

These provisions apply to all Department staff with access to IRS information.

APPENDIX A

IMPORTANT NOTICE

The Deficit Reduction Act of 1984 mandates that each state develop and implement an Income and Eligibility System (IEVS) to make accurate eligibility determinations and benefit payments by exchanging information with other agencies and by obtaining unearned income data from the Internal Revenue Service (IRS).

As with all information obtained by the Department of Health and Human Resources, the agency is required to ensure the confidentiality of the information and restrict its use to the administration of the appropriate programs.

However, additionally, the IEVS regulations mandate that each employee having access to IRS information be informed of the IRS safeguarding/security requirements and penalties for unauthorized disclosure.

Appendix B contains information from the IRS Code relating to unauthorized disclosure and damages for unauthorized disclosure. Please read Section 7213 and Section 7431 carefully.

Provisions of Section 7213 of the Internal Revenue Code make unauthorized disclosure of Federal returns or return information a crime that may be punishable by a \$5,000 fine, five (5) years imprisonment or both.

In addition, provisions of Section 7431 of the Internal Revenue Code permit a taxpayer to bring suit for civil damages in a United States district court for unauthorized disclosure of returns and return information. This section allows for punitive damages in case of willful disclosure or gross negligence, as well as the cost of action.

These civil and criminal penalties apply even if the unauthorized disclosures were made after employment with the agency is terminated.

Any violation related to improper inspection and/or disclosure of Federal Tax Information (FTI) must be reported to the staff's Supervisor. Both physical and electronic violations must be reported. The Supervisor or the office's designee completes an incident report using form Data Incident Report for Improper Inspection and/or Disclosure of FTI (DFA-FTI-1). The breached FTI information is not submitted with the report. The form and any other attachments are sent immediately but no later than 24 hours from the date of discovery to both of the following agencies in the format designated below:

In writing or by telephone -

U.S. Treasury Inspector General for
Tax Administration Office (TIGTA)

In encrypted electronic mail -

SafeguardReports@IRS.gov

Ben Franklin Station
P. O. Box 589
Washington, DC 20044-0589

Hot Line 1-800-366-4484
Alternate 1-800-589-3718

A copy of the form and any attachments must be filed in the FTI file cabinet according to the Policy in Section 3.4.

Any issues regarding the proper procedures for reporting improper inspection and/or disclosure of FTI are discussed with the staff's Supervisor.