

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.

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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).