Date of Approval: **May 09, 2023**

PIA ID Number: **7863**

SYSTEM DESCRIPTION

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

e-Trak SS8, e-Trak SS8

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?

PCLIA (v.3) #5215 for 'e-Trak SS8 Application'

What is the approval date of the most recent PCLIA?

7/1/2020

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.

SB/SE Governance Board/AD Compliance Governance Board

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.

The primary purpose of the E-Trak SS8 application is to maintain the resolutions and determinations regarding worker classification requests. Worker classification requests are submitted on Form SS-8 to determine the relationship between the firm and the worker or the firm and its workers according to common law to assist the requestor in ensuring the appropriate amount of taxes are withheld either by an individual or by an entity. This usually arises when there is a disagreement between the worker and the firm regarding if the worker should be treated as an independent contractor or as an employee. When there are discrepancies in opinion between the individual and the firm regarding withholding of employment and/or income taxes, either can complete IRS Form SS-8 Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding. This form can be completed and mailed or EEFaxed to the IRS. The SS-8 forms are screened by an SS-8 employee and if accepted, the data is manually entered into the SS8 application. The information is reviewed and analyzed for determination of independent contractor versus employee status. If the determination outcome is independent contractor, the individual is liable for Self- Employment Tax (15.3%). If the individual is considered an employee of the firm, then the worker is only liable for the employee's portion of Federal Insurance Contributions Act (FICA) tax (7.65%) and the firm is generally liable for employment taxes on the income under IRC section 3509. It is possible the firm may owe both the employer and the employee portions of FICA tax. When a full determination is made, a letter is sent to both the worker and the firm to inform them of the determination outcome. The privacy data stored in the SS-8 application includes taxpayer identification numbers (TINs), taxpayer's names, addresses, their contact information, and other miscellaneous information specific to their case which could contain tax data. SS-8 serves as an online work environment for preparing case histories, documents, reports, and responses. The system also serves as an information and audit referral resource. For example, if an entity/firm did not withhold the appropriate employment taxes on behalf of an individual in question, the entity/firm could be referred to an IRS field auditor for a potential IRS audit. The SS-8 application does not interface with any other application. The application is not externally accessible to other areas. The SS-8 application only shares data as required by mutual agreement with workload selection. The information is shared through a report generated within the SS-8 application. SS-8 application users access the data within the SS-8 Etrak application system from their workstations. A Business Entitlement Access Request System (BEARS) request must be submitted to obtain access to the SS-8 Etrak application.

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:

Statistical and other research purposes

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

There is no alternative to the use of the TIN. The TIN is the significant part of the data being processed. The TIN of the worker and firm are needed to review, analyze, and determine case outcome. TINS are used for internal research to ensure all filing requirements are met by the firm and the worker. Additionally, a firm or worker can file more than one request. TINs are used to identify all related cases, ensuring consistent treatment for the firm and all workers. Requests are assigned case numbers and future enhancements may allow redaction of TINS on letters but not in the E-Trak SS-8 Application.

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 alternative to the use of the TIN. The TIN is the significant part of the data being processed. The TIN of the worker and firm are needed to review, analysis and determine case outcome. TINS are used for internal research to ensure all filing requirements are met by firm and worker. Additionally, a firm or worker can file more than one request. TINs are used to identify all related cases, ensuring consistent treatment for the firm and all workers. Requests are assigned case numbers and future enhancements may allow redaction of TINS on letters but not in the E-Trak SS-8 Application. 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. MOD-IEIN requires the use of SSN's because no other identifier can be used to uniquely identify a taxpayer at this time.

Employer Identification Number

Other Taxpayer 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
E-mail Address
Date of Birth
Place of Birth
Standard Employee Identifier (SEID)
Internet Protocol Address (IP Address)
Employment Information
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.

There is no alternative to the use of the TIN. The TIN is the significant part of the data being processed. The TIN of the worker and firm are needed to review, analyze, and determine the case outcome. TINS are used for internal research to ensure all filing requirements are met by the firm and the worker. Additionally, a firm or worker can file more than one request. TINs are used to identify all related cases, ensuring consistent treatment for the firm and all workers. Requests are assigned case numbers and future enhancements may allow redaction of TINS on letters but not in the E-Trak SS-8 Application. Documents associated with case activity containing PII and SBU data include Taxpayer's employment information including data about reporting forms, Employee's name and badge number, Data on returns filed from internal systems, employment history with firm, and earnings. This information is used to determine worker's classification with a specific firm or employment classification for a firm (worker versus independent contractor).

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

All information input into the system is from the SS-8 form sent in by the requester. Information is verified for accuracy using internal research. If incorrect information is found for the entity (worker or firm) the requestor is notified and asked to correct the information and resubmit the request for worker's classification. Information for the non-requester is verified by internal research for data entry. All information stored is directly related to the work relationship between the worker and the firm.

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

IRS 00.001   Correspondence Files and Correspondence Control Files

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?

No

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: SS-8
Form Name: Determination of Worker Status for Purposes of Federal Employment Taxes
            and Income Tax Withholding

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?

No

Does this system disseminate SBU/PII to other Federal agencies?

No

Does this system disseminate SBU/PII to State and local agencies?

Yes

Identify the full names of the state and local agency(s) that receive SBU/PII from this system, and if there is an Inter-Agency Agreement (ISA) /Memorandum of Understanding (MOU).

Organization Name: Listing uploaded into PCLIA
Transmission Method: MOU data file
ISA/MOU: Yes

Identify the authority.

There are numerous state and local entities we share information with under the authority of Internal Revenue Code Section 6103(d). A list has been provided to Privacy Compliance personnel. Reports are generated on outcomes (employee or contractor). Reports are uploaded into specific state or local government folders on shared drives established by Privacy, Government Liaison & Disclosure Office (PGLD). PGLD determines which state or local governments receive information based on mutual agreements. Agreement pertain to tax administration for all parties.

Identify the Routine Use in the applicable SORN (or Privacy Act exception).

Treas/IRS 00.001, Routine Use (4): Disclose information to an appropriate Federal, state, local, tribal, or foreign agency, or other public authority, responsible for implementing or enforcing, or for investigating or prosecuting the violation of, a statute, rule, regulation, order, or license, when a record on its face, or in conjunction with other records, indicates a potential violation of law or regulation and the information disclosed is relevant to any regulatory, enforcement, investigative, or prosecutorial responsibility of the receiving authority. Treas/IRS 34.037, Routine Use (3): (3) Disclose information to an appropriate Federal, state, local, tribal, or foreign agency, or other public authority, responsible for implementing or enforcing, or for investigating or prosecuting the violation of, a statute, rule,

regulation, order, or license, when a record on its face, or in conjunction with other records, indicates a potential violation of law or regulation and the information disclosed is relevant to any regulatory, enforcement, investigative, or prosecutorial responsibility of the receiving authority.

For what purpose?

IRS will share applicable information within the constraints of Internal Revenue Code Section 6103(d) to reduce the Employment Tax portion of the tax gap, fraudulent filings, abusive tax schemes, and worker misclassification. In addition, this information sharing supports increased voluntary compliance with federal and state employment and unemployment tax requirements and information returns/reports filing.

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?

Notice is on the Form SS-8 pertaining to both the Privacy Act and information on Disclosure. A statement on the form advises them if they do not want any of their information shared that they have the option of not completing the form or parts of the form and can send it to the IRS. In addition, under IRC 6110 Public Inspection of Written Determinations, Letter 441 Notice of Intention to Disclose is mailed to the submitter of the SS-8 Form. All PII is removed, and the taxpayer is given the opportunity to agree or request additional information be redacted. The taxpayer is also informed of their right to petition tax court if agreement is not reached regarding the information that should be publicly shared.

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

Yes

Describe the mechanism by which individuals indicate their consent choice(s):

A firm or worker may choose not to submit any additional information requested or not to complete the form. As for determinations being posted on IRS.gov, under IRC 6110, requesters are also given the right to petition tax court to determine the information to be redacted.

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

The SS-8 process, and procedures are dictated by the Internal Revenue Manual guidelines. IRS policy allows individuals whose data is in the system the opportunity to clarify or dispute negative determinations through the reconsideration process. Information can only be accessed by IRS auditors with a need to know. Employees with access acquire access through BEARS system approvals.

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 Write

Managers: Read Write

System Administrators: Administrator

Developers: Read Only

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

Access is obtained through the Business Entitlement Access Request System (BEARS). Management determines access based on business need. A potential user must submit a request for access via BEARS to their local management for approval consideration. Users are not permitted access without an approved BEARS request from an authorized management official. Specific permissions (Read, Write, Modify, Delete, and/or Print) are defined on the BEARS request and set (activated) by the System Administrator prior to the user being allowed access. User privileges and user roles determine the types of data that each user has access to. Users are assigned to specific modules of the application and specific roles within the modules and accounts follow the principle of least privilege which provides them the least amount of access to PII data that is required to perform their business function after receiving appropriate approval. Additionally, accounts follow the principle of least privilege which provides them the least amount of access to PII data that is required to perform their business function. Management monitors system access and removes permissions when individuals no longer require access.

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.

SS-8 data associated with Form SS-8 Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding is approved for destruction after 15 years under NARA Job No. NC1-58-79-6 and published in IRS Records Control Schedule (RCS) Document 12990 under RCS 23 for Tax Administration - Examination, Item 61. data at the end of the retention period are found in Internal Revenue Manuals (IRM) 1.15.2 Types of Records and Their Lifecycles, 1.15.3 Disposing of Records, and 1.15.6 Managing Electronic Records. Information ages off (is deleted from) the database at varying intervals, no less than 15 years.

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?

10/25/2022

Describe the system's audit trail.

Data at rest is stored securely at the database layer of the database server. E-trak protects data at rest as follows: E-trak, in accordance with the IRM 10.8.1.5.6, has employed the following due diligence methods for protecting data at rest that resides on the servers: E-trak does not utilize any shares or shared drives. E-trak enforces least privileges through Role Based Access Controls that limit users to only the data necessary to perform their assigned duties. E-trak reports are printed in accordance with business need. Reports are handled appropriately in accordance with organizational policies. E-trak has had a risk assessment conducted. Security Assessment Services has completed a Security Impact Analysis as part of the current SA&A cycle. The e-trak SSP is being updated as part of the current SA&A to reflect the encryption utilized by the application to protect SBU data. Physical security is an inherited for e-trak at an organizational level. Physical security requirements are detailed in the IRS Facility Security Plan. Within our security accreditation, the protection of data at rest is inherited from Security Control (SC) - 28: Protection of Information At Rest. The GSSs MITS-24, MITS-30 and MITS-32 inherit the responsibility for ensuring the information system protects the confidentiality and integrity of information at rest.

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)?

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 CLM Collaborate Lifecycle Management Quality Manager Tool.

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?

Created test cases and test scripts for security and privacy requirements. These test cases and test scripts are to validate and verify user access control procedures, ensure strict confidentiality, use of data, and accountability.

SBU DATA USE

Does this system use, or plan to use SBU Data in Testing?

No

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: Under 100,000
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?

Yes

Does the system have a process in place to account for such disclosures in compliance with IRC §6103(p) (3) (A) or Subsection (c) of the Privacy Act? Contact Disclosure to determine if an accounting is required.

Yes