

DEPARTMENT OF THE TREASURY**Internal Revenue Service****Privacy Act of 1974, as Amended;
System of Records**

AGENCY: Internal Revenue Service, Treasury.

ACTION: Notice of Alteration to an existing Privacy Act system of records.

SUMMARY: In accordance with the requirements of the Privacy Act of 1974, as amended, 5 U.S.C. 552a, the IRS gives notice of a proposed alteration to Treasury/IRS 26.019, Taxpayer Delinquent Account (TDA) files.

DATES: Comments must be received no later than August 18, 2006. The proposed alteration to this system of records will be effective on August 28, 2006 unless the IRS receives comments which would result in a contrary determination.

ADDRESSES: Comments should be sent to the Internal Revenue Service, Attn. Ms. Patricia Ah Yat, 5000 Ellin Road, NCFB C-9-341, New Carrollton, MD 20706. You may contact her at 202-283-2366 to arrange to see the comments.

FOR FURTHER INFORMATION CONTACT: Deborah Gascard Wolf, Director, Filing and Payment Compliance Modernization Office, Internal Revenue Service, 44 South Clinton Avenue, Trenton, NJ 08609-1241. Telephone number 609-278-7732.

SUPPLEMENTARY INFORMATION: Section 881 of The American Jobs Creation Act of 2004 (Pub. L. 108-357) provides that the IRS may use private collection agencies (PCAs) to locate and contact taxpayers with outstanding federal income tax liabilities and to arrange for payment of those taxes.

The IRS is altering Treasury/IRS 26.019, Taxpayer Delinquent Account (TDA) Files system of records notice to provide that certain records will be at PCA locations. This alteration to the TDA Privacy Act notice is related to the establishment of Treasury/IRS 26.055 and is combined with the report of a new Privacy Act system of records concerning Treasury/IRS 26.055.

The proposed IRS alteration of system of records Treasury/IRS 26.019, Taxpayer Delinquent Account (TDA) Files, is published below.

TREASURY/IRS 26.019**SYSTEM NAME:**

Taxpayer Delinquent Account (TDA) Files.

SYSTEM LOCATION:

Description of change: Following the parenthetical at the end of the first sentence add the following language:

- "Records will be kept at private collection agency (PCA) locations. Contact the Manager, F&PC PDC Oversight Unit, at 202-283-2366 (this is not a toll-free number), for PCA names and locations that may change from time to time."

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AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

Description of change: Remove the current text and insert the following: "5 U.S.C. 301 and 26 U.S.C. 7801; and 881 of the American Jobs Creation Act of 2004 (Pub. L. 108-357)."

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Dated: July 13, 2006.

Sandra L. Pack,

Assistant Secretary for Management and Chief Financial Officer.

[FR Doc. E6-11399 Filed 7-18-06; 8:45 am]

BILLING CODE 4830-01-P

DEPARTMENT OF THE TREASURY**Internal Revenue Service****Privacy Act of 1974, as Amended;
System of Records**

AGENCY: Internal Revenue Service, Treasury.

ACTION: Notice of Proposed New System of Records.

SUMMARY: In accordance with the requirements of the Privacy Act of 1974, as amended, 5 U.S.C. 552a, the IRS gives notice of a proposed new system of records, Private Collection Agency (PCA) Quality Review Records.

DATES: Comments must be received no later than August 18, 2006. The proposed new system of records will be effective on August 28, 2006 unless the IRS receives comments which would result in a contrary determination.

ADDRESSES: Comments should be sent to the Internal Revenue Service, Attn. Ms. Patricia Ah Yat, 5000 Ellin Road, NCFB C-9-341, New Carrollton, MD 20706. You may contact her at 202-283-2366 to arrange to see the comments.

FOR FURTHER INFORMATION CONTACT: Deborah Gascard Wolf, Director, Filing and Payment Compliance Modernization Office, Internal Revenue Service, 44 South Clinton Avenue, Trenton, NJ 08609-1241. Telephone number 609-278-7732.

SUPPLEMENTARY INFORMATION: Section 881 of The American Jobs Creation Act of 2004 (Pub. L. 108-357) provides that

the IRS may use private collection agencies (PCAs) to locate and contact taxpayers with outstanding federal income tax liabilities and to arrange for payment of those taxes.

This new system of records maintains quality review records, as a result of IRS monitoring of PCA employees' performance under contracts awarded by the IRS to PCAs, in order to protect taxpayers' rights and to ensure that taxpayers are treated courteously and fairly. It is designed to permit the IRS to review the overall performance of the PCAs and their employees. Monitoring may include recording of conversations between taxpayers and PCAs.

The Jobs Creation Act bars PCA employees from performing services under a qualified tax collection contract as defined in section 6306(b) of the Act if they violate taxpayer rights by creating an act or omission described under subsection (b) of the Act. Subsection (b) prohibits each person providing PCA services from committing any act or omission that employees of the Internal Revenue Service are prohibited from committing in the performance of similar services. In addition to maintaining records on each of the PCAs performing under contract, the IRS must also be able to track information as to each of the PCAs' employees performing collection activities under the contract in order to enforce this provision of the Jobs Creation Act. This system of records will enable IRS to track PCA employees who have been barred from performing qualified PCA activities to ensure they cannot avoid IRS scrutiny by changing companies and working in violation of the statute.

Internal Revenue Code (IRC) 6103 governs the disclosure of tax return and return information. IRC 6103 provides the general rule that tax returns and return information are confidential and cannot be disclosed except as provided by the Internal Revenue Code.

Tax return and return information about taxpayers whose accounts are assigned to PCAs may only be used to collect on the tax debt. IRC 6103(n) authorizes the disclosure of returns and return information under a contractual provision of certain services for tax administration purposes. Treas. Reg. 301.6103(n)-1T more particularly describes the limitations on the use of the tax information by contractors and their employees. It would not permit the usage of tax returns or return information for any personnel actions taken by the PCAs in the event the IRS identifies any PCA employees who may have violated IRC 6306(b).

This system of records will also contain records used to administer PCA quality controls and performance, including records of allegations of PCA employee misconduct and records used to make a final determination whether a PCA employee has committed an act or omission described in IRC 6306(b) that makes the individual ineligible to perform services under the PDC contract. The IRS may record telephone conversations between PCAs and taxpayers to evaluate PCA employee performance or investigate taxpayer complaints.

The report of a new system of records, as required by 5 U.S.C. 552a(r) of the Privacy Act, has been submitted to the Committee on Government Reform of the House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, and the Office of Management and Budget, pursuant to Appendix I to OMB Circular A-130, "Federal Agency Responsibilities for Maintaining Records About Individuals," dated November 30, 2000.

In addition, an existing system of records, Treasury/IRS 26.019, Taxpayer Delinquent Account (TDA) Files, will be altered to indicate that certain TDA records will be at PCA locations. The alteration will be published separately in the **Federal Register**.

The proposed IRS new system of records, Treasury/IRS 26.055—Private Collection Agency (PCA) Quality Review Records, is published in its entirety below.

Dated: July 13, 2006.

Sandra L. Pack,

Assistant Secretary for Management and Chief Financial Officer.

TREASURY/IRS 26.055

SYSTEM NAME:

Private Collection Agency (PCA) Quality Review Records.

SYSTEM LOCATION:

New Carrollton Federal Building, 5000 Ellin Rd, Lanham MD 20706 and at contracted PCA locations. Contact the Manager, F&PC PDC Oversight Unit, at 202-283-2366 (this is not a toll-free number), for PCA names and locations which may change from time to time.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

This system includes information about the PCAs (to the extent they are individuals) and employees of PCAs.

CATEGORIES OF RECORDS IN THE SYSTEM:

This system includes quality review and PCA employee performance records used to administer private debt

collection; records of allegations of PCA employee misconduct, including records of investigations and actions by PCAs and IRS in response to allegations or complaints against PCA employees; records used to make a final determination of whether a PCA employee has committed an act or omission described in Internal Revenue Code (IRC) 6306(b) that makes the individual ineligible to perform services under the PCA contract; and a log of complaints detailing IRS and PCA investigations and actions.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

5 U.S.C. 301, 26 U.S.C. 7801; and 881 of the American Jobs Creation Act of 2004 (Pub. L. 108-357).

PURPOSE:

To administer, evaluate and improve PCAs' service and performance.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USE:

Disclosure of return and return information may be made only as provided by IRC 6103. All other records may be used as described below if the IRS deems that the purpose of the disclosure is compatible with the purpose for which IRS collected the records, and no privilege is asserted.

(1) Disclose information during a proceeding before a court, administrative tribunal, or other adjudicative body when: (a) The IRS or any component thereof, (b) any IRS employee in his or her official capacity, (c) any IRS employee in his or her personal capacity where the IRS or the Department of Justice (DOJ) has agreed to provide representation for the employee, or (d) the United States is a party to, has an interest in, or is likely to be affected by, such proceeding, and the IRS (or its counsel in DOJ) determines that the information is relevant and necessary to the proceeding. Information may be disclosed to the neutral person to resolve issues of relevancy, necessity, or privilege pertaining to the information.

(2) Disclose information to DOJ when seeking legal advice or for use in any proceeding, or in preparation for any proceeding, when: (a) The IRS or any component thereof, (b) any IRS employee in his or her official capacity, (c) any IRS employee in his or her individual capacity under circumstances in which the IRS or DOJ has agreed to provide representation for the employee, or (d) the United States government is a party to the proceeding or has an interest in such proceeding, and the IRS determines that the records

are both relevant and necessary to the proceeding or advice sought.

(3) Disclose to a contractor, including an expert witness or consultant, hired by the IRS to the extent necessary for the performance of a contract.

(4) Disclose to an appropriate Federal, State, local, tribal, or foreign agency, or other public authority, the fact that this system contains information relevant to letting a contract, retaining an employee, or issuing or continuing a security clearance, license, grant, or other benefit. The other agency or licensing organization may then make a request supported by the written consent of the individual for the entire record(s) if it so chooses.

(5) Disclose information to an appropriate Federal, State, local, tribal, or foreign agency, or other public authority, responsible for implementing or enforcing, or for investigating or prosecuting the violation of, a statute, rule, regulation, order, or license, when a record on its face, or in conjunction with other records, indicates a violation or potential violation of law or regulation and the information disclosed is relevant to any regulatory, enforcement, investigative, or prosecutorial responsibility of the receiving authority.

(6) Disclose information to an arbitrator, mediator, or other neutral person, and to the parties, in the context of alternative dispute resolution, to the extent relevant and necessary for the resolution of the matters presented to permit the arbitrator, mediator, or similar person to resolve the matters presented, including asserted privileges.

(7) To disclose information to a former employee of the IRS or a PCA to the extent necessary for official purposes when the IRS requires information and/or consultation assistance from the former employee regarding a matter within that person's former area of responsibility.

(8) To disclose information to professional organizations or associations with which individuals covered by this system of records may be affiliated, such as state bar disciplinary authorities, to meet their responsibilities in connection with tax administration and maintenance of standards of conduct and discipline.

(9) To disclose information to the news media as described in IRS Policy Statement P-1-183, News Coverage to Advance Deterrent Value of Enforcement Activities Encouraged, IRM 1.2.1.2.41.

POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING, RETAINING, AND DISPOSING OF RECORDS IN THE SYSTEM:**STORAGE:**

Paper records and electronic media.

RETRIEVABILITY:

Records may be retrieved by individual name or Taxpayer Identification Number (TIN) (e.g., Social Security Number (SSN) or Employer Identification Number (EIN)), or by PCA names (to the extent they are individuals) and PCA employee name and/or identifying number.

SAFEGUARDS:

Access controls are not less than those published in IRM 25.10, Information Technology (IT) Security Policy and Standards, and IRM 1.16, Physical Security Program.

RETENTION AND DISPOSAL:

Records are maintained in accordance with IRM 1.15, Records Management.

SYSTEM MANAGER(S) AND ADDRESS:

Commissioner, Small Business/Self-Employed Business Operating Division, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC 20224.

NOTIFICATION PROCEDURE:

Individuals seeking to determine if this system of records contains a record pertaining to themselves may inquire in accordance with instructions appearing at 31 CFR part 1, subpart C, appendix B. Inquiries should be addressed as in "Record Access Procedures" below. The IRS may assert 5 U.S.C. 552a(d)(5) as appropriate.

RECORD ACCESS PROCEDURES:

Individuals seeking access to any record contained in this system of records, or seeking to contest its content, may inquire in accordance with instructions appearing at 31 CFR part 1, subpart C, appendix B. IRC 7852(e) prohibits Privacy Act amendment of tax records. Inquiries should be addressed to the Disclosure Officer listed in appendix A serving the requester. The IRS may assert 5 U.S.C. 552a(d)(5) as appropriate.

RECORD SOURCE CATEGORIES:

Taxpayers and their representatives and PCAs.

EXEMPTIONS CLAIMED FOR THE SYSTEM:

None.

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