



Consumer Data Industry Association
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October 1, 2018

The Honorable Lynn Jenkins, Chairman
The Honorable John Lewis, Ranking Member
Committee on Ways & Means, Subcommittee on Oversight
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Jenkins and Ranking Member Lewis:

Thank you for holding the hearing entitled, "IRS Taxpayer Authentication: Strengthening Security While Ensuring Access" on September 26, 2018. We share the Subcommittee's commitment to ensuring IRS taxpayer authentication procedures are secure, accessible and equipped to operate efficiently in today's dynamic business environment.

The Consumer Data Industry Association (CDIA) represents, among others, companies that belong to the IRS' Income Verification Express Services (IVES) Participants Working Group. Collectively, as participants in the IVES program, these companies serve lenders across the country by processing 4506-T forms through the IRS to verify important financial information submitted by prospective borrowers. Independently, they each secure their data through enterprise-level systems supported by data security experts and industry-leading protocols.

With sophisticated cybersecurity and privacy threats in the market, our member companies have made protecting sensitive taxpayer information a top industry priority by taking proactive steps to work with the IRS to craft effective systemic solutions.

In December 2017, our companies were notified by the IRS that new multi-factor authentication protocols known as Secure Access would be enacted within the broader e-Services platform as part of ongoing efforts to secure sensitive taxpayer information. In response, IVES participants worked tirelessly to prepare their internal systems to comply with the new authentication process. Concurrently, we engaged in direct communication with IRS leadership to work through technical issues and ensure timely retrieval of tax transcripts to allow the downstream mortgage lending process to continue uninterrupted.

Following the implementation of Secure Access, in January 2018 the IVES Participants Working Group was created by the IRS at the request of mortgage lenders, servicers and vendors. Since its inception, the Working Group has met quarterly to discuss ways to improve the IVES system from a security and operational standpoint with the overarching goal of working towards the creation of a modern, secure and fully integrated Business to

Government (B2G) solution as articulated in HR 3860, the IRS Data Verification Modernization Act of 2017.

The latest taxpayer authentication and data security issue being discussed between our companies and the IRS through the Working Group is the ongoing planned redaction of Personally Identifiable Information (PII) from the transcript responses the IRS provides our companies from 4506-T requests. Although we agree that certain PII redaction is important, in May 2018 the IRS agreed to push the implementation date for PII redaction from August 2018 to January 2019 to allow our technical teams adequate time to properly design, build, test and implement the necessary changes required to our existing operating systems. These changes include creating an effective Customer File Number (CFN) coding system for matching transcripts in the absence of PII such as full taxpayer names, Social Security Numbers and addresses. Over the next quarter, we will continue to prepare for PII redaction implementation in January 2019.

We share the Subcommittee's commitment to protecting taxpayer information through secure and accessible taxpayer authentication procedures. We believe that the IRS' decision to implement Secure Access in the form of multifactor authentication and ongoing efforts to redact certain PII are strong steps to help protect the American taxpayer. As the Subcommittee continues to evaluate existing taxpayer authentication procedures and process improvements, we encourage the serious consideration of ways to support the creation of a secure and fully integrated B2G solution that can operate in today's dynamic economy and protect against evolving threats.

As an industry, we support efforts by Congress to invest in the IRS' information technology system and are encouraged by the dialogue taking place with IRS leadership on the best ways to update critical systems in the future. We maintain that creating a fully integrated, internet-based B2G solution for taxpayer authentication would be in line with long held industry views that modern system-wide updates would be more beneficial for data security and business operations than a piecemeal approach.

We thank the Subcommittee for the chance to comment on ongoing taxpayer authentication procedures and would welcome the opportunity to meet with the Subcommittee to discuss ways we can work together to achieve our common goals around this critical issue.

Sincerely,

A handwritten signature in black ink that reads "Francis Creighton". The signature is written in a cursive, flowing style.

Francis Creighton
President & CEO