Date of Approval: February 20, 2019 PIA ID Number: 3826

A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. Combined Annual Wage Reporting, CAWR

2. Is this a new system? No

2.a. If no, is there a Privacy Civil Liberties Impact Assessment (PCLIA) for this system? Yes

If yes, enter the full name, acronym, and milestone of the most recent PCLIA.

CAWR PIA # 1577

Enter the approval date of the most recent PCLIA. 02/19/2016

If yes**,** indicate which of the following changes occurred to require this update (check all that apply).

No Addition of Personally Identifiable Information (PII) (PII is any information that is linked or linkable).
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
Yes Addition of Commercial Data / Sources
Yes New Interagency Use
No Internal Flow or Collection
Yes Expiring PCLIA

Were there other system changes not listed above? No

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

3.a. Check the current Enterprise Life Cycle (ELC) 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
Yes Detailed Design/Milestone 4A
Yes System Development/Milestone 4B
Yes 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

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.
The purpose of the Combined Annual Wage Reporting (CAWR) Program is to verify that employers paid and report the correct amount of tax, Federal Income Withholding (W/H), Advance Earned Income Credit (AEIC), and filed all necessary Forms W-2 with the Social Security Administration (SSA). This is accomplished by comparing the Forms W-3/W-2/W-3c/W-2c totals and Form 1099-R and W-2 G Withholding Amounts to the amounts reported under the same Employer Identification Number (EIN) on Forms 941,943,944,945, and Schedule H Form (1040/1041) Employment Tax Returns.

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

6.a. 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 all types of tax identification numbers (TIN) that apply to this system:

Yes	Social Security Number (SSN)
Yes	Employer Identification Number (EIN)
No	Other Taxpayer Identification Number

If SSNs apply, which of the following approved Treasury uses of the SSNs applies:

No	Security background investigations
No	Interfaces with external entities that require the SSN
Yes	Legal/statutory basis (e.g. where collection is expressly required by statute)
No	When there is no reasonable alternative means for meeting business requirements
No	Statistical and other research purposes
No	Delivery of governmental benefits, privileges, and services
No	Law enforcement and intelligence purposes
No	Another compelling reason for collecting the SSN

Explain why one or more of the eight authorized uses above support the new or continued use of SSNs.

There is no alternative to the use of the Social Security Number (SSN). The SSN is the significant part of the data being processed.

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 Social Security Number (SSN) on the system.

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

If yes, specify the information.

Selected	PII Element
Yes	Name
Yes	Mailing address
Yes	Phone Numbers
No	E-mail Address
No	Date of Birth
No	Place of Birth
No	Standard Employee Identifier (SEID)
No	Mother's Maiden Name
No	Protection Personal Identification Numbers (IP PIN)
No	Internet Protocol Address (IP Address)
No	Criminal History
No	Medical Information
No	Certificate or License Numbers
No	Vehicle Identifiers
No	Passport Number
No	Alien Number
No	Financial Account Numbers
No	Photographic Identifiers
No	Biometric Identifiers
No	Employment Information
Yes	Tax Account Information
No	Centralized Authorization File (CAF)

6.c. Does this system contain SBU information that is not PII, it uses, collects, receives, displays, stores, maintains, or disseminates? Yes

If yes, select the types of SBU

Selected	SBU Name	SBU Description
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.
Yes	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.
No	Proprietary data	Business information that does not belong to the IRS
No	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.

6.d. Are there other types of SBU/PII used in the system? No

6.e. Cite the authority for collecting SBU/PII (including SSN if relevant)

Yes 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

6.f. 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 tax identification numbers) are used, explicitly explain why use of SSNs meets this criteria. Be specific.

26 USC 6109 is the authority for Social Security Numbers (SSNs) in IRS systems. 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make sure returns, statements, or documents. For purposes of this section, the Secretary is authorized to require such information as may be necessary to assign an identifying number to any person.

8. How is the SBU/PII verified for accuracy, timeliness, and completeness?

The information comes from various the IRS systems listed below; Business Masterfile (BMF) is used to obtain employer information, such as Employer Identification Number (EIN), Name, Address, Wage, Tax Amounts, and Social Security Numbers (SSN) on certain Schedule H. This information is obtained via batch processes from the IBM mainframe to the CAWR UNIX back-end database. Automated Underreporter (AUR) is used to obtain the Process Asset Library (PAL) that provides a listing of duplicate W-2s, or information that is reported multiple times. This information is obtained via batch processes from Automated Underreporter (AUR) to the CAWR UNIX back-end database. CADE (Customer Account Data Engine) is used to obtain Schedule H information that is not included within Business Masterfile(BMF). This information is obtained via batch processes from CADE to the CAWR Unix back-end database. Information Return Processing (IRP) is used to obtain W2-G, and 1099R information. Information Returns Masterfile (IRMF), a sub-program run Information Return Processing (IRP) is used to obtain W-2 information, including aggregate amounts of names, Employee Identification Number (EIN), and wage/tax amounts for the 1099Rs that are filed. The information is obtained via batch processes from Information Return Processing (IRP) to the CAWR UNIX back-end database. Payer Masterfile (PMF) is used to obtain W-2G, and 1099R information. This information is obtained via batch processes from Payer Masterfile (PMF) to the CAWR UNIX back-end database.

C. 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.

9. 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

If yes, enter the SORN number(s) and the complete the name of the SORN(s).

SORNS Number	SORNS Name
IRS 24.030	Customer Account Data Engine Individual Master File
IRS 24.046	Customer Account Data Engine Business Master File
IRS 34.037	Audit Trail and Security Records System

*IRS is required to have a published Privacy Act system of records in the Federal Register. Please identify the Privacy Act SORN(s) that cover these records. If you need additional assistance identifying the correct SORNs please email *Privacy.*

D. RESPONSIBLE PARTIES

10. Identify the individuals for the following system roles. ##Official Use Only

E. INCOMING PII INTERFACES

11. Does the system receive SBU/PII from other system or agencies? Yes

11.a. If yes, does the system receive SBU/PII from IRS files and databases? Yes

If yes, enter the files and databases.

System Name	Current PCLIA	Approval Date	SA&A?	Authorization Date
Payer Master File (PMF)	Yes	03/09/2017	Yes	10/06/2016
Automated Underreporter (AUR)	Yes	06/06/2016	Yes	10/28/2018
Integrated Data Retrieval System (IDRS)	Yes	10/01/2018	Yes	10/28/2018
Integrated Production Module (IPM)	Yes	10/27/2017	Yes	04/01/2016
Information Returns Processing (IRP)	Yes	03/09/2017	Yes	11/18/2016
Business Master File (BMF)	Yes	08/27/2018	Yes	03/12/2018

11.b. Does the system receive SBU/PII from other federal agency or agencies? No

11.c. Does the system receive SBU/PII from State or local agencies? No

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

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

If yes, identify the forms.

Form Number	Form Name
W-2	Wage and Tax Statement
W-2G	Gambling Winnings
W-3	Transmittal of Wage and Tax Statements
941	Employer's Quarterly Federal Tax Return
943	Employer’s Annual Federal Tax Return for Agricultural Employees
944	Employer's ANNUAL Federal Tax Return
945	Annual Return of Withheld Federal Income Tax
1099-R	Retirement Distributions
Schedule H	Household Employment Taxes

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

F. DISSEMINATION OF PII

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, global position system (GPS), biometrics, Radio Frequency Identification (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 (or is) notice provided to the individual prior to collection of information? Yes

17.a. 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?
We issue correspondence to the taxpayer explaining the discrepancies between their Employment tax forms and their Form W-2, W-2G, and 100R and allow them time to respond before taking further action.

18. Do individuals have the opportunity to decline from providing information and/or from consenting to particular uses of the information? No

18.b. If individuals do not have the opportunity to give consent, why not?
The IRS has the legal right to ask for information per IRC 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. Notice, consent and due process are provided pursuant to Title 5 USC.

19. How does the system or business process ensure due process regarding information access, correction and redress?
We issue correspondence to the taxpayer explaining the discrepancies between their Employment tax forms and their Form W-2, W-2G, and 100R and allow them time to respond before taking further action.

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

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

Contractor Employees? No

21.a. How is access to SBU/PII determined and by whom? Access to the data is determined by the manager based on a user's position and need-to-know. The manager will request a user to be added. They must submit the request via the Online 5081 process to request access to the System.

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

22.a. 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.

CAWR data is approved for destruction 10 years after the end of the processing year (Job No. N1-58-09-12). Retentions for CAWR system input and output records, and system documentation are also covered under that disposition authority. These instructions are published in IRS Document 12990 under Records Control Schedule (RCS) 19 for Records of the Enterprise Computing Center-Martinsburg (ECC-MTB), Item 51, A-D.

I.2 SA&A OR ASCA

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

23.a. If yes, what date was it completed? 04/10/2013

23.1 Describe in detail the system's audit trail. A complete audit trail of the use of the system is captured and includes every login, logoff, file access and database query. The system monitors for security risks and compliance violations to ensure that the use of the system takes place only for an approved purpose that is within the professional responsibility of each user. CAWR is following the appropriate audit trail elements pursuant to current Audit Logging Security Standards.

J. PRIVACY TESTING

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

24.a If yes, was the test plan completed? Yes

24.a.1. If yes, where are test results stored (or documentation that validation has occurred confirming that requirements have been met)? DocIT (Web-based document management system); or Treasury FISMA Inventory Management system (TFIMS)

24.a.2. If yes, were all the Privacy Requirements successfully tested? Yes

24.a.3. If yes, are there any residual system privacy, civil liberties, and/or security risks identified that need to be resolved? No

24.1. Describe what testing and validation activities which have been conducted or are in process to verify and validate that the applicable Privacy Requirements (listed in header) have been met? The Continuous Monitoring and the Security Assessment and Authorization processes ensure that the controls continue to work properly in safeguarding the PII.

K. SBU Data Use

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. 04/29/2015

25.b. If yes, was testing performed in conformance with IRM 10.5.8, Sensitive But Unclassified (SBU) Data Policy: Protecting SBU in Non-Production Environments? Yes

L. NUMBER AND CATEGORY OF PII RECORDS

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

26.a. IRS Employees:	Under 50,000
26.b. Contractors:	Not Applicable
26.c. Members of the Public:	More than 1,000,000
26.d. Other:	No

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 Recommendations of the 9/11 Commission 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

30. Does Computer matching occur? Yes

30.a. Does your matching meet the Privacy Act definition of a matching program? No

N. ACCOUNTING OF DISCLOSURES

31. 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