

**Office of Child Support
POLICY SHEET**

SUBJECT

Involuntary Payments & Held Money

PS# 09-10

POLICY

OCS policy is to hold the following types of involuntary payments for the amount of time specified below:

Type of Administrative Collection	Held Reason	# of Days to Hold
IRS Joint Tax Refunds	I	6 Months
Lottery Offsets	M	30 Days
Vermont Joint Tax Refunds	V	45 Days

Exception: There may be times when an involuntary payment is held for a longer period of time than noted above due to additional research and further verification needed.

RATIONALE

The rationale for holding the money is based on the source of the receipt as follows:

IRS Joint Tax Refunds: 45 C.F.R. § 303.72(h)(5) allows “the State may delay distribution until notified that the unobligated spouse’s proper share of the refund has been paid or for a period not to exceed six months from notification of offset, whichever is earlier”.

Lottery Offsets: 15 V.S.A. § 792 mandates the obligor be given a period not to exceed 20 days to contest the accuracy of the information. OCS’ system holds the money 30 days but funds can be released by CRU after 20 days if Intercept, with consult from a staff attorney or Management as needed, approves the release.

Vermont Joint Tax Refunds: 32 V.S.A. § 5935(a) says “the non-debtor spouse may, within 30 days...petition the department in writing for a return of that portion of the refund attributable to the income of the non-debtor spouse.” The tax department then conducts a hearing and makes a determination. These additional days allow the tax department hearing to be held before the money is distributed.

The “Release of Joint Tax Monies Form” is no longer accepted by OCS as this form was not legally binding nor is it recognized by the IRS. Therefore, an injured spouse claim could still be filed and honored by the IRS even with the form completed. This caused overpayments by OCS such that we had already issued the money and the IRS still took it back from us. If there is a rare circumstance where you believe the premature release of the tax money should be allowed, speak to the Federal Operations Manager.

Date	Action	Description
08/06/2009	Created	
09/13/2018	Revised	Clarified money can be released after 20 day hold
08/28/2023	Revised	Applied standardized formatting; updated reference to these types of payments as “Involuntary Payments”; and clarified that there may be exceptions to the standard length of time that these payments are held.