

## 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.

The IEVS regulations mandate that each employee having access to IRS information be informed of the safeguarding 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.

If you have any questions, please contact your Supervisor.