

# TAX REFUND OFFSET PROGRAM



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State Court Administrative Office  
Friend of the Court Bureau  
Michigan Supreme Court

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### **What is the Tax Refund Offset Program?**

For federal tax offset, if a taxpayer is behind on child support by \$150 (for TANF arrears) or \$500 (for non-TANF arrears) more, the Tax Refund Offset Program can take the payer's federal income tax refunds and apply them to the payer's overdue support.

For state tax offset, if a taxpayer is behind on child support by \$150, the Tax Refund Offset Program can take the payer's state income tax refunds and apply them to the payer's current and overdue support.

Overdue child support is called "arrears."

### **I am supposed to receive child support payments. Must I do anything to ensure that my case qualifies for the Tax Refund Offset Program?**

If a family has ever received Temporary Arrears for Needy Families (TANF) payments (public cash assistance), it is automatically eligible for the tax refund offset program. If you have never received TANF benefits, you should check with your local friend of the court (FOC) office to see if you have previously signed an application that requested IV-D services. Almost all parents request services when they complete the initial paperwork for their court case. If you have not, simply request a IV-D application from the FOC office or a support specialist at the Michigan Department of Health and Human Services Office of Child Support.

### **How does a child support *payer* know that the FOC office has requested a tax refund offset?**

Before the offset occurs, the support payer receives a written notice that a tax offset has been requested. This notice indicates the amount owed, provides information regarding the administrative appeal procedure, and discusses options for individuals who filed joint tax returns.

### **How will the money from the tax refund offset be used?**

Money received from *federal* tax refunds will first be used to pay off any overdue support owed to the state. Any remaining money from a federal refund then goes to arrears owed to the support recipient.

*State* tax refunds are first applied to current support if the payee is not currently receiving TANF benefits, then to any overdue support owed to the individual payee.

EXAMPLE (some TANF arrears, some non-TANF arrears with an amount to apply to both buckets).

### **May the support payer appeal the tax refund offset?**

The pre-offset notice contains instructions for how the payer can request an administrative review of the offset request. In addition, after the income tax refund is taken, the IRS or the state taxing authority sends the payer a second offset notice. This notice will also contain information on how to request a review.

The payer may appeal only by showing that the payer is not the person who owes support, or that the amount owed is wrong. In addition, if the support payer and a current spouse have filed a joint

tax return, the current spouse may file an injured spouse claim – a claim stating that a portion of the tax refund was based on the current spouse’s income and should not have been used to pay the payer’s child support. Injured spouse claim forms may be downloaded from the IRS website (IRS [Form 8379](#) and [Inst. 8379](#)).

**Other important information regarding the Tax Refund Offset Program.**

If the support payer files a joint federal tax return, Michigan’s child support program places the refund offset money on hold for six months before the program will send the refund offset money to the payee. This time period gives the payer’s spouse the opportunity to file an injured spouse claim.

The payee may not receive the offset money until slightly more than six months after the FOC receives the tax offset payment. Even though the payee has not received the money, the payer will receive credit for the payment during this six-month period.

Arrears considered for tax offset are “certified arrears.” These are amounts owed as of a certain date and sent to the IRS or Michigan Treasury for offset.

**For more information about the Tax Refund Offset Program, please contact the local FOC office that is handling your case.**

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