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Section 8.000: The Federal Offset Program

New Section

This section discusses the federal offset program.

Contents

Laws	22 CFR 51.70 Passport certification 45 CFR 301.1 definition of qualified child 45 CFR 302.32 IRS offset distribution 45 CFR 303.72 program criteria and which state certifies the debt 45 CFR 303.72 (f) and (g) administrative review
Policy	The Division of Child Support (DCS) uses the federal offset program for collection of delinquent child support debts.
Procedure	The Support Enforcement Management System (SEMS) certifies a noncustodial parent's arrears debt for the federal offset program when certain conditions exist.
Visual Aids	
Automated Actions	
SEMS Screens	BI
Forms Used	
Hearing and Conference Board Rights	
Personal Notes [Add a note]	You have not added any notes to this handbook section.
See Also	

PROCEDURES

1. What remedies are available to the Division of Child Support (DCS) through the federal offset program?

- o The federal offset program assists states with the collection of delinquent child support debts by enforcing four remedies:
 1. Federal Income Tax Refund Offset. See Section [8.005](#).
 2. Administrative Offset. See Section [8.005](#).
 3. Passport Denial Program. See Section [8.005](#).
 4. Multistate Financial Institution Data Match (MSFIDM). See Section [10.060](#).

2. Do I have to refer a NCP for all four federal offset programs?

1. Certifying a case for Internal Revenue Service (IRS) offset certifies the noncustodial parent (NCP) for all four (4) of these programs automatically.
2. You can set the NCP's [BI](#) screen to avoid certification for a particular program if you wish. See Section [8.015](#) for decertification of passports and Section [8.030](#) for decertifying an IRS certified debt.

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Section 8.005: Requirements for Certification

This section describes the requirements for [certification to](#) the IRS intercept program (federal income tax refund intercept).

Contents



Laws	<p>45 CFR 301.1 definition of qualified child 45 CFR 302.32(b)(2)(iv) and (b)(3)(ii) distribution of IRS refunds 45 CFR 303.72(a) referral criteria 45 CFR 303.72(f) contest in one-state case 45 CFR 303.72(g) contest in interstate case 45 CFR 303.72(h) distribution of IRS refunds RCW 74.20.160 the department may disclose information to the IRS WAC 388-14A-5000 Division of Child Support distribution rules WAC 388-14A-5005 distribution of IRS refunds</p>
Policy	<p>You do not have to serve the noncustodial parent (NCP) in order to certify a court ordered obligation to the Internal Revenue Service (IRS).</p> <p>Except for injured spouse claims, which the Division of Child Support (DCS) can hold for up to six (6) months, DCS must disburse IRS funds within two (2) days of receipt.</p> <p>If there is a conference board request, DCS must disburse IRS funds within fifteen (15) days of the conference board decision.</p> <p>If DCS closes a case after certification but before the date of tax offset, the offset amount must be returned to the IRS, not to the NCP.</p>
Procedure	<p>The Support Enforcement Management System (SEMS) automatically certifies an NCP's arrears debt to the IRS when certain circumstances exist.</p> <p>If the NCP has filed a Chapter 13 bankruptcy, see Section 9.025 and CN-246 to determine when certification is allowed.</p>
Visual Aids	
Automated Actions	<p>The Auto-IRS program certifies a case if it is in open status, the Auto-IRS field=Y, there is a certain amount of arrears, and current support is due.</p> <p>Auto-IRS certifies a TANF arrears-only case, even if child is over the age of 18.</p> <p>At this time, Auto-IRS does not certify a nonassistance arrears-only case, no matter how old the child is.</p>
SEMS Screens	<p>CF, OR, CC</p>
Forms Used	

Hearing and Conference Board Rights	<p>NCP may request a conference board to object to IRS certification if there are extenuating circumstances and field office staff do not agree.</p> <p>The custodial parent (CP) may request a conference board if the field office is unable to settle a dispute to release half of the IRS tax refund when:</p> <ul style="list-style-type: none">• The NCP and spouse file an injured spouse claim; or• If the CP claims the delay causes undue hardship.
Personal Notes [Add a note]	You have not added any notes to this handbook section.
See Also	OCSE AT 99-14 Federal Offset Program User Guide

Procedures

1. What is the federal offset program?

- The federal offset program allows IV-D agencies to request the assistance of the federal government to obtain payment on child support arrears owed by a noncustodial parent (NCP).

Note: You do **not** have to make four separate referrals; one certification covers the entire federal offset program.

1. The internal revenue service (IRS) sends the NCP's federal income tax refund to the Division of Child Support (DCS) instead of to the NCP who owes child support arrears.

Note: IRS certification is mandatory for cases which meet the referral criteria.

2. The federal government can intercept payments to an NCP such as federal employees' travel reimbursement.
 - A Support Enforcement Officer (SEO) may cancel the Administrative Offset, if appropriate.
3. The Department of State may deny the issuance or renewal of an NCP's passport.
 - DCS staff can request an exemption for an NCP in appropriate cases.
4. The federal Office of Child Support Enforcement (OCSE) refers the NCP for Multistate Financial Institution Data Match (MSFIDM) to access information regarding bank accounts and other assets.
 - The SEO can decide whether to issue an order to withhold when Financial Institution Data Match (FIDM) information is received.

Note: Only the state that received the IV-D application or provided public assistance can certify an NCP's debt for federal offset.

2. What are the requirements for certification?

1. The case **must** be a full-collection IV-D case with a debt based on an established court or administrative order, a copy of which is in the case record.
2. The NCP's name and social security number (SSN) **must** be correct.
3. DCS **must** have a current address for the nonassistance custodial parent (CP).

Note: If the CP is enrolled in the [Secretary of State's Address Confidentiality Program](#) (ACP), use that mailing address.

4. The support debt **must** be a certain amount for initial certification in the tax year:
 1. In a Temporary Assistance for Needy Families (TANF), or Foster Care - Aid to Families with Dependent Children (FC-AFDC) or medical subro case, the debt **must** be at least \$150 **and** be past due for at least thirty (30) days.
 2. In a nonassistance or Foster Care-State Only (FC-SO) case:
 1. The debt **must** be at least \$500; **And**

2. There **must** be current support due under the support order; **And**
3. The debt **must** be owed for a child or children who are under age 18 as of December 31 of the tax year.

Exception: In certain cases, we can certify a case where the child is over 18. See [45 CFR 301.1](#) for the additional definition of a "qualified child with an order" who is no longer a minor but who was determined to be disabled while a minor, **and** for whom current support is still owed.

3. Spousal support may be certified providing child support and spousal support are payable under the same order and the minor child is living with the CP.
5. **Note:** Do **not** certify a debt to the IRS if the NCP filed a Chapter 13 bankruptcy. See Section [9.025](#) for details on when to certify the debt.

3. How do we certify cases?

1. Once a case meets the above criteria for tax offset **at any time during** the calendar year, DCS certifies the debt to the IRS via OCSE.
 - **SEMS (Support Enforcement Management System) continues to update the certification on the first and third Monday of every month.**
2. OCSE sends a pre-offset notice to the NCP **thirty (30) days** before actually reporting the NCP's debt. This gives the NCP an opportunity to contest the certification. See Section [8.010](#).
3. Once **DCS has certified the NCP**, SEMS reports any changes to the debt amount (up or down) to OCSE, even if the debt falls below the **amount required** for tax offset.
 1. Do **not** decertify the debt just because it falls below the tax-offset amount.
 2. SEMS will report the change.

Note: This prevents the NCP from getting another pre-offset notice with **another 30-day delay when the debt once more** qualifies for certification. See Section [8.030](#).

4. Certification **continues** until **one** of the following occurs:
 1. The debt is paid in full; **Or**
 2. The case is closed; **Or**
 3. The SEO manually decertifies the debt on the [CF](#) screen.
5. If a previously decertified case later meets the **amount required** for certification, the debt will re-certify automatically.

Note: The NCP receives another pre-offset notice from OCSE and another **30** day waiting period.

4. When does certification affect the NCP's application for a passport?

- When the debt amount certified is \$5000 or more, OCSE notifies the Department of State (DOS) to deny the NCP a passport. See Section [8.010](#).

5. What special rules apply to the IRS offset program?

1. Do **not** keep undeliverable IRS letters that the US Postal Service (USPS) returns to DCS.

Note: These notices **must** be shredded. See [DCS Administrative Policy 7.01](#).

2. Apply IRS monies only to debt periods that DCS certified to the IRS, **not** to debts that accrued after certification.
3. Refund the offset to the IRS and **not** to the NCP, if DCS closes the case (consistent with case closure requirements) after certification but before the date of tax offset.

Note: Under this circumstance, DCS **must** return the offset amount to the IRS.

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Section 8.010: Pre-Offset Letter to the Noncustodial Parent (NCP)

This section provides information about the notification letter that OCSE mails to the NCP.

Contents

Laws	22 CFR 51.70(a)(8) Passport denial 45 CFR 303.72(e) notification requirements RCW 74.20.160 department may disclose information to the IRS
Policy	
Procedure	The Internal Revenue Service (IRS) sends a pre-offset notification letter to the noncustodial parent (NCP).
Visual Aids	
Automated Actions	
SEMS Screens	CC , IA , CF
Forms Used	
Hearing and Conference Board Rights	Conference board
Personal Notes [Add a note]	You have not added any notes to this handbook section.
See Also	

Procedures

1. What information is in the pre-offset notice that the federal Office of Child Support Enforcement (OCSE) mails to the noncustodial parent (NCP)?

The pre-offset letter provides the following information to the noncustodial parent (NCP):

1. The combined total debt amount certified for that particular name and SSN, as well as the address of the IV-D agency that certified the debt.
2. The NCP has the right to contest the debt and the right to request an administrative review. See Section [8.040](#).
3. Any portion of a refund on a joint return that belongs to a nonobligated spouse may be exempt from the certification. See Section [8.035](#).

Note: The notice provides procedures for filing an injured spouse claim with the Internal Revenue Service (IRS).

4. Notice that the Department of State (DOS) may deny a passport if the debt was ever \$5,000 or more.
 1. DOS informs the NCP's passport agency that the agency is to hold any application for 60 days to allow the NCP to settle the account with the Division of Child Support (DCS) and reapply.
 2. If an NCP has a passport and needs a visa, DOS will deny the NCP's visa.
 3. DOS will not:
 1. Issue or renew the passport of an NCP who is certified. DOS will not revoke a passport. Passports last for 10 years.
 2. Refund fees for those NCPs who have had passports denied.
 4. If the NCP does not want DOS to deny a passport, see Section [8.015](#).
 5. Even if the NCP pays the debt down below \$5,000, the passport will be denied until the debt is paid in full or DCS withdraws the request for denial.
5. The IRS pre-offset notice also tells the NCP that certified cases are subject to the Administrative Offset Program, which is different from the income tax refund offset. When the case is certified for the income tax refund offset, it is also referred for administrative offset.
 1. Under the administrative offset program, the federal government deducts the certified amount from federal employee travel or retirement payments or from vendor payments payable to the NCP.
 2. Unlike IRS refunds, Administrative Offset money is applied using the regular distribution rules.
 3. Administrative Offset is **not** mandatory.

Note: If you already have a suitable repayment plan in effect and do not want the NCP submitted for administrative offset, change the code on the NCP [BI](#) screen - Debt/Offset section - "Adm Offset" from A to X.

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Section 8.015: Withdrawing Passport Denials

This section describes passport denial procedures, withdrawal of passport denials, and the circumstances in which an NCP can obtain a passport.

Contents

Laws	22 CFR 51.70(a)(8) Passport denial
Policy	Headquarters staff can withdraw passport denial under certain circumstances.
Procedure	Contact Division of Child Support (DCS) Headquarters, Jan Hentze at 360-664-5350 or Chuck Donnelly at 360-664-5067, to release the hold on a noncustodial parent's (NCP's) passport.
Visual Aids	
Automated Actions	The IRS Passport Denial Field on the noncustodial parent (NCP) BI screen - Debt/Offset section - is automatically coded to D when the NCP's debt is \$5000 or more.
SEMS Screens	BI , CF
Forms Used	
Hearing and Conference Board Rights	NCP may request an IRS Administrative Review of the certification. Conference board if the NCP requests decertification due to extenuating circumstances and the Support Enforcement Officer (SEO) or custodial parent (CP) does not agree.
Personal Notes [Add a note]	You have not added any notes to this handbook section.
See Also	OCSE Dear Colleague Letter DCL-00-79 US State Dept Passport information Federal Parent Locator Service - Passport Denial

Procedures

1. What do I do if the NCP contacts me about passport denial?

1. Inform the **noncustodial parent** (NCP) that the **Division of Child Support** (DCS) automatically reports a support debt to the **Department of State** (DOS) through the **federal Office of Child Support Enforcement** (OCSE) once the debt is \$5,000 or more.
2. Tell the NCP that DOS will deny issuance **or** renewal of the NCP's passport unless:
 1. The NCP pays the debt in full.
 2. There is a family emergency that requires a passport ([DCL-00-79](#)).
 3. The NCP needs the passport for work.
 4. The NCP needs the passport for deployment.

Note: Reasons b, c, and d above are not **"automatic" reasons for** release.

- The **Support Enforcement Officer** (SEO), Headquarters staff, or Conference Board chair **must** take into account the past payment record **and** future likelihood of receiving payments.
 - Also, staff need to analyze whether the NCP can pay the debt in full, make a substantial down payment, **or** increase the **monthly** arrears payment.
3. If the NCP pays the debt in full, **SEMS (Support Enforcement Management System)** automatically reports a zero balance and DOS decertifies the debt.

Note: Headquarters staff **do not have to** code the passport denial field on the BI - Debt/Offset section - to "X".

2. If the NCP does not pay the debt in full, when may I grant an exemption to a passport denial?

1. You may grant an exemption when there is a life or death situation involving an immediate family member of the NCP.
 1. Per federal guidelines, the term **"immediate family member"** includes:
 1. A parent, guardian, or stepparent.
 2. A child (natural or adopted) or stepchild.
 3. A grandparent.
 4. A sibling or stepsibling.
 5. An aunt or uncle.
 6. A spouse (sometimes the spouse may need to travel if the spouse supports the NCP.)
 2. DOS requires verification of the death or medical emergency. Verification **must be** a letter **either** from a doctor or hospital (on **their** letterhead stationery) **or** from the Red Cross.
 1. The NCP must provide the letter to DCS.
 2. **DCS then** forwards it to OCSE.

2. You may grant an exemption when a person was erroneously certified, which means that the person whose social security number (SSN) was submitted never owed child support.
3. You may grant an exception when the NCP has a job outside of the United States (U.S.) and employment depends on the NCP receiving a passport.
4. OCSE has reported extensive fraud in passport requests regarding work outside of the U.S.
 1. Ask the NCP to provide a letter from the employer stating that a passport is required for NCP's employment.
 2. OCSE also suggests contacting the custodial parent (CP) to verify the NCP's story.
 1. Ask the NCP if you may verify with the CP the need for a passport.
 2. If the NCP refuses, contact the CP to inquire about the NCP's employment in general, but do **not** disclose that the NCP is seeking a passport.
 3. You do **not** have to grant an exception just because an NCP has foreign employment.

Note: Past payment history, the length of the foreign work assignment, and whether the NCP gives permission to contact the CP should be factors in your consideration.
5. You may grant an exception when the NCP is being deployed overseas.

3. If the NCP qualifies for an exemption, what steps do we follow?

1. Request DCS Headquarters staff send OCSE a **Notice of Passport Withdrawal**, DSHS 09-872. It takes approximately eight (8) business days for a passport to be cleared once OCSE receives the notice.
 1. **Only** DCS Headquarters staff have access to **or** can generate a DSHS 09-872. The form is **not** listed on the DCS and DSHS Forms site **or** available on forms gen.
 2. DOS also requires the following information about the NCP for the DSHS 09-872:
 1. Place of birth.
 2. Telephone number where the NCP can be reached.
 3. Passport agency where the NCP will pick up the passport.
2. Contact DCS Headquarters, [Jan Hentze](#) at 360-664-5350 or [Chuck Donnelly](#) at 360-664-5067, if you have a situation where an NCP has paid the debt in full **or** has to go outside the U.S. for an emergency, for employment, or for deployment.

Remember: Until DOS agrees to revoke passports, passport denial is a once-every-ten-years collection remedy.

3. After headquarters staff contact OCSE to clear an NCP's passport, staff should advise the NCP to contact the local passport agency daily to find out if DOS has cleared the passport.

4. What if the NCP requests an exemption based on extenuating circumstances and we do not agree that the case qualifies for decertification?

- o Offer the NCP a conference board.

5. Is there any way to know if an NCP has a passport and when it is due to expire?

1. Yes. Send an e-mail request to DSHS RE LSC. LSC just needs the case number and, if it is not on **BI**, the city and state or country of birth of the NCP.
2. It takes about six (6) weeks to get a reply from the State Department.
 1. The State Department returns a copy of the NCP's passport application sends DCS a letter which includes the expiration date of the passport.
 2. We do **not** need to wait for the passport to expire to begin negotiations with the NCP.

6. What if the debt is all nonassistance and the CP requests that we release the hold on the NCP's passport?

1. The CP is **not** allowed to pick and choose among enforcement tools or remedies used by DCS.
2. The CP can write a letter to DCS asking that we release the hold on the NCP's passport and this can be considered by a conference board. See Section [7.015](#) to refer a case to conference board.
3. If the CP wishes to close the nonassistance case to avoid certification, the CP may request case closure in writing. See Section [18.000](#) to close a case.

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Section 8.020: Changing a Noncustodial Parent's (NCP's) Name or SSN on a Certified Case

This section describes how and when to change an NCP's name or SSN on an IRS certified case.

Contents

Laws	45 CFR 303.72 Internal Revenue Service (IRS) offset criteria RCW 74.20.160 the department may disclose information to the IRS
Policy	
Procedure	Change a noncustodial parent's (NCP's) name or social security number (SSN) on a case at any time.
Visual Aids	
Automated Actions	
SEMS Screens	BC , BI
Forms Used	
Hearing and Conference Board Rights	
Personal Notes [Add a note]	You have not added any notes to this handbook section.
See Also	

Procedures

1. When can I change an NCP's name on a certified case?

- o You can change a **noncustodial parent's** (NCP's) name at any time of the year, if necessary.

2. When can I change an NCP's SSN?

1. You may add a new social security number (SSN) to an NCP's record at any time, but the federal Office of Child Support Enforcement (OCSE) will **not** accept certification of two SSNs for the same **BI** number.

Note: The case should have only one verified SSN or the certification will be rejected.

2. Make changes to the verification code of an SSN at any time.
 - SEMS (Support Enforcement Management System) updates the certification on the first and third Monday every month.

Note: Changing the verification code to **9** results in decertification of the debt under that SSN.

3. Make changes by modifying the SSN Confirmed Code on the NCP **BI** screen

3. When can I merge cases involving certified individuals?

1. Sometimes you need to merge a person's **BI** number or a duplicate case after **Internal Revenue Service** (IRS) certification.

Example: On one case, the person may be the NCP, yet on the other case, the person may be the **custodial parent** (CP), or the person may be the NCP on different, unmerged cases.

2. Merge an individual certified for tax offset with a non-certified individual any time as long as the BI/SSN of the certified individual survives the merger.
3. Contact SEMS for assistance in the following situations:
 1. You are merging a certified individual **and** a non-certified individual, **and** you want the non-certified individual to be the survivor.
 2. You are merging two certified individuals.

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Section 8.025: Decreasing an IRS Intercept Amount

This section describes how to decrease an IRS certified debt amount.

Contents

Laws	45 CFR 301.1 qualifying child and spousal support 45 CFR 303.72 Internal Revenue Service (IRS) offset criteria RCW 74.20.160 the department may disclose information to the IRS
Policy	
Procedure	Enter the reduced debt on the case financial (CF) screen ; SEMS (Support Enforcement Management System) automatically reports it.
Visual Aids	
Automated Actions	Once certified, SEMS reports any changes to the debt amount (up or down) at least monthly to the federal Office of Child Support Enforcement (OCSE) , even if the debt falls below the threshold for tax offset.
SEMS Screens	CF , CC , CH
Forms Used	
Hearing and Conference Board Rights	Noncustodial parent may request a conference board on disputed debts.
Personal Notes [Add a note]	You have not added any notes to this handbook section.
See Also	9.020 Chapter 7 Bankruptcy 9.025 Chapter 13 Bankruptcy

Procedures

1. Why might I decrease an IRS intercept amount?

1. Payments, credits, or a conference board decision reduces the debt amount that the **Division of Child Support** (DCS) certified to the **Internal Revenue Service** (IRS); **Or**
2. You learn that the amount certified included debt periods later determined as not chargeable, or that spousal maintenance did not qualify for certification because the **custodial parent** (CP) was not living with the child or that the support order did not include both child and spousal support; **Or**
3. When the Statute of Limitations reduces the amount certified to a lesser debt; **Or**
4. The support order that DCS used as the basis for certification is invalid, but a valid order exists under which the **noncustodial parent** (NCP) owes a lower arrears amount.

Example: A new order is entered that awards an arrears judgment to the CP that is less than the arrears that accrued under the previous order.

2. How do I decrease the certified debt amount?

1. You do **not** need to manually adjust the *IRS Adj* fields on **CF** since the twice-monthly update automatically reports the adjustment.
2. If you decide to manually adjust:
 1. Put nonassistance and state-only foster care debts in the *IRS ADJ NA* field.
 2. Put assistance and AFDC/TANF (**Aid to Families with Dependent Children and Temporary Assistance for Needy Families**) foster care debts in the *IRS ADJ AFDC* field.

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Section 8.030: Decertifying an IRS Certified Debt

This section describes how to decertify an IRS certified case.

Contents

Laws	45 CFR 303.72 Internal Revenue Service (IRS) offset criteria RCW 74.20.160 the department may disclose information to the IRS WAC 388-14A-3370(3) wrongful deprivation
Policy	Do not decertify a debt just because the debt falls below the threshold for Internal Revenue Service (IRS) certification.
Procedure	Decertify a certified debt only under certain conditions.
Visual Aids	
Automated Actions	
SEMS Screens	CC , CF
Forms Used	
Hearing and Conference Board Rights	Requester has a conference board right if a field office cannot resolve the issue.
Personal Notes [Add a note]	You have not added any notes to this handbook section.
See Also	9.020 Chapter 7 Bankruptcy 9.025 Chapter 13 Bankruptcy

Procedures

1. What is decertification?

1. Decertification is the act of reducing the **Internal Revenue Service** (IRS) certified debt amount to zero so that the IRS cross-match stops any money from attaching.
2. Setting the auto IRS to **N** on the **CF** screen prevents future certification.
3. Checking the "*decertify TANF*" or "*decertify Nonassistance*" box on the **CF** screen prevents certification **only** for as long as the debt on the case does **not** meet referral criteria. See Section [8.005 B.4](#).
4. Do **not** decertify the IRS certified debt amount just because the debt falls below the tax-offset threshold amount.

Note: Decertification causes the **noncustodial parent** (NCP) to get another pre-offset notice with a **30**-day waiting period if the case later meets the threshold amount. SEMS (**Support Enforcement Management System**) reports all changes, up or down. See Section [8.005](#).

2. When might I decertify a debt by turning off auto-IRS?

1. When the NCP files a Chapter 13 Bankruptcy. See Section [9.025](#).
Note: Allow IRS certification in a Chapter 7 Bankruptcy. See Section [9.020](#).
2. When a court order bars or stays collection action.
3. When the person whose refund **Division of Child Support** (DCS) listed for intercept is **not** the **noncustodial parent** (i.e., the name and SSN on SEMS do not belong to the NCP.)
4. When the NCP shows that the **custodial parent** (CP) has deprived the NCP of custody through wrongful deprivation **and** the NCP owes no other debt.
5. When staff set up the case for medical noncompliance fines (subro type 4). See Section [24.045](#).
6. When the **Community Service Office** (CSO) approved the case for level A **good cause** after SEMS certified the debt.
7. When a legal impediment bars DCS from taking collection action (e.g., the Statute of Limitations reduced the debt to zero.)
8. When the support order on which we certified the debt is invalid.
9. When the NCP has been paying support consistently under a payment agreement entered before August 1985. Agreements before that date did **not** require the federal mandate of IRS certification.

Note: There is **no** need to decertify when the NCP pays the debt in full. SEMS automatically decertifies the debt at the time of the next bimonthly update. See Section [8.005](#).

3. How do I turn off auto-IRS to decertify a debt?

1. You **must** have authorization from a supervisor or the District Manager to decertify a debt.
2. Automatic decertification occurs when the obligation is paid in full.
3. To stop any future IRS certification, change the *Auto-IRS* field to *N*. This stops future certification of all

debts on the case as long as the *Auto-IRS* field is set to *N*. It **will also** decertify a previously certified debt.

Note: If you use this type of certification during a bankruptcy, remember to re-set the *Auto-IRS* field to *Y* when the bankruptcy case is closed.

4. If you change the **social security number** (SSN) that **DCS** sent to IRS for certification to a verification code **9** on the **NCP BI-I** screen, this stops certification under that SSN only.

Note: The debt will remain certified under other SSNs sent for tax offset.

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Chapter 8: Federal Collection Tools

Section 8.035: Responding to Notification of IRS Injured Spouse Claims

This section describes how to handle injured spouse claims that the IRS reports to DCS.

Contents



Laws	<p>42 USC 664 collection of past due support from federal tax refunds</p> <p>45 CFR 302.32 and 45 CFR 303.72 (h) Internal Revenue Service (IRS) offset distribution</p> <p>45 CFR 303.72 program criteria for the IRS Federal Tax Offset Program</p> <p>RCW 26.23.035 distribution of support received</p> <p>WAC 388-14A-5000 - 5100 distribution of support payments</p>
Policy	<p>If the Department of Treasury notifies the Division of Child Support (DCS) that a joint return has been filed, DCS holds 50% of any tax offset payment received for a non-TANF (non-Temporary Assistance for Needy Families) case until the Treasury advises DCS that an IRS (Internal Revenue Service) reversal has been made.</p> <p>DCS disburses the remaining 50% of the tax-offset payment to the family if the payment would otherwise be disbursed to the family under current federal and state distribution laws.</p> <p>DCS may not retain the withheld portion of the tax offset payment for more than six (6) months from the date in which DCS is notified of the injured spouse claim.</p>
Procedure	
Visual Aids	
Automated Actions	SEMS enters a case comment (CC) code 55 as the reason for the delayed payment of 50% of the tax refund.
SEMS Screens	SI , CH , CF , CC
Forms Used	
Hearing and Conference Board Rights	A custodial parent (CP) can request a conference board.
Personal Notes [Add a note]	You have not added any notes to this handbook section.
See Also	<p>8.005 IRS Notification Letters to the NCP</p> <p>OCSE AT 99-14</p>

Procedures

1. What happens when DCS is notified by IRS that a joint return has been filed?

1. Research the case to determine if any part of the IRS funds will apply to a nonassistance debt. When the Division of Child Support (DCS) receives notification of a joint return on a non-Temporary Assistance for Needy Families (non-TANF case), SEMS (Support Enforcement Management System) automatically holds 50% of the Internal Revenue Service (IRS) payment in suspense for 120 days **or** until DCS is notified that the non-obligated spouse's share has been paid, whichever occurs first.
 - SEMS enters a case comment (CC) code **55** as the reason for the delayed payment of 50% of the tax refund.
2. SEMS applies the remaining 50% of the IRS payment up to the non-TANF arrears balance, as required by state or federal law.
 1. If 50% of the IRS payment is more than the non-TANF arrears balance, the Responsible Support Enforcement Officer (RSEO) can use Online Suspense to refund the difference to the noncustodial parent (NCP).
 2. The refund check **must** be issued in exactly the names as the joint return was filed, such as John E. and Jane Q Doe. These names can be found in the case comments (**CC**) under code **55**.
3. The IRS payments are held in suspense displaying a "**J**" following the payment type in Online Suspense and on the suspense report.
 1. Only DCS Headquarters Cash personnel can adjust these payments.
 2. Field office staff can make an IRS cash service request to adjust payments from suspense and apply them to a case.

2. What happens once DCS receives notification of the negative IRS payment?

1. When DCS Headquarters is notified of a Treasury deduction, they apply the 50% of the IRS payment in suspense to the IRS negative case, **and** then reverse the payment using **AV** code **G0** from the IRS negative case.
2. After 120 days, SEMS automatically applies any funds from suspense to the NCP's case(s).
 - Use a special instruction (**SI**) to hold the payment if there is a conference board pending in regard to the IRS payment.

3. What happens if the CP claims that delay of the tax refund causes undue hardship?

1. DCS considers exceptions on a case-by-case basis. Each District Manager can decide how far down to delegate this decision-making authority.
 1. The decision-maker should consider the following:
 1. The case payment history (**CH**). If the custodial parent (CP) receives regular child support payments there is probably no emergent hardship,
 2. Previous **G0** payment types on the **CH**. This indicates that an injured spouse claim was filed and that we may expect one to be filed this year, **and**

3. Whether this one-time payment will relieve the hardship.
2. If DCS determines that the return should be sent to the CP, the RSEO sends an IRS cash service request to Headquarters to process the payment.
2. The CP may request a conference board if DCS denies the hardship claim.
4. **What if the NCP and the joint tax filer tell me that they are not filing an injured spouse claim?**
 1. If **both** the NCP and joint tax filer provide a signed statement agreeing **not** to file an injured spouse claim, you may apply the funds to the case **or** refund it with authorization from the field office District Manager or designee.
 2. After authorization, image both the signed statement and authorization to the case file **and** notify Central Services by using an IRS Cash Service Request.

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Chapter 8: Federal Collection Tools

Section 8.040: Administrative Review of IRS Certification

This section defines administrative reviews of IRS certified debts and tells how to do them.

Contents

Laws	45 CFR 302.32 and 45 CFR 303.72(h) Internal Revenue Service (IRS) offset distribution 45 CFR 303.72(f) and (g) administrative review WAC 388-14A-6400 conference board standards for IRS certification issues.
Policy	Notify the nonassistance custodial parent (CP) when you receive a complaint from the noncustodial parent (NCP) about Internal Revenue Service (IRS) certification that results in a request for an administrative review or conference board. Allow the CP to participate in the resolution process. Except for injured spouse claims, which the Division of Child Support (DCS) can hold for no longer than six months, DCS must disburse IRS funds within two (2) days of receipt. If there is a conference board request, DCS must disburse IRS funds within fifteen (15) days of the conference board decision.
Procedure	Review an NCP's debt when the NCP objects to the amount of debt that we certified to the IRS.
Visual Aids	Flow chart - When Washington Does Administrative Review Flow chart - When Another State is Doing Administrative Review Administrative Review Matrix
Automated Actions	
SEMS Screens	CF , CH , CC
Forms Used	09-683 , 09-683A , 18-493 , Debt Calc 2000 , Child Support Enforcement Transmittal #1
Hearing and Conference Board Rights	Conference board.
Personal Notes [Add a note]	You have not added any notes to this handbook section.
See Also	OCSE AT 99-14

Procedures

1. What is an administrative review?

- An administrative review is a federally required process that the noncustodial parent (NCP) may use to contest certification of a debt to the Internal Revenue Service (IRS).

2. What do I do if an NCP contests an IRS certification or asks for an administrative review?

1. Other than an objection to the legal requirement for IRS certification, consider any issues raised by the NCP that concern IRS certification to be a request for an administrative review.

2. Arguments made by the NCP may include:

1. The support order or obligation is invalid.
2. The amount of debt is incorrect.
3. The debt has been paid in full.
4. The attachment of the IRS refund causes hardship.
5. The refund belongs to the NCP's spouse.
6. The taxpayer whose refund was taken is not the NCP or NCP's spouse.
7. DCS attached the refund after the debt was paid.

3. The Support Enforcement Officer (SEO) should attempt to resolve the NCP's complaint.

1. After reviewing the case, send the NCP a **Request for Administrative Review of Internal Revenue Service (IRS) Tax Refund Intercept**, DSHS [09-683](#).
2. Set special instructions ([SI](#)) on the case so that the refund will **not** be applied.
3. If the NCP is disputing the amount of the debt, enclose a complete debt calc with the DSHS [09-683](#).

Note: The DSHS [09-683](#) contains a form the NCP can use to request a formal administrative review.

4. If the NCP returns the request for review or if the NCP indicates either orally or in writing that the NCP is **not** satisfied with the SEO's response, treat the NCP's complaint as a conference board request.

Note: The conference board's review satisfies the federal requirement for an administrative review by the IV-D agency.

3. Which state does the administrative review?

1. When Washington is the **only** state involved:

1. If the NCP returns a **Request for Administrative Review of Internal Revenue Service (IRS) Tax Refund Intercept**, DSHS [09-683](#), **treat** it as a request for a conference board.
2. Send a **Custodial Parent's Response to Administrative Review of Internal Revenue Service (IRS) Tax Refund**, DSHS [18-493](#), to the nonassistance custodial parent (NA CP).

3. Resolve the NCP issues at the first possible level, but if resolution is impossible, forward the request to the Conference Board Unit for scheduling.
2. When **more** than one state is involved, the state that certified the debt (usually the initiating jurisdiction) does the review.
 1. If Washington is the responding jurisdiction, forward the NCP's request to the initiating jurisdiction.
 2. The NCP can ask, in writing, that the state that entered the order (this could be the initiating jurisdiction, the responding jurisdiction, or another state) do the review.
 3. Within ten (10) days of the request, send a referral to the order state.
 - Enclose supporting documentation, including all support orders, payment records, and the CP's response to the DSHS 18-493.

4. What are the steps in the review process?

- The process varies depending on how many states are involved. See the [Administrative Review Matrix](#) for details.

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Chapter 8: Federal Collection Tools

Section 8.045: Granting Relief from IRS Certification: Releases and Refunds

This section defines administrative reviews of IRS certified debts and tells how to do them.

Contents

Laws	<p>45 CFR 302.32 and 45 CFR 303.72(h) Internal Revenue Service (IRS) offset distribution</p> <p>45 CFR 303.72 IRS certification of support debts</p> <p>WAC 388-14A-6400 conference boards</p>
Policy	<p>Only a claims officer may authorize the refund of an Internal Revenue Service (IRS) check when there is a debt remaining on the case.</p> <p>When there are hardship issues, the Division of Child Support (DCS) may consider returning IRS refunds or decertifying the debt.</p> <p>Do not disclose information received from the IRS unless you verified the IRS information from another source. Then it becomes DCS information and subject to DCS disclosure rules.</p> <p>Only a designated employee may release the IRS certification.</p> <p>Except for injured spouse claims, which DCS can hold for no longer than six months, you must disburse IRS funds within two (2) days of receipt.</p> <p>If there is a conference board request, you must disburse IRS funds within fifteen (15) days of the conference board decision.</p> <p>If DCS closes a case after certification but before the date of tax offset, the offset amount must be returned to the IRS, not to the noncustodial parent (NCP).</p>
Procedure	<p>Enter the correct conference board request code in the hearing field on the OR screen.</p>
Visual Aids	
Automated Actions	<p>Automatic review sets the <i>Auto IRS</i> block to Y and enters arrears owed in the NA and/or TANF sections of the CF screen.</p>
SEMS Screens	<p>CF, CC, FT, OR, AV</p>
Forms Used	<p>09-683, 09-277B, 09-520, All liens, Orders to Withhold and Deliver (OWDs), Orders to Withhold Income (OWIs), Payroll Deduction Notices (PDNs), and associated releases</p>
Hearing and Conference Board Rights	<p>NCP or CP may request a conference board.</p>
Personal Notes [Add a note]	<p>You have not added any notes to this handbook section.</p>

See Also

[DCS Administrative Policy 7.01](#) IRS Confidentiality and Security
[OCSE AT-99-14](#)

Procedures

1. What if the NCP objects to an IRS certification?

1. Consider any objection raised by the **noncustodial parent (NCP)** to be a request for an **Internal Revenue Service (IRS)** administrative review. See Section [8.040](#).
2. If the NCP is dissatisfied with the results of the administrative review and asks for further review, refer the case for a conference board. See Section [7.015](#) to refer a case for conference board.
3. Set **special instructions SI** to stop disbursement of the IRS refund pending results of the administrative review or conference board.
4. You may also decertify cases to the IRS. See Section [8.030](#).

2. When can I return some or all of the IRS refund?

1. A Claims Officer may authorize you to return all or part of an IRS refund as part of a settlement likely to secure regular future payments of support unless the refund would create a receivable.
2. Consider this option when there is a hardship to the NCP or the NCP's family. Review the hardship factors.
3. Consider the impact on the **custodial parent (CP)** if any of the debt is **not** permanently assigned to the **Department of Social and Health Services (DSHS)**.
4. If the NCP's current spouse has filed or might file an injured spouse claim (IRS form 8379) with the IRS, do **not** refund more than (50%) **fifty** percent. See Section [8.035](#).
 - If the complaint concerns a joint tax refund that has already been offset, **and** Washington certified the debt, tell the NCP to contact the IRS.
5. If DCS closes the case (consistent with case closure requirements see Section [18.000](#)) after certification but before the date of tax offset, DCS **must** return the offset amount to the IRS, **not** to the NCP.

3. What special procedures should I follow before refunding IRS funds?

1. If the case is a nonassistance case, set special instructions (**SI**) to stop an IRS refund from going out to CP before **a conference board issues a decision**.
2. Refund **only** the amount DCS has already received from the IRS.
 1. A conference board or the District Manager can authorize an advance in rare cases.
 2. **Ask** the NCP to provide a copy of the NCP's IRS forms.
3. Let the NCP know that DCS **will not** refund **any money to NCP** until we get the money from the IRS.
4. Before granting a refund, determine if the debt is in jeopardy of being lost to the statute of limitations (SOL) under the current payment schedule (if any).
 - Require a **Waiver of Statute of Limitations Defense**, DSHS [09-508](#), when appropriate. See Section [9.075](#).

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