

Wisconsin Department of

**Revenue**

# **Refund Interception Guide for State Agencies**

# Table of Contents

	<b>Page</b>
<b>General Information</b> .....	3
<b>Qualified Debts</b> .....	3
<b>Due Process</b> .....	3
<b>Common Questions</b> .....	4
<b>Processing Instructions</b> .....	5
<b>Program Enrollment</b> .....	5
<b>Certifying Debts</b> .....	5
<b>Maintain Debts</b> .....	6
<b>Weekly Distributions</b> .....	6
<b>Setoff Recalls</b> .....	6
<b>Debtor Inquiries</b> .....	6
<b>Agency Responsibilities</b> .....	7
<b>Appeal Rights</b> .....	7
<b>Data Retention</b> .....	7
<b>Debtor Notification (sample)</b> .....	8
<b>State Agency Agreement for Tax Refund Interception</b> .....	9
<b>Agency Information</b> .....	11
<b>Agency Information Instructions</b> .....	13

## General Information

The Tax Refund Interception Program (TRIP) assists state government agencies, and circuit or municipal courts in Wisconsin with debt collection. TRIP enrolled agencies have the Department of Revenue (DOR) intercept, or setoff, taxpayer refunds against qualifying debts, as defined by state law (secs. 71.93 and 565.30(5), Wis. Stats.). The debtor pays a service fee per refund setoff. This guide explains the program requirements.

Debts certified to us for setoff must be:

- Owed to a state agency or qualifying court
- At least \$20
- Less than 20 years old from the origination/assessment date

Debts certified to us must contain the following information:

- Legal name
- Identification number
  - Social Security number (SSN),
  - Driver license number (DLN), or
  - Federal employer identification number (FEIN)

## Qualified Debts

Debts that may be certified for collection include:

- Fines, fees, and forfeitures of at least \$20 owed to a state agency, circuit or municipal court
- Criminal restitution, if:
  - the debt is owed to the county or municipality; or
  - a state agency or circuit court was ordered to collect on behalf of the victim. Civil restitution cannot be certified.
- Debts reduced to a judgment
- Debts related to property taxes
- Debts where the debtor was notified of owed amounts and allowed opportunity to discuss the debt details with you
- Debts less than 20 years old from the origination/assessment date

## Due Process

You must send a due process notice to the debtor at least 30 days before certifying a debt for refund setoff to us. This notice tells the debtor that the debt will be certified for refund setoff. It also provides opportunity for the debtor to contact you to make payment arrangements, prove prior payment, or discuss details of the debt. See page 8 for a sample letter.

The following information must be included in the notice:

- Your agency's intention to certify the debt to DOR for refund setoff
- Billing amount and assessment date
- Debtor rights
- Agency contact information

## Common Questions

### 1. Will DOR provide the debtor's identification number?

No. This is information you must submit. There are private businesses that perform SSN and FEIN searches for government agencies for a fee.

### 2. What happens if the debtor disputes the debt?

The due process notice to the debtor gives them the ability to dispute the amount due. It is up to each agency to establish procedures to handle disputes. An investigation may reveal that the debtor never owed or no longer owes the debt. Update your debt balances according to investigation results.

### 3. What if the debtor has filed for bankruptcy protection?

Consult your legal advisor. Your right to a refund may be limited. If the debtor notified you that they filed for protection under the bankruptcy code, you may choose to close the debt until the case is settled. If your debt survives bankruptcy, the debt can be recertified for refund setoff.

When we are notified of a bankruptcy case, we will not offset refunds to debts certified by counties or municipalities while the bankruptcy court case is pending. The refund will be sent to the individual.

### 4. If there is more than one debt, how will DOR offset the refund?

We offset refunds in the following hierarchy:

- 1) Debts owed to Wisconsin Department of Revenue
- 2) Debts certified by state law (sec. 71.93(3), Wis. Stats.) for child support enforcement
- 3) Debts certified by state agencies under state law (sec. 71.93(8), Wis. Stats.) for collection
- 4) Debts certified by local agencies under state law (sec. 71.93(8)(b)2, Wis. Stats.) for collection
- 5) Debts certified by state agencies under state law (sec. 71.93(3), Wis. Stats.) for refund setoff
- 6) Debts certified by local agencies under state law (sec. 71.935, Wis. Stats.) for refund setoff
- 7) Debts owed to federal governments under state law (sec. 73.03(52m), Wis. Stats.)
- 8) Debts owed to tribal government under state law (sec. 73.03(52n), Wis. Stats.)
- 9) Debts owed to other states under state law (sec. 73.03(52m), Wis. Stats.)

Within this hierarchy, debts are offset in the order received. For example, if a debtor owes multiple debts, the debt with the oldest received date is offset first.

### 5. Why can't I submit debts or leave debts certified that are over 20 years old?

Generally, debts older than 20 years are not enforceable per section 893.40, Wis. Stats. along with other statutes and case law. You can't submit new debts with an assessment date over 20 years old and any debts currently certified to DOR must be changed to \$0 when they reach 20 years old.

### 6. Is there a cost to my agency for this program?

No. The debtor is charged a \$5 fee for each setoff from their refund. For example, if a refund is offset to three debts, the fee total is \$5 per debt totaling \$15.



## 7. What if the debtor pays the agency?

If the debtor pays your agency, you must update the debt balance with us as soon as possible to reflect the new balance. If you do not update the debt balance and we process a setoff, you are responsible for refunding the overpayment to the debtor. You are also responsible for refunding any collection fees.

## 8. How is the debtor notified of the setoff?

We mail a setoff notice to the debtor along with their refund information. The notice includes the name and contact information for each agency receiving funds. Be prepared for phone calls. We process refunds and mail setoff notices to debtors daily, but only notify TRIP agencies once per week. A debtor could receive a setoff notice before we notify you of the setoff. Use My Tax Account to view the Debt Summary to verify the setoff.

# Processing Instructions

## Program Enrollment

1. Complete the Agency Agreement and Agency Information form. See page 9.
2. Complete the Authorization for Direct Deposit (DOA-6456). Email [DORAgencyCollections@wisconsin.gov](mailto:DORAgencyCollections@wisconsin.gov) to get the current form. We remit funds to the agency weekly using electronic funds transfer.
3. Send completed forms to Agency Collections. You can send them via email, fax, or mail.  
Email: [DORAgencyCollections@wisconsin.gov](mailto:DORAgencyCollections@wisconsin.gov)  
Fax: (608) 261-6226  
Wisconsin Department of Revenue  
Compliance Bureau  
PO BOX 8910  
Madison, WI 53708

At least one agency representative must obtain a My Tax Account user ID and password to access our system. Each My Tax Account user needs their own username and must also request authorization from us to access the agency account. If you plan to submit debts via sFTP, you will also need a WAMS user ID (in addition to your My Tax Account username) to access our secure portal. Find registration information for these IDs on our [website](#).

## Certifying Debts

By sending debts, you are certifying that the debt is legally enforceable, and the debtor received their due process rights. Section 893.40, Wis. Stats. along with other statutes and case law, provide that most debts older than 20 years are not legally enforceable.

Debts are sent to us electronically. How you send debts depends on the volume you intend to certify and your technical resources. We provide the following options for sending debts:

- My Tax Account debt entry – The most common debt submission option.
- My Tax Account file upload – For files with fewer than 250 rows of data per file. Using the DOR XML schema, you create a file to upload. Testing with us is required for schema approval.
- DOR approved sFTP portal file upload – Using the DOR XML schema, you create a file to upload. sFTP is recommended when submitting large files. Testing with us is required for schema approval.

Debts are certified with an identifier (SSN, FEIN, or driver license number) and the debtor's name. We process the submission through our tax system and notify you if the debt is accepted or rejected based on the following:

- We accept a debt when the identifier and name match an individual in our tax system
- We accept a debt if there is no history in our tax system of the identifier and name
- We will reject a debt if the identifier and the name do not match an individual in our tax system

We provide a reason for each rejected debt. Accepted debts are assigned a debt number. Use that debt number when sending an update or checking a debt summary.

## Maintain Debts

You are expected to keep debt balances current. The following are appropriate debt adjustments:

- Adjusting debt balances up for interest once per month
- Adjusting debt balances to reflect a payment you received from the debtor

## Weekly Distributions

We process refund setoffs against certified debts daily. You receive proceeds weekly by Electronic Funds Transfer (EFT) and a Posting Notification, which is a report available every Wednesday containing the debtor's name, the debt number, and amount applied. Proceeds are deposited to your account three business days later. Timing might change when there is a holiday.

If the debt balance is not updated and we process a setoff, it is your responsibility to refund the overpayment to the debtor, including the collection fee.

## Setoff Recalls

Occasionally we may contact you to return setoff proceeds. Reasons include fraud, data entry error, and taxpayer error. We will reestablish the debt in our system. Recall requests are emailed. Recalled proceeds are due 30 days from the request date.

## Debtor Inquiries

The agency must provide a contact name and telephone number to handle debtor inquiries. You may choose to provide a generic contact name (e.g., Court Collections) in lieu of an employee's name to protect their privacy. Our setoff notice to debtors includes the provided contact information. The agency is responsible for ensuring that debtor correspondence and telephone inquiries are handled in a timely manner.



## Agency Responsibilities

Agencies are responsible for the following:

- Check your account regularly (at least once per week) for new posting notifications, closed debt files, agency summary reports (on demand) and other system updates
- Keep debtor balances current
- Withdraw any debts from the program that reach 20 years old
- Respond to debtor inquiries
- Refund any overpayments to debtors, including the collection fee
- Review and keep posting notifications to reconcile payments received. Regularly print or download the reports and keep them for your records. Do not rely on us to be a permanent source of your agency's information.
- Maintain confidentiality of all information obtained from or provided by us

## Appeal Rights

You must notify the debtor in writing of your certification of the debt to us for refund interception at least 30 days before certification. This notification should include the basis of the debt and the debtor's right to appeal, if any. We do not handle appeals arising from this notification. Appeals must be handled at the agency level. Any legal action contesting the interception will be brought against the agency, not DOR.

## Data Retention

Reports are available from us for only a specified length of time. Do not rely on us to be a permanent source of your agency's information. You must regularly print or download records to your computer's hard drive for permanent storage and record keeping.

We will purge debts from our system if there was no setoff activity for 10 years.

## Debtor Notification (sample)

Below is an example of a letter that could be used to notify debtors of certification:

**Date**

**Name**

**Address**

### NOTICE OF INTENT TO CERTIFY DEBT

State law authorizes the Wisconsin Department of Revenue (DOR) to intercept and apply taxpayer refunds and other refundable credits against debts owed to other state agencies or circuit and municipal courts. Our records show that your balance (shown below) is eligible for this refund setoff program:

Debt Source  
Date Issued  
Amount  
Legal Costs  
Subtotal  
Less Payment  
Total Due

If your debt is not paid in full by the time you file your Wisconsin individual income tax return, all or part of your refund may be offset to pay your balance. The debt will remain certified to DOR until it is paid in full.

Any objection to this notice must be made in writing and must provide the reasons for your objection. Send your written correspondence to the address below:

**Agency Name**  
**Address**

Sincerely,



## Wisconsin Department of Revenue State Agency Agreement for Tax Refund Interception

This agreement between the \_\_\_\_\_ (agency name, hereafter referred to as "agency") and the Wisconsin Department of Revenue (hereafter referred to as "department") is to effect the setoff of lottery prizes, and of tax refunds and refundable credits when such refunds or credits exceed the debtor's Wisconsin tax liability or any other liability owed the department, against debts owed to the agency as provided in state law (secs. 71.93 and 565.30(5), Wis. Stats.).

The agency and the department agree that:

1. Any debt certified to the department must be owed to the state agency or qualifying court, be greater than \$20, and legally enforceable. Generally, debts older than 20 years are not enforceable per section 893.40, Wis. Stats.
2. The agency will send notice of certification to the debtor, including the debtor's rights, at least 30 days prior to such certification.
3. Debts will be sent in an electronic format specified by the department.
4. The agency's debtor information is compared to the department's records. The agency will be notified if a debt is accepted or rejected. Accepted debts are assigned a debt number to be used as a reference for balance updates or adjustments.
5. The agency is responsible for maintaining accurate debts and debt balances with the department. The agency may update debt balances to reflect monthly interest accrual, payments received and/or credits made by the agency.
6. If the debt balance is not updated by the agency and the department processes a setoff, it is the agency's responsibility to refund the overpayment to the debtor, including the collection fee.
7. The agency is notified of setoff through a weekly report (Posting Notification). Setoff proceeds are electronically transferred to the agency's bank account three business days later via an ACH transaction.
8. If an overpayment or refundable credit is determined to be in error or is otherwise adjusted after posting to an agency debt, the department will reverse the credit and manually recall the setoff proceeds from the agency. The department will reestablish the debt to maintain the agency's debt priority. It is the agency's responsibility to return the funds within 30 days of the recall request.
9. The agency must provide the department with a contact person for debtor inquiries. This information is provided to the debtor for debt related questions.
10. The agency is responsible and liable for, and must handle, any claims or lawsuits made against the department arising from an alleged wrongful or improper setoff.
11. The department will return any debts that have no setoff activity for 10 years.

- 12. The agency agrees to maintain the confidentiality of all accounts, correspondence, documents, and any other related information, which may be obtained from or provided by the department, to the same extent as information is protected from disclosure by the state pursuant to state law (sec. 71.78, Wis. Stats.) and other Wisconsin laws. Any unauthorized use or disclosure of such information, or inadequate procedures for safeguarding the confidentiality of such information, constitutes grounds for immediate termination of this agreement.
- 13. If the agency uses a third party to manage the setoff program, a confidentiality agreement must be signed by the third party and approved by the department. The third party will have access to the agency's account after a signed agreement is approved by the department. The third party may not use information obtained from the department, either directly or through the agency, for any purpose other than administration of the department's setoff program.
- 14. The DOR secretary is the final authority in the resolution of any interagency disputes regarding certification of debts.

This agreement is effective upon the signing below of the agency and department's representatives. Amendments mutually agreed to by authorized representatives of the agency and the department shall become effective when signed and dated as an addendum to this agreement. The terms of the agreement may be renegotiated upon 60 days' notice by either party. Renewal of this agreement is required every five years.

Agency Name \_\_\_\_\_

Wisconsin Department of Revenue:

Name \_\_\_\_\_

Name \_\_\_\_\_

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Dated \_\_\_\_\_

Dated \_\_\_\_\_

## Agency Information

Submit completed forms to:

Email: [DORAgencyCollections@wisconsin.gov](mailto:DORAgencyCollections@wisconsin.gov)

Fax: (608) 261-6226

### Section 1: Agency Information - This is the contact information for debtor inquiries.

The agency name, contact name, and phone number will be made public to the debtor. Feel free to use a generic contact name (e.g., Court Collections).

Agency Name \_\_\_\_\_

Agency FEIN \_\_\_\_\_

Contact Name for Debtor Inquiries \_\_\_\_\_

Debtor Contact Phone Number    -    -

Debtor Contact Fax Number    -    -

### How do you plan on sending new debt and debt updates to DOR?

My Tax Account - single entry

SFTP Portal - XML File upload

My Tax Account - XML File

### How would you like to receive the weekly Posting Notification and monthly Closed Debt files from DOR?

Excel format via MTA

XML format via MTA

XML format via sFTP

### Section 2: Agency Contact - This is the contact information for the government agency for internal DOR use only.

Contact Name \_\_\_\_\_

Phone Number    -    -

Fax Number    -    -

Email Address \_\_\_\_\_

**Section 3: Third-Party Provider Contact Information**

Third-party agencies must complete a non-disclosure agreement with the Department of Revenue for each agency they represent.

Third-Party Provider Name \_\_\_\_\_

Third-Party Provider Address \_\_\_\_\_

Third-Party Provider Contact Name for Administrative Issues \_\_\_\_\_

Third-Party Provider Phone Number for Administrative Issues \_\_\_\_\_

Third-Party Provider Fax Number \_\_\_\_\_

Third-Party Provider Email Address \_\_\_\_\_

**Section 4: Agency Contact Information for Recall – This is the contact information used in the event DOR recalls setoff funds.**

Occasionally DOR may contact you to return setoff proceeds. Reasons for recall include fraud, data entry error, and/or taxpayer error on tax return.

Contact Name \_\_\_\_\_

Phone Number    -    -

Fax Number    -    -

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip      -

Email Address \_\_\_\_\_

## Agency Information Instructions

### Section 1 - Agency Contact Information for Debtor Inquiries

Provide: Agency name, federal identification number (FEIN), contact name for debtor inquiries (feel free to use a generic contact name, e.g., Court Collections), phone and fax numbers for debtor inquiries.

### Section 2 - Agency Address for Internal DOR Use Only

Provide: Contact name for the agency, phone, and fax numbers, mailing address and email

### address. Section 3 - Third-Party Collection Agency

This information must be completed if your agency is using a Third-Party Collection Agency. Third-party agencies must complete a non-disclosure agreement with the Department of Revenue for each agency they represent.

Provide: Provider name and address, provider contact name, phone number, fax number, and email address for administrative issues.

### Section 4 - Agency Contact Information for Recall (for DOR use only)

Provide: Contact name for the agency, phone number, fax number, mailing address and email address. Recalls go directly to the agency; this cannot be third-party information.

#### Applicable Law and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of June 20, 2023:

Refund Offset: State agencies – sec. [71.93](#), Wis. Stats. (secs.: 71.93(1)(a)2, 71.93(1)(a)3, 71.93(1)(a)4, 71.93(1)(a)5, or 71.93(1)(a)6, Wis. Stats.).

Vendor Setoff: Vendor setoff – secs. [71.93\(b\)](#) and [71.935](#), Wis. Stats., authorizes the Department of Revenue to certify debts to the Department of Administration so that they may reduce a disbursement to the debtor by the amount of the debt.

Lottery Setoff: Lottery prizes – sec. [565.30 \(5\)](#), Wis. Stats., authorized the Department of Revenue to intercept lottery prize winnings greater than \$600 to be applied against the amount the taxpayer owes to state agencies.

Laws enacted and in effect after this date, new administrative rules, and court decisions may change the interpretations in this publication. Guidance issued prior to this date that is contrary to the information in this document is superseded by this document, pursuant to sec. [73.16\(2\)\(a\)](#), Wis. Stats.