



FACT SHEET

Treasury Offset Program

Summary of Program Rules and Requirements

The Treasury Offset Program (TOP), operated by the Department of the Treasury's Bureau of the Fiscal Service, is a fully-automated, centralized offset program that intercepts federal and state payments to collect delinquent debts owed to federal and state agencies. Federal agencies must notify TOP of all nontax debts delinquent more than 120 days. Federal disbursing officials must offset payments to collect such debts. States may offset their payments by entering into reciprocal offset agreements. The Internal Revenue Service (IRS) levies TOP to collect federal tax debts, at its discretion, under separate legal authorities from those authorizing administrative offset.

General Rules Applicable to TOP

- Debts must be:
 - Delinquent & legally enforceable (i.e., not in bankruptcy, forbearance, or under appeal)
 - \$25 or more
 - Owed by any entity other than another federal agency
- Federal creditor agencies must:
 - Submit all delinquent debts to TOP (including debts owed by state & local governments) other than those owed by foreign sovereigns or in litigation
 - Certify that each debt is valid, legally enforceable in the amount submitted and that all due process has been completed
 - Remove or inactivate debts that become ineligible for TOP (e.g., in bankruptcy, debt paid in full)
- TOP fulfills the disbursing official's requirement to:
 - Send warning notices to debtors for recurring payments (e.g., monthly retirement benefits, salary, etc.)
 - Send offset notices to debtors, which include the date and amount of offset, creditor agency to which offset money was sent, and contact point within the creditor agency
- Non-Treasury disbursing officials may choose to send their own offset notices
- State disbursing officials send their own notices when offsetting to collect federal debts

Due Process Prerequisites

- 60-day prior notice to the debtor of intent to offset
- Notice must explain the debtor's rights and opportunities to dispute the debt, examine and request copies of agency records, request administrative review of the determination of indebtedness, and enter into a compromise or repayment plan acceptable to the agency.

Offset Amounts (Percent of Payments that May be Offset by Debt Type)

- Federal tax refund--up to 100% to collect federal nontax debts, child support, and state income tax and unemployment insurance debts.
- Vendor and federal employee travel-related payments--up to 100% for all debts
- Federal salary--up to 15% of disposable pay for federal tax and nontax debts and up to 50-65% for child support debts (minimum debt balance for salary offset is \$100)
- OPM retirement--up to 25% for federal nontax debts and 15% for federal tax debts
- Social Security and Railroad Retirement benefits--up to 15% for federal tax and nontax debts
- State payments of all kinds--up to 100% for federal nontax debts, as set forth in reciprocal agreements

TOP Payment Exemptions

- All Federal payments are subject to offset, unless exempted by statute or by the Secretary of the Treasury.
- The Secretary must exempt means-tested payments at the request of the head of the paying agency.
- The Secretary may exempt other payments if the head of the paying agency demonstrates that offset would substantially interfere with Congress's purpose for the payment agency's program.
- By agreement with IRS, payments exempt from administrative offset to collect nontax debts are also exempt from collection of tax debts through TOP.

*For more information about TOP's program rules and requirements,
please the Fiscal Service website at www.fiscal.treasury.gov/TOP.htm*