

Individual Master File (IMF) – Privacy Impact Assessment

PIA Approval Date – Nov. 10, 2009

System Overview

Individual Master File (IMF) consists of a series of runs, data records and files. The IMF receives individual tax submissions in electronic format, and processes them through a pre-posting phase, posts the transactions, analyzes the transactions, and produces output in the form of Refund Data, Notice Data, Reports, and information feeds to other entities. IMF is the authoritative data source for individual tax account data. All the other IRS information system applications that process IMF data depend on output from this source. IMF is a critical component of IRS's ability to process tax returns. There has been no new processing, but it is updated annually to incorporate new tax law procedures and changes.

Systems of Records Notice (SORN):

- IRS 24.030--Custer Account Data Engine Individual Master File, formerly Individual Master File
- 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 – The data in IMF includes all of the data from the IRS 1040, 1040A, and 1040X forms and schedules. The data includes the following individually identifiable data elements:
- Taxpayer Identification Number (TIN)
 - Taxpayer name
 - Taxpayer address
 - Taxpayer income
 - Taxpayer liability
- B. Audit Trail Information – Individual Master File by definition does not have an audit trail. The Individual Master File provides information to other systems that maintain their own audit trails. There is no direct access to IMF data. All access is through batch file processing. The data viewed by authorized IRS employees is a copy of the IMF data loaded into 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 – After the initial filing of the tax return, any changes or updates (adjustments) to a taxpayer 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.
- B. Taxpayer – The tax filing data is reported by the taxpayer on IRS forms 1040, 1040A, 1040X and schedules in the 1040 Individual Income Tax family of returns.

C. Other Federal Agencies:

- Department of Treasury – Financial Management Service (FMS) receives data from IMF for those accounts that have overpaid their liability. FMS provides data to IMF on taxpayers that have other outstanding federal liabilities that can or have been offset by their account overpayment.
- Social Security Administration (SSA) – Provides data that IMF uses to validate and reconcile Social Security Numbers (SSNs) with individual taxpayers.
- Census Bureau – Receives data from IMF that is used for demographic and other studies.

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, other data 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 front-end input systems (Integrated Submission and Remittance Processing (ISRP), e-file, Generalized Mainline Framework (GMF), etc) validate and correct data entries. The IMF 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 Individual Master File within required time frames.

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?

IMF data is not directly accessible by users. Data is extracted on a weekly basis and loaded into other IRS systems, which provide read-only access to the data. These other systems provide the authorization, control and monitoring of access and IDRS through command codes.

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

Yes. Data is retrieved by name, SSN, and TIN.

Access to the Data

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

The only access is to execute batch files and receive data extracts. There is no user interface and no direct users. Only authorized IRS system administrators run the batch files.

Developers may be granted temporary/emergency access on an as-needed basis. Authorization is required via the OL5081 process and accounts are automatically terminated after six hours.

Temporary accounts are reviewed and authorized via the OL5081 process. Temporary access could include write, read, and execute on the IMF application if required and authorized by the OL5081 process.

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

The only access is to execute batch files and receive data extracts; there is no user interface and no direct users. Data access is granted on a need to know basis. Potential System Administrators must submit requests for access through the Online 5081 (OL5081) application which is submitted to their local management for approval consideration. Administrators are not permitted access without a signed OL5081 application from an authorized management official.

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.

- Customer Account Data Engine (CADE) – Taxpayer and tax return information.
- Audit Information Management System Reference (AIMS–R) – Tracks the audit case through its various stages, and sends assessment information to IMF at the audit's close.
- Notice Delivery System (NDS) – Data that is used to manage the printing, inserting, and mailing of IRS's correspondence.
- Taxpayer Index File (TIF) – Entity data and taxpayer data that are used in validation for processing, or for employee access as a research tool in answering taxpayer inquiries or resolving compliance issues.
- Generalized Unpostable Framework (GUF) – Weekly totals of unpostable inventory by program. Identifies volume of cases.
- Integrated Data Retrieval System (IDRS) – Taxpayer and tax return information.
- National Account Profile (NAP) – 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.

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

Initial inputs to IMF for each tax period are processed by a front–end input system (i.e. Integrated Submission and Remittance Processing (ISRP), e–file, etc.). These systems interface with the Generalized Mainline Framework (GMF), which provides the data to the IMF 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 IMF 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 IMF is replicated for Corporate Files On–line (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). Information Returns Processing (IRP) and MIFTRA processing accesses the IMF directly.

Other systems that receive IMF data do not access the IMF directly, but receive a file generated either by IMF OUTPUTS or by 701 EXTRACTS. These include IDRS, Collection System (ACS), Audit Information Management System (AIMS) and reports.

IMF sends data to the NDS system. The NDS system manages the printing, inserting and mailing of IRS's correspondence at the two Correspondence Production Services sites in Ogden, UT and Detroit, MI. NDS does this by establishing and tracking every mail piece through each processing step.

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

Customer Account Data Engine (CADE)

- Authority to Operate (ATO) – April 2, 2009
- Privacy Impact Assessment (PIA) – April 30, 2008

Audit Information Management System Reference (AIMS–R)

- Authority to Operate (ATO) – May 1, 2009
- Privacy Impact Assessment (PIA) – February 11, 2009

Notice Delivery System (NDS)

- Authority to Operate (ATO) – received on May 9, 2007
- Privacy Impact Assessment (PIA) – August 3, 2007

Taxpayer Index File (TIF)

- Authority to Operate (ATO) – March 10, 2009
- Privacy Impact Assessment (PIA) – November 6, 2008

Generalized Unpostable Framework (GUF)

- Authority to Operate (ATO) – May 11, 2009
- Privacy Impact Assessment (PIA) – February 23, 2009

Integrated Data Retrieval System (IDRS)

- Authority to Operate (ATO) – March 10, 2009
- Privacy Impact Assessment (PIA) – November 6, 2008

National Account Profile (NAP)

- Authority to Operate (ATO) – February 13, 2009
- Privacy Impact Assessment (PIA) – December 1, 2008

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

- Financial Management Service (FMS)(Department of Treasury) receives data from IMF for those accounts that have overpaid their liability. FMS provides data to IMF on taxpayers that have other outstanding federal liabilities that can or have been offset by their account overpayment.
- Social Security Administration (SSA) provides data that IMF uses to validate and reconcile Social Security Numbers (SSNs) with individual taxpayers.
- Census Bureau receives data from IMF that is used for demographic and other studies.

Administrative Controls of Data

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

Annual end of year processing (Conversion) updates the IMF. An analysis is performed based on factors such as the current status, the Assessment Expiration Date, Collection Expiration Date entity, and tax modules are removed to the retention register. The retention register is governed by IRM 2.7.4, Magnetic Media Management, and IRM 2.7.9, Enterprise Computing Center–Martinsburg (ECC–MTB) Processing Timeliness.

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

No. This system will 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. Purpose is to identify individuals and groups to send notices, request information, forward returns, or provide special processing such as areas of designated disaster.

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 monitor individuals or groups. 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 IMF data allows IRS to ensure that taxpayers are treated fairly and equitably. The automated method of generating notices based on specific criteria eliminates the possibility of one taxpayer receiving preferential treatment over another. The IMF also enables all taxpayers to receive the notifications that are applicable to them when there is a change in tax law, such as the recent changes affecting the child tax credit.

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

Yes. The IMF only records the issuance of statutory notices. IMF does not send out notices, but does record the event. 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 from the IMF and subsequent processing by that other system results in a notice to the taxpayer, the notice is recorded on the IMF, 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?

No. The system is not web-based.

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