

1. SUMMARY

The Internal Revenue Service request for funds for a new computerized System for tax processing is a major response to the challenges and duties given the agency by Congress and the public in recent years. Specifically, it is a response to the problems of overworked and outdated equipment and to the possibilities of reaping for the agency the administrative benefits of new technological developments in automatic data processing and electronic communications.

As it is intended to be operated and used to administer and enforce the revenue laws, the proposed "Tax Administration System" (TAS), will determine or affect the collection, use, maintenance, and dissemination of large amounts of information about citizens. It will play a pivotal role in governmental and private data banks and information Systems which contain the details of the personal, organizational, and business lives of Americans at home and abroad. Since TAS is proposed at a time of intense public concern over the potential for abuses of the information resources of government and the private Sector, the System could be perceived as posing a threat to civil liberties, privacy and due process rights of taxpayers. These effects might include a potential for surveillance, harassment, or political manipulation of files for which Specific controls and safeguards are of concern to Congress.

Although IRS officials testified before the Appropriations Committees, filed a report on TAS pursuant to the Privacy Act, and briefed staff members on several Committees, they have not provided enough specific and substantive information on the public record to support judgments on these essential aspects of the proposed system which are the proper concerns of Congress and the public. In descriptions of the proposal, the line is frequently blurred between the rules and operations of the present system and those planned for the new one. In some instances, the information supplied is vague and subject to several interpretations. In other instances, no information has been supplied which would indicate **any** significant treatment of important issues.

Among those features and attributes of TAS whose effects may need examination are: the geographic decentralization of taxpayer files and their instant availability at computer terminals to those who use and share Federal tax information; acceleration of processes; creation of a national

network for quickly transferring histories of taxpayers; an expandable data base with capacity for acquiring and keeping longer and more detailed histories of taxpayer accounts; consolidation of categories of files previously separated; automation of manual records and clerical processes; increased capacity to associate data; and opportunities for creating new kinds of information.

In an information system like TAS, such features and attributes may present issues involving improper surveillance, equity and tax reform, equal treatment, privacy, due process, confidentiality, accountability, oversight, organizational change, and public participation in developing the system and monitoring its operations.

Evaluation of the seriousness of these and other issues in the light of the safeguards planned for TAS will require additional information about the characteristics of the system, how it will operate, who will use it, what will be done with it programmatically, and how it will relate to other domestic and international data systems. Technical descriptions of important features of the TAS proposal need to be explained in terms which will be meaningful for purposes of public understanding, Congressional oversight, and Executive Branch management. Only with this information as a base for the definition of specific issues can an assessment be made of the possible impacts of changes which would be brought about by the new system.