

Date of Approval: **February 25, 2021**

PIA ID Number: **5911**

SYSTEM DESCRIPTION

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

Nonresident Filing (NRF), NRF

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?

NRF PIA # 3342

What is the approval date of the most recent PCLIA?

3/21/2018

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.

Application Development Compliance Governance Board

Current ELC (Enterprise Life Cycle) Milestones:

Operations & Maintenance (i.e. system is currently operational)

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

No

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.

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XXXXXXXXX ETRAK-NRF will allow for document matching and credit verification using Form 1042-S data. This system is a research tool, which receives files of filed copies of F1042 and F1042-S, to research and ensure income and withholding reported on these forms as filed. 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.

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:

Legal/statutory basis (e.g. where collection is expressly required by statute)

When there is no reasonable alternative means for meeting business requirements

Statistical and other research 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).

e-Trak only collects information as submitted from F1042 and F1042-S.

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

There is no planned mitigation strategy to mitigate or eliminate the use of the SSN on the system.

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
Date of Birth
Employment Information
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:

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.

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.

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

No

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.

The information available in e-Trak NRF is necessary to allow for document matching and credit verification using Form 1042-S and 1042 data. Refund claims on the Form 1040NR, Form 1042, and Form 1120-F tax returns will be verified by matching the recipients and withholding agent copies of the Form 1042-S withholding documents. The SSN of the recipient is used to determine if the income and federal tax withholding is reported accurately on both the tax and information returns.

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

The system loads the most current records from Business Masterfile (BMF), and Chapter Three Withholding (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.

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 24.046 Customer Account Data Engine Business Master File

IRS 34.037 Audit Trail and Security Records

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: Chapter Three Withholding

Current PCLIA: Yes

Approval Date: 10/14/2020

SA&A: Yes

ATO/IATO Date: 3/10/2020

System Name: Business Master File
Current PCLIA: Yes
Approval Date: 8/27/2018
SA&A: Yes
ATO/IATO Date: 1/29/2018

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

Form Number: Form 1042
Form Name: Annual Withholding Tax Return for U.S. Source Income of Foreign

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

No

DISSEMINATION OF PII

Does this system disseminate SBU/PII?

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?

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.

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):

The IRS has the legal right to ask for information per Internal Revenue Code sections 6001, 6011, and 6012(a), and their regulations. The regulations state that "taxpayers must file a return or statement with IRS for any tax they are liable for". Their response is mandatory under these sections.

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.

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 Write

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. The OL5081 application goes through 3 levels (Business Unit Mgmt, Sr Tax Analyst of Business System Owner, and Analyst of Development/Operations and Maintenance (O&M) Team), prior to approval.

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.

GRS 5.2 Item 020-Intermediary records. - Destroy upon verification of successful creation of the final document or file, or when no longer needed for business use, whichever is later.

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?

10/21/2020

Describe the system's audit trail.

The e-Trak 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, Standard Employee Identifier (SEID). Additionally, e-Trak NRF employs negative Taxpayer Identification Number (TIN) (Negative (N)-TIN) checking.

PRIVACY TESTING

Does the system require a System Test Plan?

Yes

Is the test plan completed?

Yes

Where are the test results stored (or documentation that validation has occurred confirming that requirements have been met)?

E-Trak DocIT repository and SharePoint

Were all the Privacy Requirements successfully tested?

Yes

Are there any residual system privacy, civil liberties, and/or security risks identified that need to be resolved?

No

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?

Create test cases and test scripts for security and privacy requirements. These test cases and test scripts are to validate and verify user access control procedures, ensure strict confidentiality, use of data, and accountability. In addition, e-Trak system is currently in the O&M phase of its lifecycle. Continuous Monitoring (eCM) (now called Annual Security Control Assessment (ASCA)) occurs annually to ensure that controls remain in place to properly safeguard PII.

SBU DATA USE

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

No

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: No

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