

Excise Files Information Retrieval System (ExFIRS) – Privacy Impact Assessment

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System Overview:

Excise Files Information Retrieval System (ExFIRS) is a set of production applications/activities which provide management information and support processes, to assess the health and direction of the Excise Tax Program. Multiple applications support Excise business processes, and internal/external stakeholder activities. There are potentially 400 IRS end users of the applications, most with read-only roles, in addition to State Excise Tax Agencies and the motor fuel industry. ExFIRS has two primary sources of data, the Application for Registration (Form 637) for ‘Certain Excise Tax Activities’ is used to apply for excise tax registration for activities under sections 4101, 4222, and 4682. Each commercial entity dealing in the above ‘Certain Excise Tax Activities’ must have an active-valid Form 637 registration number. The Modernized Excise Files Information Retrieval System (ExFIRS) Excise Tax Registration Authorization System (ExTRAS) Application processes the Form 637 related data. Each fuel industry terminal, carrier, and blender dealing in excise taxable fuel is required to monthly file the appropriate Form 720 Terminal Operator (TO), Form 720 Carrier Summary (CS), or Form 720 Certain Fuels (CF) informational return. These informational returns are processed by the Legacy ExFIRS ExSTARS Sub-system and are used to track the movement of excise taxable fuel and blending of ethanol and bio-diesel products.

Systems of Records Notice (SORN):

- IRS 34.037--IRS Audit Trail and Security Records System
- IRS 42.002--Excise Compliance Programs
- IRS 22.060--Automated Non Master File (ANMF)
- IRS 24.046-- Customer Account Data Engine (CADE) Business Master File (BMF)
- IRS 42.008--Audit Information Management System (AIMS)

Data in the System

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

- A. Taxpayer: All information introduced into ExFIRS is related to the administrative or technical enhancement of Excise Tax compliance programs, both federal and state. Some information in the system is required to be reported to the IRS, such as:
- Fuel transaction reports
 - Information collected through the Dyed Diesel Program
 - Form 637 Registration information

Additional information in the ExFIRS operational database or data warehouse includes:

- Examination Returns Control System (ERCS) downloads
- Audit Information Management System (AIMS) downloads
- Master File and non-Master File filed tax return information and/or claims, pertaining to Forms 720, 2290, 730 and 8849
- Employee Identification Number (EIN) information from the IRS’s Integrated Production Model is periodically downloaded to ExFIRS

Specific categories of information to be gathered include:

- Taxpayer (name, address, Taxpayer Identification Number (TIN)/ Federal Employee Identification Number (FEIN))

- Fuel Transaction Information – date, bill of lading number, Terminal Control Number (TCN), position holder and carrier (e.g., product type and gallons per transaction, terminal storage capacity, usage)
- Excise Tax Registrant Database (Form 637)
- Fuel Facility Identification Registration Numbers (currently known as TCN)
- Excise returns, adjustments and claims

B. Employee – An Employee Table exists for the Excise Tax Authentication Registration System (ExTRAS) application users containing:

- Employee name
- Standard Employee Identifier (SEID)
- Badge Number
- Position of Duty (POD) information

This is used to define the employee role within the application user and to populate fields on taxpayer letters.

C. Audit Trail Information – Audit information captured on system activity is in compliance with Internal Revenue Manual (IRM) 10.8.3 Auditing Security Standards. Information captured includes:

- When an event occurred and results
- User initiating the event
- Type of event – logon/off; all system administrator and database administrator actions

D. Other – Customs import information identifies goods subject to Excise Tax. United States Customs Form 7501 Entry Summary details origin and importer information. Used for an imported item's Harmonized Tariff Classification, the form details the amount and quantity imported, and the value of the goods. Specific information would include:

- Consignee and Importer details
- Transportation details
- Invoice details
- Product details and quantity
- Tariff and tax information

Excise Tax Online Exchange (ExTOLE) information is provided by the states for exchange with other states. There are no IRS records or users of the ExTOLE application. The information that states may populate and may share with other states, for state fuel tax compliance activity, includes:

- State fuel tax contacts
- Fuel truck transportation sightings
- State licensing information as it pertains to an entities engaged in fuel activity
- Interstate fuel transfer information

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

A. IRS – Data received from other IRS sources includes:

- AIMS – Case time information
- ERCS – Open/Closed case information
- Integrated Production Model (IPM) – EIN information

- Business Master File (BMF) – Filed return information for 720, 2290, 8849, Wagering
- B. Taxpayer – Excise Summary Terminal Activity Reporting System (ExSTARS) monthly information reports (Form 720–TO and 720–CS) required of “637–Taxable Fuel Registrants”, Terminal Operators and Fuel Carriers, detailing the movement of fuel products on the bulk distribution system. The data in these information returns is matched against the Taxable Fuel areas of the quarterly Excise Tax Return (Form 720), similar to how 1099/W–2 information is matched against information reported on individual tax returns.
- Taxpayers engaged in a range of business activities including fuel, manufacturing or purchase of products, heavy vehicle sales, may, or in some cases must, register with the submission of Form 637 Application for Registration (for Certain Excise Tax Activities). The application comes directly from the taxpayer and would contain:
- Taxpayer name
 - EIN
 - Business activity engaged in
 - The ExTRAS application is the 637 data store and workflow system.
- C. Employee – The employee information used to assign the employee’s ExTRAS role comes directly from the employee’s submission of OL5081:
- Employee name
 - SEID
 - Badge Number
 - Position of Duty (POD) information
- D. Other Federal Agencies – Data from Customs is received on a weekly basis and included in the ExFIRS Data Warehouse. The Customs Form 7501, Entry Summary, is the record of imports and custom duty due on those imports.
- E. State and Local Agencies – Data the States choose to share among them is contained within the ExTOLE application. This information comes from a number of different state agencies such as Revenue, Motor Vehicle, etc. The sharing of this data will be governed by State disclosure agreements.

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

Yes, the data elements are required for the business purpose of the system. The data is required for the administration of the IRS Excise Tax program as a whole. Data is used by Fuel Compliance Officers/Fuel Compliance Agents (FCO/FCA) staff as reference when conducting fuel inspections; RA’s as reference material for case work; 637 Registration staff to process an initial registration application and conduct periodic registration status reviews. Reports and raw data are used by Excise classification staff in developing fuel tax compliance case leads. All use of data is relevant and necessary to the successful completion of Excise Tax program objectives.

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

Data is received from, and verified with the authoritative source, such as Master File and Integrated Production Model (IPM) downloads, to the maximum extent possible. Information is typically verified through taxpayer and employee contacts.

ExFIRS utilizes Electronic File Transfer Utility (EFTU), the IRS standard for file transfers. EFTU integrity checking is performed on all file transfers in and out of the application. A hash is provided by

EFTU to ensure transfers are secure. In addition, Oracle has its own integrity checks in place reporting any type of problems or concerns. Informatica utilizes Oracle's integrity checking facilities and components as well to monitor any transfers. Additionally, the Oracle Database (ODB) performs its own integrity checking before allowing any data into the database. Validation for completeness is always done before data can be inserted into a database field. All EIN fields must meet the proper format to be accepted into the database. The database is utilized to perform the majority of ExFIRS integrity checking and validation.

With modernization, applications have checks against information inputs for the validity and completeness of the information. Error messages are provided for data that is either required or of the wrong data type. The application checks for authenticity in that it only allows authorized users of the application to input data. Additionally, assigned privileges in the database allow further restrictions on users inputting data. Accuracy of data is generally controlled by the users inputting the data, however drop down menus are available within certain functions of ExFIRS applications and modules to minimize the number of invalid entries.

The Excise Summary Terminal Activity Reporting System (ExSTARS) Fuel Transaction Reports, submitted by Terminal Operators and Carriers, who manage the fuel and delivery receipt, are matched against the Quarterly Excise Tax Form (720) to ensure the proper amount of fuel tax is paid based on product deliveries.

Information submitted to the ExTOLE application will be provided by the States for use by other States. The IRS is merely providing a common repository for these State records. Information provided by the States (ExTOLE) will not be introduced into any IRS databases. From a practical standpoint, it will be up to the States to validate the accuracy of the information in ExTOLE.

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?

Users must complete required documentation (e.g., Form 5081) to gain authorization to access the system. Once authorized, users will login with their User ID and password to gain access to the application. Data is retrieved by searching for a particular EIN or Fuel Facility Identification Registration Number, and, in some cases, by the 637 registration number unique to each registrant. For the ExSTRAS application, data is retrievable by running a query to search by SEID or Employee name. Access to ExFIRS data will be based on the role that a user plays in the Excise Fuel Tax Compliance program.

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

Yes, data is retrievable by EIN, Fuel Facility Identification Registration Number, and, in some cases, by the 637 registration number unique to each registrant. For the ExSTRAS application, data is retrievable by running a query to search by SEID or Employee name.

Access to the Data

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

Excise Tax employees engaged in Excise Compliance activity with the appropriate managerial approval will have access to data in the system. They will only have read access to the data, unless

they are designated with a “coordinator” role, which will give them the ability to edit information.

General application users include:

Role: Fuel Compliance Agents/Officers (FCA/FCO)

Permission: Read access

Role: Managers and Excise program support users

Permission: Read access

Role: Excise Revenue Agents and Managers Examination Branch Chiefs with Excise responsibility

Permission: Read access

Role: Centralized Excise Operations employees

Permission: Generally limited to access Form 637 registration information to process initial registration applications and as part of claims processing.

Role: Excise headquarters employees

Permission: Program management responsibility

Role: All authorized users who have access to complete compliance activity. (Revenue Agents, FCO, managers (case reviewers)

Permission: Access to view the status of any 637 Registration to determine if a third party was registered to engage in a specific business activity.)

Developers supporting the development of the application do not have access to the data. System and Database Administrators supporting the administration of the servers hosting the application do not have access to the data, unless required for issue remediation. Contractors, after completion of background investigations and disclosure review, may have access to ExFIRS data to supplement IRS staff in highly specialized analysis of fuel supply and movement information. These contractors would have the same staff-like access as Excise personnel performing industry analysis. Contractors would also be using IRS supplied equipment and applying the appropriate safeguards to protect the data they might have. All access to the application is requested via the OL5081 process.

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

Access to the data is determined by the manager based on a user’s position and need-to-know. The manager will request the employee be added to the application by approval of the OL 5081. They must comply with the Online 5081, Information System User Registration/Change Request process to request access to the application. A user’s access to the data terminates when it is no longer required. Criteria, procedures, controls, and responsibilities regarding access are documented in the Information Systems Security Rules on Form Online 5081. Access by State tax agencies will be based on a Letter of Application/Memorandum of Understanding process, and different roles are envisioned for different types of access.

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, the following IRS systems provide, receive, or share data with ExFIRS:

- Integrated Production Model (IPM) – ExFIRS receives EINs, taxpayer name as well as “doing business as” name and complete address information, and other related business information.

- Generalized Mainline Framework (GMF) – ExFIRS receives Excise Tax Return data from GMF.
- Business Master File (BMF) – ExFIRS receives Excise Form Submissions from Business Master File.
- Examination Returns Control System (ERCS) – ExFIRS receives TINs, Return data, Historical Return data, Return Time Charge data, and Controlling Group Address information.
- Web Currency and Banking Retrieval System (WebCBRS) – ExFIRS receives Importer, Consignee, Manifest, Invoice, Line Item, and Tariff data from commodities imported into the United States subject to excise tax.
- Audit Information Management System (AIMS) Computer Information System (ACIS) – ExFIRS receives Closed, Open, Non–Examined and Summary Examination Time Transmission System (SETTS) data files from AIMS Related Reports.
- Public User Portal (PUP) – ExFIRS sends Form 637 Registration information, namely, Form 637 Registration Numbers, Activity (or suffix) Codes, and associated statuses of their suffixes to PUP.
- Issue Management System (IMS) – ExFIRS sends Form 637 Registration Numbers to IMS.
- Excise Joint Operations Center (JOC) – ExFIRS sends a monthly export of the ExFIRS Data Warehouse (DW) to the Excise JOC.

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

Yes:

Integrated Production Model (IPM)

- Authority to Operate(ATO) – August 4, 2008
- Privacy Impact Assessment (PIA) – August 17, 2010 PIA

Generalized Mainline Framework (GMF)

- Authority to Operate (ATO) – February 18, 2009
- Privacy Impact Assessment (PIA) – October 16, 2008

Business Master File (BMF)

- Authority to Operate (ATO) – June 14, 2010
- Privacy Impact Assessment (PIA) – March 16, 2010

Examination Returns Control System (ERCS)

- Authority to Operate (ATO) – June 13, 2008
- Privacy Impact Assessment (PIA) – March 3, 2008

Web Currency and Banking Retrieval System (WebCBRS)

- Authority to Operate (ATO) – June 18, 2010
- Privacy Impact Assessment (PIA) – April 2, 2010

Audit Information Management System (AIMS) Computer Information System (ACIS)

- Authority to Operate (ATO) – March 19, 2010
- Privacy Impact Assessment (PIA) – July 24, 2009

Public User Portal (PUP) Modernization and Information Technology Services (MITS)–28 –

- Authority to Operate (ATO) – December 19, 2007
- Privacy Impact Assessment (PIA) – May 18, 2010

Issue Management System (IMS)

- Authority to Operate (ATO) – June 1, 2008
- Privacy Impact Assessment (PIA) – June 16, 2010

Joint Operations Center (JOC)

- Authority to Operate (ATO) – December 29, 2008
- Privacy Impact Assessment (PIA) – October 1, 2008

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

Yes, Customs data, Form 7501 Entry Summary, is received electronically and stored in the ExFIRS Data Warehouse. This information is specific to imports, and the customs duty due on those imports. The data represents only those tariff codes identified by IRS Examination as being of interest to IRS for Excise tax purposes. Importers report to Customs the type of product, its value, the manufacturer, country of origin, The Harmonized Tariff Schedule Number (HTS #), quantity, weight, etc, all information required to determine the correct import duty or tax.

ExSTARS Electronic Data Interchange (EDI) filers will have the option of completing a Section 6103(c) Consent Agreement. This will allow, at the option of the information provider, the sharing of information filed with the IRS with the States affected by the specific transactions as if provided directly to that State.

No other information is provided to, or received from, outside agencies.

Administrative Controls of Data

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

A request for records disposition authority for ExFIRS data and associated records is currently being drafted with the assistance of the IRS Records and Information Management (RIM) Program Office. When approved by the National Archives and Records Administration (NARA), disposition instructions for ExFIRS inputs, system data, outputs and system documentation will be published under IRM 1.15.23 Records Control Schedule for Tax Administration – Examination, item 84. The retention period for the motor fuel transaction reports will follow the same one already approved for Forms 1099 and like information return documents, which is the current year plus six.

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

No, this system will not use technology in a new way. ExFIRS will make use of architecture and infrastructure standards adopted by the IRS. These include:

- Use of the Employee User Portal (EUP) for access to applications
- Presentation of applications as web pages versus having Oracle fat-client databases loaded on the user's workstation, and hosting the applications on consolidated servers
- Development and testing infrastructure within the IRS

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

Yes, ExFIRS can identify individuals for ownership purposes of files/records, and specific bulk motor fuel transactions. ExFIRS does not have the capability to locate an individual.

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 will not provide the capability to monitor individuals or groups.

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

No, the system will provide consistent and equitable treatment for all taxpayers. The ExFIRS application does not make any differentiation among taxpayers.

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

Yes. EXFIRS is an Excise Tax compliance tool. Any actions affecting taxpayer liability would occur through the case review and examination process. Dealings would be directly with the taxpayer, affording the opportunity to correct any erroneous information. At the conclusion of an examination, parties would have all the IRS standard notice and appeals rights.

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

Yes. IRS employees access ExFIRS via the EUP. External users access the applications via IRS.gov, which utilizes session cookies. These cookies are deleted at the end of the users' sessions. IRS.gov does not utilize persistent cookies.

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