

Debt Collection Process Action

	Description	Authority	Timing	Comment
TERMINATION/ SUSPENSION OF COLLECTION ACTION	<p><u>Termination:</u> Agency stops all active debt collection action; may continue passive collection action.</p> <p><u>Suspension:</u> Agency is likely to resume active collection action at a future time.</p>	31 USC 3711(a)(3); 31 CFR Part 903	Not tied to write-off, but must occur before close-out.	Agency decision to terminate/suspend must comply with Federal Claims Collection Standards (31 CFR Part 903). DOJ concurrence required for debts over \$100,000.

Accounting Action

	Description	Authority	Timing	Comment
WRITE-OFF	Agency reports debt as having no value on financial and management reports.	OMB Circular No. A-129	Usually no later than 2 years after debt delinquency; not tied to termination or suspension.	At time of write-off, agency must classify the debt as <i>CNC</i> or <i>close-out</i> .
CURRENTLY NOT COLLECTIBLE (CNC)	<u>A classification after write-off</u> when the agency has determined that debt collection efforts should continue.	OMB Circular No. A-129	Can only occur at the time the debt is written-off.	CNC classification does not affect agencies' statutory and regulatory responsibilities to pursue debt collection.
CLOSE-OUT	<u>A classification after write-off</u> when the agency has determined that no further active or passive debt collection action will be taken.	OMB Circular No. A-129	Must occur after write-off <u>and</u> termination of collection action; can occur after CNC classification, if debt was initially classified as CNC at time of write-off.	Agency will not take any collection action after close-out; if required by Internal Revenue Code and regulations, agency must report closed-out debt to IRS on Form 1099-C as potential income to the debtor.