

Date of Approval: **December 01, 2020**

PIA ID Number: **5613**

SYSTEM DESCRIPTION

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

Consolidated Annual Tax Reporting System, CATRS

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?

FUTA - Federal Unemployment Tax Act, FUTA # 4683, PCLIA Date: 05/04/2020

What is the approval date of the most recent PCLIA?

5/4/2020

Changes that occurred to require this update:

Significant Merging with Another System

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.

IT's Compliance Domain ESC

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?

Yes

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.

CATRS is the case management system for working form 940 for FUTA discrepancies and forms 941, 943, 944, and 945 for CAWR discrepancies. The CAWR program, established in 1980, under the authority of 20 CFR § 422.114 and Section 232 of the Social Security Act, is a document matching program that compares the Federal Income Tax (FIT) withheld, Medicare wages, Social Security wages, and Social Security Tips reported to the IRS on the Forms 94X and Schedule H against the amounts reported to Social Security Administration (SSA) via Forms W-3 and the processed totals of the Forms W-2. The Federal Unemployment Tax Act of 1939 established the Federal Unemployment Tax and required cooperation among all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, the Internal Revenue Service (IRS), and the Department of Labor. Under the authority of Titles III, IX, and XII of the Social Security Act of 1939 and 26 USC Ch. 23, FUTA allows the government to tax businesses with employees to collect revenue which is then allocated to state unemployment agencies and paid to eligible unemployed workers.

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)

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

The CATRS system requires the use of SSN's because no other identifier can be used to uniquely identify a taxpayer. SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns.

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

The Office of Management and Budget Circular A-130 requires that federal agencies develop a mitigation or elimination strategy for systems that use SSNs, which the Service continues to develop strategies to meet. An exception to that requirement is when the SSN is uniquely needed to identify a user's record. CATRS requires the use of EIN/SSNs because no other identifier can be used to uniquely identify a taxpayer at this time

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

Phone Numbers

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.

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.

CATRS is the case management system for working form 940 for FUTA discrepancies and forms 941, 943, 944, and 945 for CAWR discrepancies. CAWR uses 26 USC 6109 as the authority to use Social Security Numbers (SSNs)/Employer Identification Number (EIN) 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. This data is sent to CATRS from the following IRS systems. Business Master File (BMF), Customer Account Data Engine (CADE), Information Return(s) Processing (IRP), Payer Masterfile (PMF), Combine Annual Wage Reporting Mainframe (CAWRM), Automated Under Reporter (AUR), and Information Returns Masterfile (IRMF). The Federal Unemployment Tax Act of 1939 established the Federal Unemployment Tax and required cooperation among all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, the Internal Revenue Service (IRS), and the Department of Labor. Under the authority of Titles III, IX, and XII of the Social Security Act of 1939 and 26 USC Ch. 23, FUTA allows the government to tax businesses with employees to collect revenue which is then allocated

to state unemployment agencies and paid to eligible unemployed workers. CATRS requires the use of EINs, and SSNs to identify and access cases, for the working of the following forms 940, 941, 943, 944, 945, Schedule H (Form 1040/1041), and Schedule D. While working of these form's the Tax Examiners (TE) will determine tax due and penalties, and the submission of correspondence letters informing the taxpayer of tax and penalties due, or to request information from the taxpayer.

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

The CATRS data/information comes from the various 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 SSN on certain Schedule H. This information is obtained via batch processes from the IBM mainframe to the CATRS UNIX back-end database. Customer Account Data Engine (CADE) is used to obtain Schedule H information that is not included within BMF. This information is obtained via batch processes from CADE to the CATRS UNIX back-end database. Information Return(s) Processing (IRP) is used to obtain W-2G, and 1099R information. This information is obtained via batch processes from Payer Masterfile (PMF) to the CATRS UNIX back-end database. Automated Under Reporter (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 AUR to the CATRS 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, 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 CATRS 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. The SBU/PII data is verified for accuracy, timeliness, and completeness by the use of computer programs at each of these various IRS systems before it is sent on to the CATRS UNIX back-end database.

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 24.030 Customer Account Data Engine Individual 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: Payer Master File (PMF)
Current PCLIA: Yes
Approval Date: 5/4/2020
SA&A: Yes
ATO/IATO Date: 12/4/2015

System Name: Integrated Data Retrieval System (IDRS)
Current PCLIA: Yes
Approval Date: 10/1/2018
SA&A: Yes
ATO/IATO Date: 1/17/2018

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

System Name: Integrated Production Module (IPM)
Current PCLIA: Yes
Approval Date: 6/6/2019
SA&A: Yes
ATO/IATO Date: 4/1/2015

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 940 Form Name: Employer's Annual Federal Unemployment (FUTA) Tax Return

Form Number: W-2 Form Name: Wage and Tax Statement

Form Number: W-2G Form Name: Gambling Winnings

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

Form Number: 941 Form Name: Employer's Quarterly Federal Tax Return

Form Number: 943 Form Name: Employer's Annual Federal Tax Return for Agricultural Employees

Form Number: 944 Form Name: Employer's ANNUAL Federal Tax Return

Form Number: 945 Form Name: Annual Return of Withheld Federal Income Tax

Form Number: 1099-R Form Name: Retirement Distributions

Form Number: Schedule H Form Name: Household Employment Taxes

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?

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 CATRS application issues 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. The system will be used to identify employers who have discrepancies between unemployment amounts reported to the States and tax returns filed. The business purpose of the system is to reconcile the federal wages reported on the Form 940, which is used to report the annual FUTA tax that the employer reported to the state. Notice, consent and due process are provided pursuant to 5 USC.

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

No

Why not?

The information within FUTA comes from various IRS Systems and forms. Those systems and forms provide the Privacy Act Notice to individuals. FUTA does not directly provide individuals the opportunity to decline from providing information and/or from consenting to particular uses of the information. Notice, consent and due process are provided pursuant to 5 USC. 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.

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

Employers are contacted to explain discrepancies identified in the program and information provided by the employers is included. Employers can respond to any negative determination prior to final action. Notice, consent and due process are provided pursuant to 5 USC. 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.

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

System Administrators: Read Only

Developers: Read Only

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. Each user must submit an approved, completed On-Line form 5081, information System User Registration/Change Request to request access. A user's access to the data terminates when it is no longer required. Criteria, procedures, controls and responsibilities regarding access are documented in the Information Systems Security Rules on Form 5081. 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.

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.

RCS 29 Item 65-Employment Tax Returns-Destroy 6 years after end of processing year.
GRS 1.1 Item 020-Records supporting compilation of agency financial statements and related audit, and all records of all other reports-Destroy 2 years after completion of audit or closure of financial statement/accounting treatment/ issue, but longer retention is authorized if required for business use. 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.

SA&A OR ASCA

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

No

Is the system secured in accordance with all applicable federal, treasury, and IRS security policy, procedures, and requirements?

Yes

Describe 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. Manual reviews are performed on the weekly master file updates to the FUTA application to verify each item for accuracy, timeliness, and completeness. In addition to the manual reviews, automated checks are performed through the command codes within IDRS. The certification file also has validity checks to verify the information is accurate. Various mainframe tests are run to ensure the programs within the FUTA mainframe component do not introduce inaccuracies to the data within selected fields of BMF. These tests are performed by both the mainframe programmers and the Test Assurance and Documentation (TAD) group.

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)?

DocIT

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?

All unit and system testing was completed as outlined in the system test plan. All requirements were met.

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.

10/7/2020

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: Under 50,000

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?

Yes

Does your matching meet the Privacy Act definition of a matching program?

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