

## IRS Automated Levy Program

This file includes key sections of the Internal Revenue Manual on the IRS automated levy program. The sections are available on the Internal Revenue Service web page at <http://www.irs.gov/irm/index.html>.

### 5.19.9.1 (07-01-2000)

#### Automated Levy Programs Overview

1. This section provides information and procedures on Automated Levy Programs (ALP). An ALP is one where selected federal tax debts are matched with state taxing authorities and federal agencies disbursing funds, such as, salary, pension, and vendor payments.

### 5.19.9.1.1 (08-30-2001)

#### What Are ALPs?

1. Automated Levy Programs are divided into three categories:
  - **State Income Tax Levy Program (SITLP)** - attaches state income tax refund
  - **Federal Payment Levy Program (FPLP)** - attaches federal disbursements due an individual or business, such as, retirement, vendor payments, and social security
  - Other Automated Levy Programs - attaches **state funds** other than state income tax refunds such as Alaska Permanent Fund, lottery payments, and vendor payments

#### NOTE:

See IRM 5.19.9.4, Enforcement Actions, for procedures related to levies issued by ACS.

2. Each levy program selects modules using slightly different criteria. Most accounts excluded from the automated levy programs are bankruptcy, installment agreement, OIC accounts, and hardship.
3. Agreements or a memorandum of understanding have been established with Financial Management Service (FMS) for FPLP or each state for SITLP.
4. The procedures in this section are specific to automated levy programs such as:
  - Specific information on each program
  - Levy identification
  - Notices issued by each program
  - Releasing the account from the levy program
5. Other issues such as can't pay and don't owe are covered throughout IRM 5.19.
6. Correspondence and notices for these programs will contain the ACS toll free number 1-800-829-7650 or 1-800-929-3903.

### 5.19.9.2 (07-01-2000)

#### State Income Tax Levy Program (SITLP) General

1. Each state with income tax requirements can sign an agreement with the IRS to permit the state tax refund to be applied to a federal tax liability.
2. Qualifying federal tax debts are sent electronically to each state along with a Notice of Levy (Form 668-A). The tax debt is matched against the state income tax refunds and all or a portion is sent to IRS to satisfy the federal debt.

3. In an effort to prevent over collection, a new tape will be transmitted every two weeks. On each subsequent tape new modules can be added and modules that no longer meet the selection criteria are dropped.
4. Timely receipt and processing of each bi-weekly tape may result in the levy not being in effect when the state issues a refund. In this situation, no proceeds will be received.

#### 5.19.9.3.1 (08-30-2001)

##### What is FPLP?

1. Internal Revenue Code (IRC) Section 6331 (h), as prescribed by the Taxpayer Relief Act of 1997 (Public Law 105-34) Section 1024, authorizes the Internal Revenue Service to issue *continuous* levies on certain federal payments.
2. The law allows up to fifteen percent of (15%) *specified payments* to be levied. *Specified payments* include any federal payment other than a payment for which eligibility is based on the income and/or assets of a payee (e.g.: Medicaid).
3. The Department of Treasury, Financial Management Service (FMS) is the disbursing agent for many of the federal payments that can be levied.
4. FPLP is a paperless, automated levy program the IRS has implemented with FMS that will systemically attach 15% of certain federal payments made by FMS. Federal employee salaries will be levied for 15% of the gross salary after health insurance premiums, court ordered child support payments (if applicable), and current federal and state taxes are deducted.
5. FPLP will be phased in over a 3 to 4 year timeframe. The first phase of the FPLP was implemented in July 2000.
6. An interagency agreement between the Service and FMS has been developed and includes Federal Payment Levy (FPL) issuance on the following:
  - A. Office of Personnel Management (OPM) retirement income
  - B. Federal Contractor/Vendor payments
  - C. Federal employee travel advances and reimbursement payments
  - D. Social Security Administration benefits as described in Title II of the Social Security Act, aka Federal Old Age, Survivors, and Disability Insurance (OASDI) benefits except:
    - Dependent child benefits
    - Claimants for lump sum death payments
    - Prouty recipient benefits for those aged 72 on or before 1971
    - Supplemental Security Income (SSI) payments
    - Payments with partial withholding to repay a debt owed to Social Security
  - E. Federal employee salaries disbursed for the U.S. Department of Agriculture, National Finance Center

##### **NOTE:**

Third party notification provisions under Section 3417 of the Restructuring and Reform Act of 1998 (RRA '98) do not apply to this type of levy process as contact is made between electronic databases.

7. If a taxpayer is receiving two or more types of federal payments that are available for levy through the FPLP, then 15 percent of each payment may be levied.