF and CTW Database, based on the latest information provided by the individual or entity. The individual or entity always has the ability to correct/update submitted information. Only the latest information provided is used to make compliance determinations.

C. PRIVACY ACT AND SYSTEM OF RECORDS

9. Are 10 or more records containing SBU/PII maintained, stored, and/or transmitted by or through this system? Yes

9a. If **yes**, are records in the system retrieved by any personal identifier (e.g., name, SSN, Photograph, IP Address) for an individual? 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> |
|---------------------|--|
| 22.026 | Form 1042 S Index by name of Recipient |
| 22.061 | Individual Return Master File |
| 24.030 | CADE Individual Master File (IMF) |
| 24.046 | CADE Business Master File (BMF) |
| 34.037 | IRS Audit Train and Security System |

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

D. RESPONSIBLE PARTIES

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

E. INCOMING PII INTERFACES

11. Does the system receive SBU/PII from other system or agencies? 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 & A?</u> | <u>Authorization Date</u> |
|--------------------|---------------------|--------------------------|--------------------|---------------------------|
| CTW | Yes | 12/12/2011 | Yes | 05/12/2011 |

| | | | | |
|------|-----|------------|-----|------------|
| BMF | Yes | 05/20/2010 | Yes | 05/01/2009 |
| IRMF | Yes | 10/09/2009 | Yes | 03/08/2010 |

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 |
| 1042 | Annual Withholding Tax Return for U.S. Source Income of Foreign Person's |
| 8805 | Foreign Partner's Information Statement of Section 1446 Withholding Tax |

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

F. PII SENT TO EXTERNAL ORGANIZATIONS

12. Does this system disseminate SBU/PII? No

G. PRIVACY SENSITIVE TECHNOLOGY

13. Does this system use social media channels? No

14. Does this system use privacy-sensitive technologies such as mobile, cloud, global position system (GPS), biometrics, RFID, etc.? No

15. Does the system use cloud computing? No

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

H. INDIVIDUAL NOTICE AND CONSENT

17. Was/is notice provided to the individual prior to collection of information? No

17b. If **no**, why not? If information is not collected directly from an individual, please discuss the factors considered in deciding to collect information from third party sources.

The information contained in NRF is data filed by Withholding Agents and submitted to the IRS.

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 individual or entity can choose not to file with the IRS.

19. How does the system or business process ensure due process regarding information access, correction and redress?
LB&I applies all IRS policies and procedures in regards to "due process." The individual or entity has the right to dispute any determination made through information provided by E-Trak NRF. The Compliance procedures for notification and remedy are the same as would be used in any Examination or Audit. The individual or entity would go through the normal process outlined in IRMs 21 and 4.

I. INFORMATION PROTECTION

20. Identify the owner and operator of the system (could be IRS owned and Operated; IRS owned, contractor operated; contractor owned and operated)

IRS Owned and Operated

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

IRS Employees? Yes

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

Contractor Employees? No

- 21a. How is access to SBU/PII determined and by whom? Users are assigned to specific modules of the application and specific roles within the modules and thus, only the appropriate PII data is available to those individuals to perform their duties after receiving appropriate approval and authorization through OL-5081. Additionally, accounts follow the principle of least privilege which provide them the least amount of access to PII data that is required to perform their business function.

- 21b. If computer matching occurs, can the business owner certify that it meets requirements of IRM 11.3.39 Disclosure of Official Information, Computer Matching & Privacy Protection Act ?
Not Applicable

I.1 RECORDS RETENTION SCHEDULE

22. Are these records covered under the General Records Schedule (GRS), or have a National Archives and Records Administration (NARA) archivist approved a Record Control Schedule (RCS) for the retention and destruction of official agency records stored in this system? Yes
- 22a. If **yes**, how long are the records required to be held under the corresponding RCS and how are they disposed of? In your response, please include the complete IRM number 1.15.XX and specific item number and title.

The records in E-trak NRF are scheduled under IRM 1.15.38, Item 44 (NARA Job No. N1-58-09-57, approved 11/18/09). System data is approved for destruction 75 years after retirement or separation of employee. Should E-Trak NRF be retired, existing data would be imported to the successor program and would be maintained in accordance with established data retention requirements for e-trak NRF, unless otherwise updated and approved. 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.

I.2 SA&A OR ECM-R

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

23a. If **yes**, what date was it completed? 2/11/2015

23.1 Describe in detail the system's audit trail. The etrak NRF application has full audit trail capabilities. Data files opened and closed; Specific actions, such as reading, editing; and Deleting records or fields, and printing reports. Employee transactions that add, delete, modify, or research a record. Employee and contractor transactions that add, delete, modify, or research an employee's record (personnel and financial). Employee transactions that add, delete, or modify an employee's access to e-trak Any system transactions that alter an employee's access to e-trak, or a system's or application's role or sub role. Any employee transactions identified by the system owner as requiring additional oversight. Any third party transactions identified by the system owner as requiring additional oversight. System, log on, log off, password change, account creation, startup, shutdown, reset, date, time, second, SEID. Additionally, E-Trak NRF employs negative TIN (N-TIN) checking.

J. PRIVACY TESTING

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

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

24.3 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?

All users are required to complete the applicable Privacy Training in ELMS annually. The system is regression tested to ensure it is in accordance with IRM 10.5.1, Privacy, Information Protection, and Data Security. The system has completed a FISMA Security Assessment and Authorization (SA&A) and there are no identified POA&Ms, as related to Privacy concerns.

24b.1. If **completed**, where are the test results stored (or documentation that validation has occurred confirming that requirements have been met)? E-Trak DocIT repository

24b.2. If **completed**, were all the Privacy Requirements successfully tested? Yes

24.2 If **completed**, are there any residual system privacy, civil liberties, and/or security risks identified that need to be resolved? No

K. SBU Data Use

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

L. NUMBER AND CATEGORY OF PII RECORDS

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

| | |
|-----------------------------|----------------------------|
| 26a. IRS Employees: | <u>Not Applicable</u> |
| 26b. Contractors: | <u>Not Applicable</u> |
| 26c. Members of the Public: | <u>More than 1,000,000</u> |
| 26d. Other: | <u>No</u> |

M. CIVIL LIBERTIES

27. Does the system maintain any information describing how any individual exercises their rights guaranteed by the First Amendment? No

28. Is the system information used to conduct data-mining as defined in the *Implementing the 9/11 Commission Recommendations Act of 2007, Public Law 110-53, Section 804*? No

29. Will this system have the capability to identify, locate, and monitor individuals or groups of people? No

N. ACCOUNTING OF DISCLOSURES

30. Does the system include or require disclosure of tax or employee information to anyone other than IRS employees in the performance of their duties, or to the person to whom the information pertains or to a 3rd party pursuant to a Power of Attorney, tax or Privacy Act consent? No

End of Report
