

**DISCLOSURE REPORT FOR PUBLIC INSPECTION  
PURSUANT TO INTERNAL REVENUE  
CODE SECTION 6103(p)(3)(C) FOR CALENDAR YEAR 2014**

Prepared by the  
INTERNAL REVENUE SERVICE

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## INTRODUCTION

Section 6103(p)(3)(C) of the Internal Revenue Code provides that the Secretary of the Treasury shall, within 90 days after the close of each calendar year, furnish to the Joint Committee on Taxation for disclosure to the public a report which provides, with respect to each Federal agency and certain other entities, the number of: (1) requests for disclosure of returns and return information (as such terms are defined in section 6103(b)); (2) instances in which returns and return information were disclosed pursuant to such requests or otherwise; and (3) taxpayers whose returns, or return information with respect to whom, were disclosed pursuant to such requests.<sup>1</sup> In addition, the report must describe the general purposes for which such requests were made.

Pursuant to section 6103(p)(3)(C), the Internal Revenue Service (“IRS”) prepared a disclosure report for public inspection covering calendar year 2014. The IRS also provided certain supplemental and corrected information regarding the IRS disclosure reports for calendar years 2012 and 2013.<sup>2</sup>

This document sets forth the report of the Internal Revenue Service, verbatim.<sup>3</sup>

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<sup>1</sup> Unless otherwise stated, all section references are to the Internal Revenue Code of 1986, as amended.

<sup>2</sup> For the IRS report for calendar year 2012, see Joint Committee on Taxation, *Disclosure Report for Public Inspection Pursuant to Internal Revenue Code Section 6103(p)(3)(C) for Calendar Year 2012* (JCX-8-13), April 15, 2013. For the IRS report for calendar year 2013, see Joint Committee on Taxation, *Disclosure Report for Public Inspection Pursuant to Internal Revenue Code Section 6103(p)(3)(C) for Calendar Year 2013* (JCX-52-14), May 22, 2014.

<sup>3</sup> This document may be cited as follows: Joint Committee on Taxation, *Disclosure Report for Public Inspection Pursuant to Internal Revenue Code Section 6103(p)(3)(C) for Calendar Year 2015* (JCX-89-15), June 5, 2015. This document is also available on the Joint Committee on Taxation website at [www.jct.gov](http://www.jct.gov).

**Disclosure Report for Public Inspection  
Pursuant to 26 USC Section 6103(p)(3)(C)**

**Internal Revenue Service**

**Calendar Year 2014**

**Calendar Year 2014 Volume of Disclosures of Tax Returns and/or Return Information  
Required to be Accounted for Pursuant to 26 U.S.C. sec. 6103(p)(3)(A)**

<b>Disclosure To/For</b>	<b>IRC Section 6103 Subsection</b>	<b>Bulk Master File Data (see note 1)</b>	<b>Other Disclosures (see note 2)</b>	<b>Total Number of Disclosures (see note 3)</b>
Tax Checks	(c)		10,429	10,429
States	(d)	7,750,742,634	148,411,197	7,899,153,831
Congressional Committees	(f)	64,569,982	0	64,569,982
GEO, as Agent to Congressional Committees	(f)	87,981,982	0	87,981,982
President and Head of Agencies	(g)	0	0	0
Department of Justice	(1)(2)	0	0	0
US Attorneys	(i)(1)	0	26,421	26,421
US Attorneys	(i)(2)	0	112	112
FBI	(i)(3)(A)	0	1	1
FBI	(i)(3)(B)	0	8	8
Other	(i)(3)(C)	0	0	0
Other	(i)(7)(A)	0	0	0
Other	(i)(7)(B)	0	0	0
US Attorneys	(i)(7)(C)	0	0	0
Government Accountability Office	(i)(8)	0	2,162	2,162
Bureau of Census	(j)(1)(A)	1,430,813,024	2,662,110	1,433,475,134
Bureau of Economic Analysis (Note 5)	(j)(1)(B)	0	374	374
Office of Economic Policy	(j)(3)	0	4,808,733	4,808,733
Department of Agriculture	(j)(5)	1,880,970		1,880,970
Congressional Budget Office	(j)(6)	0	0	0
Foreign Countries Tax Treaty Authority (Note 6)	(k)(4)	1,124,324	2,557	1,126,881
Bureau of Prisons (Federal and State)	(k)(10)	0	0	0
Department of Labor Pension Benefit Guaranty Corporation	(l)(2)	0	1,885	1,885
Federal Agencies	(l)(3)	0	0	0
Department of Treasury Employees	(l)(4)(A)	0	57	57
Child Support Enforcement Agencies	(l)(6)	28,386,563	0	28,386,563
Medicare Premium Subsidy Adjustment (Note 7)	(l)(20)	8,638,932	0	8,638,932
Affordable Care Act	(l)(21)	55,765,781	0	55,765,781
States IRC Section 6104(c)		0	29,263	29,263
<b>TOTALS</b>		<b>9,429,904,192</b>	<b>155,955,309</b>	<b>9,585,859,501</b>

## Reference Notes:

- (1) Bulk Master File Data –Disclosures are generated when an agency receives data from a database extract of taxpayer information. Each extract contains different data elements of a taxpayer’s account information based on the nature and purpose of the specific extract. A block of data elements on one taxpayer for one year or period constitutes one record and is counted as one disclosure. In order to properly track any disclosure, the taxpayer’s identity information (taxpayer’s name, identification number and/or address) is included in every extract record. Other data specific to that extract is included in the record depending on the extract. Each record, regardless of amount of data elements constitutes one disclosure. Examples of varying data elements within a record include, for example; specific line items (or unique combinations of line items) from a tax return; account transactions (payments, assessments, refunds, adjustments); math and audit adjustments; filing dates and other filing activities such as extensions, filing status and exemptions. Each tax year or period disclosed for each record is counted as one disclosure.
- (2) Other Disclosures –Disclosures that are not bulk/extract disclosures also vary depending on what is included in the record. Disclosures are made when the IRS releases transcripts of accounts, permits inspection of or furnishes photocopies of records, makes oral or written disclosures, and any disclosure by means of correspondence without furnishing a copy of the record. Also included are disclosures from locally automated files. Examples include copies of examination or collection administrative files. When some or all of the contents of an administrative file are disclosed, the IRS counts the number of disclosures based on the number of taxpayers and tax years or periods contained within that file.
- (3) Disclosure Counts –The number of disclosures of tax information depends on the type of record disclosed and what constitutes a record subject to disclosure accounting. Generally, when some part of one taxpayer’s record is disclosed for one year or period, the IRS counts that as one disclosure. For example, if a return transcript is disclosed to a state tax agency, the IRS counts one disclosure for every tax year each time a transcript is disclosed. If the agency receives a transcript for two tax years, that is counted as two disclosures. If the agency receives three different transcripts for the same taxpayer and tax year, which is counted as three disclosures since each transcript is a separate record.
- (4) United States Attorneys –Disclosures pursuant to an Ex Parte Court Order under IRC Section 6103(i)(1) are generally made to the Department of Justice, U.S. Attorney’s Office (USAO). In prior years, the majority of disclosures were to the USAO. When directed by the Ex Parte Order and in coordination with the USAO instructions, the IRS disclosed in a small number of cases, return information directly to the named law enforcement employees of the Drug Enforcement Agency (DEA), Federal Bureau of Investigation (FBI), and other agencies (Other). The small numbers of disclosures directly to those agencies are still coordinated with the USAO. Employees of these law enforcement agencies conduct the non-tax criminal investigations, assist the USAO in the Ex Parte application process and use the return information obtained to further those investigations. There was no change to the total number of disclosures in prior years. To simplify the 2014 report, we combined all Ex Parte disclosures into one line item.
- (5) See Prior Year Corrections, below.
- (6) Foreign Tax Treaty Disclosures –The total number of disclosures are from two sources:
  - 2,557 – Disclosures of taxpayer-specific returns or return information made to a competent authority of a foreign government with which the United States has an income tax convention or other bilateral agreement relating to the exchange of tax information with the United States.
  - 1,124,324 – Disclosures relating to automatic exchanges of information by the United States to a competent authority of a foreign government with which the United States has an income tax convention or other bilateral agreement relating to exchange of information with the United States. Such exchanges consist of fixed, determinable, annual or periodical (FDAP) income data pertaining to taxpayers reporting residence in a foreign jurisdiction. The data exchanged are drawn from the information reported to the IRS annually by withholding agents on Form 1042-S (Foreign Person’s U.S. Source of Income Subject to Withholding). Automatic exchanges were paused in 2013 to update the processes the IRS employs to assess whether U.S. exchange partners have the appropriate legal framework and infrastructure to safeguard the information exchanged, and implement these new processes.

**Prior Year Corrections:**

- (5) Bureau of Economic Analysis (BEA) (Department of Commerce) - Disclosures were overstated in prior years. The error resulted from a misunderstanding of the disclosures made to the BEA for two different purposes.

<u>Disclosures to BEA</u>	<u>CY 2012</u>	<u>CY 2013</u>
Reported	107,009,753	28,552,289
Corrected	411	343

The corrected disclosures are for corporate return information pursuant to IRC Section 6103(j)(1)(B) and subject to this accounting. The corrected disclosures align with the disclosures made in 2014. The overstated disclosures were to the BEA, but in their capacity as a contractor to the Statistics of Income function of IRS. Disclosures to a contractor under IRC Section 6103(n) are not subject to accounting.

- (7) Social Security Administration (SSA) Medicare Premium Subsidy Adjustment under IRS Section 6103(1)(20): Disclosures were overstated in prior years. The error resulted from a misunderstanding of the actual disclosures made.

<u>Disclosures to SSA</u>	<u>CY 2012</u>	<u>CY 2013</u>
Reported	39,798,632	41,466,018
Corrected	6,052,330	6,366,635

SSA sends to the IRS a record of all taxpayers who receive Medicare benefits and the income threshold over which they do not qualify for a Medicare subsidy. IRS researches the Master File and discloses specific return information only for those taxpayers exceeding the criteria. IRS also returns the remaining list of taxpayers to SSA without explanation. In prior years, we thought returning the entire list to SSA was a disclosure because the IRS accessed the Master File database using that list. Any disclosure of return information, even the absence of something, such as a fact of non-filing, constitutes a disclosure.

The extract containing taxpayer information constitutes a disclosure under IRC Section 6103(1)(20). Returning the remaining taxpayer list to SSA does not. This second list did not contain any explanation for why taxpayers did not exceed SSA's subsidy criteria. In fact, the list was an unspecified combination of data that includes –

- Taxpayers whose income did not exceed the threshold
- Taxpayers for whom there were no returns filed
- The data SSA provided did not match our records (SSN/Name mismatch). There was no disclosure, since there was no 'making known' to SSA of anything more than what SSA already provided the IRS.

**Public Report on Disclosures**  
**Explanation of Internal Revenue Code Section 6103**

<b><u>IRC Section 6103 Subsection</u></b>	<b><u>Purpose of Disclosure</u></b>
(c)	Disclosure of returns and return information to the designee of the taxpayer.
(d)	Disclosure of returns and return information to State tax officials having responsibility for administering State tax law.
(f)	Disclosure of returns and return information to Committees of Congress or their agents (including Government Accountability Office (GAO)) and the Joint Committee on Taxation (JCT)).
(g)	Disclosure of returns and return information of any taxpayer by request of the President, or for return information of taxpayers considered for appointment to the executive or judicial branches by the President or head of any Federal agency.
(h)(2)	Disclosure of returns and return information to the Department of Justice in a tax administrative manner for use in, or preparing for, any proceeding or investigation before a Federal Grand Jury, Federal or State court, pursuant to a written request by the Attorney General, Deputy or Assistant Attorney General.
(i)(1)	Disclosure of returns or return information to Federal officers or employees upon the grant of an ex parte order by a Federal district court judge or magistrate for use in Federal non-tax criminal investigations.
(i)(2)	Disclosure of return information, other than taxpayer return information, to Federal officers or employees for use in Federal non-tax criminal investigations, upon request by the head of the agency or Inspector General thereof (or designated officials of the Department of Justice).
(i)(3)(A)	Disclosure of return information other than taxpayer return information, to apprise appropriate Federal officials of potential violations of Federal criminal law.

- (i)(3)(B) Disclosure of return information in situations involving the imminent threat of death or physical injury to any individual. Disclosure is made to Federal or State law enforcement. Also includes disclosure to Federal law enforcement in situations involving flight from Federal prosecution.
- (i)(3)(C) Disclosure of return information other than taxpayer return information in situations that may be related to a terrorist incident, threat, or activity.
- (i)(7)(A) Disclosure of return information other than taxpayer return information to officers and employees of any Federal law enforcement agency personally and directly engaged in the response to or investigation of any terrorist incident, threat, or activity.
- (i)(7)(B) Disclosure of return information, other than taxpayer return information, to Federal agencies engaged in the collection or analysis of intelligence and counterintelligence information or investigation concerning any terrorist incident, threat, or activity upon receipt of a valid written request by the Secretary.
- (i)(7)(C) Disclosure of return or return information to a Federal law enforcement or Federal intelligence agency engaged in any investigation, response to, or analysis of information concerning a terrorist incident, threat, or activity upon grant of an ex parte court order by a Federal district court judge or magistrate.
- (i)(8) Return and return information is open to inspection by the Government Accountability Office for purposes of auditing, among others, the Internal Revenue Service.
- (j)(1)(A) Disclosure of returns, or return information reflected thereon, to the Bureau of the Census in activities allowed by law.
- (j)(1)(B) Disclosure of return information reflected on returns of corporations to the Department of Commerce for statistical use by the Bureau of Economic Analysis in activities allowed by law.
- (j)(3) Disclosure of Social Security data extracts of individual Social Security earnings and benefits for use in preparing economic or financial forecasts, projections, analyses, and statistical studies.

- (j)(5) Disclosure of returns, or return information reflected thereon, to the Department of Agriculture for structuring, preparing, and conducting the Census of Agriculture as allowed by law.
- (j)(6) Disclosure of return information to the Congressional Budget Office for long-term modeling of the Social Security and Medicare programs.
- (k)(4) Disclosure of returns or return information to the competent authority of a foreign government that has a tax convention or bilateral information exchange agreement with the United States.
- (k)(10) Disclosure of returns or return information to the Federal Bureau of Prisons or any State agency charged with administration of state prisons to the extent the IRS determines an incarcerated individual filed or facilitated in filing a false return.
- (l)(2) Disclosure of returns and return information to the Department of Labor and Pension Benefit Guaranty Corporation for administration of Titles I and IV of the Employee Retirement Income Security Act of 1974.
- (l)(3) Disclosure of tax delinquent account indicator to Federal agencies to determine credit worthiness of a Federal loan applicant.
- (l)(4)(A) Disclosure of returns and return information for the use in personnel or claimant representative matters by employees of the Department of the Treasury or practitioners who are the subject of such matters, or their representatives.
- (l)(6) Disclosure of return information to Federal, State, and local child support enforcement agencies for use in establishing and collecting child support obligations from and locating individuals owing such obligations.
- (l)(20) Disclosure of return information to the Commissioner of Social Security for use in establishing the appropriate amount of any Medicare part B premium adjustment under section 1839 of the Social Security Act.

(1)(21)

Disclosure of return information to the Secretary of Health and Human Services for use in determining any premium tax credit, cost-sharing reduction, eligibility for participation in a State's Medicaid program, a State's children's health insurance, or a basic health program covered by the Patient Protection and Affordable Care Act.

IRC Section 6104(c)

Disclosure of certain information pertaining to charitable organizations to appropriate state officers.