

Business Master File (BMF) – Privacy Impact Assessment

PIA Approval Date – May 20, 2010

System Overview:

BMF is an IRS Critical Infrastructure asset. All tax data and related information pertaining to individual business income taxpayers are posted to the BMF so that the file reflects a continuously updated and current record of each taxpayer's account. All settlements with taxpayers are effected through computer processing of the BMF account and the data therein is used for accounting records, for issuance of refund checks, bills or notices, answering inquiries, classifying returns for audit, preparing reports and other matters concerned with the processing and enforcement activities of the Internal Revenue Service.

Systems of Records Notice (SORN):

- IRS 24.046--Business Master File, Taxpayer Services
- 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 – Tax data and related information pertaining to business taxpayers are posted to the BMF. Each account has an entity module and one or more tax modules. The entity module contains data which describes the taxpayer as an entity and contains groups of data including Taxpayer Identification Number(s) (TIN), name, address, etc. A tax module contains records of tax liability and accounting information pertaining to the tax for one tax period. Each tax module contains groups of data including assessed tax liability, payments and other credits, balance due amounts, refund checks sent, and other accounting information relating to a specific tax period. The Business Master File is the authoritative data store for tax data other than Individual Tax Returns. As such, this system must maintain full SSNs on the file or it would not be able to maintain tax records. Information from the following tax forms is stored in the BMF, if applicable :
- Form CT-1 Employer's Quarterly Railroad Retirement Tax Return
 - Form 11B Special Tax Return – Gaming Devices
 - Form 11C Special Tax Return & Application for Registry – Wagering
 - Form 706 U.S. Estate Tax Return
 - Form 706GS(D) Generation Skipping Transfer Tax for Distribution
 - Form 706GS(D) Generation Skipping Transfer Tax for Termination
 - Form 709 U.S. Quarterly Gift Tax Return
 - Form 720 Quarterly Federal Excise Tax Return
 - Form 730 Tax on Wagering
 - Form 940 Employer's Annual Federal Unemployment Tax Return (FUTA)
 - Form 941 Employer's Quarterly Federal Tax Return
 - Form 942 Employer's Quarterly Federal Tax Return for Household Employees
 - Form 943 Employer's Annual Federal Tax Return for Agricultural Employees
 - Form 944 Employer's Annual Federal Tax Return
 - Form 945 Payer's Annual Tax Return
 - Form 990 Organization Exempt from Income Tax
 - Form 990PF Private Foundation Exempt from Income Tax

- Form 990T Exempt Organization Business Income Tax Return
- Form 1041 U.S. Income Tax Refund for Estates and Trusts
- Form 1041A Trust Accumulation of Charitable Amounts
- Form 1042 U.S. Annual Return of Income to be Paid at the Source
- Form 1065 U.S. Return of Partnership Income
- Form 1066 Real Estate Investment Conduit Return
- Form 1120 U.S. Corporation Income Tax Return
- Form 2290 Federal Use Tax Return on Highway Motor Vehicles
- Form 3520 Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts
- Form 4720 Return of Initial Excise Taxes on Private Foundations, Foundation Managers, and Disqualified Persons
- Form 5227 Return of Non-exempt Charitable or Split-Interest Trust Treated as a Private Foundation
- Form 5330 Excise Taxes Related to Employee Benefit Plans
- Form 8038 Information Return for Tax-Exempt Private Activity Bond Issues
- Form 8038-G Information Return for Tax Exempt Government Obligations
- Form 8038-GC Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Instalment Sales
- Form 8038-T Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate
- Form 8328 Carry-forward Election of Unused Private Activity Bond Volume Cap
- Form 8453 U.S. Individual Income Tax Declarations for an IRS e-file Return
- Form 8610 Annual Low-Income Housing Credit Agencies Report
- Form 8609 Low Income Housing Credit Allocation Certification
- Form 8693 Low-Income Housing Credit Disposition Bond
- Form 8752 Required Payment for Refund Under Section 7519
- Form 8804 Foreign Partnership Withholding Income Tax Return
- Form 8871 Political Organization Notice of Section 527 Status
- Form 8872 Political Organization Report of Contributions and Expenditures
- Form 9465 Instalment Agreement Request

B. Audit Trail Information – Master files by definition do not have an audit trail. They are defined as having interfaces to systems that maintain their own audit trails. There is no direct access to BMF data. All access is through batch files. The data viewed by authorized IRS employees is a copy of the BMF data loaded into any of a number of other systems that have a user interface. These systems maintain the authentication and authorization required, including the use of audit trail information.

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

- A. IRS – Business data is transmitted from various IRS remote campuses/service centers to the BMF using two primary methods: either electronically through Electronic Filing (ELF) runs or via traditional paper forms. Using the electronic method, initial inputs to BMF are processed by a front-end input system (i.e. ISRP, e-file, TeleFile, etc.). These systems interface with the Generalized Mainline Framework (GMF) which provides the data to the BMF processing system. Subsequent inputs can originate from the IRS processing systems listed below:
- Audit Information Management System (AIMS)
 - Automated Trust Fund Recovery Program (ATFR)
 - Centralized Authorization File (CAF)

- Combined Annual Wage Reporting Mainframe (CAWR MAINFRAME)
- Electronic Federal Tax Payment System (EFTPS) via Router Run (RR)
- Federal Payment Levy Program (FPLP)
- Federal Tax Deposit Mainline (FTD)
- Financial Management Service (FMS) (External Trading Partner)
- Generalized Mainline Framework (GMF) via Router Run (RR)
- Headquarters EO Inventory Control System (HQEO) (part of TRAC)
- Individual Master File (IMF)
- Information Returns Processing (IRP)
- Management Information System (MIS)
- National Account Profile (NAP)
- Payer Master File Processing (PMF)
- Tax Return Database Data Store (BMF)

Data elements received from these systems may include:

- Employer Identification Number (EIN)
- Taxpayer's name
- Taxpayer's address
- Business name
- Social Security number (SSN)
- Address
- Home phone number
- Work phone number
- Principle business
- Name of partnership
- Name of individual partners
- Paid preparer's name
- Paid preparer's SSN or PTIN
- Preparing firm's EIN
- Preparing firm's address
- Preparing firm's phone
- Designee's name
- Designee's PIN
- Income and payments information
- Total assets
- Taxes owed information
- Bank information
- Account and routing number

B. Taxpayer – The information from the taxpayer can either be transmitted to BMF through one of the applications mentioned above or via traditional paper forms. The data is reported by the taxpayer on various returns and schedules.

C. Other Federal Agencies:

- Financial Management Service (FMS):
 - FMS provides data to BMF on taxpayers that have other outstanding federal liabilities that can or have been offset by their account overpayment.

- Social Security Administration (SSA):
 - SSA provides W3 information to BMF on taxpayers that is used in Combined Annual Wage Reporting.

D. Other third party sources – BMF shares data with Bank of America/Anexsys. Bank of America/Anexsys are the Treasury Financial Agents for EFTPS. The data is needed in order for them to perform their duties. Elements shared include:

- TIN
- Name
- Transaction Date
- Payment Amount
- American Bankers Association Number
- Electronic Funds Transfer Number
- Service Center Code

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

Yes. The name, TIN, and address are required to identify the taxpayer's account. The income, deductions, credits, etc. reported on the tax return, as well as any payments received, are required to settle the taxpayer's account, and maintain a record of taxes assessed, abated and collected.

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

The data is reported by the taxpayer on various returns and schedules. After the initial filing of the tax return, any changes or updates (adjustments) to an account, whether initiated by the taxpayer or the IRS, is submitted as a transaction to post to the master file so that the file reflects a continuously updated and current record of each taxpayer's account. The front-end input systems (Integrated Submission and Remittance Processing [ISRP], e-file, GMF, etc) validate and correct data entries. The BMF process reformats this information for processing and storage. The front-end systems adhere to the established (and published) input and posting cycles to ensure that returns received from the taxpayers are processed, validated and posted to the BMF within required time frames.

BMF is a read-only repository for information. BMF end users do not input information into the BMF. All data is received via batch processing. There are several validation procedures to ensure that batches have run properly and contain properly formatted information; some of these are:

- Daily vouchers are used to verify that all data sent from the service centers has been received
- Control codes are used to verify complete files are transmitted
- The Log Analysis and Reporting Services (LARS) system performs run-to-run balancing for each batch job run to ensure that no data is lost
- Run to run balancing is used to verify that all files are processed through the complete input system and extract system as appropriate
- Unit testing, system acceptability testing, and integration testing are used to ensure runs process data correctly
- A weekly reconciliation run verifies all electronically filed returns processed in the Master File System Modernization & Information Technology Services (MITS)-21 have also been processed on the BMF system
- Validity checks are in place using the previously mentioned entity data to insure that if multiple taxpayers have the same first and last name that they are properly distinguished one from the other via the entity check information
- Product Assurance reviews the data as part of the case processing procedures to ensure accuracy, timeliness and completeness

- There are a series of tests performed on data such as the Compatibility Tests and the Final Integration tests to ensure the accuracy, timeliness and completeness of all IDRS data prior to the annual Filing Season Start-up

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

No. There is no other source for the data.

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

BMF is a read only repository and data is not directly accessible by users. Data is extracted on a weekly basis for reports and for loading into other IRS systems, which provide read-only access to the data, on a need to know basis. The information is only retrievable by IRS personnel using the IDRS BMF Online.

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

Yes. Data is not directly retrievable by users. IRS personnel can retrieve data via IDRS BMF Online. Once data has been extracted it is retrievable by EIN and SSN.

Access to the Data

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

The BMF is utilized by internal IRS personnel (users), located at various IRS Service Centers across the U.S. The number of potential BMF Online users for the BMF is based on the active number of registered IDRS users. No public access is permitted by the BMF. Only privileged, i.e. system administrators (SAs), programmers, and database administrators (DBAs) have direct access to BMF and DB2 databases. Privileged user's access is limited to their assigned job duties based on the principles of least privilege and separation of duties. The SA, programmers and DBAs are not authorized to read BMF data.

Role: BMF User

Permission: Read only access to data. Print tax return (Graphic or Transcript), Generate report data; this is the only role for all end user accounts.

Role: Contractor

Permission: Read only access to data. Print notices.

Role: BMF System Administrator/Programmer/Database Administrator (SA/SP/DBA)/Operations

Permission: Responsible for maintaining BMF Application, maintenance of DB2 database, Data export (flat file) to magnetic tape, DVD, CD or via FTP, Review data import logs for successful batch processing.

Note: Contractors do not have direct IDRS access and therefore do not have access to the data within BMF. Contractors are primarily responsible for printing out notices.

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

Data access is granted on a need to know basis. A potential user must submit a request for access form (OL5081) to their local management for approval consideration. Users are not permitted access without a signed OL5081 form from an authorized management official. Access to the BMF is restricted using RACF and SACS. Only privileged users who have successfully registered through the OL5081 process are allowed access the system and are limited to read-only access. RACF restricts

users, based on Role Based Access Controls (RBAC), from inputting data into the application. Users are granted the minimum set of privileges required to perform their regular and recurring work assignments. All contractors that work on BMF are subjected to MBI (minimal background investigations), Personal Identification Verification (PIV) forms, tax filing obligations checks, and finger printing.

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. All settlements with taxpayers are affected through computer processing of the BMF account and the data therein is used for accounting records, for issuance of refund checks, bill or notices, answering inquiries, classifying returns for audit, preparing reports and other matters concerned with the processing and enforcement activities of the IRS.

Initial inputs to BMF for each tax period are processed by a front-end input system (i.e. ISRP, e-file, etc.). These systems interface with the GMF which provides the data to the BMF processing system. Subsequent inputs are transactions that can originate in any number of IRS processing systems. Generally these system interface with the Integrated Data Retrieval System (IDRS)/ Integrated Case Processing (ICP) system processing runs which include End-of-Day (EOD) runs which validates the data before submitting to the BMF for posting.

Any input (initial or subsequent) which is unable to post to the master file for any reason, is returned to the originating system via the Generalized Unpostable Framework (GUF) for correction. Posted data is replicated for use in other IRS processing systems. The entire BMF is replicated for Corporate Files Online (CFOL), which provides on-line read-only access for authorized IRS employees. There are several files that contain extracts of entity data that are used in validation for processing or for employee access as a research tool in answering taxpayer inquiries or resolving compliance issues. These include the National Account Profile (NAP), the Taxpayer Index File (TIF) and the Name Search Facility (NSF).

Master File Transcript Request (MFTRA) processing accesses the BMF directly. Other systems that receive BMF data do not access the BMF directly, but receive a file generated either by BMF OUTPUTS, 701 EXTRACTS, or MIS REPORTS. These include IDRS, Automated Collection System (ACS), Audit Information Management System (AIMS) and reports.

- BMF data is received from:
 - Audit Information Management System (AIMS, AMS)
 - Automated Trust Fund Recovery Program (ATFR)
 - Case Creation Nonfiler Identification Process (CCNIP)
 - Centralized Authorization File (CAF)
 - Combined Annual Wage Reporting Mainframe (CAWR MAINFRAME)
 - Currency Transaction Record Master File (CTR)
 - Customer Account Data Engine (CADE)
 - Electronic Federal Tax Payment System (EFTPS) via Router Run (RR)
 - Employee Plans Master File (EPMF)
 - Federal Payment Levy Program (FPLP)
 - Federal Tax Deposit Mainline (FTD)
 - Financial Management Service (FMS) (External Trading Partner)
 - Generalized Mainline Framework (GMF) via Router Run (RR)
 - Headquarters EO Inventory Control System (HQEO)
 - Individual Master File (IMF)
 - Information Returns Processing (IRP)
 - Management Information System Reports (MIS RPTS)
 - National Account Profile (NAP)

- Payer Master File Processing (PMF)
- Tax Return Database Data Store (BMF DS)
- Taxpayer Information File (TIF)
- BMF data is provided to:
 - Accounts Management Services (AMS)
 - Audit Information Management System (AIMS, AMS)
 - Automated Substitute for Return
 - Automated Collection System (ACS) via Standard CFOL Access Protocol
 - Automated Computational Tool (ACT) via Legacy Access Provider (LAP)
 - Automated Insolvency System (AIS)
 - Automated Lien System (ALS)
 - Automated Quarterly Excise Tax Listing (AQETL, WebAQETL)
 - Automated Trust Fund Recovery Program (ATFR) via Legacy Access Provider (LAP)
 - Case Creation Nonfiler Identification Process (CCNIP)
 - Case Control Activity System (CCA)
 - Census Bureau (CB) External Trading Partner
 - Centralized Authorization File (CAF)
 - Combined Annual Wage Reporting Mainframe (CAWR MAINFRAME)
 - Compliance Data Warehouse (CDW)
 - Customer Account Data Engine (CADE)
 - Department of Justice (DOJ) (External Trading Partner)
 - Electronic Federal Tax Payment System (EFTPS) via Legacy Access
 - Electronic Fraud Detection System (EFDS)
 - Electronic Tax Administration Marketing Database (ETA MDB)
 - Employee Plans Master File (EPMF)
 - Enforcement Revenue Information System (ERIS)
 - Enterprise Data Warehouse Business Filers Model (EDW BFM)
 - EO Entity (EOE, NSA029)
 - Federal Tax Deposit Mainline (FTD)
 - Federal Unemployment Tax Act Tier 1 (FUTA TIER 1)
 - Financial Institutions (BANKS) (External Trading Partner)
 - Financial Management Information System (FMIS)
 - Financial Management Service (FMS) (External Trading Partner)
 - Generalized Unpostable Framework (GUF) via Generalized Unpostable
 - Integrated Data Retrieval System
 - Individual Master File Outputs (IMF)
 - Integrated Collection System (ICS)
 - Integrated Production Model (IPM)
 - Integrated Submission and Remittance Processing (ISRP)
 - Interim Revenue Accounting Control System (IRACS, RACS)
 - Inventory Delivery System (IDS)
 - Management Information System Reports (MIS RPTS)
 - Microfilm Replacement System (MRS)
 - Name Search Facility (NSF)
 - National Account Profile (NAP)
 - National Research Program (NRP)
 - Nonfiler Tracking (NFTRAC)
 - Notice Review Processing System (NRPS)
 - Payer Master File Processing (PMF)
 - Returns Inventory and Classification System (RICS)
 - Social Security Administration (SSA) (External Trading Partner)

- Statistics of Income (SOI)
- Standardized IDRS Access (SIA)
- Status 40 (STAT 40, NSA030)
- Tax Return Database Data Store (BMF DS)
- Taxpayer Information File (TIF)

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

Audit Information Management System (AIMS, AMS)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – May 1, 2009
- Privacy Impact Assessment (PIA) – February 11, 2009

Automated Collection System (ACS) via Standard CFOL Access Protocol

- Certification & Accreditation (C&A) Authority to Operate (ATO) – May 30, 2007
- Privacy Impact Assessment (PIA) – December 28, 2009

Automated Insolvency System (AIS)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – January 25, 2008
- Privacy Impact Assessment (PIA) – October 9, 2007

Automated Lien System (ALS)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – January 25, 2008
- Privacy Impact Assessment (PIA) – October 9, 2007

Automated Quarterly Excise Tax Listing (AQETL, WebAQETL)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – February 15, 2008
- Privacy Impact Assessment (PIA) – November 26, 2007

Automated Trust Fund Recovery Program (ATFR) via Legacy Access Provider (LAP)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – December 22, 2008
- Privacy Impact Assessment (PIA) – May 23, 2008

Combined Annual Wage Reporting (CAWR)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – June 14, 2007
- Privacy Impact Assessment (PIA) – December 10, 2009

Compliance Data Warehouse (CDW)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – June 20, 2008
- Privacy Impact Assessment (PIA) – March 4, 2008

Electronic Fraud Detection System (EFDS)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – June 20, 2008
- Privacy Impact Assessment (PIA) – October 7, 2008

Electronic Tax Administration Marketing Database (ETA MDB)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – May 22, 2009
- Privacy Impact Assessment (PIA) – December 23, 2008

Employee Plans Master File (EPMF)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – February 5, 2009
- Privacy Impact Assessment (PIA) – November 19, 2008

Enforcement Revenue Information System (ERIS)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – May 7, 2009
- Privacy Impact Assessment (PIA) – March 5, 2009

EO Entity (EOE, NSA029)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – October 2, 2008
- Privacy Impact Assessment (PIA) – April 16, 2008

Federal Tax Deposit Mainline (FTD)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – May 26, 2009
- Privacy Impact Assessment (PIA) – April 8, 2009

Federal Unemployment Tax Act Tier 1 (FUTA TIER 1)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – June 14, 2007
- Privacy Impact Assessment (PIA) – December 9, 2009

Financial Management Information System (FMIS)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – March 23, 2009
- Privacy Impact Assessment (PIA) – January 30, 2009

Generalized Mainline Framework (GMF) via Router Run (RR)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – February 18, 2009
- Privacy Impact Assessment (PIA) – October 31, 2008

Generalized Unpostable Framework (GUF) via Generalized Unpostable

- Certification & Accreditation (C&A) Authority to Operate (ATO) – May 11, 2009
- Privacy Impact Assessment (PIA) – February 23, 2009

Integrated Data Retrieval System

- Certification & Accreditation (C&A) Authority to Operate (ATO) – March 10, 2009
- Privacy Impact Assessment (PIA) – November 6, 2008

Individual Master File Outputs (IMF)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – June 21, 2007
- Privacy Impact Assessment (PIA) – November 10, 2009

Integrated Collection System (ICS)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – June 19, 2008
- Privacy Impact Assessment (PIA) – September 24, 2008

Integrated Submission and Remittance Processing (ISRP)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – February 9, 2009
- Privacy Impact Assessment (PIA) – September 8, 2008

Interim Revenue Accounting Control System (IRACS)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – February 28, 2007
- Privacy Impact Assessment (PIA) – February 2, 2009

Inventory Delivery System (IDS)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – May 1, 2009
- Privacy Impact Assessment (PIA) – September 10, 2008

Microfilm Replacement System (MRS)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – May 1, 2009
- Privacy Impact Assessment (PIA) – March 25, 2009

National Account Profile (NAP)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – February 13, 2009
- Privacy Impact Assessment (PIA) – December 1, 2008

National Research Program (NRP)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – May 21, 2008
- Privacy Impact Assessment (PIA) – April 7, 2008

Payer Master File Processing (PMF)

- Certification & Accreditation (C&A) Authority to Operate (ATO) – June 14, 2007
- Privacy Impact Assessment (PIA) – October 23, 2009

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

Yes.

- Financial Management Service (FMS):
 - Receives data from BMF for those accounts that have overpaid their liability.
 - FMS provides data to BMF on taxpayers that have other outstanding federal liabilities that can or have been offset by their account overpayment.
- Census Bureau:
 - BMF provides the entity change records to the Census Bureau.
 - Elements shared include:
 - Name
 - EIN
 - Address
 - North American Industry Classification System (NAICS) Data
 - Service Center Code
 - Employment Code
 - Filing Requirement Codes
 - Sole Proprietor SSN
- SSA:
 - BMF provides the entity change records to the SSA.
 - Elements shared include:
 - Name
 - EIN
 - Address
 - NAICS Data

- Service Center Code
- Employment Code
- Filing Requirement Codes
- Sole Proprietor SSN

Administrative Controls of Data

13. What are the procedures for eliminating the data at the end of the retention period? Annual Conversion updates the BMF. An analysis is performed and based on factors such as the current status, the assessment expiration date and collection expiration date entity and tax modules are removed to the retention register. A copy of the removed Entity will be put on the Microfilm Replacement System (MRS) Deleted Entity File for future research purposes. The records in the BMF DS to the BMF System are scheduled under IRM 1.15.29, Item 210. In 1980, the National Archives and Records Administration appraised the Information Returns as Temporary Records (NC1-58-82-9, Item 210), but with a long-term storage requirement of 75 years after year of processing. IRS follows disk sanitization procedures for destruction of discarded media. IRM 2.7.4, Management of Magnetic Media (Purging of SBU Data and Destruction of Computer Media) provides those procedures used for sanitizing electronic media for reuse (e.g., overwriting) and for controlled storage, handling, or destruction of spoiled media or media that cannot be effectively sanitized for reuse (e.g., degaussing).

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

No. BMF does not use technology in a new way.

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

Yes. The business purpose is to store accounts of business return filers and identify and locate taxpayers who are not in compliance with federal tax filing and payment requirements. The system accepts queries from other systems based on criteria that may indicate cases at high risk for non-compliance. The data are further analyzed by these other systems, and the results posted back to the master file.

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. This system does not itself monitor individuals or groups. Other systems extract data from this repository. Extracts are performed only based on an approved Unified Work Request (UWR).

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

No. The master file data allows IRS to ensure that taxpayers are treated equitably. The automated method of generating notices based on specific criteria eliminates the possibility of one taxpayer receiving preferential treatment over another or one taxpayer unfairly singled out for special scrutiny.

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

Not Applicable. The BMF is a read-only repository and does not have the capability to independently make determinations on a taxpayer. The BMF records the issuance of statutory notices. These notices may include math errors on a return, and other procedural notices sent to the taxpayer on initial processing. If another system accesses data in the BMF and subsequent processing by that other system results in a notice to the taxpayer, the notice is recorded on the BMF, which serves as the master repository. The other systems have procedures to ensure due process.

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

Not Applicable. The system is not web-based. BMF relies upon IDRS for all of its connectivity and does not use a web browser.

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