

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Public Health Service

Chapter CC22--Pay and Allowance Administration
Subchapter CC22.7--Collections and Deductions
Personnel INSTRUCTION 4--Delinquent Federal Taxes and Unpaid Child
Support under the Program Aid to Families
with Dependent Children

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Section A. Purpose and Scope

This INSTRUCTION establishes the conditions and procedures under which collections are made from the pay and allowances of commissioned officers of the Public Health Service (PHS) for delinquent Federal taxes and for unpaid child support under the Aid to Families with Dependent Children Program (AFDCP).

Section B. Authority

1. Federal Delinquent Taxes. If any officer neglects or refuses to pay a Federal internal revenue tax within 10 days after a notice and demand for payment has been issued, the Internal Revenue Service (IRS) may collect the tax by levy upon the accrued salary or wages of the officer. If IRS determines that collection of a tax is in jeopardy, it may issue a notice and demand for immediate payment. If an officer fails or refuses to pay the tax upon receipt of such notice and demand, the tax may be collected by levy without regard to the 10-day period.
2. Unpaid Child Support/Alimony under AFDC Program. The collection of unpaid child support under the requirements of the AFDC Program (42 U.S.C. 659) will be made as if the amount were a delinquent Federal tax, the collection of which would be jeopardized by delay. IRS will issue a notice of levy. The office maintaining the officer's pay account (see office indicated in

Section C, below) will satisfy the levy in the manner prescribed in Section D.2, a-i, below. However, in the case of a first assessment against an officer for the unpaid child support, satisfaction of the levy is stayed for a period of 60 days immediately following notice and demand. If a portion of such officer's pay and allowances is being withheld in garnishment or attachment pursuant to a judgment entered by a court of competent jurisdiction for the support of minor children, the amount withheld is exempt from the levy (refer to Subchapter CC22.7, INSTRUCTION 5).

Section C. Service of Notice of Levy

1. The IRS sends the "Notice of Levy" (IRS Form 668-W) and a "Statement of Personal Exemptions" (IRS Form 668-W, Part 5) to the office maintaining the officer's pay account. For PHS commissioned officers, this office is the Commissioned Personnel Operations Division (CPOD), Office of Personnel Management (OPM), Office of Management (OM). The mailing address is:

Compensation Branch, CPOD:OPM:OM:PHS
Parklawn Building, Room 4-50
Rockville, Maryland 20857

2. A notice of levy or release of levy for officers received by any office other than the one indicated in Section C.1, above, should be immediately forwarded to the address listed in Section C.1, above.
3. CPOD forwards a copy of the levy and the statement of personal exemptions to the officer, along with IRS instructions for responding. Delivery will be in person by a PHS official who will obtain a receipt or by registered or certified mail, return-receipt requested.

Section D. Payments and Exemptions

Federal income tax levies are satisfied in the amount of all pay and allowances, including travel allowances and accrued leave settlement paid on separation if authorized, less items indicated in Section D.1, and 2, below. The levy continues in effect until collection is satisfied or until release by IRS.

1. Exemptions from Levy. A personal exemption of \$325.00 a month is allowed for the officer, as well as an additional exemption of \$108.33 a month for each dependent listed on the IRS Form 668-W, Part 5. CPOD normally allows three workdays for return of IRS Form 668-W after receipt by the officer. In cases where known unusual circumstances may delay the return of the IRS Form 668-W (an officer located in an overseas location for example), CPOD will request guidance from the IRS office that served the levy. Until IRS provides guidance or the Form 668-W is received, the only disbursements to be made from the officer's pay account are those required to cover the member's personal exemption (\$325.00). Additional exemptions of \$108.33 a month for each dependent are not allowed. Other exceptions are listed in Section D.2, below. After the IRS Form 668-W is received by CPOD, the amounts exempted from the levy will be \$325.00 as a personal exemption, \$108.33 for each dependent, and the exceptions identified in Section D.2, below.

2. Exceptions from Levy. The following items will be satisfied before the levy is applied:
 - a. Federal Insurance Contributions Act (FICA) deductions;
 - b. Federal income tax withholding (statutory amounts only);
 - c. State income tax withholding (statutory amounts only);
 - d. Amounts required to satisfy prior advance of pay;
 - e. Amounts required to satisfy prior overpayments of pay and allowances;
 - f. Allotments for annuity deductions under the Retired Servicemen's Family Protection Plan (RSFPP) for retired officers;
 - g. Servicemen's Group Life Insurance (SGLI) deductions;
 - h. Voluntary allotments for support of minor children which are authorized in compliance with court orders when effected prior to date of levy; and
 - i. Pay and allowances attached or garnished for child support or alimony.
3. Exemptions and Exceptions are Equal to or Exceed Total Pay. If the total amount of exemptions and exceptions equals or exceeds the officer's total pay and allowances, CPOD will advise the IRS office that served the levy.
4. Stopping Voluntary Allotments. Voluntary allotments will be stopped (except for garnishment of pay for support of minor children which is authorized in compliance with court orders when effected before the date of levy) as necessary to pay the levy. If the amount of the levy requires stopping any voluntary allotments, (except for support of minor children), the officer may select the allotments to be stopped. If the officer does not make the selection, CPOD will stop allotments as necessary. Insurance allotments will not be stopped until all others have been stopped.

Section E. Voluntary Allotment

An officer may arrange with IRS to pay delinquent taxes by voluntary allotment (refer to Subchapter CC22.6, Personnel INSTRUCTION 1, Section D.7). Agreements are made on IRS Form 2159. An officer may not cancel an agreement before the tax indebtedness is completely liquidated.