



## Ohio Administrative Code

### Rule 5101:12-50-32.9 Federal adjustments, state payments, and recovery of disbursed federal tax offset collections.

Effective: April 1, 2018

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(A) This rule describes the federal tax offset adjustment process. There are certain circumstances, including invalid offsets, that require a federal income tax refund offset to be returned to the taxpayer (who may or may not be the obligor). This is accomplished either through a federal adjustment or a state payment.

(B) A federal adjustment may occur as a result of a number of circumstances, which include but are not limited to when:

(1) An injured spouse claim is filed with the internal revenue service (IRS) and the injured spouse is entitled to a portion or all of the federal tax refund;

(2) The obligor files an amended federal income tax return and the amount available for offset is reduced; or

(3) The obligor files a federal income tax return using an incorrect social security number.

(C) The child support enforcement agency (CSEA) shall be required to issue a state payment to the taxpayer when:

(1) The CSEA receives a federal tax refund offset in an amount greater than the arrears amount that was last accepted by the federal office of child support enforcement;

(2) An obligor was submitted but did not meet the federal tax offset submission criteria;

(3) An obligor was submitted with an incorrect arrears amount;

(4) An obligor was submitted using an incorrect social security number;



(5) An income tax refund offset review was conducted that resulted in a decrease in the arrears amount and the offset occurred before the update was processed; or

(6) The obligor paid the arrears below the threshold after the tax offset occurred but prior to disbursement of the tax offset amount.

(D) The federal adjustment process.

(1) When there is a federal tax offset adjustment, the tax offset collection is returned to the obligor and the bureau of fiscal services (BFS) reduces the amount of the tax offset that was previously disbursed to the state.

(2) Injured spouse claims.

(a) When the IRS determines that an injured spouse is entitled to a portion or all of the federal tax refund, the IRS sends the refund directly to the injured spouse. When a refund is sent to an injured spouse via electronic funds transfer to a closed account, the amount due the injured spouse will be reversed by BFS.

(b) The CSEA may delay distribution of the federal tax offset collection received as the result of a joint return until it is notified by the IRS that the injured spouse has received the proper share of the refund, or for six months, whichever is earlier.

(E) The state payment process.

(1) When a CSEA issues a state payment to an obligor, it shall report the state payment to the office of child support (OCS) within the Ohio department of job and family services (ODJFS) immediately but no later than five days from the date the payment is made using the JFS 07017 "Update of IRS Tax Refund Offset Submittal" (effective or revised effective date as identified in rule 5101:12-50-99 of the Administrative Code).

(2) When the CSEA issues a state payment to an obligor and submits a JFS 07017 for that state payment, and then an additional state payment is made to that obligor for the same processing year,



the CSEA shall submit a second JFS 07017 and report the total year-to-date amount for the processing year on the second JFS 07017.

(3) The CSEA shall include the processing year in the report of a state payment.

(F) Recovery of disbursed federal tax offset collection.

(1) When a federal adjustment is made on a collection that has been disbursed to assigned arrears, the disbursed collection shall be recovered from ODJFS.

(2) When a federal adjustment is made on a collection that has been disbursed to the obligee or an alternate payee, the CSEA shall recover the disbursed collection using one or both of the following options:

(a) The CSEA may recover the collection from the obligee or the alternate payee through the recoupment process described in rule 5101:12-80-05.6 of the Administrative Code.

(b) The CSEA may recover a collection disbursed to the obligee or alternate payee from the obligor by establishing an account for the case within the support enforcement tracking system (SETS) payable to the CSEA to recover the amount. When the CSEA establishes the account, the following shall apply:

(i) The CSEA shall use the "OTHER FEES NO PMT/ IRS ADJ REIMB" account in SETS where collections will allocate below all other support obligations in the allocation hierarchy. The account shall include any subsequent adjustment for which the CSEA uses this method of recovery;

(ii) The balance of the account shall not increase the total arrears owed by the obligor; and

(iii) The balance added to the account shall not exceed the amount expended by the CSEA and disbursed to the obligee or the alternate payee as support.

When the CSEA chooses to use the option described in paragraph (F)(2)(b) of this rule but doing so would increase the total arrears owed by the obligor on the case, the CSEA must instead use a



combination of the options described in paragraphs (F)(2)(a) and (F)(2)(b) of this rule, or in the alternative must use the option described in paragraph (F)(2)(a) of this rule exclusively. The total combined amount of the balances created as a result of using the options described in paragraphs (F)(2)(a) and (F)(2)(b) of this rule shall not exceed the amount disbursed to the obligee or alternate payee.

The CSEA shall be responsible to track any account or accounts established pursuant to paragraph (F)(2) of this rule to ensure recovery of funds that have been disbursed to the obligee or alternate payee.

(3) When a CSEA has issued a state payment to a taxpayer in accordance with paragraph (C) of this rule but a federal adjustment subsequently occurs against the original tax offset collection that led to the state payment, the CSEA shall recover the state payment through the recoupment process described in rule 5101:12-80-05.6 of the Administrative Code.