FEDERAL TAX OR ADMINISTRATIVE OFFSET

Federal law requires the CSED to collect past due support through federal offsets. Cases with past due support are submitted to the Federal Office of Child Support Enforcement, also known as OCSE. OCSE then validates and forwards the cases to the U.S. Department of the Treasury's Financial Management Service, also known as FMS. The FMS offsets federal payments owed by the payor of support by intercepting allowed amounts.

Federal payments subject to offset for past due support include income tax refunds, salaries, retirement pay, travel reimbursements and others. Certain types of payments such as Social Security and Department of Veterans Affairs payments are excluded from the offset program.

A case will be submitted for offset if the child was on public assistance and the case has a past due support balance owed to the State of at least $150.00; or a past due support balance owed to the custodial parent of at least $500.00. Federal tax offsets are first applied to past due support debts owed to the State, and then to any debt owed to the custodial parent. Administrative offset payments are applied first to the current monthly support obligation due, and then to debts owed to the State, and finally to any past due support debt owed to the custodial parent. It will take a month or more before the money is sent to the State of Montana to be applied to your case or cases.

If the past due support debt that you owe is submitted for federal offset, you will receive a Pre-offset notice from the OCSE informing you that your case has been submitted for federal tax and/or administrative offset. Following the offset, you will receive another notice informing you that your federal tax refund or federal payment has been intercepted. You have a right to request an administrative review of your case if you believe that the amount of past due support reported for federal offset purposes is incorrect. Your request for review must be in writing and state the reason you object to the debt. The CSED will conduct the administrative review, or if the support order was issued by another state, you may request that the CSED forward the case to that state for administrative review of the debt. If you do not agree with the determination made in the administrative review, you may submit a written request for a hearing.

If you are concerned about the offset of a joint income tax refund, your un-obligated spouse may file an Injured Spouse Claim Form. These forms can be obtained by contacting the IRS, or the person who prepared your income taxes. The IRS is the only one that can determine if you are due any relief under the tax laws.