

Tax Refund Withholdings and Offsets

If you owe money because of certain delinquent debts, the IRS or the Department of Treasury's Financial Management Service (FMS), which issues IRS tax refunds, can offset or reduce your federal tax refund or withhold the entire amount to satisfy the debt.

Here are seven important facts the IRS wants you to know about tax refund offsets:

1. If you owe federal or state income taxes your refund will be offset to pay those taxes. If you had other debt such as child support or student loan debt that was submitted for offset, FMS will take as much of your refund as is needed to pay off the debt, and send it to the agency authorized to collect the debt. Any portion of your refund remaining after an offset will be refunded to you.
2. You will receive a notice if an offset occurs. The notice will reflect the original refund amount, your offset amount, the agency receiving the payment, and the address and telephone number of the agency.
3. You should contact the agency shown on the notice if you believe you do not owe the debt or you are disputing the amount taken from your refund.
4. If you filed a joint return and you're not responsible for the debt, but you are entitled to a portion of the refund, you may request your portion of the refund by filing IRS Form 8379, Injured Spouse Allocation. Attach Form 8379 to your original Form 1040, Form 1040A, or Form 1040EZ or file it by itself after you are notified of an offset.
5. If you file a Form 8379 with your return, write "INJURED SPOUSE" at the top left corner of the Form 1040, 1040A, or 1040EZ. IRS will process your allocation request before an offset occurs.
6. If you are filing Form 8379 by itself, it must show both spouses' social security numbers in the same order as they appeared on your income tax return. You, the "injured" spouse, must sign the form. Do not attach the previously filed Form 1040 to the Form 8379. Send Form 8379 to the Service Center where you filed your original return.
7. The IRS will compute the injured spouse's share of the joint return for you. Contact the IRS only if your original refund amount shown on the FMS offset notice differs from the refund amount shown on your tax return. Follow the instructions on Form 8379 carefully and be sure to attach the required forms to avoid delays. If a notice is not received contact the Financial Management Service at 800-304-3107, Monday through Friday from 7:30AM to 5 PM (Central Time).

For assistance with completing Form 8379, call the IRS toll-free number 800-8291040.