A. SYSTEM DESCRIPTION

Authority: Office of Management Budget (OMB) Memorandum (M) 03-22, OMB Guidance for Implementing the Privacy Provisions of the E-Government Act of 2002 & PVR #10- Privacy Accountability and #21-Privacy Risk Management

Date of Approval: 12/26/2013   PIA ID Number: **699**

1. What type of system is this? New

1a. Is this a Federal Information Security Management Act (FISMA) reportable system? No

2. Full System Name, Acronym, and Release/Milestone (if appropriate):

Payment Mix Checker Tool PILOT, PMCT

2a. Has the name of the system changed? No

   If yes, please state the previous system name, acronym, and release/milestone (if appropriate):

3. Identify how many individuals the system contains information on

Number of Employees:	Not Applicable
Number of Contractors:	Not Applicable
Members of the Public:	100,000 - 1,000,000

4. Responsible Parties:
NA

5. General Business Purpose of System

The Payment Mix Checker Tool is a web-based tool that will allow a registered tax return preparer, on behalf of businesses, to compare the portion of credit card receipts from gross receipts the business plans to report to the results of similar businesses in the same zip code. The tool will calculate their cash to credit ratios relative to their total transactions and determine whether the ratios are consistent with other similar businesses in the same zip code for a specified tax reporting year. The tax preparer will be asked to enter data for validation as well as data taken from Form 1099-K. The data in this tool is NOT individual data and cannot be identified or associated with an individual, just aggregated 1099 data from combined 1099ks. The Payment Mix Checker Tool will return results that will inform the user whether their cash to credit ratios are typical or atypical. All data is self-reported by the user and not validated against IRS systems or external documents. Moreover no PII is collected that would allow matching to actual IRS records. Use of the tool is completely voluntary and is provided as a service to taxpayers to help them understand their tax reprting responsibility. The results of the tool are meant to be informational and educational, in the sense that it simply gives the user an indication of their payment receipts mix in comparison to other like businesses in a similar geographical location to help inform them of their tax reporting obligations. This system does not interface with any other systems or databases. The overall purpose is to encourage accurate reporting of gross receipts, helping to close the Tax Gap and improve voluntary compliance associated with Form 1099-K. This tool will be developed by Treasury and will sit on the Treasury Cloud.

6. Has a PIA for this system, application, or database been submitted previously to the Office of Privacy Compliance? (*If you do not know, please contact* *Privacy *and request a search*) No

6a. If Yes, please indicate the date the latest PIA was approved:

6b. If Yes, please indicate which of the following changes occurred to require this update.

- **System Change (1 or more of the 9 examples listed in OMB 03-22 applies) (refer to PIA Training Reference Guide for the list of system changes)**

- **System is undergoing Security Assessment and Authorization**

6c. State any changes that have occurred to the system since the last PIA

7. If this system has an Exhibit 53 or Exhibit 300 please provide the Unique Project Identifier (UPI) number (XXX-XX-XX-XX-XX-XXXX-XX). Otherwise, enter the word 'none' or 'NA'. NA

B. DATA CATEGORIZATION

8. **Does this system collect, display, store, maintain or disseminate Personally Identifiable Information (PII)?** <u>Yes</u>

8a. **If No, what types of information does the system collect, display, store, maintain or disseminate?**

9. **Indicate the category that best describes the source that provides or originates the PII collected, displayed, stored, maintained or disseminated by this system. Most common categories follow:**

Taxpayers/Public/Tax Systems	No	
Employees/Personnel/HR Systems	No	
		Other Source:
Other	Yes	Users are providing their Preparer Tax Identification Number (PTIN) that is verified against an IRS-provided PTIN list (built into the tool).

10. **Indicate all of the types of PII collected, displayed, stored, maintained or disseminated by this system. Then state if the PII collected is on the Public and/or Employees. Most common fields follow:**

TYPE OF PII	Collected?	On Public?	On IRS Employees or Contractors?
Name	No	No	No
Social Security Number (SSN)	No	No	No
Tax Payer ID Number (TIN)	No	No	No
Address	No	No	No
Date of Birth	No	No	No

Additional Types of PII: Yes

PII Name	On Public?	On Employee?
PTIN	Yes	No
None	No	No

10a. **Briefly describe the PII available in the system referred to in question 10 above.**

PTIN - Preparer Tax Identification Number NOTE: The Card-to-Receipts-Ratio (CTRR) tables are used to evaluate the user-entered ratio of card to gross receipts against that of similar business segments. While the tables were developed based off of analysis of tax return and 1099-K data, no individual tax information is included in the tables, and no information stored in the tables is personally identifiable. As such, these tables are not considered PII.

If you answered Yes to Social Security Number (SSN) in question 10, answer 10b, 10c, and 10d.

10b. **Cite the authority that allows this system to contain SSN's? (e.g. specific regulations, statutes, etc.)**

10c. **What alternative solution to the use of the SSN has/or will be applied to this system? (e.g. masking, truncation, alternative identifier)**

10d. **Describe the planned mitigation strategy and forecasted implementation date to mitigate or eliminate the use of Social Security Numbers on this system?**

11. Describe in detail the system's audit trail. State what data elements and fields are collected. Include employee log-in information. If the system does not have audit capabilities, explain why an audit trail is <u>not</u> needed.

- Preparer Tax Identification Number (PTIN)

- [verified against a PTIN list stored in a database table which is created as a part of the tool by the Treasury developers]

- Merchant Category Code (MCC) [verified against codes stored in the MCC database table developed by Treasury as a part of the tool- not associated with an individual taxpayer]

- Zip Code [verified against codes stored in a zip code database table in aggregate developed by Treasury as a part of the tool - not associated with an individual taxpayer]

- Credit card receipts for a business [dollar amount used to calculate results but not stored] -Total receipts for a business [dollar amount used to calculate results but not stored] -Transaction Count [Number of transactions used to calculate results but not stored]

11a. Does the audit trail contain the audit trail elements as required in current IRM 10.8.3 *Audit Logging Security Standards*? <u>Yes</u>

12. What are the sources of the PII in the system? Please indicate specific sources:

a. **IRS files and databases:** <u>Yes</u>
If Yes, the system(s) are listed below:

No System Records found.

b. **Other federal agency or agencies:** <u>No</u>

If Yes, please list the agency (or agencies) below:

c. **State and local agency or agencies:** <u>No</u>
If Yes, please list the agency (or agencies) below:

d. **Third party sources:** <u>Yes</u>
If yes, the third party sources that were used are:

Registered tax return preparers enter their PTIN and an Invitation Code in order to gain access to the tool. This data is not being checked against IRS databases.

e. **Taxpayers (such as the 1040):** <u>No</u>
f. **Employees (such as the I-9):** <u>No</u>
g. **Other:** <u>No</u> **If Yes**, *specify*:

C. PURPOSE OF COLLECTION

Authorities: OMB M 03-22 & Internal Revenue Manual (IRM) 10.8.8, IT Security, Live Data Protection Policy & PVR #16, Acceptable Use

13. What is the business need for the collection of PII in this system? Be specific.

The initial release of the online tool will be a Pilot. The users for this Pilot will be IRS registered tax return preparers representing their business clients. The PTIN will be used for User validation. It ensures that the end user is a registered tax preparer.

D. PII USAGE

Authority: OMB M 03-22 & PVR #16, Acceptable Use

14. What is the specific use(s) of the PII?

To conduct Tax Administration   <u>No</u>

To provide Taxpayer Services	Yes	
To collect Demographic Data	No	
For employee purposes	No	
		If other, what is the use?
Other:	No	

E. INFORMATION DISSEMINATION

Authority: OMB M 03-22 & PVR #14- Privacy Notice and #19- Authorizations

15. **Will the information be shared outside the IRS? (for purposes such as computer matching, statistical purposes, etc.)** No

15a. **If yes, with whom will the information be shared?** The specific parties are listed below:

	Yes/No	Who?	ISA OR MOU**?
Other federal agency (-ies)			
State and local agency (-ies)			
Third party sources			
Other:			

** Inter-agency agreement (ISA) or Memorandum of Understanding (MOU)

16. **Does this system host a website for purposes of interacting with the public?** Yes

17. **Does the website use any means to track visitors' activity on the Internet?** Yes
If yes, please indicate means:

	YES/NO	AUTHORITY
Persistent Cookies	Yes	unknown
Web Beacons	Yes	unknown
Session Cookies	Yes	

If other, specify:

Other:	No	

F. INDIVIDUAL CONSENT

Authority: OMB M 03-22 & PVR #15- Consent and #18- Individual Rights

18. **Do individuals have the opportunity to decline to provide information or to consent to particular uses of the information?** Not Applicable

18a. **If Yes, how is their permission granted?**

19. **Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?** Not Applicable

19a. **If Yes, how does the system ensure "due process"?**

20. **Did any of the PII provided to this system originate from any IRS issued forms?** Yes
20a. **If Yes, please provide the corresponding form(s) number and name of the form.**

No forms found.

20b. **If No, how was consent granted?**

Written consent	No
Website Opt In or Out option	No
Published System of Records Notice in the Federal Register	No
Other:	No

G. INFORMATION PROTECTIONS

Authority: OMB M 03-22 & PVR #9- Privacy as Part of the Development Life Cycle, #11- Privacy Assurance, #12- Privacy Education and Training, #17- PII Data Quality, #20- Safeguards and #22- Security Measures

21. **Identify the owner and operator of the system:** IRS Owned and Contractor Operated

21a. **If Contractor operated, has the business unit provided appropriate notification to execute the annual security review of the contractors, when required?**

22. **The following people have use of the system with the level of access specified:**

	Yes/No	Access Level
IRS Employees:	Yes	
Users		Read Only
Managers		Read Only
System Administrators		No Access
Developers		No Access
Contractors:	Yes	
Contractor Users		Read Only
Contractor System Administrators		No Access
Contractor Developers		No Access
Other: Treasury Developers	Yes	Read Write

If you answered yes to contractors, please answer 22a. *(All contractor/contractor employees must hold at minimum, a "Moderate Risk" Background Investigation if they have access to IRS owned SBU/PII data.)*

22a. **If the contractors or contractor employees act as System Administrators or have "Root Access", does that person hold a properly adjudicated "High Level"background investigation?** No

23. **How is access to the PII determined and by whom?**

The PTIN information will be provided to Treasury developers during system development and will be housed in separate tables as part of the system to be used for validation purposes.

24. **How will each data element of SBU/PII be verified for accuracy, timeliness, and completeness?**

PTIN will be verified against the PTIN database within the system itself.

25. **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?** No

25a. **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.**

If No, how long are you proposing to retain the records? Please note, if you answered no, you must contact the IRS Records and Information Management Program to initiate records retention scheduling before you dispose of any records in this system.

The Payment Mix Checker Tool (PMCT) is non-recordkeeping and does not require a NARA-approved records control schedule to affect data disposition. It is not a data repository. PMCT (currently in pilot status) is a web-based voluntary lookup tool application that will allow a registered tax return preparer, on behalf of businesses, to better assess the accuracy of reporting obligations - including gross receipts - when compared to other demographic information in the tool. Recordkeeping data associated with the assignment of Preparer Tax Identification Numbers (PTIN) is collected/maintained the context of the Tax Professional PTIN System (TPPS). This system is appropriately scheduled (under Job No. N1-058-11-25) and disposition instructions for system inputs, master file data, outputs and system documentation are published in IRS Document 12990 under Records Control Schedule (RCS) 29 for Tax Administration - Wage and Investment, item 437.

26. **Describe how the PII data in this system is secured, including appropriate administrative and technical controls utilized.**

Through Treasury firewalls

26a. Next, explain how the data is protected in the system at rest, in flight, or in transition.

Through Treasury firewalls

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27. Has a risk assessment (e.g., SA&A) been conducted on the system to ensure that appropriate security controls have been identified and implemented to protect against known risks to the confidentiality, integrity and availability of the PII? No

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28. Describe the monitoring/evaluating activities undertaken on a regular basis to ensure that controls continue to work properly in safeguarding the PII.

Daily activity logs will be produced and reviewed/evlauated to monitor for suspicious activities.

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29. Is testing performed, in accordance with Internal Revenue Manual (IRM) 10.8.8 - *IT Security, Live Data Protection Policy*? Not Applicable

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29a. Has approval been received from the Office of Privacy Compliance to use Live Data in testing (*if appropriate*)?

29b. If you have received permission from the Office of Privacy Compliance to use Live Data, when was the approval granted?

H. PRIVACY ACT & SYSTEM OF RECORDS

Under the statute, any employee who knowingly and willfully maintains a system of records without meeting the Privacy Act notice requirements is guilty of a misdemeanor and may be fined up to $5000.

Authority: OMB M 03-22 & Privacy Act, 5 U.S.C. 552a (e) (4) & PVR #13-Transparency

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30. Are 10 or more records containing PII maintained/stored/transmitted through this system? Yes

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31. Are records on the system retrieved by any identifier for an individual? (Examples of identifiers include but are not limited to Name, SSN, Photograph, IP Address) Yes

31a. If YES, the System of Records Notice(s) (SORN) published in the Federal Register adequately describes the records as required by the Privacy Act? Enter the SORN number and the complete name of the SORN.

SORNS Number	SORNS Name
Treasury/IRS 37.111	PTIN
Treasury/IRS 34.037	IRS Audit Trail and Security Records

Comments

Authority: OMB M 03-22 & PVR #21- Privacy Risk Management

32. **What choices were made or actions taken regarding this IT system or collection of information as a result of preparing the PIA?**

Resulted in the removal of PII from the system (e.g., SSN use reduced/eliminated)	No
Provided viable alternatives to the use of PII within the system	No
New privacy measures have been considered/implemented	No
Other:	No

32a. **If Yes to any of the above, please describe:**

NA

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