
A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. Nonresident 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), PCLIA #1270

Next, enter the **date** of the most recent PIA. 4/24/2015

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 Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons (F1042) and Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding (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 F1042-S or Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax (F8805) filed with a Form 1040NR, U.S. Nonresident Alien Income Tax Return (F1040NR) or Form 1120-F, U.S. Income Tax Return of a Foreign Corporation (F1120-F) to prevent erroneous refunds for nonresidents. There is also no automated way to compare against F1042 and F1042S submitted to the IRS by withholding agents. E-Trak Nonresident Filing (NRF) will allow for document matching and credit verification using F1042-S data and F8805. Refund claims on the F1040NR and F1120-F tax returns will be verified by matching the recipients and withholding agent copies of the F1042-S withholding documents. F1042 liabilities will be matched against the F1042-S 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 tax identification numbers (i.e. last 4 digits, etc.)? Yes

If **yes**, check who the SSN (or tax identification number) is collected on.

Yes On Primary No On Spouse No On Dependent

If **yes**, check all types SSN s (or tax identification numbers) 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 Practitioner Tax Identification Number (PTIN)

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

E-Trak NRF only collects information as submitted from F1042, F1042-S, and F8805. As the Taxpayer Identification Numbers (TINs) are eliminated from these forms, E-Trak NRF will no longer collect them. The Internal Revenue Service (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? (i.e. Names, addresses, etc.) Yes

If **yes**, specify the information.

<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 is not PII, 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 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 F1042-S, F8805, and F1042 data. Refund claims on the F1040NR, F1042, and F1120-F tax returns will be verified by matching the recipients and withholding agent copies of the F1042-S and F8805 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 Information Returns Masterfile (IRMF), Business Returns 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.

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. ## Official Use Only

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>
Business Masterfile (BMF)	Yes	03/08/2018	Yes	11/02/2017
Information Returns Masterfile (IRMF)	Yes	03/09/2017	Yes	02/05/2018
Chapter Three Withholding (CTW)	Yes	10/23/2017	Yes	01/24/2018

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 agencies)? 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, 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? Yes

17a. 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?

The IRS notifies all individuals who file tax returns of such collection via the Privacy Act Notice which provides the legal right to ask for information under Internal Revenue Code (IRC) Sections 6001, 6011, and 6012(a), and their regulations. Under these sections, response is mandatory. IRC Section 6109 requires the individual provide an identifying number.

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?

Large Business and International (LB&I) applies all IRS policies and procedures in regard 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 Internal Revenue Manuals (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>	Yes/No	Access Level (Read Only/Read Write/ Administrator)
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 Personally Identifiable Information (PII) data is available to those individuals to perform their duties after receiving appropriate approval and authorization through the On-Line Automated Information System (AIS) User Registration / Change Request (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 (National Archives and Records Administration (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.

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? 1/18/2018

23.1 Describe in detail 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, deleting records or fields, and printing reports. - Employee transactions that add, delete, modify, or research a record. - Employee 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 NRF. - Any system transactions that alter an employee's access to E-Trak NRF, 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. - 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 the Enterprise Learning Management System (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 Federal Information Security Management Act (FISMA) Security Assessment and Authorization (SA&A) and there are no identified Plan of Action and Milestones (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)? System Test Plan, Unit Test Plan, User Acceptance Testing, test cases and test scripts. The plans are stored in DocIT. The test cases, test scripts and test plans are generated and stored in Collaborate Lifecycle Management Quality Manager Tool (CLM).

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: Not Applicable
26b. Contractors: Not Applicable
26c. Members of the Public: More than 1,000,000
26d. 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 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
