



IRS Tax Tip 2016-44: Tax Refund Offsets Pay Unpaid Debts

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IRS Tax Tips

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Tax Refund Offsets Pay Unpaid Debts

If you can't pay your taxes in full, the IRS will work with you. Past due debts like taxes owed, however, can reduce your federal tax refund. The Treasury Offset Program can use all or part of your federal refund to settle certain unpaid federal or state debts, to include unpaid individual shared responsibility payments. Here are five facts to know about tax refund offsets.

1. Bureau of the Fiscal Service. The Department of Treasury's Bureau of the Fiscal Service, or BFS, runs the Treasury Offset Program.

2. Offsets to Pay Certain Debts. The BFS may also use part or all of your tax refund to pay certain other debts such as:

- Federal tax debts.
- Federal agency debts like a delinquent student loan.
- State income tax obligations.
- Past-due child and spousal support.
- Certain unemployment compensation debts owed to a state.

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3. Notify by Mail. The BFS will mail you a notice if it offsets any part of your refund to pay your debt. The notice will list the original refund and offset amount. It will also include the agency that received the offset payment. It will also give the agency's contact information.

4. How to Dispute Offset. If you wish to dispute the offset, you should contact the agency that received the offset payment. Only contact the IRS if your offset payment was applied to a federal tax debt.

5. Injured Spouse Allocation. You may be entitled to part or the entire offset if you filed a joint tax return with your spouse. This rule applies if your spouse is solely responsible for the debt. To get your part of the refund, file Form 8379, Injured Spouse Allocation. If you need to prepare a [Form 8379](#), you can prepare and e-file your tax return for free using [IRS Free File](#).

Health Care Law: Refund Offsets and the Individual Shared Responsibility Payment

While the law prohibits the IRS from using liens or levies to collect any individual shared responsibility payment, if you owe a shared responsibility payment, the IRS may offset your refund against that liability.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your [Taxpayer Bill of Rights](#). Explore your rights and our obligations to protect them on IRS.gov.

Additional IRS Resources:

- [Tax Topic 203](#) - Refund Offsets

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