



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

AUG 23 1994

3052 (1951-C)

FmHA AN No. _____
August 23, 1994

SUBJECT: Corporate Internal Revenue Service Offset
Tax Year 1994
First Screening Process

TO: State Directors
District Directors

PURPOSE/INTENDED OUTCOME: The purpose of this AN is to provide field offices with procedures for the online screening of delinquent corporate borrowers who are potentially eligible for Internal Revenue Service (IRS) tax refund offset for Tax Year 1994.

COMPARISON WITH PREVIOUS AN: FmHA AN No. 3043, dated July 29, 1994, discusses procedures for IRS offset of delinquent individuals. This AN concerns IRS offset of delinquent corporate borrowers.

IMPLEMENTATION RESPONSIBILITIES: Starting with Tax Year 1994, FmHA and RDA are required by the Cash Management Improvement Act Amendments of 1992 (Public Law 102-589) to include corporate borrowers in our IRS offset program. For this first year, the initial master list of potentially eligible corporate borrowers includes all delinquent RDA loans and any delinquent FmHA loans that have a fund code of 50 and above. MFH and FP corporate borrowers will also be included in this screening in future years as enhancements to the automated systems are completed.

This year a limited number of servicing offices will be involved in the corporate screening process. **Only those servicing offices listed in Attachment 1 have implementation responsibilities this tax year.**

An online screen is now available that gives field offices the capability to view those corporate borrowers within their servicing jurisdiction who are potentially eligible for offset. However, only the offices that service these corporate borrowers will be able to delete them using this online screening process.

Servicing Offices shall:

1. Review Attachment 1 to determine if your servicing office code is listed. If your code is listed, proceed with steps 2-6. You cannot add borrowers at any time during the screening process.
2. Review Attachment 2 for information on how to view and/or remove borrowers from IRS offset.

EXPIRATION DATE: December 31, 1994

FILING INSTRUCTIONS: Preceding
FmHA Instruction 1951-C



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Secretary of Agriculture, Washington, D.C. 20250

3. Review the online list to determine if any of the borrowers fall into a category listed in Attachment 3.

4. If any borrower is ineligible for IRS offset due to the criteria in Attachment 3, input the appropriate deletion code in the **DLT CDE** field on the online screen and press enter. This is the only field on the screen where the servicing offices can enter or change data. Once you have input the delete code in this field and pressed the enter key, the delete code will disappear from the **DLT CDE** field and move to the **DELETE CODE** field. Also, the date of the action will show in the **DELETE DATE** field.

5. Deletion codes can be changed until Tuesday, September 20, 1994. If a borrower was deleted by mistake, enter "00" in the **DLT CDE** field before the deadline. This will allow the borrower to remain eligible for offset. If an incorrect deletion code was input, enter the correct code in the **DLT CDE** field.

6. Input the necessary deletion codes NO LATER THAN Tuesday, September 20, 1994. Due process letters informing the borrowers of FmHA and RDA's intent to refer their names to IRS for offset will be mailed to all borrowers who are not deleted by this deadline.

*Pat & Sandy will
walk together on
this. If can use
FmHA to help out
M*

The State Offices shall:

1. Ensure that your servicing offices comply with the requirements and deadlines established in this AN. It is essential that the State Offices follow up with the servicing offices to make sure that the screening has been completed by the deadline.

2. To verify that all the servicing offices have reviewed the online screens and made changes, view each servicing office's list to see if the **DELETE CODE** field has been changed from "00" for any borrower. If this field is "00" for all borrowers in that servicing office, either they have no deletes or they have not processed the deletes yet. Contact the servicing office to verify that the screening has been done.

If you have any questions, please call Jeanne Hudec at the FmHA National Office at (202) 720-4356.

Michael V. Dunn
MICHAEL V. DUNN
Administrator
Farmers Home Administration

John T. Peer
WILBUR T. PEER
Acting Administrator
for Rural Development Administration

Attachments (3)

ATTACHMENT 1

LIST OF SERVICING OFFICES WITH BORROWERS POTENTIALLY ELIGIBLE
FOR CORPORATE OFFSET

01-703	01-705	03-704	03-707	04-701	04-704	12-704
13-706	18-705	20-701	20-702	22-703	23-702	28-704
28-705	28-706	28-707	29-702	29-708	29-709	31-701
31-703	31-704	34-701	36-702	37-702	37-705	41-705
42-603	42-701	42-702	42-703	42-705	44-705	45-702
46-705	47-603	47-605	47-704	48-704	49-701	49-702
49-709	49-711	49-714	49-715	52-702	54-701	54-704
57-702	57-704	61-601				

ATTACHMENT 3

INELIGIBILITY CRITERIA AND DELETION CODES
FOR CORPORATE IRS OFFSET

General Codes

- 01 Account has been referred to OGC for foreclosure and, based on the legal opinion required by FmHA Instruction 1951-C, section 1951.103(c), a collection by offset would jeopardize the litigation under State law. Existence of a foreclosure action pending flag is not a determining factor.
- 02 Account has been discharged in bankruptcy or is under the jurisdiction of a bankruptcy court and the debt has not been reaffirmed. Existence of a bankruptcy action pending flag is not a determining factor.
- 05 Account is past due by less than \$100, or if the borrower has multiple loans, the net amount past due is less than \$100.
- 09 Borrower has one loan and it is less than 3 monthly payments delinquent (or, if annual borrower, the equivalent of less than 3 monthly payments for annual payments past due) or more than 9 years delinquent.
- 10 Borrower has multiple loans, and the net amount past due is less than 3 monthly payments on the delinquent loans (or the equivalent of less than 3 monthly payments for annual payment borrowers).
- 17 Account is current or paid in full.
- 18 Account has been referred to the Department of Justice for litigation.
- 19 Account has been otherwise satisfied or the borrower is ineligible for a reason not listed in this attachment.
- 20 Borrower is a public body or a non-profit organization and is not required to pay Federal income tax.