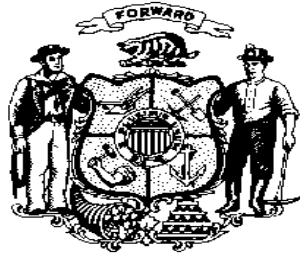


Wisconsin Department of Revenue



State Debt Collection Initiative User Guide

<http://www.revenue.wi.gov/html/debtcoll.html>

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Introduction

Authority

The Wisconsin Department of Revenue (DOR) has been granted the authority by the legislature to act as the collection agency for debts owed to state, county, or local government agencies. Sec. 71.93 (8), Wis. Stats., authorizes DOR to enter into written agreements with each agency detailing the collection processes.

- State agencies are required to enter into an agreement to refer debt for collection.
- Courts, the legislature, certain authorities, and local units of governments may enter into agreements but are not required.

Qualifying Debts

- Debt Balance must be greater than \$50.00
- The debt must be more than 90 days past due with no active negotiations or payment plans in place.
- A referral notice to the debtor is required at least 30 days prior to referral, and the debtor must be given an opportunity to be heard in regards to the obligation due.

Getting Started – Setup and testing

Once an agency has signed an agreement with DOR, we need to work together to establish the method of file transfer and an implementation time frame.

- 1) Identify how the agency will receive proceeds.
 - If the agency uses the state central bank account and PeopleSoft, DOR will post a transfer of funds using a PV transaction. The agency needs to provide the appropriate revenue accounting string to DOR.
 - If the agency does not use the central bank account, DOR will initiate an ACH transfer directly to the agency's bank account. The agency needs to provide DOR with the bank account routing number and account number.
- 2) Identify a file transmission method
 - XML Files – for agencies that have a high volume of debts to refer and programming resources to automate the setup. Agencies may send a file as frequently as they desire (daily, weekly, or monthly). DOR will provide your developers with the XML file schemas – [XML File Specifications](#).
 - DOR processes the file and responds with a corresponding answer file. The answer file contains information as to whether the debtor has been accepted or rejected. If rejected, the file displays a reject reason. DOR also provides the amount added to the debt as collection fee and the new total balance due to the agency. The XML File requires a more extensive testing procedure.

NOTE: XML File is transferred using a secure file transfer protocol (SFTP) to ensure confidentiality of debtor information. Information on how to set up and use the SFTP portal is included in [Appendix 1](#)

- On-line Data Entry (*My Tax Account*) – for agencies with fewer debts to refer. Users key each debt by completing the required fields. Once submitted, DOR responds immediately with an answer as to whether the debt is accepted or rejected. If rejected, DOR provides a reason. There is no testing involved when using this method.

- 3) Identify debtors using the qualifying criteria listed on page 3. Send the referral notice to the last known address.

NOTE: Even if the debtor notice comes back as undeliverable, the attempt to mail to the last known address is considered reasonable notice and the debt can be referred.

- 4) During the referral period (30 days), send DOR a test file (XML New Debt/Debt Update) of potential debtors. DOR will run the file through test systems to determine the validity of the data and flesh out any problems with the file. Once you start sending production files, this step is no longer necessary.
 - In response, DOR will generate a test Response File for agency review. The response file includes whether the debt is accepted or rejected and if rejected provides a reason. DOR also provides the amount added to the debt as collection fee and the new total balance due to the agency.
- 5) Inactivate any debts referred to the Tax Refund Intercept Program (TRIP) that will be referred to the State Debt Collection Program. Both programs use refund interception proceeds as a revenue stream for collection.
- 6) After 30 days, send a production file to DOR. DOR will load to the production system and begin collecting debts.
- 7) Work with DOR when switching from *My Tax Account* to file transfer (XML). DOR will assist in testing the XML file prior to working in production.

On Going – Establish a cycle

- **New Debt/Debt Update File:** DOR accepts the New Debt/Debt Update file at any time. Agencies may wish to establish a cycle of sending new files on a daily, weekly, or monthly cycle.
 - XML File– every file submitted to DOR will receive a response file the next business day.
 - On-line Data Entry (*My Tax Account*) – once you submit a request to upload a debt to DOR, a response will be generated as to whether the debt has been accepted or rejected. After overnight processing, the collection fee and an updated balance is displayed.
- **Transaction File:** On the first business day of the month DOR sends a file that contains payments to debt and updates to the debt balances. If payments were received, the agency will either receive a transfer entry in WISMART or an ACH transfer to a bank account.
 - DOR initiates the payment file on the first business day of the month. Agencies will receive the payment 3 days later.
- **Return File:** On a monthly basis, DOR will scan accounts to determine if they are still in a collectible status or if they should be returned to the agency. Return reasons may include uncollectible, deceased, bankruptcy, or recall request from agency.
- **Agency Summary File:** Available on demand from the SDC Portal. The file contains the current balance for all debtors referred to DOR for collection.

Agency Approach

Once a debt is referred to DOR for collection, the agency must make every effort to direct the debtor to DOR in order to resolve the balance. In the event that the debtor has contacted you in person to resolve the debt, please make sure that you collect both the amount referred as well as the collection fee.

- **PARTIAL PAYMENT:** If you collect a partial payment, send the amount the debtor sent you to DOR. DOR will apply the payment, adjust the balance due and send a balance statement to the debtor. You will receive your portion of the proceeds in the monthly remittance.
- **PAYMENT IN FULL:** If you collect the total amount due including the DOR collection fee, report the payment using My Tax Account or using the New Debt/Debt Update File. Send the full payment or the collection fee to DOR.

Send the payment to:

WI DEPARTMENT OF REVENUE
Mail Stop 4-206
PO BOX 8901
MADISON WI 53708-8901

Debt Inquiry: DOR has a link, www.revenue.wi.gov/html/debtcoll.html - Debt Balance Lookup, for agencies to quickly tell if a debtor has resolved their obligations. Enter the AgencyID, DebtorID, and Debt# to receive information as to whether a balance is resolved or still outstanding. The scan will look at all debts that this debtor has for the agency when revealing the status.

Pay a debt owed to another agency	For debts referred for collection, not tax debts owed to the Department of Revenue
Look up account number and filing frequency	For Wisconsin business tax accounts
Submit new corporation questionnaire	For Corporations and LLCs
File a buyer's claim for refund - sales tax	List of purchases - template.xls
Look up referred debt	Referring agencies only
File a motor fuel tax refund claim	Form MF-001
File wholesaler distributor motor fuel refund claim	For uncollectible Wisconsin fuel tax

On-Line Portal Inquiry: Users may register and in the DOR online port, *My Tax Account* to access debtor balance information. Use the Change Debt inquiry and enter the debtor's ID (SSN, DLN, or FEIN). The next screen displays debt information including the original balance when certified to DOR and the current DOR balance.

If a debtor has paid DOR directly but the DOR balance is not zero, then ask for the payment confirmation and verify that the amount equals the debt balance. It takes 3-5 days for a payment to post to the debtor's account.

Debtor Payment Application: In recognition that an agency may be holding a license or privilege because a debt is owed, DOR has developed an application to make payments on-line.

- The link is located under the Individuals tab, in the Online Services section, titled Pay a Debt owed to another agency.

- The payment may bypass the established hierarchy and apply directly to your agency debt. The debtor is required to authenticate their access by entering their Name, SSN or FEIN, Period (date referred to DOR), and DOR assigned account number. Payments will be processed into their tax account within three business days.
- Agencies may use the Change Debt Inquiry to verify the status and request the payment confirmation information.

DOR Collection Approach

DOR Revenue Agents work with the debtors to secure a payment to the debt and provide guidance when questioned about the debt and why DOR is collecting. If a DOR Agent is not able to sufficiently satisfy the debtors questions related to the debt, they are instructed to provide the agency contact information and tell the debtor that they may call for a copy of their original billing notice. Revenue Agents will not enter into discussion related to the validity of the debt.

Collection Philosophy

- The collection of debt is based on the premise that the voluntary resolution of an account is preferable to exercising the authority delegated to the Department of Revenue to collect these delinquencies by involuntary methods.
- Our first preference in resolving accounts is full payment. Since this is not always achievable, we are willing to negotiate mutually agreeable voluntary repayment schedules when circumstances indicate that it is the reasonable thing to do.
- When taxpayers demonstrate that they will not voluntarily pay their legal obligations, we will initiate involuntary collection actions such as attaching wages or levying bank accounts.

Guidelines

In carrying out the above philosophy, the department's collection agents will work within the following guidelines:

- The department's agents will contact debtors in a professional and businesslike manner, realizing that debtors are sometimes angry, frustrated or fearful. All department staff should ensure that neither their words nor gestures are demeaning, condescending, or threatening.
- Initial attempts to resolve a delinquent account should be with terms that are mutually acceptable to the debtor and the department. If mutually acceptable terms are reached, the department expects the debtor to assume the responsibility of meeting the terms of that agreement.
- Debtors are instructed of the consequences should they fail to honor the terms of their agreement without good cause.
- For accounts that have entered into installment agreements, one reminder or follow-up request will be issued if a payment is missed without prior notification. A second default will be cause to move to involuntary collection action.
- If mutually acceptable terms to resolve an account cannot be reached, debtors are advised of the potential consequences of their refusal to voluntarily resolve the account.

Process Description

The delinquent collection process starts when a debt is referred for collection.

NOTE: If this is the first debt referred to the debtor from your agency, the debtor will receive a Notice of Referred Debt from the department. This notice explains that the debt has been referred and covers collection authorities the department may enact if the balance in full is not paid immediately.

If the debtor does not have an existing collection case, one will be created. A Notice of Referred Debt is sent.

Wage Attachment Review: The debtor is matched against the Department of Workforce Development quarterly wage file to determine if there is an employer. If an employer exists, then the collection is staged to Pending Wage Attachment. If the debtor does not offer a voluntary resolution of the account within a pre-determined number of days, a wage attachment order will be issued to the debtor's employer.

- If the account balance is less than \$2,500 the wage order will usually be for 15% of the debtor's gross pay.
- If the account balance is greater than \$2,500 the wage order will usually be for 25% of the debtor's gross pay.

A debtor may request a reduction. The department will evaluate the debtor's financial situation before granting.

Bank Levy Review: If the debtor does not match for wages, then a review for banking information is performed. If a bank match is established, the collection is staged to Pending Bank Levy. If the debtor does not offer a voluntary resolution of the account within a pre-determined number of days, a levy will be issued to the debtor's bank.

- Financial Institution Record Matching program – this program requires financial institutions doing business in Wisconsin to match quarterly against a debtor list to discover banking assets.

Collection Review: If the debtor does not match to either a wage search or a bank search, the account is placed in collection agent review.

- Accounts in collection agent review are subject to a weekly scan to determine if new wage or banking information is available.

Case Assignment: If the debtor has an existing collection case established because they owe a tax debt or another referring agency debt, then the debt will be added to the collection case. The revenue agent assigned to the collection case will receive a notice that a new bill has been added to the collection. The agent will review the collection to determine the best course of action.

Most debts referred through State Debt Collection will be assigned to the Central Collection Section. This section focuses on individual debtors and out of state debtors. When debts referred are identified as active business debts, the collection may be assigned to the Field Collection Section. This section focuses on active business debts, large dollar debts, and debts that have aged.

Special Handling

Refund Setoff: Certain overpayments to tax accounts will be applied to debts referred for collection. Setoff hierarchy:

- Debts owed to DOR
- Debts owed for Child Support
- Debts owed to state agencies (SDC)
- Debts owed to counties and municipalities (SDC)
- Other entities through the Tax Refund Interception Program

Bankruptcy: The agency is responsible for tracking the bankruptcy proceedings for any debt that has been certified for collection. That means that you are responsible for filing claims in bankruptcy and for recalling any debt that has been discharged.

DOR will hold the debt in suspense until the bankruptcy dismissal or discharge order is received

and the case is closed.

DOR will notify you when a debtor has filed bankruptcy on the Agency Summary File. The file has a field to identify if a bankruptcy notice has been received, and a field to provide you with the bankruptcy case number.

When the bankruptcy is closed, you are responsible for recalling the debt if the balance was discharged. If your debt survives the bankruptcy, the DOR will send a letter explaining that the case closed and a balance remains. We will resume active collections.

Deceased: DOR will return a debtor to the referring agency if it is determined that the debtor is deceased. DOR uses both a vital records match with the Department of Health Services and the Social Security Death Index to determine when a debtor is deceased.

Unclaimed Property: DOR will process an offset if it is determined through a matching process that the debtor has unclaimed property assets.

Vendor Payment Interception: DOR will match and intercept any payment to a debtor if the debtor is operating as a vendor for the State.

Uncollectible Debt: As the department determines that a debt is uncollectible the debt will be referred back to the agency. The department will attempt collection on debts for up to five years. This debt may not be referred back to DOR for collection.

Legal Actions: The department may issue a subpoena to discover the assets of a debtor.

Appendix 1

Using WinSCP to Transfer Confidential Files

Steps to obtain the authority to conduct secure file transfers

1. Go to <http://on.wisconsin.gov> and click on “self registration.”
2. Read the Wisconsin Web Access Management System User Acceptance Agreement and if you agree, click on “accept.”
3. Fill out the user information. **NOTE:** 1) You must have an accessible and unique e-mail address to complete the self-registration process. 2) Your WAMS ID should not begin with a number (but it can have numbers within it).
4. Submit your contact and account information. You will be sent a confirmation e-mail immediately containing a web link to the Account Activation Page.
5. Click on the web link in your confirmation e-mail. You must respond to this e-mail within four days.
6. Log in using your WAMS ID and password to activate your WAMS account.
7. Email your new WAMS ID (without the password) to your DOR contact.
8. Once you have heard back from your DOR contact, you can proceed on to the next section.

Steps to access the secure FTP site

1. You will need to download and install a copy of the WinSCP software. This software can be downloaded from www.winscp.net. (BEWARE of download buttons that are advertisements. Instead be sure to use the test download links.) Your Department of Revenue contact should have provided you with a second document titled *Using WinSCP*, which will give you more detailed setup instructions.
2. Launch the application. Enter **dorftp01.revenue.wi.gov** in the 'Host name' field. In the 'User name' field enter your Wisconsin User ID (WAMS ID) that you created previously, (use the same upper and lower case you did when you created the account). In the Protocol field select SFTP. Leave all other fields as they are and click 'Save'. Name the session with a name of your choice in the 'Save As' window.
3. Highlight the session name and click login to proceed.

The first time you log in, a warning screen will pop up because you currently do not have the server's public key. Click 'Yes' to add the host key. This will only happen the first time you connect.

4. Once you are logged in, you can begin transferring files to the Department of Revenue. If you have come to the secure FTP site to drop off files you should put them in the “**dropoff**” directory. If you have come to this secure FTP site to pick-up files you will find any available files in the “**pickup**” directory.

Using WinSCP

Introduction

WinSCP enables you to transfer files safely and securely to and from your computer and the Department of Revenue's Secure FTP server. This software can be downloaded at www.winscp.net (BEWARE of download buttons that are advertisements. Instead be sure to use the test download links.)

What is Secure FTP (SFTP)?

Secure FTP provides a safe and secure (encrypted) connection for transferring files between your computer and the Department of Revenue.

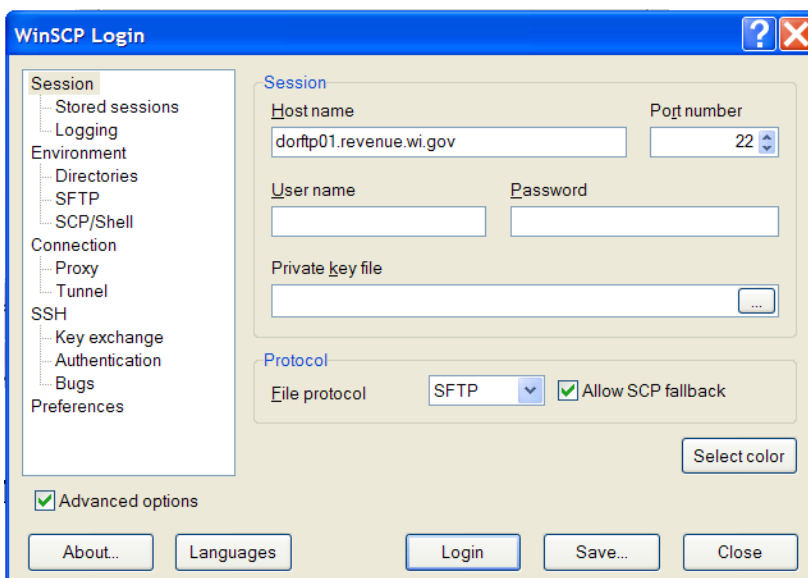
How to connect

If you have not been specifically provided a temporary sFTP id by your Department of Revenue contact, you will need to follow the directions in the document *Conducting Secure File Transfers with the Department of Revenue -Permanent, Regularly Used or Application Based* which includes instructions for both applying for a WAMS id and where to download the WinSCP utility. Your Department of Revenue contact should provide you both documents during your request process.

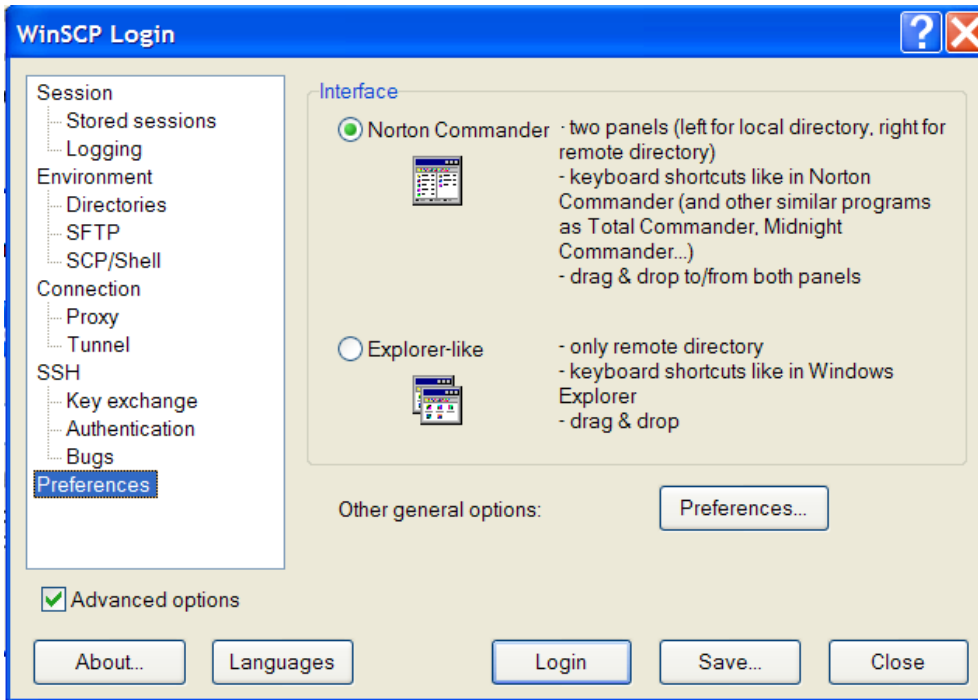
To connect to the server you must first launch the WinSCP client. To do this find the WinSCP icon on your desktop that looks like two computers with a lock and double-click on it. This will launch the application.

For details on installing and using WinSCP, please see the WinSCP official documentation at <http://winscp.net/eng/docs/start>, which includes a helpful Quick Start guide; or use the Help menu within the program.

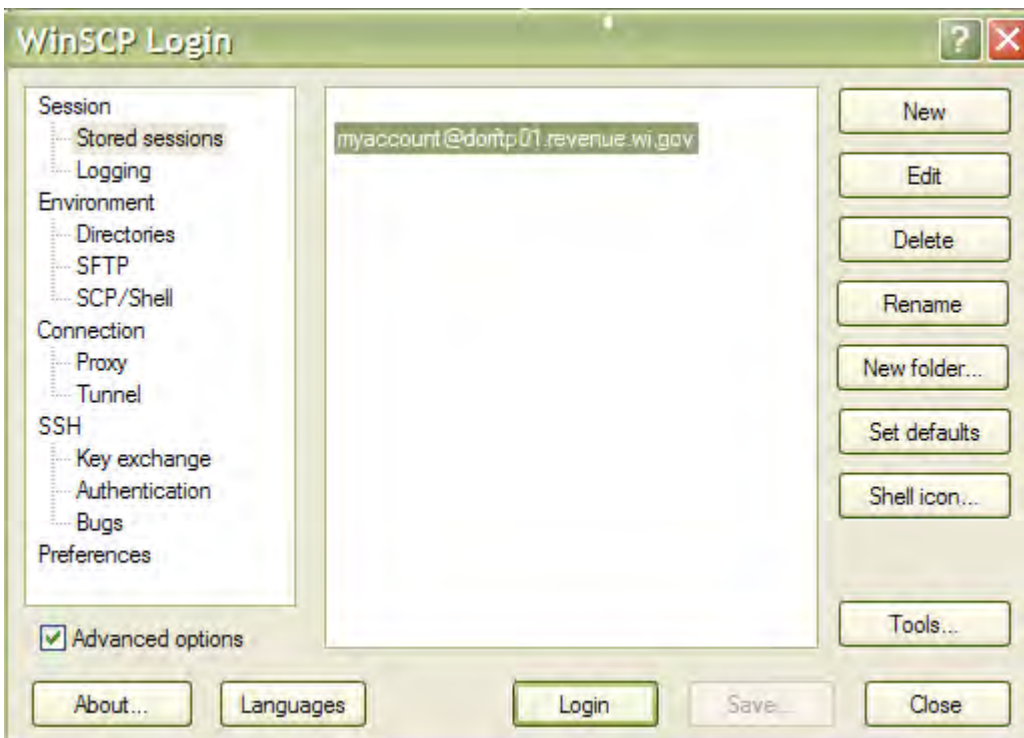
Once the application launches, you will see the WinSCP Login window. Enter *dorftp01.revenue.wi.gov* in the 'Host name' field. In the 'User name' field enter (with the same upper and lower case you created the account with) the Wisconsin User ID that you created at the <http://on.wisconsin.gov> website or the temporary sFTP account provided by your Department of Revenue contact. In the Protocol field select SFTP. Leave all other fields as they are.



You will need to make sure one Preferences change is made. Click on Preferences in the left window and the following screen will appear. Make sure that the "Norton Commander" choice is selected and click Save button.

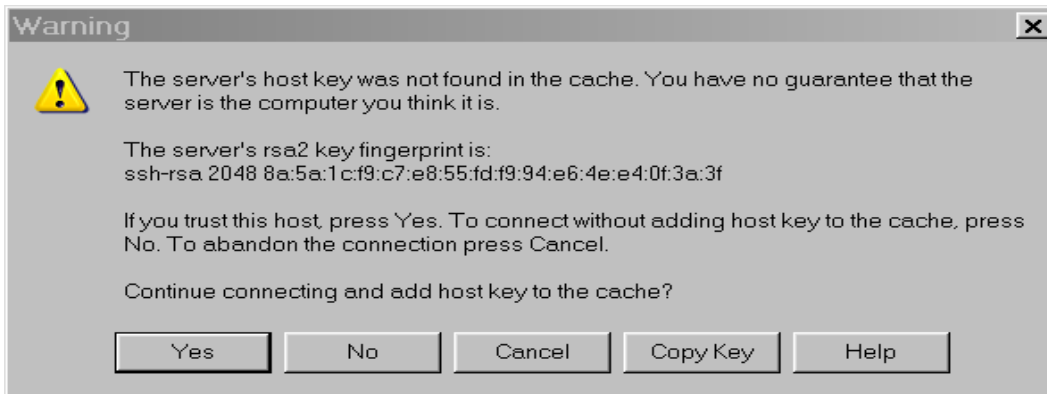


You will then see the main User Login screen. You will see this screen each time you launch WinSCP from now on. Double click on your user name or click it once and click the Login button.

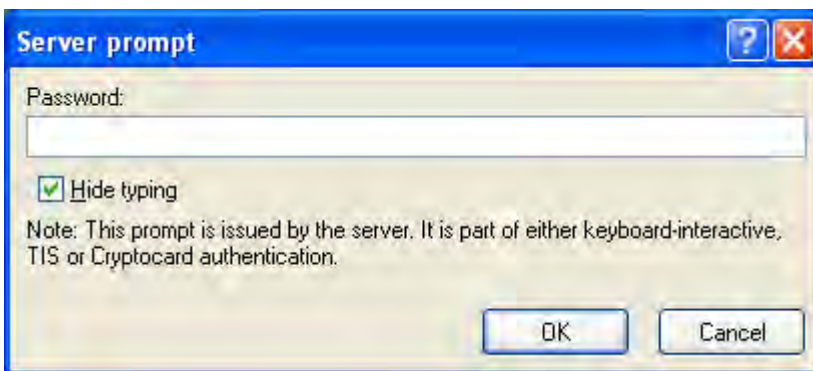


A Warning screen like below will pop up because you currently do not have the server's public key.

You can confirm the below fingerprint with what appears on your screen. These keys should match. Then, click Yes. This will only happen the first time you connect.



You will now be prompted for your password. Once you have entered your password click OK.



You are now connected. The interface is split into two pieces. The left hand box has your filesystem. The right hand box with the heading of just a slash is the filesystem on the Department of Revenue SFTP server.

You are now ready to transfer files from your computer to the Department of Revenue.

Secure FTP – Common Problems Troubleshooting

If you continue to have connection problems after going through the “Using WinSCP” document provided to you by your Department of Revenue contact, please double check the below items.

Are you using the WinSCP utility?

Ensure you are using a Secure FTP download utility. Do not use your internet browser ftp function as it is not using the secure FTP port. The Department of Revenue suggests WinSCP (www.winscp.net). It is free and Department of Revenue employees are familiar with this product to help with settings if necessary.

Did you double check your typing in the WinSCP Login Screen for the Host Name, Port number, User name and Password?

Host name: dorftp01.revenue.wi.gov

Port number: 22

User name: your WAMS ID (exactly as created with same upper and lower case)

Password: your WAMS ID Password

Is your WAMS ID recognized by the Department of Revenue Secure FTP server?

The Department of Revenue Secure FTP server has more restrictive WAMS ID and password requirements. Although it may work in WAMS, the DORFTP01.revenue.wi.gov may not accept the ID or password. Remember, your WAMS ID cannot begin with a number but it can have numbers in it. Your password must be between 7 and 20 characters long **and** must contain a combination of letters and either numbers or special characters (except @). A previously used password may not be accepted. Passwords must be in lower case. If you need to change your WAMS ID, you can choose the “Profile Management” link at <https://on.wisconsin.gov>.

Is your WAMS ID account locked?

If you want to check if your WAMS ID is active, you can choose the “Profile Management” link at <https://on.wisconsin.gov>. If you are able to log in, your account is fine. If your WAMS account is locked you can choose the “Account Recovery” link at <https://on.wisconsin.gov>.

Is your network port 22 open?

The TCP Port 22 is identified as the Secure FTP port on networks. If you are unsure whether port 22 is open, contact your network administrator, or network service provider and request that port 22 be opened for both incoming and outgoing communication.