

## State Income Tax Levy Program (SITLP) – Privacy Impact Assessment

PIA Approval Date – October 6, 2010

### System Overview:

The State Income Tax Levy Program (SITLP) is an Automated Levy Program (ALP). Through this program, overdue federal taxes are collected by levying state income tax refunds. Each state with income tax requirements can sign an agreement with the IRS to permit the state tax refund to be applied to a federal tax liability. Qualifying federal tax debts are sent electronically to each state along with a Notice of Levy (Form 668-A). The tax debt is matched against the state tax refunds and all or a portion is sent to IRS to satisfy the federal debt.

### Systems of Records Notice (SORN):

- IRS 24.030--Customer Account Database Engine (CADE) Individual Master File
- IRS 42.001--Exam Administrative Files
- IRS 26.019--Taxpayer Delinquent Accounts (TDAs)
- IRS 34.037--IRS Audit Trail and Security Records System

### Data in the System:

#### **1. Describe the information (data elements and fields) available in the system in the following categories:**

- A. Taxpayer – Social Security Number (SSN); Name and Address; and tax liability information [Master File Tax (MFT) class, tax period, and balance due].
- B. Audit Trail Information (including employee log-in info) – SITLP consists of batch mainframe runs and does not have any user interface.
- C. Other (Describe) – State agencies provide payment information via secure data transport (SDT) and Electronic Federal Tax Payment System (EFTPS).

#### **2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.**

- A. IRS – All data elements from 1.A. above are obtained from Corporate Files On Line (CFOL), Individual Master File (IMF), and Taxpayer Information Files (TIF)
- B. Other Federal Agencies (List agency) – Financial Management Service (FMS) provides all data elements from 1.A. and 1.C. above via Electronic Federal Tax Payment System (EFTPS)
- C. State and Local Agencies (List agency) – all provide payment information via SDT and EFTPS:
  - Alabama Department of Revenue
  - California Franchise Tax Board
  - Colorado Department of Revenue
  - Connecticut Department of Revenue Services
  - Delaware Division of Revenue
  - District of Columbia Office of the Chief Financial Officer

- Georgia Department of Revenue
- Idaho State Tax Commission
- State of Illinois
- Indiana Department of Revenue
- Iowa Department of Revenue
- Kentucky Revenue Cabinet
- State of Louisiana
- Maine Revenue Services
- Comptroller of Maryland
- Massachusetts Department of Revenue
- Michigan Department of Treasury
- Minnesota Department of Revenue
- Missouri Department of Revenue
- Nebraska Department of Revenue
- New Jersey Division of Revenue
- New York State Taxation & Finance
- North Carolina Department of Revenue
- Ohio Department of Taxation
- Oklahoma Tax Commission
- Oregon Department of Revenue
- Pennsylvania Department of Revenue
- Rhode Island Division of Taxation
- South Carolina Department of Revenue
- Utah State Tax Commission
- Vermont Department of Taxes
- Virginia Department of Taxation
- West Virginia Department of Tax and Revenue
- Wisconsin Department of Revenue

**3. Is each data item required for the business purpose of the system? Explain.**

Yes. CFOL, IMF, and TIF are primarily used because they contain the most recent taxpayer transaction codes. The balance due is needed in order to have the State levy the proper amount. SDT is used to send and receive the data in order to levy the refund and post the levy payment. Posting the levy payment will generate a Computer Paragraph (CP) 92, advising of the levy, from the IMF to the taxpayer

**4. How will each data item be verified for accuracy, timeliness, and completeness?**

Each item is taken directly from the current week's IRS Master File tapes. Data received from the States for processing of paper checks is verified by the TDA55 process before the TDA56 process is run to post the payments to individual taxpayer accounts

**5. Is there another source for the data? Explain how that source is or is not used.**

No.

**6. Generally, how will data be retrieved by the user?**

No user interface.

**7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?**

No. However, in the event that a file errors out, TDA55 will provide the SSN in an error report.

## Access to the Data

### **8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?**

**Role:** System Administrators  
**Permission:** Read

**Role:** Developers  
**Permission:** Read

### **9. How is access to the data by a user determined, and by whom?**

No users

### **10. Do other IRS systems provide, receive, or share data in the system? If YES, list the system(s) and describe which data is shared.**

Yes. Data is sent to IMF and IDRS in order to post transactions indicating the account is in SITLP Transaction Code 971 Action Code 600 (TC 971 AC 600) and to issue a notice CP 92. The data includes MFT, tax period, name control, and amount due. The SSN, MFT, tax period, and amount due are also sent to the States via SDT. This information and the levy payment information are also returned by the States via SDT.

### **11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?**

Individual Master File (IMF)

- Certification & Accreditation (C&A) – June 21, 2007, expires June 21, 2010
- Privacy Impact Assessment (PIA) – January 7, 2007, expires January 7, 2010

Integrated Data Retrieval System (IDRS)

- Certification & Accreditation (C&A) – May 18, 2006, expires May 18, 2009.
- Privacy Impact Assessment (PIA) – November 6, 2008, expires November 6, 2011

### **12. Will other agencies provide, receive, or share data in any form with this system?**

Data shared with the state agencies will be determined in the Memorandums of Understanding (MOUs) between IRS and the states.

## Administrative Controls of Data

### **13. What are the procedures for eliminating the data at the end of the retention period?**

SITLP data is approved for destruction 10 years after end of processing year or when no longer needed for operational purposes, whichever is later (Job No. N1-58-09-65, approved 11-9-09). These disposition instructions are published under IRM 1.15.19 Records Control Schedule for the Enterprise Computing Center - Martinsburg (ECC-MTB), Item 65. However, subsequent to the approval of these disposition instructions, the Notice Delivery System (NDS) has been identified as the official recordkeeping system for both IRS notices and certified mail data. In the NDS schedule submitted to the National Archives and Record Administration, NDS owners have proposed a 10-day retention for IRS notices, and a 12-year retention for certified mail data. The Records Office has suggested/offered pursuing a re-scheduling of SITLP data and associated records to take into account the NDS-proposed dispositions, which likely favor a shortened retention for SITLP data.

**14. Will this system use technology in a new way?**

No.

**15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.**

Yes. The system will identify all residents of participating States that have a Federal tax debt. This is so the IRS can levy income tax refunds and apply them towards federal tax debts

**16. Will this system provide the capability to monitor individuals or groups? If yes, describe the business purpose for this capability and the controls established to prevent unauthorized monitoring.**

No.

**17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently? Explain.**

No.

**18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?**

Yes.

**19. If the system is web-based, does it use persistent cookies or other tracking devices to identify web visitors?**

It does not use persistent cookies. Temporary cookies are used to temporarily store and track the session ID but no taxpayer information is stored there and they are removed when the browser is closed. There is no way to save the cookies

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