Date of Approval: **December 12, 2022**

PIA ID Number: **7161**

SYSTEM DESCRIPTION

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

INTERNATIONAL CORRESPONDENCE EXAM, ICE

Is this a new system?

Yes

What governance board or Executive Steering Committee (ESC) does this system report to? Full name and acronym.

The International Correspondence Exam (ICE) project reports to Withholding Exchange International Individual Compliance Division (WEIIC) and the Assistant Deputy Commissioner Compliance Integration Division (ADCCI).

Current ELC (Enterprise Life Cycle) Milestones:

Domain Architecture/Milestone 2

System Development/Milestone 4B

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 International Correspondence Examination (ICE) is intended to provide the Internal Revenue Service (IRS) with the opportunity to develop Robotic Process automation solution using the Report Generation Software (RGS) within the Correspondence Examination Automation Support (CEAS) to create audit reports. The Correspondence Examination Automation Support (CEAS) is a suite of web-based applications developed to enhance the examination process. The CEAS applications satisfy Report Generation Software (RGS) Client & RGS Batch requests to store/retrieve exam cases to/from the CEAS centralized database. The International Correspondence Exam (ICE) project was established to support the IRS with the deployment of an automated system that will prepare tax audit reports and notifications of potential non-filers of Self-Employed income for Puerto Rico residents who have filing requirements under U.S law. This third-party data is secured from the Puerto Rico

tax authority (La Hacienda). The Robotic Process automation solution will be able to automate 1040PR correspondence examinations. The IRS has developed automation software that can be used in the Report Generation System to create audit reports. This will expand our outreach to non-compliant taxpayers by the issuance of audit reports & letters, and depending on their response, or lack thereof, give us the ability to deliver a pre-determined assessments to the taxpayer.

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)

Law enforcement and intelligence purposes

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

The Large Business and International Division is responsible for identifying high-risk returns and issues with the goal of identifying self-employed Puerto Rico residents who did not file a Form 1040-SS or Form 1040-PR. The use of the SSN data is required to accurately identify the non-compliant taxpayers.

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 to eliminate the use of SSN's because this is compliance enforcement program. The ICE 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. The SSN is significant part of the data being processed.

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
Date of Birth
Place of Birth
Standard Employee Identifier (SEID)
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?

Yes

Describe the other types of SBU/PII that are applicable to this system.

Third Party data is secured once a year from the taxing authority (La Hacienda) in Puerto Rico.

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

SSN for personnel administration (IRS Employees) is 5 USC & Executive Order 9397

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.

Each year the Puerto Rico taxing authority (La Hacienda) transmits a data file to the IRS containing information on Puerto Rican income tax filers who reported self-employment earnings on their Puerto Rico tax forms. The Large Business and International Division compares the Puerto Rico tax return to IRS filing information, with the goal of identifying self-employed Puerto Rico residents who did not file a Form 1040-SS or Form 1040-PR (non-filers). The SSN data field is used to accurately compare the two data sets.

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

The Large Business and International Division matches the information received from the Puerto Rico taxing authority (La Hacienda) with IRS data on individuals filing Forms 1040-SS or 1040-PR. Individuals with no record of filing either Form 1040-SS or Form 1040-PR for the tax year they reported self-employment earnings to the Puerto Rico taxing authority (La Hacienda) are identified as potential non-filers. Puerto Rico non-filers identified are sent to classification for review and tax examiners prior to any potential examinations.

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 00.001   Correspondence Files and Correspondence Control Files

IRS 42.017   International Enforcement Program Information 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?

Yes

Enter the files and databases:

System Name: Correspondence Examination Automation Support
Current PCLIA: Yes
Approval Date: 2/18/2021
SA&A: No

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: Report Generation System
Transmission Method: Electronic 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?

No

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: Correspondence Examination Automation Support
Current PCLIA: Yes
Approval Date: 2/18/2021
SA&A: No

Identify the authority.

PIAMS 5790 CEAS

For what purpose?

To issue tax audit reports to taxpayers.

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?

Yes

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

  Organization Name: CORRESPONDENCE EXAMINATION AUTOMATION SUPPORT
  Transmission Method: ELECTRONIC
  ISA/MOU: Yes

Identify the authority.

  PIAMS 5790 CEAS

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

  PIAMS 5790 CEAS

For what purpose?

  TO issue tax audit reports to taxpayers.

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?

  No

Why not? If information is not collected directly from an individual, please discuss the factors considered in deciding to collect information from third party sources.

There is a 1989 Tax Coordination Agreement in place between the U.S. and the Commonwealth of Puerto Rico. The Puerto Rico Department of the Treasury, known as La Hacienda, annually provides information on individuals reporting self-employment income on returns filed with La Hacienda. The analysis of Puerto Rico residents with self-employment income by the IRS Large Business and International (LB&I) Division falls under the Information Sharing Agreements section of the LB&I Division Fiscal Year (FY) 2016 program letter, which states that the IRS will assess information received under agreements with foreign banks and other service providers including data received via treaty requests by the U.S. Competent Authority, and examine taxpayers who present the highest compliance risk.

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

No

Why not?

The Large Business and International Division is responsible for identifying high-risk returns and issues with the goal of identifying self-employed Puerto Rico residents who did not comply with their U.S. filing requirements.

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

The Large Business and International Division compares the information received from the Puerto Rico taxing authority (La Hacienda) with IRS data on individuals filing Forms 1040-SS or 1040-PR. Classification reviews everyone's tax records for a record of filing prior to placing the taxpayer in the International Correspondence Exam process. If it is found that the taxpayer has no record of filing Form 1040, Form 1040-SS, or Form 1040-PR for the tax year they reported self-employment earnings to Puerto Rico the taxpayer is identified as a potential non-filer. The International Correspondence Exam process generates an audit package for each taxpayer. A tax examiner will manually review the audit package prior to mailing.

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: Read Write

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

Access is requested using the Business Entitlement Access Request System (BEARS) and is approved by the employee's manager. Users access the BEARS application via a web site on the IRS Intranet. The user is identified by their Standard Employee Identifier (SEID), which is received from the authoritative source. BEARS has a secure interface with external systems and has automated processes that interface with selected internal IRS systems. An access request to an IRS application(s)/system(s) is a multi-step process, which allows managers, Unit Security Representatives (USR), and approvers/system administrators to take necessary actions. When various actions are needed or have been taken, individuals are notified via email.

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?

No

You must work with the IRS Records and Information Management (RIM) Program Office to address records retention requirements before you dispose of any records in this system.

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?

2/14/2022

Describe the system's audit trail.

Report Generation Software Operations and Maintenance (RGS O&M) is an application sponsored by the Small Business/Self-Employed (SB/SE) Division of the IRS. This system/application initially went into production in 1999 and provides the following functionality: RGS is a complete audit tool for tax compliance officers, revenue agents, and tax examiners. It automates the examination process from case creation and assignment through assessment to closing and archiving. RGS functions are used to prepare reports, propose adjustments, generate correspondence, and work papers including case closing documents. RGS provides access to Return Transaction File (RTF) data for cases that are being audited and sustains the automated closure of cases on the Audit Information Management System (AIMS), which provides retrieval of cases for analysis and uploads data elements to the Examination Operational Automation Database (EOAD). RGS supplies data for automated communication, called correspondence audits, reaching millions of taxpayers with potential errors in tax compliance. Examination results are tracked by issue to assist with future examination focus areas. National Research Program (NRP) completes research to update the audit selection system. Updated statistics enable the IRS to audit more efficiently and improve the detection of underreported income and overstated deductions and credits. The data also enables the IRS to audit fewer taxpayers with accurate tax returns, which lessens the burden on compliant taxpayers The Report Generation System PIAMS # 3205 and has been thru SA&A and ASCA.

PRIVACY TESTING

Does the system require a System Test Plan?

No

Please explain why:

The International Correspondence Exam (ICE) system does not require privacy testing because the Report Generation Software (RGS) application meets the privacy requirements under PIAMS 3205 that is sponsored by the Small Business/Self-Employed (SB/SE) Division of the IRS. This system/application initially went into production in 1999. RGS is a complete audit tool for tax compliance officers, revenue agents, and tax examiners. It automates the examination process from case creation and assignment through assessment to closing and archiving. RGS functions are used to prepare reports, propose adjustments, generate correspondence, and work papers including case closing documents. RGS provides access to Return Transaction File (RTF) data for cases that are being audited and sustains the automated closure of cases on the Audit Information Management System (AIMS), provides retrieval of cases for analysis and uploads data elements to the Examination Operational Automation Database (EOAD). RGS supplies data for automated communication, called correspondence audits, reaching millions of taxpayers with potential errors in tax compliance. Examination results are tracked by issue to assist with future examination focus areas.

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?

Yes

Describe the type of information derived from these efforts and the technical (e.g., audit trails) or other processes used to limit unauthorized monitoring.

The International Correspondence Examination (ICE) is intended to provide the IRS with the opportunity to create correspondence examinations on Puerto Rico taxpayers that are identified as self-employed non-filers. International Correspondence Exam (ICE) is an automated system that will prepare tax audit reports and notifications of potential non-filers of Self-Employed income for Puerto Rico residents who have filing requirements under U.S law.

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