

Child Support Enforcement Tax Refund Offset Program



Friend of the Court Bureau/ SCAO
Michigan Supreme Court
<http://www.courts.michigan.gov/scao>

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WHAT IS THE TAX REFUND OFFSET PROGRAM?

If a taxpayer owes past-due child support of \$150 or more, the Tax Refund Offset Program can intercept both state and federal income tax refunds due to the taxpayer. The program is a coordinated effort of the Internal Revenue Service, the US Department of Treasury's Financial Management Services, the federal Office of Child Support Enforcement, the Office of Child Support within the Michigan Department of Human Services (DHS), Michigan Department of Treasury, and all local friend of the court (FOC) offices.

HOW DOES THE TAX REFUND OFFSET PROGRAM WORK?

If a child support case meets certain federal and state requirements, a local FOC office can intercept a support payer's state and federal income tax refunds and apply them to the payer's overdue support obligation. The local FOC will send the payer an advance written notice that the funds will be intercepted. The payer then has an opportunity to pay the overdue support directly and avoid having the tax refunds intercepted.

Medical support, like regular child support, is eligible for collection by a tax refund offset if a court order establishes the exact amount owed.

DOES MY CASE QUALIFY FOR THE TAX REFUND OFFSET PROGRAM?

TANF (Temporary Assistance to Needy Families) Cases:

If you currently receive TANF payments (public assistance) for your children, your local FOC office will *automatically* request federal and state tax refund offsets if your case's support arrearage exceeds \$150.

Non-TANF Cases:

Federal Offset Program

If your children do not receive public assistance, but you have applied for Title IV-D child support enforcement services, the FOC will automatically enter a request for a federal tax refund offset if your case's *child* support arrearage exceeds \$500¹. Past due *spousal* support also can be collected via a tax refund offset if the same court order establishes both child support and spousal support. Medical support, too, is eligible for the offset program if the court order establishes an exact amount to be paid.

State Offset Program

The Michigan Department of Treasury accepts requests for state tax refund offsets only once a year. Both TANF and non-TANF cases are eligible for the state offset program if the support payer owes at least \$150. If the case does not yet qualify when the local FOC office sends its annual pre-offset notices, that payer's state refunds for that year will not be offset.

¹ Title IV-D is the federal program that helps enforce payment of child support obligations

**MUST I DO ANYTHING TO ENSURE THAT MY CASE QUALIFIES FOR THE TAX REFUND
OFFSET PROGRAM?**

All cases in which the family has received TANF payments (public assistance) are automatically considered Title IV-D cases and, therefore, eligible for the tax refund offset program. If you have never received TANF benefits, you should check with your local FOC office to see if you have previously signed an application requesting IV-D services. Almost all parents request services when completing the initial paperwork for their court case. If you have not, simply request a IV-D application from the FOC office, or from a support specialist at the DHS Office of Child Support

**HOW DOES A CHILD SUPPORT PAYER KNOW THAT THE FRIEND OF THE COURT OFFICE
HAS REQUESTED A TAX REFUND OFFSET?**

The FOC sends the support payer a pre-offset written notice that the FOC has requested a tax refund offset. This notice states the amount owed, gives information regarding the administrative appeal procedure, and discusses options for filing joint tax returns.

**WHEN DOES A CUSTODIAL PARENT RECEIVE THE MONEY FROM THE TAX REFUND
OFFSET?**

When the support payer owes past-due support to the state, money received from *federal* tax refunds is used first to eliminate that arrearage. Any remaining money from a federal tax refund then goes to the custodial parent. With *state* tax refunds, if the custodial parent is not currently receiving TANF benefits, the offset money from state tax refunds goes first to pay any past-due support owed to the custodial parent.

MAY THE SUPPORT PAYER APPEAL THE TAX REFUND OFFSET?

Yes. The payer may request an administrative review of the offset request by following the instructions in the pre-offset notice sent by the friend of the court. In addition, after the income tax refund is intercepted, the IRS or state taxing authority sends the payer a second offset notice. This notice, too, contains information about how to request a review of the offset. The payer has grounds to object only on the basis of mistaken identity or on a mistake of fact. In addition, if the support payer and a current spouse have filed a joint tax return, the current spouse may object to 50 percent of the offset.

SOME OTHER IMPORTANT INFORMATION TO REMEMBER

If the support payer files a joint federal tax return together with a current spouse, federal law requires that the friend of the court hold the tax refund offset money for six months before disbursing it to the custodial parent. That time period allows the payer's current spouse an opportunity to seek an adjustment as to part of the offset. As a result of that

federal requirement, the custodial parent may not receive the offset money until eight months after the offset occurs.

If the custodial parent previously assigned child support money to the state for a period when the family received TANF benefits, this amount belongs to the state when collected by a federal tax refund offset. If the offset exceeds the amount assigned to the state, the remaining offset amount is applied to any past-due support owed to the custodial parent

Only *past-due* support may be offset from a support payer's refund. The balance of the refund, if any, must to the support payer. In other words, the tax refund offset procedure may not be used to collect current or future support.

For more information about the Tax Refund Offset Program, please contact the local FOC office that is handling your case.