



IRS DATA SHARING AND SAFEGUARDS



Governmental Liaison

Mission

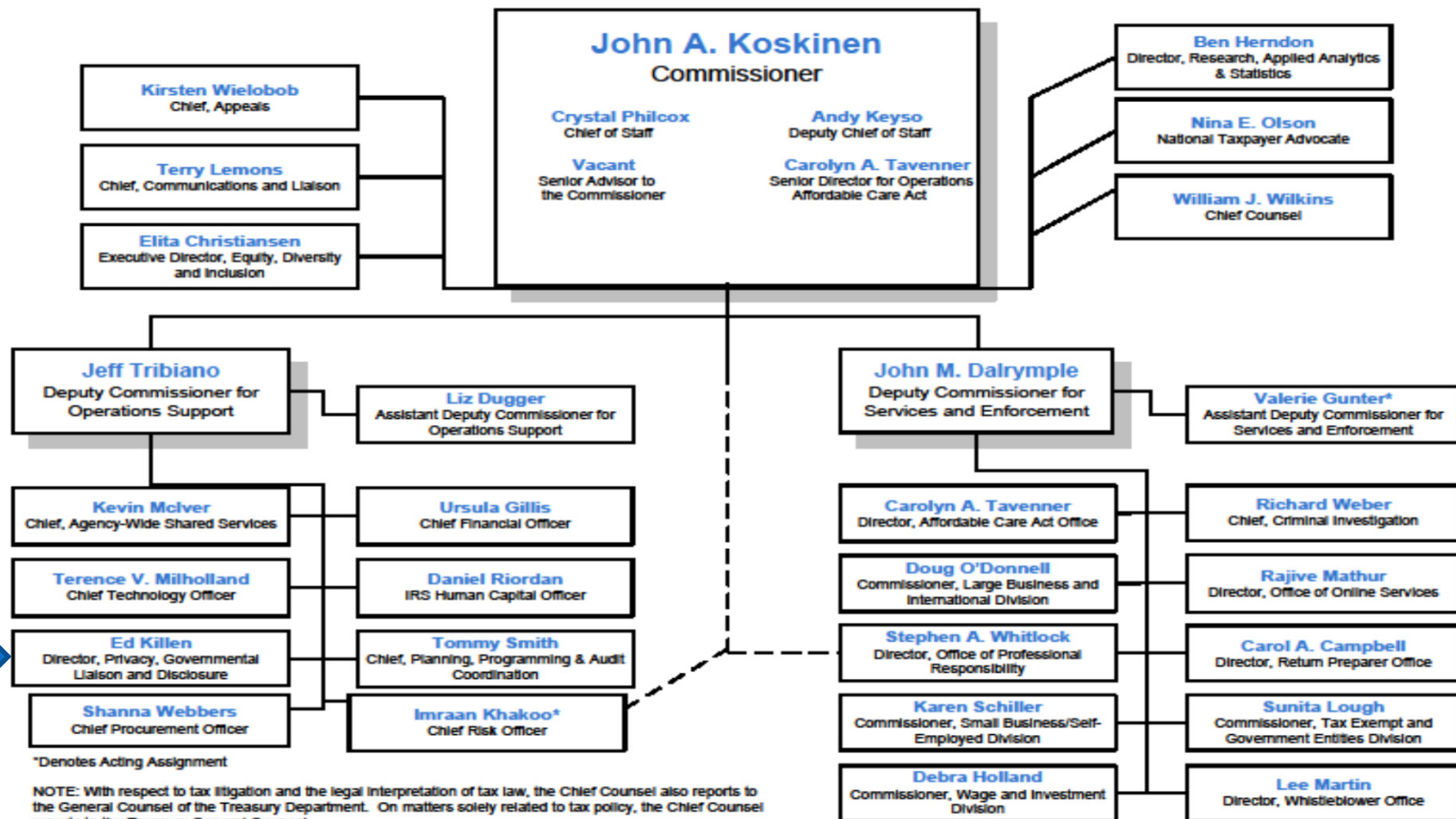
- Strengthen America's tax system by partnering with federal, state and local governmental agencies, focusing on data and information exchanges.
- Ensure IRS employees and external partners protect confidential tax information by serving as the *gateway* to the appropriate GLDS functions to properly address data protection.
- Achieve mutually beneficial goals of improving voluntary compliance, increasing efficiency of tax administration, and reducing taxpayer burden.



IRS Organization Chart

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Organization and Top Officials

As of: May 2016





Cooperative Partnerships

- **Basic/Implementing Agreements**
 - GLDEP
 - Suspicious Filer Exchange
- **Security Summit MOU**
- **SITLP/MTLP MOU**
- **Joint Operations Center MOU**
- **More...Memorandum of Understandings**



Basic & Implementing Agreements

Basic Agreements

- Mutual exchange of tax data between a specific state tax agency and IRS.
- Scope is developed through discussions between Governmental Liaison and the state tax agency.
- IRC 6103(d)(1).

Implementing Agreements

- Supplements the basic agreement by specifying the detailed working arrangements and items to be exchanged, including tolerances and criteria.
- Covers areas of early intervention and education, joint compliance, data exchanges, and technological advances and improvements.
- Developed with each state tax agency that wants to receive Federal returns and return information on a continuing basis.



Governmental Liaison Data Exchange Program

- Internal Revenue Code Section 6103(d) authorizes IRS to share federal tax information with state tax agencies for tax administration purposes.
- GLDEP extracts specific data from various IRS master files and databases.
- Participating agencies use the extracts to increase revenue and compliance.
- Currently there are 105 enrolled agencies and 20 different extracts.
- Example: Identity Theft Protection Indicator (ITPI) Extract
 - The extract provides an indicator for a taxpayer identified as either having potential risk for or has been impacted by identity theft.



FedState Suspicious Filers Exchange

- The Suspicious Filer Initiative between the IRS and state revenue departments allows the agencies to exchange suspicious filer, fraudulent refund, identity theft, and scheme leads and information.
- In FY2016, the Suspicious Filer Initiative was expanded to all state revenue agencies based upon the success of a pilot in 2015.
 - Forty-three states and six city agencies made a written request for information either through Form 8796-A or an updated Implementing Agreement.
- RICS shares confirmed and questionable identity theft returns with requesting state revenue agencies through Secure Data Transfer.
- State agencies also share leads of fraudulent returns with the IRS.



Security Summit MOU Participants

21 Industry Organizations Signed MOU



40 State Departments of Revenue Signed MOU

Endorsing Organizations	Industry		State Departments of Revenue		
• Federation of Tax Administrators (FTA) • Council for Electronic Revenue Communication Advancement (CERCA) • American Coalition for Taxpayer Rights (ACTR) • Free File Inc. • National Association of Computerized Tax Processors (NACTP) • Network Branded Prepaid Card Association (NBPCA) • American Payroll Association (APA)	• Drake Enterprises • EFile Tax Returns Inc. • eZ Tax Return • File Your Taxes.com • Fort Knox Financial Services Corporation • Free Tax Returns.com • H&R Block • Intuit Inc. • Jackson Hewitt • Liberty Tax • On-Line Taxes Inc.	• Petz Enterprises • Republic Bank & Trust • River City Bank • Santa Barbara Tax Products • TaxACT • TaxHawk, Inc. • TaxSlayer, LLC • Thomson Reuters • Wolters Kluwer Tax & Acctg. (CCH) • 1040NOW Inc.	• Alabama • Arkansas • California • Colorado • Connecticut • Delaware • District of Columbia • Georgia • Hawaii • Idaho • Illinois • Indiana • Iowa • Kansas • Kentucky	• Louisiana • Maryland • Massachusetts • Michigan • Mississippi • Missouri • Montana • Nebraska • New Hampshire • New Jersey • New Mexico • New York • North Carolina • North Dakota • Ohio	• Oklahoma • Oregon • Pennsylvania • Rhode Island • South Carolina • Utah • Vermont • Virginia • West Virginia • Wisconsin



State Income Tax Levy Program (SITLP) & Municipal Tax Levy Program (MTLP)

- SITLP is an automated levy program in which uses state refunds as the levy source for taxpayers who owe a federal tax debt.
- MTLP automated levy program in which uses municipal refunds as the levy source for taxpayers who owe a federal tax debt.
- Currently, 39 income tax states participate in SITLP.
- Currently, MTLP has one participating member (Regional Income Tax Authority).
- FY 2016, \$289M has been collected thru May 2016 for SITLP.
 - FY2015 Collected \$.....



Memorandums of Understanding

- Criminal Investigation
- EITC Erroneous Refund Reduction Program (ERRP)
- TIN Matching
- Exempt Organization Determination and Revocation
Disclosure Agreements with State Departments of Revenue,
State Secretaries of State, and State Attorney Generals
- Alternative Proof of Payment - HVUT Heavy Vehicle Use Tax
- Excise Summary Terminal Activity Reporting System
(ExSTARS)
- Fuel Sampling and Results Sharing
- Money Services Businesses (MSB)
- Transcript Delivery System (TDS)



Safeguards

- Conducts security reviews of state and federal agencies to ensure the protection of federal tax information
- Works with Disclosure to ensure external agency access to and use of tax information is proper
- Provides that employee awareness, secure storage, proper disposal of sensitive information, and computer security standards are met
- Ensures adherence to security guidelines described in Publication 1075



Disclosure to State audit agencies

- **IRC 6103 d (2) (A) In general** Any returns or return information obtained under paragraph (1) by any State agency, body, or commission may be open to inspection by, or disclosure to, officers and employees of the State audit agency for the purpose of, and only to the extent necessary in, making an audit of the State agency, body, or commission referred to in paragraph (1).



Disclosure to State audit agencies

- Internal Revenue Manual Reference (IRM)
11.3.32.24 https://www.irs.gov/irm/part11/irm_11-003-032.html#doe1429

**Disclosure of Returns and Return Information to
State Audit Agencies**



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