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| LOCAL COMMISSIONERS MEMORANDUM |
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Transmittal No: 91 LCM-199

Date: November 5, 1991

Division: Administration

TO: Local District Commissioners

SUBJECT: TAX REFUND OFFSET PROCESS - 1992 GENERAL INSTRUCTIONS

ATTACHMENTS: Attachment # 1 - TAX REFUND OFFSET 1992 - GENERAL
INSTRUCTIONS (Available On-line)

Attachments not available on-line:

Attachment # 2 - Sample of Special Notice for 8/31/91
Billing Statements

Attachment # 3 - Pre-Offset Notice

Attachment # 4 - Listing of cases to be certified by
other states

Attachment # 5 - Case Review Results Letter (Favorable
to Respondent)

Attachment # 6 - Case Review Results Letter (Not Favorable
to Respondent)

Attachment # 7 - List of State Central Registries

Attachment # 8 - Interstate Child Support Enforcement
Transmittal

Attachment # 9 - Offset Process Request Form

Attachment #10 - Deletion/Modification Transmittal

Attachment #11 - Instructions to use the Offset Process
Request Form for State Payment
Transactions

Attachment #12 - Form DSS-3243 (Acknowledgment of
Confidentiality of Internal Revenue
Service Information)

The New York State Office of Child Support Enforcement (NYS OCSE) has initiated the 1992 Tax Refund Offset Process for the collection of past-due child support. All local districts will find instructions and procedures for this year's tax offset process in the Child Support Enforcement Manual

(CSEM) Vol II/ASCU Chapter 12, and within the attached general instructions package. For your convenience the most significant changes in the 1992 process are listed as follows:

- o Under Federal Program Standards Regulations which became effective in October, 1990, all cases which meet the criteria for submittal must be submitted for offset.
- o The Omnibus Budget Reconciliation Act of 1990 deleted the January 1, 1991 "sunset" provision for past due support owed in non-AFDC cases. As a result, the non-AFDC Tax Refund offset program has been permanently extended.
- o The collection of past-due spousal support through the tax refund offset process will be authorized for accounts associated with a IV-D case. To be eligible the accounts must either have a C001 (IV-E Foster Care case opened), X001 (IV-D ADC case opened) or Y001 (IV-D Non-ADC case opened) status code existing on IVDJSI. (see section 1.B)
- o The collection of past-due support due adult handicapped children through the tax refund offset process will be authorized if there is a support order in effect for the child and the child, while a minor, was determined to be disabled under Title II (Federal Old-Age, Survivors and Disability Insurance Benefits program) or Title XVI (Supplemental Security Income for the Aged, Blind and Disabled Program) of the Social Security Act. (see section 1.B)
- o Medical support delinquencies (only the NET-DUE on 21BM and 22BM ledgers) will be certified as ADC submissions if either a C001 or X001 status code exists on IVDJSI. If no ADC or IV-E Foster Care case exists, these ledgers will be submitted as Non-AFDC submissions.(see Section 1.B.)
- o Cases should not be submitted in which the absent parent or his/her spouse has filed for bankruptcy under titles VII, XI, XII and XIII of the United States code. (See Section 1.B.)

All new or important information contained in the attached instructions is underscored in bold print.

NOTE: Respondents objecting to the tax offset process in general or inquiring as to the specific location of their Tax Refund should not be referred to the New York State Office of Child Support Enforcement. Estimated average time to process tax offsets from the taxing agency to the local district is 3-4 months from the date the respondent receives his/her tax offset notice from that agency. If respondent inquiries indicate processing time exceeding four months, the local district should first verify that the offset is not in a suspense account. For example, a non-ADC offset which results from an IRS "Joint Tax Return" can be held for six months. Once the district confirms that the offset has not been received, district staff should then contact the New York State Office of Child Support Enforcement (NYSOCSE) Tax Offset Coordinator for assistance at 1(800) 342-3012, extension 44499 or (518) 474-4499.

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If you have any questions concerning this release, please contact your district's OCSE county representative.

Nelson M. Weinstock
Deputy Commissioner
for Administration

NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES
OFFICE OF CHILD SUPPORT ENFORCEMENT
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NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES
OFFICE OF CHILD SUPPORT ENFORCEMENT
TAX REFUND OFFSET PROCESS 1992 GENERAL INSTRUCTIONS

SECTION 1. Pre-Offset Notice, Selection Criteria and Complaint Procedures

A. Pre-Offset Notice

1. For respondents whose accounts met the selection criteria (Section 1.B.), the CSMS generated a billing statement on August 31, 1991, regardless of the billing switch. The billing statement contained a "Special Notice" (See Attachment #2) of intent for the submission of the respondent's name for the offset of his/her Federal, State and City Income Tax refund(s), unless the account was settled by October 18, 1991.

The address listed on the billing statement is chosen according to systems criteria detailed in CSEM Vol II/ASCU Chapter 12, Attachment #6, Item #1. The address selected by CSMS can be identified by the respondent address number listed in the Address Verification field T/O of the CSMS Respondent Information Screen (IVDJRI).

In addition to the billing statement, a "Pre-Offset Notice" (See Attachment #3) was attached which lists the defenses that will be considered and the procedures that respondents must follow to obtain a review of their case, if they feel that their tax refund should not be offset for the amount of past-due support indicated in the notice or not offset at all.

2. For respondents who pay support in other states which is subsequently forwarded to New York State counties, and where accounts met the submission criteria, CSMS generated a pre-offset notice which was sent to the respondent at his/her address and not to the out-of-state court or agency which is responsible for collecting support from the respondent.

The address selected by CSMS is directed by criteria listed in CSEM Vol II/ASCU Chapter 12, Attachment #6, Item #2. The address selected by CSMS can be identified by the respondent address number listed in the Address Verification Field T/O of the CSMS Respondent Information Screen (IVDJRI).

B. Selection Criteria and Parameters

Cases that met all of the following criteria received the August 31, 1991 Billing Statement and Pre-Offset Notice.

1. The case must be either IV-D ADC, IV-D Non-ADC or IV-E Foster Care.
2. Respondent social security number must reside on CSMS.

3. The amount certified for offset can only be for past-due court ordered child support equal to the total of items a. thru g., minus item h. of this section.
 - a. The combined delinquency amount on current support ledgers (21A__, 21BE, 21BM, or 11B__; plus 11CA and 21CA, if an X, Y, or C group is open on IVDJSI).
 - b. The balance due (Arrears Set-At-Balance - ASAB) on court adjudicated arrears ledgers (22A__, 22BE, or 12B__; plus 12CA and 22CA if an X, Y or C group is open on IVDJSI), where the date of the court order is prior to September 1, 1984 and the NET-DUE amount is greater than \$0.00 or the case has previously met this criteria and is so indicated by the ARR-OFF-IND equal to "C".
 - c. The ASAB on court-adjudicated arrears ledgers (22A__, 22BE, or 12B__; plus, 12CA and 22CA if an X, Y or C group is open on IVDJSI) where the date of the court order is September 1, 1984 or later, regardless of the delinquency.
 - d. The ASAB on court adjudicated judgment ledgers (12B __, 22A_, 22BE, and 22BM; plus, 12CA and 22CA if an X, Y or C group is open on IVDJSI) with CO-IND value of J at ledger level of IVDQRY.
 - e. The ASAB on income execution ledgers 14BX and 24AX.
 - f. The net due on 22BM ledgers without a "J" value in CO-IND field at ledger level of IVDQRY.
 - g. Any non-ADC case which meets the above criteria in which the child as of December 31 is no longer a minor may not be certified unless the child was determined to be disabled under title II or title XVI of the Social Security Act while a minor. (These cases will require the Disability Indicator Field on IVDJCH to have a value of "X" in order to be eligible for tax offset submission).
 - h. The case floors on these accounts will be reduced by unapplied money at case level and over applied monies at the Ledger Level in the following order:
 - (1) Non-ADC Cases
 - (2) ADC Cases
4. For ADC and IV-E Foster Care cases, the amount certified cannot be less than \$150 for Federal Offset and \$50 for State Offset. (Note: Amounts owed by the same respondent on two or more accounts will be combined).

5. The amount certified for each Non-ADC case cannot be less than \$500 for Federal and \$50 for State Offset. (NOTE: Amounts owed by the same respondent on two or more accounts will be combined).
6. Cases that meet the following criteria should not be certified.
 - a. The court order was made on or after September 1, 1984 and such order included a finding that anticipated tax refunds pursuant to the most recently filed state and federal tax returns having been considered by the court and taken into account in determining the amount of periodic payments to be made toward the arrears amount, or in determining the amount of the current support order, and the order expressly provides that such arrears are not to be so certified (Social Services Law 111-b 8.(a)(iii)).
 - b. The absent parent or his/her spouse has filed for bankruptcy under title VII, XI, XII or XIII of U.S. Code. These cases cannot be submitted unless the automatic stay under Section 362 of the Bankruptcy Code has been lifted or is no longer in effect with respect to the individual owing the obligation . . . and the obligation was not discharged by the bankruptcy proceeding. If a case is submitted in this category, IRS will not offset any refund, or in the event of an offset, will reverse the offset.

District staff were instructed that an "F" value entered on the IVDQY1 screen prior to August 30, 1991 prevented certification of cases which met the criteria listed in 6.a. and b. An "F" value entered after this date will not prevent certification.

NOTE: A client's request to prevent certification of his/her case for tax refund offset does not constitute an acceptable reason to carry out such action.

7. USDL Certification
 - a. USDL cases between New York State jurisdictions (all cases):

Certified only by the county where the respondent is ordered to pay support.

FIPS codes: 236 (any county code)
 - b. USDL cases between a New York State County and other states (all cases):
 - (1). IRS Tax Offset - Certified by the county/state that is entitled to retain the support collection.

FIPS Codes: 1 not equal to 36 (any valid county code), or 136999

(2). New York State Tax Offset - All eligible out-of-state or out of country cases will be submitted.

FIPS Codes: 1 not equal to 36 (any valid county code) or 136999
2 (any valid state and county code) or 236999

NOTE: All out-of-state jurisdictions where respondents are ordered to make support payments will also be requested to certify them for state tax offset in their state. (See Attachment #4).

C. Complaint Procedures

1. Local New York State Cases

The pre-offset notice advised respondents that any defense and request for review of their case must have been made to the SCU no later than October 18, 1991. Any requests received subsequent to October 18, 1991, should be treated as an inquiry regarding the status of SCU accounts, outside of the tax refund offset process. These inquiries should be handled in accordance with existing local procedures for the review and possible correction of SCU records.

Upon receipt of an oral or written request from a respondent for a tax offset review (based on a listed defense), the respondent's SCU case must be reviewed by someone in the position to make or order the making of necessary changes. The review must take place as soon as possible with notification of the time and place of the review provided to the absent parent and in Non-ADC cases, notification to the custodial parent. The results of the review must be communicated to the respondent, with no unnecessary delay, using the "Case Review Results Letter" (Attachments #5 or #6). In view of this, it is essential that appropriate SCU staff are thoroughly knowledgeable of the meaning of each defense set forth in the "Pre-Offset Notice" (Attachment #3). In addition, sufficient staff must be available to process requests for case reviews and other inquiries.

If the inquiry concerns a joint federal tax refund that has not yet been offset, the SCU must advise the respondent to contact the IRS for further instructions or wait until the IRS sends notification to the respondent and spouse at the time of the offset regarding the steps to take to secure the share of the non-obligated spouse's refund. If the inquiry concerns a joint Federal Tax Refund which has been offset, the SCU should refer them to the IRS. In the case of a New York State joint return, the provisions of Section 5.B. of this package will apply.

If the review results in a deletion or downward modification of the amount referred for offset, the local (certifying) SCU must take the necessary action to insure that the certification for the case is deleted or modified as specified in Sections 2 or 3. of this package. If the offset occurs prior to the action taken as a result of the review, and the amount which has been offset is found to exceed the amount of past-due support that should have been certified for offset, the SCU should make every effort to refund the excess amount promptly.

2. Intrastate Cases

In cases involving two counties within New York State, the county in which the respondent is ordered to pay support will certify the case (FIPS CODE 2 3 6 _ _ _). The respondent may request a review in the certifying county. For this purpose, these cases are processed as if they were local cases and, therefore, the procedures set forth in Section 1.C.1. above must be followed.

3. Interstate Cases

a. Respondent in New York State

A respondent under order to make support payments to a New York State (NYS) SCU, upon receipt of a notice from another state of possible offset of his tax refund, may request an administrative review from the State which submitted his name. If the complaint cannot be resolved by the submitting State and/or the respondent requests an administrative review in the appropriate NYS county SCU, the submitting State must notify the NYS Interstate Central Registry (ICR) within 10 days of the respondent's request and provide all necessary information, including:

- (1) A copy of the order and any modifications upon which the amount certified is based which specify the date of issuance and amount of support;
- (2) A copy of the payment record or , if there is no payment record, an affidavit signed by the custodial parent attesting to the amount of support owed; and
- (3) In Non-ADC cases, the custodial parent's current address.
- (4) A completed Interstate Child Support Enforcement Transmittal.

The NYS ICR will notify the appropriate NYS SCU of the request for an administrative review and will provide the SCU with all information and documentation received from the submitting state.

The NYS SCU must send a notice to the respondent (and to the custodial parent in Non-ADC cases) advising of the time and place of the review conduct the review and make a decision within 45 days of receipt of the notice, then notify the NYS ICR in writing of the results of the administrative review. In turn, the ICR will notify the submitting state. If the review results in a deletion or modification in the amount referred for offset, the SCU must take further action as indicated in Section 2. or 3. of this package.

When an administrative review is conducted in the NYS SCU responsible for the collection (SCU with the order), the submitting state is bound by the decision made by that SCU. Cases submitted by another state should not, however, be deleted simply because they would not have been certified, for policy reasons, by the NYS SCU with the order.

b. Respondent Out of State

If an out-of-state respondent wishes an administrative review by the submitting NYS SCU, he must contact that SCU directly. In the event that the respondent requests the review in the state/county where the order upon which the certification is based was entered, the NYS SCU must notify and provide necessary documentation to the Central Registry of that State (See Attachment #7, ICR Address List) within 10 days and follow the procedures outlined in Section 1.C.3.a., of this package. A copy of the NYS SCU notification (without attachments) must be provided to the NYS ICR, which will in turn notify the Federal OCSE. The Interstate Child Support Enforcement Transmittal form (Attachment #8 [only page 1 shown]) must be used for this purpose.

If the review in the other state results in the deletion or decrease in the amount referred for offset, that state must notify the Federal OCSE within 10 days of the resolution of the complaint. The Federal OCSE will notify the NYS ICR which will in turn notify the NYS SCU. If the offset of the refund has already occurred, the collecting state must notify the NYS SCU of its decision and the NYS SCU must take prompt action to refund any excess amount offset to the respondent. NYS SCUs must not delay refunding excess amounts withheld pending receipt of the offset from IRS. When the review is conducted by the collecting state, the submitting NYS SCU is bound by their decision.

SECTION 2. Federal Tax Offset Deletion/Downward Modification

- A. When an administrative review conducted before January 10, 1992 results in a deletion/downward modification to a case identified for IRS Tax Refund Offset, the SCU should only update the CSMS account to reflect the review results. The CSMS nightly accounting run will identify for deletion all cases that no longer meet the \$150 ADC or \$500 Non-ADC minimum requirement and identify for modification all cases with a reduced certification amount. In cases where the review determines the wrong person is identified for offset, the account may be deleted from federal tax certification by using negative 64 batches to remove federal offset ledger floors. Under no conditions should negative 64 batches be done without first contacting New York State Fiscal Operations Unit Tax Offset Coordinator.
- B. When an administrative review conducted after January 10, 1992, results in a deletion of or reduction modification to a tax offset certification, the local SCU must update the respondent account with the review results and notify the NYSOCSE Fiscal Operations Unit within two work days of the administrative review. (Deletions due to erroneous certifications should be updated to CSMS as described in Section 4.A. of this package). The notification to NYSOCSE must consist of a deletion/modification transmittal (Attachment #10) attached to the Offset Process Request Forms (Attachment #9) submitted. The forms should be marked for either Deletion or Modification, the case type indicator listed as A (ADC) or N (Non-ADC), the dollar amount should be "0" or blank for deletion, or for reduction modification the dollar amount should be the revised certification amount (in whole dollars) to be updated to IRS.

SECTION 3. State Tax Offset Deletion/Downward Modification

When results of an administrative review necessitate the deletion/downward modification of a case identified for State Tax Offset, the only action the SCU should initiate is the expeditious updating of the CSMS account to reflect the correct status. The CSMS nightly accounting run will identify for deletion those cases that no longer meet the \$50 minimum certification requirement and identify for modification all cases with a reduced certification amount. In cases where a review determines the wrong person is identified/certified for offset, the account may be deleted from state tax certification by using negative 64 batches to remove state offset ledger floors. Under no conditions should negative 64 batches be done without first contacting New York State Fiscal Operations Unit Tax Offset Coordinator.

SECTION 4. Verification of Erroneous Offset, Refund of Offsets
and Account Reconciliation

Situations may occur where a refund is offset as a result of an erroneous certification to IRS and or State tax. Federal guidelines require the immediate refund of these offsets. Therefore, upon receipt of a complaint to this effect, the local SCU must take action as indicated below:

A. Verification of Erroneous Offset

Obtain from the respondent a copy of the notice received from IRS or State Tax which indicates that a tax refund was offset for a certain amount. Review the SCU records to ascertain whether the respondent's account was submitted in error. If the error pertains to the social security number, the IRS and Federal OCSE have developed the following guidelines to insure that proper procedures are followed in any case in which there is a discrepancy in the identification of the taxpayer certified for offset and/or the taxpayer actually offset, due to a social security number (SSN) error. These cases have been determined to fall under one of the following most common situations.

SITUATION 1:

If the ASCU simply identifies the wrong SSN for an individual, the SCU should make a prompt refund to the taxpayer, delete the case, and report a State payment (Attachment 11) to the NYS OCSE Fiscal Operations Unit. For example, William Green, SSN 222-33-4444 was submitted instead of the actual absent parent William Green whose SSN is 888-99-7777. In this instance the wrong SSN has been identified for the absent parent and the taxpayer being offset is entitled to an immediate refund from the SCU.

SITUATION 2:

The second type occurs when a person (other than the obligor) files his/her return using another person's SSN (the obligor's). One such example is when the State submits John Smith, SSN 333-00-0000 and his current spouse, Mary Smith, files her return separately using the IRS label mailed to John Smith. If Mary files her return prior to John, her refund will be offset because the IRS computer will read his label. Since the name on the label is the person submitted for offset, even though the return is for Mary Smith, IRS will forward her refund to the submitting State. In this situation, the SCU should not refund to the taxpayer but should refer Mary Smith to the IRS who must correct their records, adjust the State's collection and make a refund to her.

Another example of this particular type of problem is very similar to the one above except, in this situation, it's a father/son relationship. If Edward Jones Jr. files using his father's SSN and is offset, but is not the absent parent, the SCU should not make a refund to him. Instead Edward Jones Jr. should be referred to IRS so his tax account can be updated correctly. Again, IRS would adjust the State's collection report and issue a refund to Edward Jones Jr. Then when Edward Jones Sr. files for his refund, it can be offset.

SITUATION 3:

Occasionally two persons are assigned the same SSN by the Social Security Administration. If this is the situation, the first person filing his/her return will be offset. If this person is not the obligor, the SCU should not make a refund to the taxpayer. Instead, the person should be referred to IRS who will assign a temporary filing number, credit the taxpayer's account with the refund and have the person obtain a new SSN from SSA. An adjustment to the State's collection will be made by IRS and a refund will be made to the taxpayer thus correcting the offset. Consequently, when the obligor files his return, the refund will be eligible for offset.

B. Refund of Offsets and Account Reconciliation

1. If the review disclosed that the certification was made in error, a manually prepared check drawn on the SCU account must be sent to the proper individual(s) immediately. Since there is a continual balance of undistributed ADC collections in the SCU account, the account should not be overdrawn.
2. Record the check on the disbursements listing in sequential order, with information indicating the check number, payee, amount and the reason for the disbursement. All refunds resulting from a collection on a joint refund must be issued as two party checks. IRS collection reports (only) reflect the names of both parties. If the collection report reflects only the respondent's name (joint return) the check should be made out to Mr. and Mrs.
3. If necessary, adjust the monthly SCU bank reconciliation to take into consideration the checks issued prior to the receipt of the offsets. Refer to the Child Support Enforcement Manual, Vol II/ASCU (Section 9-6)

SECTION 5. IRS and State Joint Refunds

A. IRS Joint Refunds

If a joint refund is offset by the IRS, the procedures for the non-obligated spouse to obtain a legal share of this refund will be contained in the IRS offset notice. The non-obligated spouse will be directed to file an Injured Spouse Claim (Form 8379) with the IRS Service Center, where it will be reviewed and, if applicable, a refund will be made directly to the spouse. (Note: The injured spouse is no longer required to file a form 1040X. Instead, a combined Form 8379, Injured Spouse Claim and Allocation is to be filed.) If this occurs, the amount refunded will be recouped in a subsequent collection report as a negative adjustment. The IRS time limit for filing of an Injured Spouse Claim by the non-obligated spouse is six years. Therefore, it is imperative that a local district complete a State payment form in accordance with Section 6. to limit financial vulnerability in this area.

B. State Tax Joint Refunds

The New York State Department of Taxation and Finance (State Tax Department) recommends but no longer requires a non-obligated spouse to include Tax Form IT-280 (Non-Obligated Spouse Allocation) with the original return to obtain the legal share of the joint refund. If a joint refund is offset by the State Tax Department, the procedures for a non-obligated spouse to obtain the legal share of the refund will be contained in the notice sent to that spouse by the State Tax Department. According to legislation effective for the 1990 tax year, a non-obligated spouse is allowed to file a demand, within 10 days after service of notice by the State Tax Department, for the separate calculation and payment of any tax refund owed, but which was withheld by the State Tax Department because of the obligation of the other spouse for support payments.

Any taxpayer having questions about this procedure should be directed to the State Tax Department, Refund Liability Unit at (518) 457-3606, not to the New York State Office of Child Support Enforcement (OCSE). Local districts should not attempt, under any circumstances, to pro-rate or otherwise pay a share of a valid offset to a non-obligated spouse unless requested by New York State OCSE. If there are monies due to the non-obligated spouse, State Tax will notify the OCSE Fiscal Operations Unit, who will in turn notify the local SCU.

If the amount collected on a joint State Tax return is in excess of the amount that should have been offset from the respondent alone, any overage should be returned through a two party check.

SECTION 6. State Payments

A state payment involves the refunding, to the respondent, of an IRS Tax Offset received from a "Joint Tax Return". In these cases where the offset is refunded to the respondents, the county SCU should complete and submit the Offset Process Request Form (Attachment #11) to

the State OCSE Fiscal Operations Unit immediately upon completing the refund. All forms received will be reviewed and transmitted to the Federal Office of Child Support Enforcement (Federal OCSE) for update to IRS. For specific instructions on usage of the Offset Process Request Form for State Payments, See Attachment #11.

In addition, IRS has implemented a state payment procedure to accept both upward and downward modifications of State Payments reported. When reporting two or more State payments resulting from offset in the same process year for a case, only report the cumulative correct amount refunded for the process year. If a previously reported State payment needs correction, only report the correct amount refunded.

SECTION 7. Security and Safeguarding Requirements

The Internal Revenue Service and the State Department of Taxation and Finance require that all collection and address information provided by them must be protected from unauthorized use and disclosure and that it be maintained in a secure and confidential manner. Extreme care must be exercised in its processing and handling. This data must not be divulged to anyone without a need to know. Collection reports, address listings and related material should not be left in the open when not in use. Data that is no longer of any use should be destroyed in accordance with local procedures. CSEU and SCU staff with access to tax information should be made aware of the sensitivity of this material and that its unlawful use and disclosure may result in severe penalties.

To insure this, each worker with such access, must complete and sign Form DSS-3243 (Acknowledgment of Confidentiality of Internal Revenue Service Information) (Attachment #12). Completed DSS-3243's must be maintained by the CSEU Coordinator or SCU Supervisor.

The IRS has indicated that the handling of tax refund offset information will be an area of concern during future security/safeguard reviews of selected districts.

SECTION 8. Submissions and Offset Priorities

A. Submissions

1. ADC and Non-ADC cases will be certified to IRS as separate submissions and to the State Tax Department as a single submission. IV-E delinquencies will be certified as, and included with, ADC submissions.
2. The amount owed must have been delinquent for at least three months for the Federal process and two months for the State process. This requirement will be met if the past-due support is delinquent as of January 1, which is the first day on which an offset may be made.

3. For each case certified, reasonable efforts to collect the money owed must have been made. Reasonable efforts include, but are not limited to, violation proceedings, sending of delinquency notices and/or monthly ASCU bills.

B. Offset Priorities

Refunds obtained from the IRS Tax Refund Offset Process will be applied by the IRS in the following order:

1. Federal taxes and penalties
2. ADC and IV-E Foster Care Child Support Arrears/delinquencies
3. Obligations of other Federal agencies
4. Non-ADC child support arrears/delinquencies

Refunds received from the State Tax Refund Offset Process will be pro-rated by State OCSE to all cases certified for offset based on the amount of delinquency certified in each case as a percent of the total amount certified for the particular respondent.

SECTION 9. Fees

For each case certified by State OCSE to Federal OCSE (and eventually to the IRS) and/or State Tax Department, the State is expected to be charged a fee of \$5.48 from IRS and \$5.00 from State Tax. These fees, however, will be charged only for cases in which a tax refund over \$25.00 is identified as being available for offset. For the 1992 tax offset year, IRS will continue to deduct the service fee directly from the monthly collection amounts. This, however, will not affect the amount of collections sent to the districts. The local districts' share of the fee will be billed through the normal fiscal settlement process.

SECTION 10. Additional Information

For additional information regarding the Tax Refund Offset Process, local district IV-D coordinators should contact their State OCSE representative or the OCSE Tax Offset Coordinator at 1-800-342-3012, ext. 44499 or 518-474-4499.