

U.S. Department of Treasury Offset Program (TOP)

The Treasury Offset Program (TOP) enables the U.S. Department of Treasury to reduce or withhold any of your eligible federal income tax refund by the amount of an outstanding tax debt.

The S.C. Department of Employment and Workforce (DEW) is authorized by the Internal Revenue Code to submit eligible business tax debts to TOP. Once a debt is submitted, the Treasury Department will withhold or reduce your eligible federal tax refund by the amount of your debt and send that amount to DEW to pay the outstanding debt. The Treasury Department is not required to send you a notice before your refund is withheld.

If you have received a letter from DEW regarding TOP and need additional information, please refer to the frequently asked questions below. If you have additional questions, contact us at:

e-mail: Taxcollections@dew.sc.gov

US mail: DEW
Attn: Tax Collection Unit
P.O. Box 995
Columbia, SC 29202

phone: 803-737-3085

Withholding a federal refund is one of several ways that DEW might satisfy an outstanding tax bill. The agency may also withhold your state income tax refund, as well as payments from other state agencies through other programs. If we receive an overpayment by withholding funds from more than one source, the money will be refunded immediately after DEW receives the funds from the Treasury Department.

Individual TOP FAQs

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- Can the business request an installment payment agreement to help satisfy the debt?

Why did I receive a notice to debtor letter?

This notice was sent to you (and/or your Authorized Agent as applicable) because of unpaid debts you have with the S.C. Department of Employment and Workforce (DEW).

Can I send payment to avoid this action even though it is close to the cutoff date in the notice?

It is recommended payment be made as soon as possible; however, DEW may not be able to stop the withholding. If we receive funds after you've paid the balance, the overpayment will be refunded. You may use the South Carolina Business One Stop (SCBOS) website (<https://www.scbos.sc.gov>) or follow the payment instructions on the notice. You may also contact DEW's Collections Department via e-mail at Taxcollections@dew.sc.gov or call (803) 737-3085 to request a payment plan.

How will I know if my federal refund was intercepted to pay a state tax debt?

The U.S. Department of Treasury will notify you when a federal refund has been withheld. This notification will include the amount of the withholding, the state to which it was paid, and a contact within that state to handle concerns or questions about the debt which prompted the federal withholding.

Why did I receive this notice when I am already on a payment plan?

An employer that has a payment plan on file should not have received this letter.

If you default for any reason on the payment plan, the debt may become eligible for TOP. You may contact DEW via e-mail at Taxcollections@dew.sc.gov or call (803) 737-3085 to speak with a representative regarding payment plans.

An employer can submit a payment plan request. Once approved, the account will be taken off the TOP list.

I am in bankruptcy, what needs to be done to stop this action?

The agency will not submit debts to TOP for individuals or businesses under bankruptcy protection if proof of bankruptcy is submitted in a timely manner. It is recommended that proof of bankruptcy, including case number, filing date, and the name of the court in which the claim was filed, be provided to the address shown on the notice within 60 days of the date of the notice to avoid this action.

I already paid this state debt, how do I stop the refund offset?

To avoid this action, submit proof of payment to DEW via fax to 803-737-1167 or e-mail to Taxcollections@dew.sc.gov within 60 days of the date of the notice to provide time to resolve the withholding.

What do I need to provide to dispute the notice to debtor letter?

You must send a detailed description of your disagreement with the debt notice:

- If you believe you are not responsible for the debt, you must submit copies of your tax return to prove your role as owner, officer, etc. (e.g. IRS Form 1120).
- If you believe the debt amount is incorrect, you must provide details of your quarterly contribution report and payment for the quarters in which you disagree with the amount

What do I need to provide for proof that I am a corporation and am not personally liable?

You must send the IRS Corporation Income Tax Return form (IRS Form 1120) to Taxcollections@dew.sc.gov.

What should I do if the business was not operating during a quarterly period in which a debt amount is shown?

Please provide the agency a copy of your Employer's Report of Change form (UCE101S), which can be found at <http://dew.sc.gov/documents/forms/UCE101-S.pdf>.

What law governs the ability of DEW to intercept the employer federal tax payment?

Federal law and regulation cover DEW's ability to use TOP for the collection of unemployment compensation debts; these include 26 U.S.C. § 6402(f) (Collection of unemployment compensation debts); 31 CFR § 285.8 (Offset of tax refund payments to collect certain debts owed to States). In addition, the U.S. Department of Labor (USDOL) has issued guidance regarding DEW's requirement to use TOP to collect covered unemployment compensation debt, which includes delinquent unemployment insurance tax debt. You can find this guidance in the USDOL Unemployment Insurance Program Letter (UIPL) No. 02-09, Change 1; UIPL No. 02-09, Change 2; UIPL No. 02-09, Change 3; UIPL No. 11-11; and UIPL No. 12-14.

How long do I have to submit a dispute to the notice to debtor letter?

A request for an administrative review must be received no later than 60 days from the date of the notice to debtor letter.

How will I know the outcome of my review?

You will receive a response from DEW with our decision which will be based on any documents you provided the agency.

What do I need to do to notify DEW that I am no longer an owner, officer, etc.?

To update the existing employer information, please submit an Employer's Report of Change form (UCE101S), which can be found at <http://dew.sc.gov/documents/forms/UCE101-S.pdf>.

How long will my delinquent tax obligations exist with the TOP?

The debt status will remain active with TOP until the debt is satisfied or no longer exceeds \$25.

Does the debt balance increase if the debt is not satisfied?

Yes. Interest accrues on the outstanding amount at 1 percent per month until the debt is fully paid.

Which entity types are included in TOP?

The following entities included are individuals, trusts, estates, partnerships, associations, companies and corporations.

Will there be any additional fees that are due as a result of this debt?

Yes. A \$17 non-refundable processing fee will be included in the total debt amount submitted to TOP.

Can the business request an installment payment agreement to help satisfy the debt?

Yes. A written request must be submitted with a 10 percent down payment of the total amount of the debt. Please contact us at Taxcollections@dew.sc.gov to inquire about the total debt amount. An employer can submit a payment plan request. If approved, the account will be taken off the TOP list.