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What is Tax Offset?

The Tax Offset Program is an enforcement technique that allows for the interception of a nonresidential parent's tax refund to help repay child support debt.

Effective October 1, 2007, the law was amended to allow Federal Income Tax Refunds to be offset for past due support owed to any child regardless of their age. Prior to this change in the law, Federal Tax Refunds were only intercepted and sent to the family if the case included a child under the age of 18. Due to this change in the law, Ohio has seen nearly a 600% increase in the amount of child support arrears now eligible for tax offset.

Currently, Ohio collects on average 89 million dollars each year from Federal Tax Refunds. Approximately 12 million dollars each year is received from the interception of State Tax Refunds. It is estimated that Ohio may see up to an additional 5 million dollars in refunds pursuant to the change in the law.

Specific criteria must be present in order for a case to be eligible for tax offset.

What is the criteria to have a Federal tax refund intercepted?

1. An application for services must be on file with the CSEA.
2. If the non-residential parent (or spouse) filed for bankruptcy before 10/17/05, the case is not eligible for tax offset. Filings after 10/17/05 are eligible pursuant to Congress' passage of the Bankruptcy Abuse Prevention Consumer Protection Act of 2005.
3. A minimum of $500 in unassigned arrears (arrears owed to the family) or $150 in assigned arrears (arrears owed to the State of Ohio) must be owed to be eligible for offset. (If the nonresidential parent has more than one case, all arrears combined must meet the minimum submittal amount).
4. If Ohio is the "Responding" state in an Interstate action, only the "Initiating" state may submit for Federal Tax Offset.
5. The case must be delinquent for 30 days or longer after the submission to be eligible for an offset of the refund.

How will I know if my Federal tax refund is being intercepted to pay my arrears?

A case can become eligible for Federal Tax Offset at any time during the year and it is also possible that a case could be deleted or the offset amount modified during any time of the year. Once a case is eligible, a Pre-Offset Notice is sent to the Non-Residential Parent. You will have an opportunity to request a Tax Offset Review with the submitting child support agency if you disagree with the information contained in your notice. If the arrearage amount remains eligible for the tax offset program 30 days after the initial submission, the tax refund then becomes eligible for offset. The non-residential parent will also receive notification from the IRS when the actual offset of the refund occurs which will indicate a specific dollar amount that is being forwarded to the county child support agency for a child support debt. At this point, there is no objection/dispute process.

What if my tax refund is more than my child support arrears?

If the refund amount is greater than the arrears, the nonresidential parent will receive the difference, provided there are no other debts that are eligible for federal or state tax offset. Because regular updates are submitted to the IRS and Ohio Department of Taxation, only the amount of the arrears should be sent to the CSEA. (If you pay the child support arrears off yourself to prevent from having your refund intercepted, it is recommended you wait at least 3 weeks to file your tax return from the date the payment was made to avoid having your refund erroneously taken).

As a residential parent, how will I know if I am going to receive the other party's tax refund?

If your case meets the criteria listed above, the case will automatically be submitted. There is no official notification mailed to the residential parent notifying them a tax offset will occur or when a tax offset is received. You may contact your county CSEA for specific questions or inquires on tax refunds.

My spouse and I file a joint tax return. How can I prevent my spouse's portion of the tax refund from being intercepted to pay my child support debts?

The current spouse will want to complete and file IRS Form 8379 (Injured Spouse Allocation) with your actual tax return. The IRS gives the current spouse up to 6 months to file a claim for injured spouse if it is not filed with the initial tax return.

The Ohio Department of Taxation gives the current spouse up to 21 days to file a claim for injured spouse if it is not filed with the actual tax return.

What is the criteria to have a State income tax refund incercepted?

1. If the non-residential parent (or spouse) filed for bankruptcy before 10/17/05, the case is not eligible for tax offset. Filings after 10/17/05 are eligible pursuant to Congress' passage of the Bankruptcy Abuse Prevention Consumer Protection Act of 2005.

2. A minimum of $150 (either owed to the family or the State of Ohio) must be owed to be eligible for offset. (If the non-residential parent has more than one case, all arrears combined must meet the minimum submittal amount).

3. The case must remain eligible for at least 90 days after a Notice is sent to the nonresidential parent advising him/ her that the case meets the minimum criteria.

How will I know if my State tax refund is being intercepted?

Submission of eligible cases is made annually (typically near the end of September) to the Ohio Department of Taxation. If a case does not meet the minimum requirements at the time of the initial submittal, the case will not qualify for State Tax Offset that year. Weekly updates are generated to ODT for those cases initially submitted advising of cases eligible for deletions or decreasing arrears amounts only.

A Notice of Ohio Income Tax Refund Offset for Overdue Support is sent to the non- residential parent. This notice provides instructions on how to request a Tax Offset Review if you want to dispute the offset. If no deletion has occurred due to the case no longer being eligible for State Tax Offset 90 days after the initial submission, the tax refund is then eligible for offset.

How soon will I receive the other party's Federal tax refund?

The Office of Child Support (Columbus, OH) receives collections from the IRS on a biweekly basis. This collection may contain tax refund intercept amounts for hundreds of child support cases throughout the State.

Once a collection is received, it takes approximately 30—45 days to complete the processing and post the payments to child support cases.

Federal Tax Refunds are used to pay child support arrears only. No money will be collected and allocated towards current child support. **Arrears owed to the State of Ohio will be paid before arrears owed to the family.** In addition, if the tax intercept was received from a Joint Tax Return, monies are automatically held for six months from the date of processing.

Children deserve the opportunity for a better life.

If you need information about your case or services available, contact your CSEA support specialist.

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WEBSITE
www.co.summit.oh.us/ prosecutor/childsupp.htm

How soon will I receive the other party's State tax refund?

The Office of Child Support (Columbus, OH) receives collections from the Ohio Department of Taxation (ODT) daily during tax season and weekly during non-tax season.

Once a collection is received, it takes approximately 30—45 days to complete the processing and post the payments to child support cases.

State Tax Refunds will be allocated to current support first, then will allocate to child support arrears. Monies are paid to either the family or the State depending on whether child support is assigned or unassigned at the time the payment is allocated. If the tax intercept was from a Joint Tax Return, the payment should be disbursed within two business days from date of processing.