

Debt Setoff Process Timelines

This document describes the life cycle of the **debt setoff** process as it relates to claims submitted to TAX by external Setoff Agencies. Specifically, it details the time frame associated with each action that occurs during the debt setoff process.

Time Frame	Claim Submission Action
October 1	Department of Taxation sends the annual "Participation Verification" email to each Setoff Agency. This email is to confirm that the Setoff Agency intends to continue its participation in the Debt Setoff Program
November 1	<p>First day Setoff Agencies are eligible to submit claims to the Department of Taxation for the next participating year (i.e. agencies may begin submitting claims for the participating year 2015 on November 1st of 2014).</p> <p>In addition, claims for participating year 2015 may be submitted anytime from November 1, 2014 through December 31, 2015; however, these claims will only be eligible for matching against monies that become available from January 1, 2015 through December 31, 2015.</p>
January 1	Start of the Setoff participating year.
December 31	End of the Setoff participating year.

Program Day (calendar days)	Match Related Actions
Day 1	Department of Taxation notifies the Setoff Agency that available funds have been matched to the agency's claim (the debt). This is also referred to as the "match date".
Day 10	<p>Within 10 calendar days of the match date, Setoff Agencies must notify the debtor in writing that available funds are being held against their debt. The purpose of the letter is to inform debtors they have 30 calendar days to contest the validity of the debt before the funds are seized.</p> <p>Setoff Agencies must also certify to TAX by the 10th calendar day from the match date that they have notified the debtor in writing. This action is referred to as "Certified" or "Certification."</p> <p>Matches that are not certified within 10 days of the match date will automatically default, which means the Setoff Agency forfeits it's right to these funds towards that particular debt.</p>
Day 10-30	<p>The debtor has 30 calendar days from the date the Setoff Agency notifies them of the funds being held against their debt to contest the debt.</p> <p>If the debtor contests the debt, the Setoff Agency must update the Contested Date field on the <i>Maintain Claim Information</i> window. The contested status is required to be updated every 30 days thereafter by updating the Contested Date field.</p> <p>This process is referred to as "Contesting."</p>

Program Day (calendar days)	Match Related Actions
Day 30-40	<p>If the debtor does not contest the debt, the Setoff Agency must finalize the match within 30 calendar days from the match date (or 20 days from the end of the contested period). Finalization refers to updating the match with the final resolution of the funds.</p> <p>The Setoff Agency can choose to take all, part, or none of the funds that were offered towards the debt. Matches that are not finalized by the 60th day will automatically default, which means the Setoff Agency forfeits it's right to any of these funds for that particular debt.</p>
	<p>Within 2 days of a Setoff Agency's finalization action, TAX will send a letter to the debtor informing them of the final disposition of their funds. This is referred to as the "Finalization letter."</p>
First Week of Each Month	<p>A payment information file containing matches finalized during the prior month is sent to each Setoff Agency. On the 15th of each month payment is initiated through the Department of Accounts.</p>