

Date of Approval: **May 04, 2020**

PIA ID Number: **4742**

## **SYSTEM DESCRIPTION**

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

Payer Master File, PMF

*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?*

Payer Master File, PMF, PIA #2143, MS4b

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

3/9/2017

*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.*

Application Development Corporate Data Domain Governance Board (AD CPD GB)

*Current ELC (Enterprise Life Cycle) Milestones:*

System Development/Milestone 4B

System Deployment/Milestone 5

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.*

The Payer Master File (PMF) is a Virtual Storage Access Method (VSAM) file system consisting of a composite of payer interest, partnership/S Corp. distributions, gambling winnings, and miscellaneous other categories of income filed by businesses, corporations, banks, credit unions, and other payers of these types of income. The PMF maintains documents covering five tax years of information for all 1096-type Forms and all W-3 Forms. Data is accessed using the PMF maintained Customer Information Control System (CICS) command code Payer Master File Online (PMFOL). The primary source for a yearly civil penalty project, the PMF is used to determine which payers failed to file the IRP data timely and on correct media. These are combined with invalid or missing payee TIN conditions identified by the Information Returns Processing Input Processing (IRPIP) Validation & Perfection (IRP VAL) into a Civil Penalty notice addressed to the payer/filer of the information returns. In addition to PMFOL, the functions of PMF include Payer Master File Posting and Validation (PMFVAL), PMF Extracts, IRP Civil Penalty (IRP CIV PEN), Combined Annual Wage Reporting Mainframe (CAWRM), IRP Incorrect Information Penalty (IRP IIP), Backup Withholding (BWH), Information Returns Master File Research (IRMFRES) Wage Document Input (W2 INPUT), and IRMFRES Backup Penalty Research System-Payer Penalty Research System (BPERS-PPERS).

## **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:*

When there is no reasonable alternative means for meeting business requirements

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

SSNs are only captured when the filer (payer) of information returns submits documents using their SSN as the payer TIN. The SSN/EIN is used to uniquely identify a user's record. There is no other means currently to uniquely identify a taxpayer.

*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 or forecasted implementation date to mitigate or eliminate the use of SSNs.

Employer 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

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.

*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 PMF is a collection of files consisting of a composite of payer interest, partnership/S Corp. distributions, gambling winnings, and miscellaneous other categories filed by businesses, corporations, banks, credit unions, and other payers of these types of income. This project creates and maintains information for the IRS SB/SE division relating to filers of information returns (1099s, etc.). Information Submission Processing (Forms 1096) and extension and waiver requests are maintained for five tax years. The Payer Penalty Program, including incorrect TIN filings, is administered from the PMF, notices are generated and sent to the payer's address of record as contained in the Business Master File (BMF) and Individual Master File (IMF). The TIN, name, and address are required to identify the taxpayer's account. After the initial filing of the informational return, any changes or updates (adjustments) to an account, whether initiated by the taxpayer or the IRS, is submitted as a transaction to post to the master file so that the file reflects a continuously updated and current record of each taxpayer's account.

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

PMF is a read only repository for information. PMF users do not input information into the PMF. All data is received via batch processing. There are several validation procedures to ensure that batches have run properly and contain properly formatted information. Some of these are: Daily vouchers are used to verify that all data sent from the service centers has been received; Control codes are used to verify complete files are transmitted; The Log Analysis and Reporting Services (LARS) system performs run-to-run balancing for each batch job run to ensure that no data is lost; Run to run balancing is used to verify that all files are processed through the complete input system and extract system as appropriate; Unit testing, system acceptability testing, and integration testing are used to ensure runs process data correctly; and Validity checks are in place using the previously mentioned entity data to insure that if multiple taxpayers have the same first and last name that they are properly distinguished one from the other via the entity check information. Common fields validated in the PMF: TIN is valid (common program outside the bounds of PMF) TAX Year is valid/numeric (common program).

## **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 24.030 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

## **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: Information Returns Data Base (IRDB)

Current PCLIA: Yes

Approval Date: 5/3/2018

SA&A: Yes

ATO/IATO Date: 3/29/2019

System Name: Individual Master File (IMF)

Current PCLIA: Yes

Approval Date: 3/4/2020

SA&A: Yes

ATO/IATO Date: 11/26/2019

System Name: Business Master File (BMF)

Current PCLIA: Yes

Approval Date: 8/27/2018

SA&A: Yes

ATO/IATO Date: 2/28/2019

System Name: Information Returns Processing (IRP)

Current PCLIA: Yes

Approval Date: 3/16/2020

SA&A: Yes

ATO/IATO Date: 10/22/2015

System Name: Generalized Unpostable Framework (GUF)  
Current PCLIA: Yes  
Approval Date: 11/28/2017  
SA&A: Yes  
ATO/IATO Date: 5/8/2012

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

Yes

*For each federal interface, identify the organization that sends the SBU/PII, how the SBU/PII is transmitted and if there is an Inter-Agency Agreement (ISA) /Memorandum of Understanding (MOU).*

Name: Social Security Administration (SSA)  
Transmission Method: Secure Data Transfer  
ISA/MOU: Yes

*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: 1096 Form Name: Annual Summary and Transmittal of U.S. Information Returns

Form Number: 1042-T Form Name: Annual Summary and Transmittal of Forms 1042-S

Form Number: W-3 Form Name: Transmittal of Income and Tax Statements

*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: Individual Master File (IMF)

Current PCLIA: Yes

Approval Date: 3/4/2020

SA&A: Yes

ATO/IATO Date: 11/26/2019

System Name: Business Master File (BMF)

Current PCLIA: Yes

Approval Date: 8/27/2018

SA&A: Yes

ATO/IATO Date: 2/28/2019

System Name: Information Returns Processing (IRP)

Current PCLIA: Yes

Approval Date: 3/16/2020

SA&A: Yes

ATO/IATO Date: 10/22/2015

System Name: Integrated Production Model (IPM)

Current PCLIA: Yes

Approval Date: 6/6/2019

SA&A: Yes

ATO/IATO Date: 6/3/2014

System Name: Generalized Unpostable Framework (GUF)

Current PCLIA: Yes

Approval Date: 11/28/2017

SA&A: Yes

ATO/IATO Date: 5/8/2012



System Name: Integrated Data Retrieval System (IDRS)  
Current PCLIA: Yes  
Approval Date: 10/1/2018  
SA&A: Yes  
ATO/IATO Date: 2/4/2019

*Identify the authority*

Authority and purpose are pursuant to section 6103(h)(1) of the Internal Revenue Code (IRC). IRC 6103(h)(1) provides for disclosure of returns and return information to officers and employees of the Department of the Treasury (including IRS) whose official duties require access for tax administration.

*For what purpose?*

Tax administration.

*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?*

The IRS notifies all individuals who file tax returns of such collection via the Privacy Act Notice in tax return instructions which provides the legal right to ask for information under Internal Revenue Code sections 6001, 6011, and 6012(a), and their regulations. Under these sections, response is mandatory. Code section 6109 requires the individual provide an identifying number. When a return is selected for Examination, Collection etc., the taxpayer is sent the Privacy Act Notice, Your Appeals Rights and How to Prepare a Protest and Overview of the Appeals Process.

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

No

*Why not?*

All individuals have the right to decline to provide information. However, they may be subject to Examination or Deficiency procedures, at which time they are provided applicable notices, such as Your Appeals Rights and How to Prepare a Protest.

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

The PMF System performs analysis on the data to identify potential compliance issues. The information is reviewed by IRS employees in the Small Business/Self Employed, Large Business and International, and Tax Exempt/Government Entities Business Units. The PMF System does not make any adjustments or assessments. Taxpayers who receive notices always have the right to interact with the IRS in order to correct any miss-information to their tax account. No final determinations are made by PMF systems.

## **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 Only

Managers: Read Only

Developers: Read Only

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

Data access to the PMF systems and PMF storage libraries is restricted based on the principles of least privilege and separation of duties; access is granted on a need-to-know basis. PMF personnel are required to apply for access using the Online (OL) 5081 form. The OL5081 enrollment process requires that an authorized manager approve access requests on a case by case basis. Upon approval, PMF users are assigned user accounts based on their role(s) and responsibilities. Access to the PMF mainframe and production/development libraries and tools is restricted by Resource Access Control Facility (RACF) permissions. Each sub-application in PMF requires that a user complete a separate OL5081 request for the component they are requesting access to. Based on the individual's role(s) and responsibilities, access is either approved or denied. Employees that no longer require access are required to be removed by management.

## 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.*

PMF maintains and updates production data for the current tax year and four prior tax years. A fifth prior tax year is retained on the production system for research purposes but is not updated. Four additional tax years are maintained in off-site storage. As each new tax year is added, the oldest tax year file is destroyed. This is consistent with the 10-year disposition authority the National Archives already approved for PMF as an input to the Information Returns Processing Underreported Backup Withholding (IRP UBWH) System under Records Control Schedule (RCS) 19 for Enterprise Computing Center - Martinsburg (ECC-MTB), Item 64A; and Incorrect Information Penalty (RCS 28, item 147), (published in Document 12990). The IRS Records Office requests SB/SE assistance in drafting for NARA approval a records control schedule that more fully and uniquely identifies disposition instructions for all PMF system-related records including, system inputs, master data files, outputs, and system documentation to be published in RCS 19, item number to be determined. IRS follows disk sanitization procedures for destruction of discarded media. IRM 2.7.4, Management of Magnetic Media (Purging of SBU Data and Destruction of Computer Media) provides those procedures used for sanitizing electronic media for reuse (e.g., overwriting) and for controlled storage, handling, or destruction of spoiled media or media that cannot be effectively sanitized for reuse (e.g., degaussing). RCS 28 Item 47(h)-Backup Withholding-Destroy after 3 years. RCS 28 Item 147-Information Returns Processing - Incorrect Information Penalty (IRP IIP) System. - RCS 29 Item 98 (1)-Annual Summary and Transmittal of U.S. Information Return (Forms 1096, 1042-T). Destroy 3 years after end of processing year. RCS 29 Item 85-Information Returns, and related documents submitted by domestic and foreign firms to advise the names, amounts and types of income paid to individuals.

## **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?*

12/4/2015

*Describe the system's audit trail.*

Master files by definition do not have an audit trail. They are defined as having interfaces to systems that maintain their own audit trails. There is no direct access to PMF data. All access is through batch files. The data viewed by authorized IRS employees is a copy of the PMF data loaded into any of a number of other systems that have a user interface. These systems maintain the authentication and authorization required, including the use of audit trail information. PMF relies on the Resource Access Control Facility (RACF)/GSS-21 IBM Masterfile Platform to capture login information for developer access to the PMF systems.

## **PRIVACY TESTING**

*Does the system require a System Test Plan?*

No

*Please explain why:*

PMF utilizes the Test Plan (TP), which is a requirement for all testing and may be used as an Enterprise Life Cycle (ELC) functional equivalent for the System Test Plan (STP).

## **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.*

10/18/2018

*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: 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