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| LOCAL COMMISSIONERS MEMORANDUM |
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Transmittal No: 99 LCM-9

Date: April 12, 1999

Division: Budget, Finance and
Data Management

TO: Local District Commissioners

SUBJECT: Federal Tax Refund Offset Program (FTROP)

ATTACHMENTS: None

Background:

The purpose of this letter is to clarify the accounting impact on some exception transactions for IRS fees charged under the Federal Tax Refund Offset Program (FTROP).

For each tax refund intercepted through the Federal Tax Refund Offset Program (FTROP), the IRS will charge a collection fee. The fee is currently \$9.00. The following is a review of the procedures for returning the collection fee to clients when it is determined that the tax refund was improperly intercepted. Settlement procedures for FTROP can be found in 99 LCM-4.

Reversals

Reversals are situations where the IRS has intercepted a tax refund, but it is subsequently determined that the intercept has occurred in error. The IRS will give back the money including the collection fee directly to the client.

District to Pay Client

When the district determines that a tax refund was improperly intercepted, the district must send a check to the client for the incorrectly recovered amount. If the district is giving back the entire tax intercept amount, the amount paid back to the client must be increased by the collection fee. If the district is giving the client only a partial amount, the collection fee is not returned to the client.

Reimbursement

The collection fees the district pays to the client will be reported on line 2, column 6-Other, of the DSS-2347E entitled, "Schedule D-7 Distribution of Food Stamp Expenditures To Activities."

If you have any questions, please call:

Regions I-IV: Roland Levie at 1-800-343-8859 extension 4-7549
(User ID FMS001), or

Region V: Marvin Gold at 212-383-1733 (User ID OFM270).

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