

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

AGENCY: Internal Revenue Service, Treasury.

ACTION: Supplemental information about a proposed amendment to a system of records.

SUMMARY: On December 20, 1994, the Internal Revenue Service published, at 59 FR 65573, notice of an amended Privacy Act system of records: "Compliance Programs and Projects File—Treasury, IRS 42.021." Based on the comments received, the notice may not have adequately distinguished among the various users and uses of the compliance system, as well as the data it is to contain.

The system will not be used to support large scale data matching in order to identify specific individuals for contact by IRS personnel. The IRS has developed procedural safeguards to prevent data used in the compliance research programs and projects that engage in large scale data manipulation techniques to determine levels of compliance in particular "market segments" from being used for enforcement purposes as to specific taxpayers.

In light of the comments received, the IRS will clarify the notice to better describe more precisely the types of activities covered. Until that clarification is issued, the supplementary information below fully describes the compliance programs and projects covered.

ADDRESSES: Comments may be sent to the Office of Disclosure, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC 20224. Comments will be made available for inspection and copying in the Freedom of Information Reading Room, (202) 622-5164, upon request.

FOR FURTHER INFORMATION CONTACT: Wayne Thomas, National Director, Compliance Research, (202) 874-0100.

SUPPLEMENTARY INFORMATION: The compliance research system presently includes records to support information gathering to identify noncompliance with the Internal Revenue Code. The system is being redesigned to identify causes and trends of noncompliance and to generate and test new approaches to increasing voluntary compliance.

This redesign will be accomplished by using an automated information system and secure networks to support compliance research on broadly shared

characteristics and compliance trends of large groups. The enhancements themselves, the personnel who will access and use the enhanced system, and the purposes for which it will be used will be clearly distinguished from other uses by enforcement personnel who lawfully access similar records for individual enforcement actions.

The enhancements will not include maintenance of records with individually identifying information since compliance research will focus on broadly shared characteristics and compliance trends of large groups, typically national in scope. The personnel who use and access the research system will not be enforcement personnel. The system will not be used to select individuals for enforcement actions.

The enhanced system should provide the Internal Revenue Service with a wider range of options for improving voluntary compliance beyond the limited and costly current enforcement actions applied to individuals, one at a time. Information produced by analyzing enhanced data will be analogous to that used broadly in the private sector under the name "market segment research." It will allow group-based measurements of noncompliance. Based solely upon an identified significant degree of group noncompliance, these enhancements will further allow the construction of group profiles or characteristics directly related to tax compliance behavior. Enhanced data will also permit researchers to use statistical and other research methods to determine the issues and causes of noncompliance. Against those issues and causes, new initiatives at improving group compliance will be vigorously tested on a small scale. Research personnel will oversee but not directly test or implement such initiatives.

The enhanced system is intended to support compliance initiatives that rely more on group access and forums than on contacting individuals; and more on non-enforcement actions (e.g., legislative or regulatory revision, education, assistance) rather than on enforcement actions. Even in those instances where an enforcement remedy is appropriate, the enhanced system itself cannot be used by enforcement personnel nor can it select individuals to whom such remedies will be applied.

This system of records has always on a limited basis and with legal authority contained information from various third-party sources. The enhancements to this system will add more information from more sources. It will also improve access to this information.

However, use of these enhancements for the purposes of compliance research will adhere to the operating principles of such research: it will be group-focused rather than individually focused and not directly used to select individuals for enforcement actions. The minimum data about group demographic and economic characteristics that bear directly upon measured group non-compliance will be used. Unlike the common practice of private-sector market research, these enhancements will not include "lifestyle" or other highly personal information even in aggregate. Additionally, the Internal Revenue Service recognizes its responsibility to validate third-party data before they are used to support even research activities.

Dated: April 16, 1995.

Alex Rodriguez,

Deputy Assistant Secretary (Administration).
[FR Doc. 95-10801 Filed 5-2-95; 8:45 am]

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Office of Thrift Supervision

[AC-27; OTS No. 2952]

Gallup Federal Savings and Loan Association, Gallup, New Mexico; Approval of Conversion Application

Notice is hereby given that on April 26, 1995, the Assistant Director, Corporate Activities, Office of Thrift Supervision, or her designee, acting pursuant to delegated authority, approved the application of Gallup Federal Savings and Loan Association, Gallup, New Mexico, to convert to the stock form of organization. Copies of the application are available for inspection at the Information Services Division, Office of Thrift Supervision, 1700 G Street, N.W., Washington, D.C. 20552, and the Midwest Regional Office, Office of Thrift Supervision, 122 W. John Carpenter Freeway, Suite 600, Irving, Texas 75039.

Dated: April 27, 1995.

By the Office of Thrift Supervision.

Nadine Y. Washington,

Corporate Secretary.

[FR Doc. 95-10806 Filed 5-2-95; 8:45 am]

BILLING CODE 6720-01-M

[AC-28; OTS No. 5161]

Schenectady Federal Savings and Loan Association, Schenectady, New York; Approval of Conversion Application

Notice is hereby given that on April 25, 1995, the Assistant Director,

Corporate Activities, Office of Thrift Supervision, or her designee, acting pursuant to delegated authority, approved the application of Schenectady Federal Savings and Loan Association, Schenectady, New York, to convert to the stock form of organization. Copies of the application are available for inspection at the Information Services Division, Office of Thrift Supervision, 1700 G Street, N.W., Washington, D.C. 20552, and the Northeast Regional Office, Office of Thrift Supervision, 10 Exchange Place, 18th Floor, Jersey City, New Jersey 07302.

Dated: April 27, 1995.

By the Office of Thrift Supervision.

Nadine Y. Washington,

Corporate Secretary.

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