<h1 style="text-align:center">Payer Master File (PMF) - Privacy Impact Assessment</h1>

PIA Approval Date – April 18, 2007

System Overview

The Payer Master File Processing (PMF) maintains documents covering five tax years of information for all 1096 Forms and all W-3 Forms. The Payer Master File (PMF) is a file consisting of a composite of payer interest, partnership/S Corp. distributions, gambling winnings, and miscellaneous other categories filed by businesses, corporations, banks, credit unions, and other payers of these types of income. This project creates and maintains a database of information for the IRS Small Business/Self Employed (SB/SE) division relating to filers of information returns (1099s, etc.). Information Submission Processing (Forms 1096) and extension and waiver requests are maintained for five tax years. On-line users can request payer information through the online Integrated Data Retrieval System (IDRS) and paper transcripts through the Privacy Act Transcript Request Activity (PATRA). The Payer Penalty Program, excluding incorrect TIN filings, is administered from the PMF, and notices are generated from the BMF and IMF. PMF maintains the record of payment data to individuals that the business employs and is updated on a weekly basis.

Systems of Records Notice

- Treas/IRS 24.046 CADE Business Master File
- Treas/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: Taxpayer data and related information is posted to the Payer Master File (PMF). This data includes Taxpayer Identification Number (TIN), name and address.

Information from the following tax forms is stored in the PMF:
- Form W-3 Transmittal of Income and Tax Statements
- Form W-3C Transmittal of Corrected Wages and Tax Statements
- Form W-3SS Transmittal of Wage and Tax Statements
- Form 1096 Annual Summary and Transmittal of U.S. Information Returns
- Form 8809 Request for Waiver from Filing Information Returns Electronically/ Magnetically
- Form 8508 Application for Extension of Time to File Information Returns

A list of the data elements provided by each form can be found in Appendix A.
Data elements found in the PMF include:
- Employee Identification Number (EIN)
- Social Security Number (SSN)
- Taxpayer Identification Number (TIN)
- Establishment number
- Employer's name
- Employer's address
- Employer's state ID number
- Contact person
- Contact person's email
- Contact person's phone
- Contact person's fax
- Employer's territorial ID number
- Filer's name
- Filer's Address

- Federal income information
- Payer's name
- Payer's address

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 PMF data. All access is through batch files. The data is 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. Resource Access Control Facility (RACF) and Integrated Data Retrieval System (IDRS) provide auditing capability.

2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.
IRS: Taxpayer data is transmitted from various IRS remote campuses/service centers to the PMF using two primary methods; either electronically through Electronic Filing (ELF) runs or via traditional paper forms. Using the electronic method data is input into the PMF. PMF receives data elements from the following four IRS systems.
- Business Master File (BMF)
- Combined Annual Wage Reporting (CAWR)
- Enterprise Data Warehouse (EDW)
- Individual Master File (IMF)
- Information Returns Processing (IRP)

Taxpayer: The data in the PMF is reported by the taxpayer on various returns. The traditional paper method relies on the Service Center Automatic Mail Processing System (SCAMPS) to enable W-3 data to be loaded onto tape cartridges using the Automated Magnetic Media Processing System (AMMPS) by authorized personnel at remote campuses. The tapes are then sent to ECC-MTB where data contained on the tapes is posted to the PMF.

Typical data elements contained in these forms include:
- TIN
- SSN
- EIN
- Establishment number
- Employer's name
- Employer's address
- Employer's state ID number
- Contact person
- Contact person's email
- Contact person's phone
- Contact person's fax
- Employer's territorial ID number
- Filer's name
- Filer's Address
- Federal income information
- Payer's name
- Payer's address

The data elements found in each form are detailed in Appendix A of this PIA.

Other Federal Agencies: The PMF receives W-3 data elements from the Social Security Administration (SSA). During audits, Treasury's Inspector General for Tax Administration (TIGTA) may also have access to the data.

3. Is each data item required for the business purpose of the system?
Yes. The TIN, name and address are required to identify the taxpayer's account. After the initial filing of the informational 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.

4. How will each data item be verified for accuracy, timeliness, and completeness?
PMF is a read only repository for information. PMF users do not input information into the PMF. 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
- 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

Common fields validated in the PMF:
- TIN is valid (common program outside the bounds of PMF)
- TAX Year is valid/numeric (common program)
- Plan Number is valid
- Definer code is valid (internal validation)

5. Is there another source for the data? Explain how that source is or is not used.
No. No other source is needed.

6. Generally, how will data be retrieved by the user?
PMF 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). Users do not have direct access to PMF data and can only retrieve data through IDRS.

7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?
Yes, data can be only retrieved by TIN, EIN, and SSN.

Access to the Data

8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?
PMF-related duties are separate and disbursed among various IRS organizations. PMF developers create/test/debug application code and maintain the PMF production data. PMF programmers are only given access rights necessary to complete the tasks associated with their job. User access is dictated by local/national oversight, which is beyond the boundaries of the PMF application. Only PMF programs in the production environment have data altering functionality, users are, by definition, granted only limited privileges (read data access only).

The PMF does not outsource development or maintenance activities to third-party providers. Development and maintenance of the application is performed by IRS employees only.

User Role: Customer Service Representatives (CRSs) / Auditors – PMFOL User
Access Rights: Read only access to database

User Role: Developers and Schedulers – Privileged User
Access Rights: Access to development LPARs and Endevor development libraries. Read only access to production environments

User Role: SA/DBA – Privileged User
Access Rights: Full access to the z900/z990 mainframes, z/OS operating system, DB2 database, and ATL storage area.

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

Data access to the PMF and PMF storage libraries is restricted based on the principles of least privilege and separation of duties; access is granted on a need-to-know basis. PMF personnel are required apply for access using the OL5081 form. The OL5081 enrollment process requires that an authorized manager approve access requests on a case by case basis. Upon approval, PMF users are assigned user accounts based on their role(s) and responsibilities.

Access to the PMF mainframe and production/ development libraries and tools is restricted by RACF (MITS-21). Each sub-application in PMF requires that a user complete a separate OL5081 for the component they are requesting access to. Based on the individual's role(s) and responsibilities, access is either approved or denied and the appropriate corresponding changes are made to the RACF access control list by EOps and/or PMF administrative staff. RACF security administrators provide initial UserID and password access to the Master File. This is managed by placing users into assigned groups. Each group is assigned the minimum user rights and permissions to perform their function. Users are restricted from changing the boundaries of their access.

PMF user accounts require annual management recertification; employees that no longer require access are required to be removed by management. Account revocation is also performed through OL5081

The PMF contains read-only business informational return data. By design, PMF users are restricted using Role Based Access Controls (RBAC) from inputting data into the application and are given the minimum set of privileges required to perform their regular and recurring work assignments.

10. Do other IRS systems provide, receive, or share data in the system?

Yes. Inputs can originate in any number of IRS processing systems. Generally these systems interface with the Integrated Data Retrieval System (IDRS)/ Integrated Case Processing (ICP) system processing runs which include End-of-Day (EOD) runs which validate the data before submitting to the PMF for posting. Posted data is replicated for use in other IRS processing systems. The entire PMF is replicated for Payer Master File On-line (PMFOL), which provides on-line read-only access for authorized IRS users.

PMF receives data from the following four systems. These systems interface with the Generalized Mainline Framework (GMF) which provides the data to the PMF processing system. Subsequent inputs can originate from any number of IRS processing systems.

- Business Master File Outputs (BMF)
- Combined Annual Wage Reporting (CAWR)
- Individual Master File (IMF)
- Information Returns Processing (IRP)

PMF provides data to the following 6 systems:

- Business Master File (BMF)
- Combined Annual Wage Reporting (CAWR)
- Enterprise Data Warehouse (EDW)
- Generalized Unpostable Framework (GUF)
- Individual Master File (IMF)
- Information Returns Processing (IRP)

A detailed break-out of which data elements are received from and provided to the systems listed above can be found in Appendix B of this PIA.

11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?
Please see Appendix C for a complete list of C&A and PIA dates for systems which provide data to or receive data from PMF.

12. Will other agencies provide, receive, or share data in any form with this system?
Yes. The PMF shares data with the Social Security Administration (SSA) or TIGTA and GAO if requested for auditing purposes.

Administrative Controls of Data

13. What are the procedures for eliminating the data at the end of the retention period?
PMF data elements for five tax years are current and are processing year specific. Each year the oldest tax year data is deleted and overwritten by the new incoming data for the current year.

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.

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 informational return filers and identify and locate taxpayers who are not in compliance with federal informational return 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 payer master file.

16. Will this system provide the capability to monitor individuals or groups?
Yes. This system does not itself monitor individuals or groups, however, it provides the capability to other systems. Other systems extract data from this repository. Extracts are performed only based on an approved request for information services.

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?
N/A. The PMF does not have the capability to independently make any determinations. The PMF 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 PMF and subsequent processing by that other system results in a notice to the taxpayer, the notice is recorded on the PMF, 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?
PMF is not Web-based and therefore does not use persistent cookies or other tracking devices to identify Web visitors.

[View other PIAs on IRS.gov](#)

Appendix A: Information in PMF from Taxpayer Forms

Form W-3 Transmittal of Income and Tax Statements
- EIN
- Establishment number
- Employer's name
- Employer's address
- Employer's state ID number
- Contact person
- Contact person's email
- Contact person's phone
- Contact person's fax

Form W-3C Transmittal of Corrected Wages and Tax Statements
- EIN
- Establishment number
- Employer's name
- Employer's address
- Employer's state ID number
- Contact person
- Contact person's email
- Contact person's phone
- Contact person's fax

Form W-3SS Transmittal of Wage and Tax Statements
- EIN
- Establishment number
- Employer's name
- Employer's address
- Employer's territorial ID number
- Contact person
- Contact person's email
- Contact person's phone
- Contact person's fax

Form 1096 Annual Summary and Transmittal of U.S. Information Returns
- Filer's name
- Filer's Address
- Name of person to contact
- Telephone number
- Email address
- Fax number
- Federal income information
- EIN
- SSN

Form 8508 Request for Waiver from Filing Information Returns Electronically/ Magnetically
- Payer's name
- Payer's address
- TIN

- Contact name
- Telephone number
- Email address

Form 8809 Application for Extension of Time to File Information Returns
- Filer's/Transmitter's name
- Address
- TIN
- Contact name
- Telephone number
- Email address

Appendix B: Data elements received from or provided to other systems

Typical data elements which are shared by PMF include:
- TIN
- SSN
- EIN
- Establishment number
- Employer's name
- Employer's address
- Employer's state ID number
- Contact person
- Contact person's email
- Contact person's phone
- Contact person's fax
- Employer's territorial ID number
- Filer's name
- Filer's Address
- Federal income information
- Payer's name
- Payer's address

PMF Receives Data from the following 4 systems:

- Business Master File Outputs (BMF)
- Combined Annual Wage Reporting (CAWR)
- Individual Master File (IMF)
- Information Returns Processing (IRP)

PMF Provides Data to the following 6 systems:

- Business Master File (BMF)
- Combined Annual Wage Reporting (CAWR)
- Enterprise Data Warehouse (EDW)
- Generalized Unpostable Framework (GUF)
- Individual Master File (IMF)
- Information Returns Processing (IRP)
- Payers (PAYERS)

Appendix C: C&A and PIA dates of other IRS systems sharing data

Business Master File (BMF)
- PIA: Currently being recertified
- C&A: Currently being recertified

Combined Annual Wage Reporting (CAWR)
- PIA: 5/23/2005
- C&A: Not in inventory

Electronic Tax Administration Marketing Database (ETA MDB)
- PIA: 1/23/2006
- C&A: 3/7/2006

Enterprise Data Warehouse (EDW)
- PIA: 5/15/2006
- C&A: 6/1/2006

Generalized Unpostable Framework (GUF)
- PIA: Not in inventory
- C&A: 6/7/2006

Individual Master File (IMF)
- PIA: 9/1/2003
- C&A: 8/20/2004

Information Returns Processing (IRP)
- PIA: 7/25/2003
- C&A: 8/20/2004