
DCSE Policy & Procedures Unit
Policy Update
PPU 04-05-005

SUBJECT: Update on Injured Spouse Waivers for IRS Tax Offsets

Please contact the Policy Unit if you have any questions regarding
this information at ***DCSE-POLICYQUESTIONS, CSE.POLICY or (602) 274-7951.**

The federal government has given authority to IV-D Agencies in all states to hold payments received from joint tax returns for 180 days. Receipts intercepted from joint returns are held to allow the non-obligated spouse the opportunity to file a claim and assert his/her right to his/her portion of a joint federal tax refund. An injured spouse claim may partially or completely reverse the amount intercepted.

Policy recommends that staff never solicit injured spouse waivers in order to release a receipt from a federal tax offset before the 180 days when ATLAS automatically releases the receipt to the case.

The IRS does not inform DCSE that an injured spouse claim has been completed and the spouse's portion has been refunded to the injured spouse. However, the IRS may provide a notice to the non-obligated spouse and the NCP that the injured spouse claim (IRS form 8379) has been received and that the IRS is reversing and refunding the non-obligated spouse's share of the amount applied against the child support debt. A copy of the notice from the NCP is sufficient to release the money in STIJ to the case after the reversal has been received and completed by the CP Ledger team.

To determine if DCSE has received an IRS reversal there are two screens on ATLAS that must be researched:

Check the Case Activity List (CAAL) screen for the narrative F1029-IRS REVERSAL RECEIVED, which is entered by the CP Ledger Team.

Check the Debt List NCP (DELN) screen for an IRS adjustment (IRA) debt. If the IRA debt is paid in full the status will be inactive (I). If there is a balance the status will be active (A).

When an NCP's spouse has requested and signed an Injured Spouse Waiver Letter (DocGen form FAGO0001/F0066), which is a sworn statement that he/she has not and will not file an injured spouse claim and he/she voluntarily waives the right to his/her portion of the tax refund, Clearinghouse may release the receipt to the case.

Recently there have been a number of cases where injured spouse forms have been received and there is documentation on the case that the spouse has filed an injured spouse form with the IRS. Clearinghouse shall not release a payment in STIJ when there is an indication that the non-obligated spouse has filed an Injured spouse claim with the IRS and a reversal has not been received by DCSE.