



Governmental Entity Collection Programs Guide

Setoff Debt and Governmental Enterprise Accounts Receivable (GEAR)
For participation in 2023

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WHAT'S NEW/REMINDERS

NOTICE OF AUTHORIZATION (GEC-4)

You must attach the Notice of Authorization to your Notice of Participation, which is due by August 31.

- reminder:** New coordinators should be added as quickly as possible using the GEC-4 to not miss important correspondence.
- reminder:** Notify the SCDOR of any previously listed coordinators who no longer work with these programs so that we can remove their access.
- reminder:** Calendar year field should reflect the year approved for working with this program, as noted on the GEC-6.

NOTICE OF PARTICIPATION (GEC-6)

To ensure that you will be able to participate at the beginning of January, you must submit the Notice of Participation by August 31.

- reminder:** Applications received from July 15 through August 31 should reflect the following calendar year for participation.
- reminder:** The Hearing Officer cannot be listed as a coordinator.
- reminder:** Check both program boxes only if submitting independent files to each program.
- reminder:** You must submit a Notice of Participation form by August 31 of each calendar year.
- reminder:** The Direct Deposit option is encouraged. Once you check this box and submit your application, you will be contacted and provided with additional instructions.

FILE SUBMISSION FORM (GEC-8)

You must email the File Submission Form to SetoffDebt@dor.sc.gov each time you submit a file on GoAnywhere, originals and resubmissions.

- reminder:** Specific debts must only be submitted to one program or the other.
- reminder:** Setoff Debt files submitted prior to November 1 will expire on December 31. These files will not be submitting debts for the following year participation, but for the current year. Any files submitted before November 1, but intended for the following year, will need to be resubmitted as Deletion files and resubmitted after November 1 as Add files.
- reminder:** Text (.txt) is the preferred file format. Users make fewer errors when using this format.
- reminder:** Microsoft Excel files should be submitted in .xlsx format (not .xls or .csv).
- reminder:** Use the File Submission Checklist to help you complete your file submission.

Throughout the year, before you can submit a request for Setoff Debt or GEAR collection, you must send letters to notify debtors of debt submission to the SCDOR. **This includes new debt for either program or increases in debt (unless for interest) for the Setoff Program.** You must mail this notice, with postage prepaid, to the address provided when the debt was incurred or to the debtor's last known address. The notice must include a statement of appeal procedures available to the debtor.

FAQs and fillable versions of all forms are available at dor.sc.gov/gov-collections.

① *You must notify debtors at least 30 days before submitting files to the SCDOR.*

OVERVIEW

Government entities (claimant agencies) may refer delinquent debts to the South Carolina Department of Revenue (SCDOR) for collection assistance through one or both of the SCDOR’s Governmental Entity Collection Programs: Setoff Debt and Governmental Enterprise Accounts Receivable (GEAR). Specific debts must only be submitted to one program or the other.

Claimant agencies eligible for participation in these programs include:

- State agencies, boards, committees, or commissions
 - Public and private* institutions of higher learning
 - Political subdivisions**
 - Housing authorities
 - Internal Revenue Service
 - South Carolina Student Loan Corporation
 - United States Department of Education
 - Other governmental or quasi-governmental entities of any US state
- * for the purpose of debt collection related to default on authorized educational loans*
*** includes the South Carolina Association of Counties and Municipal Association of South Carolina when submitting debts on behalf of counties, local governments, or quasi-governmental entities*



SETOFF DEBT

The Setoff Debt collection program allows the SCDOR to assist in the collection of delinquent debts through garnishment of South Carolina Individual Income Tax refunds.

Debt limitation:	\$25 and above
Cost to claimant agency:	\$0
Cost to debtor:	\$25 (SCDOR administrative fee)



GEAR

The GEAR collection program provides a more flexible and comprehensive debt collection service that includes garnishment of wages and state Individual Income Tax refunds, use of tax liens, levy of bank accounts, and revocation of licenses. GEAR also allows debtors to set up payment plans to satisfy claims.

Debt limitation:	\$50 and above
Cost to claimant agency:	22% of the liability collected via collections other than setoff
Cost to debtor:	\$25 (SCDOR administrative fee)

RESOURCES

- To reference the Code of Laws governing Setoff Debt Collection Act, see SC Code Section [12-56-10](#).
- To reference the Code of Laws governing GEAR, see SC Code Section [12-4-580](#).
- For additional information and FAQs, visit dor.sc.gov/gov-collections.
- For questions about either program, contact us at SetoffDebt@dor.sc.gov or **803-898-5755**.

INDEMNIFICATION

SC Code Sections 12-4-580(C) and 12-56-100 state that claimant agencies will indemnify the SCDOR against any injuries, actions, liabilities, or proceedings arising from its performance under both collection programs.

APPLYING FOR PARTICIPATION

JULY 15: FORMS AVAILABLE

On July 15, or the following business day if July 15 falls on a weekend, prior-year participants will receive an introductory email with an updated Program Guide and forms.

Use the information in this introductory email to apply.

1. Be sure you qualify as a claimant agency (use the information provided on page 2).
2. Decide which program your agency will use (more information on page 2).
 - Setoff Debt: Debt collected from SC Individual Income Tax refund debt matches
 - GEAR: Debt collected from SC Individual Income Tax refund debt matches, payment plans, wage garnishments, bank levies, etc.

① *To participate in both Setoff Debt and GEAR, you must submit independent files to each program.*
3. Email your completed Notice of Participation (GEC-6) and Notice of Authorization (GEC-4) forms to SetoffDebt@dor.sc.gov. These forms are included in the introductory email and this guide, or a fillable version is available at dor.sc.gov/gov-collections.
 - By signing the Notice of Participation, you are certifying that your agency is still eligible to participate in the program. Please carefully read the certification statement on the form.

BY AUGUST 31: FORMS DUE

Notice of Participation and Notice of Authorization forms are due by August 31 to guarantee your accounts will be ready in January.

① *Per SC Code Section 12-56-70(5), claims on Individual Income Tax refunds are prioritized by when the SCDOR receives the Notice of Participation each year.*

PREPARING FOR PARTICIPATION

BY SEPTEMBER 30: APPROVAL

You will receive an email from the SCDOR once your forms have been reviewed and your agency has been approved for participation.

After receiving your approval email, you can begin preparing your files.

1. Make sure you can access your GoAnywhere account. First time users, contact SetoffDebt@dor.sc.gov to request a copy of the sign-up instructions and user guide.
2. The SCDOR will send a copy of the GEC Debt File Instructions to help you prepare your files. If you prefer, you can request a .txt format.
3. Before you can submit a request for Setoff Debt or GEAR collection, you must send letters to notify debtors of debt submission to the SCDOR. You must mail this notice, with postage prepaid, to the address provided when the debt was incurred or to the debtor's last known address. The notice must include a statement of appeal procedures available to the debtor.

① *You must notify debtors at least 30 days before submitting files to the SCDOR.*

① *Debtors should not be referred to the SCDOR prior to the debt being submitted for collection.*
4. If debt has been submitted to the SCDOR and a debtor files a written protest, you must immediately submit the GEC-2 to notify the SCDOR.

① *Upon receipt of a sworn certification from the hearing officer that an informal hearing was held and ruled in favor of the claimant agency, the SCDOR may proceed with the setoff, regardless of a subsequent appeal by the debtor. The SCDOR must be notified by the claimant agency hearing officer of a protest at the following address:*

South Carolina Department of Revenue
ATTN: Governmental Entity Collections Coordinator
Protest – Setoff Debt or GEAR
PO Box 125
Columbia, SC 29214 - 0219

SUBMITTING FILES

NOVEMBER 1: ADD FILES ACCEPTED

You may begin submitting initial add files on November 1. Setoff Debt files submitted prior to November 1 will expire on December 31 of the same year.

1. Submit file(s) for debtors who have been notified for 30 days or more.
 - Files should include the following information:
 - Debtor's name and Social Security Number
 - Agency ID number
 - Debt amount
 - Date of default (optional for Setoff Debt)
 - Debtor's address (optional for Setoff Debt)
 - All files must be submitted along with a File Submission Form (GEC-8), which is included in the introductory email and this guide, or a fillable version is available at dor.sc.gov/gov-collections.
 - All File Submissions Forms should be emailed to SetoffDebt@dor.sc.gov.
 - Submitting this form certifies the debt files for collection. Please carefully read the certification statement on the form.

① The claimant agency must ensure the accuracy of debts submitted. No debts can be processed unless submitted in the required format. Refer to the Debt File Submission Instructions and Submitter's Checklist (on the File Submission Form) to ensure your files are submitted properly.

2. On the business day after you submit a file, review reports in GoAnywhere:
 - Records report - successful submission: Processed items will be listed and rejected items should be reviewed for resubmission.
 - Error report - unsuccessful submission: Errors should be corrected and entire file resubmitted.

DECEMBER 1: ADD FILES DUE

Do not submit new add files after December 1.

- The SCDOR is preparing your accounts for tax season.
- Begin submitting update files (i.e. delete accounts, reduce debt amount) in the **second week of January**.
 - ① *Account increases are allowed for Setoff Debt only.*
- For Setoff Debt only, the list of claims expires at the end of the applicable calendar year.

JANUARY & THROUGHOUT THE YEAR:

Beginning the second full week of January, you can begin submitting update files. You should frequently check reports in GoAnywhere.

- Review active accounts/active debts reports to verify accounts.
- Review records reports and error reports and resubmit as necessary.
 - ① *Remember that a file is only successful when a records report is received.*
 - ① *A records report could contain rejects from the submitted file. Correct and resubmit only the rejected items.*
- Review reports on collections, if available (weekly for Setoff Debt and monthly for GEAR).

RECEIVING FUNDS

REFUND MATCHING

Upon receiving the certification of the claimant agency, the SCDOR will determine whether the debtor is due an Individual Income Tax refund over \$25. If so, the SCDOR will setoff the debt against the amount of the refund and will retain a \$25 administrative fee.

- The SCDOR is not required to apportion refunds from joint returns.
- The certified debt and debtor list is presumed correct by the SCDOR.

ACCOUNTING - SETOFF DEBT

When the funds are transferred to the claimant agency, the SCDOR will provide the agency an accounting of the funds. This will include the full name of the debtor, the debtor's Social Security Number, and the amount of the setoff.

ACCOUNTING - GEAR

The SCDOR will provide a report listing collections through Setoff Debt and those through other collection actions. Funds for payments, minus the administrative fees, will be sent with the reports on a monthly basis.

COLLECTIONS FOR GEAR ACCOUNTS

Pursuant to SC Code Section 12-4-580, the SCDOR is authorized to use:

- all rights and powers of collection allowed it under Title 12 of the SC Code for the collection of taxes
- all rights and powers of the claimant agency for the collection of debts

These powers include but are not limited to:

- wage garnishment
- levy and seizure of bank accounts or any other intangible assets
- seizure and sale of any real or personal property
- the issuance of a lien which will encumber all property, real and personal, tangible and intangible
- revocation of any Sales Tax license

PROGRAM SPECIFICS

GEAR

1. Multiple debts may be submitted with the same Social Security Number, but the date of default must be different. (Please consider current active program debts to ensure no duplicate dates of default.)
2. The SCDOR will provide an active accounts report monthly (or more frequently upon request). The report will provide a list of debts presently enrolled in the GEAR collection program for which active and/or no active collection action (e.g. levy, payment plan, etc.) has been taken.
3. Debt files submitted on time and in the required format at the end of a calendar year will be loaded prior to setoffs in the following calendar year. GEAR debt files will be loaded into the SCDOR's collection system soon after submission.
4. Any payment received by the claimant agency for liabilities submitted to the SCDOR must be made payable to SCDOR and forwarded to the SCDOR. The claimant agency must provide debtor's name and identify the debt to which the payment is to be posted. If the claimant agency deposits the payment, then the claimant agency must remit the 22% fee to the SCDOR and identify the debtor to which the payment relates.

Mail to:

South Carolina Department of Revenue
ATTN: Governmental Entity Collection Programs
PO Box 125
Columbia, SC 29214-0219

5. After debts are loaded into the GEAR System, the SCDOR will generate a letter to the debtor notifying that the debt has been placed with the SCDOR for collection. The debtors will be instructed to notify the claimant agency of any debt issues and to contact the SCDOR for payment issues.
6. The claimant agency can request accounts to be deleted at any time by submitting a file using the record code of D. The SCDOR, at its own discretion, may return the accounts to the claimant agency or continue collection efforts until such time they determine that all collection efforts have been exhausted.
7. If an account balance becomes less than \$14.99, accounts will be written off and notification will be sent to the claimant agency.
8. Accounts with no collection activity after five years from submission will be written off.
9. The minimum debt to be placed is \$50.
10. Debts under a collection agreement with another agency (e.g. collection agency) cannot be placed with GEAR.

SETOFF DEBT

1. One debt record is allowed per Social Security Number. If the debtor owes multiple debts to the claimant agency, the claimant agency should submit a combined total.
2. The SCDOR will provide an active accounts report for each claimant agency on a quarterly basis. The report will provide a list of debts presently enrolled in the Setoff Debt collection program.
3. Debt balances for the claimant agency may be deleted, reduced, or increased throughout the year, starting the second week of January.
4. New debt balances for the claimant agency may be submitted during the initial upload period (November 1 through December 1) and beginning the second week of January through the end of the year.
5. If the debtor makes any payment directly to the claimant agency, the claimant agency must notify the SCDOR to stop the refund offset. Notifications are made via debt file updates.
6. If the debtor is due a refund of funds that have been offset, the claimant agency will remit the refund directly to debtor.
7. If the debtor is due a refund of funds that have been offset, it is up to the claimant agency's discretion to refund the \$25 administrative fee. The SCDOR does not refund the fee to the debtor.
8. The minimum debt to be placed is \$25.
9. After the offset of a refund, the SCDOR will generate a letter to the debtor notifying that part or all of the refund has been garnished and sent to the claimant agency.
10. Debts not paid in full by setoff may be resubmitted for the next income tax filing season.

ADDITIONAL INFORMATION FOR PRIVATE INSTITUTIONS OF HIGHER EDUCATION:

Private institutions of higher learning can be a claimant agency under SC Code Section 12-56-20 for the purpose of collecting debts related to default on authorized educational loans made pursuant to Chapters 111, 113, or 115 of Title 59. This includes the following chapters and titles:

Chapter 111, Title 59

- §59-111-10 Scholarship Winners of Essay Contests
- §59-111-20 Free Tuition for Certain Veteran's Children
- §59-111-30 South Carolina Defense Scholarship Fund
- §59-111-110 Free Tuition for Certain Public Employee's Children
- §59-111-320 Free Tuition for Those Sixty or Older
- §59-111-510 Medical and Dental Scholarship Fund

Chapter 113, Title 59

- §59-113-10 through §59-113-50 Establishes Higher Education Tuition Grants, a Committee, and Guidelines for Administration of the Grants

Chapter 115, Title 59

- §59-115-10 through §59-115-180 Establishes the State Education Assistance Act, the Authority, the Loan Fund, and Guidelines for the Administration of the Act

If you have any questions regarding debt match processing or procedures, contact us at SetoffDebt@dor.sc.gov or 803-898-5755.

PROGRAM REGISTRATION

NOTICE OF AUTHORIZATION (GEC-4)

The Notice of Authorization certifies individuals to make requests on behalf of the claimant agency and is due by **August 31** to ensure that you will be able to participate at the beginning of January.

NOTICE OF PARTICIPATION (GEC-6)

The Notice of Participation is required to be considered for participation and is due by **August 31** to ensure that you will be able to participate at the beginning of January.

FILE SUBMISSION FORM (GEC-8)

The File Submission Form must be emailed to SetoffDebt@dor.sc.gov each time you submit a file on GoAnywhere, originals and resubmissions.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**GOVERNMENTAL ENTITY COLLECTIONS
NOTICE OF AUTHORIZATION**

The director of a claimant agency participating in either Setoff Debt or GEAR Collection is required to submit a Notice of Authorization to the SCDOR allowing the designated Setoff Debt or GEAR Coordinators to make requests on behalf of the claimant agency. This notice must include the name, title, email address, and signature of the designated Setoff Debt or GEAR Coordinator. If you have more than one coordinator, you must include information for each coordinator on the Notice of Authorization. New coordinators should be added as quickly as possible to not miss important correspondence. Notify the SCDOR of previously listed coordinators who no longer work with the programs so that access can be removed.

Select the applicable programs: Setoff Debt GEAR **Calendar year:** _____

Claimant agency: _____

Appointed Setoff Debt/GEAR Coordinator # _____

Name: _____

Title: _____ Email: _____

Signature: _____

Select coordinator's GoAnywhere access status: Existing user New user User access not needed

Initials of claimant agency director: **(needed for approval)** _____

Appointed Setoff Debt/GEAR Coordinator # _____

Name: _____

Title: _____ Email: _____

Signature: _____

Select coordinator's GoAnywhere access status: Existing user New user User access not needed

Initials of claimant agency director: **(needed for approval)** _____

Accept this as a Notice of Authorization for the above individual(s) to make requests on behalf of this agency.

Claimant agency director's name

Signature

Email to: SetoffDebt@dor.sc.gov



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
GOVERNMENTAL ENTITY COLLECTIONS
NOTICE OF PARTICIPATION

This notice certifies that the following claimant agency will participate in the SCDOR's Setoff Debt/GEAR Collection Program for the calendar year ____.

For applications received July 15 through August 31, use the next calendar year in the box above. We cannot guarantee that we can process claims at the beginning of the year for a Notice of Participation received after August 31.

Check programs claimant agency will participate in: [] Setoff Debt [] GEAR

Check both program boxes ONLY if participating by submitting independent files for each program.

Complete this section using information as it should appear on notices the SCDOR will send.

Claimant agency: _____ Agency ID#: _____

Mailing address: _____

City: _____ State: _____ ZIP: _____ Phone number: () - _____

Setoff Debt/GEAR Coordinator: _____

Description of type of debt:

Hearing officer information (must be appointed to hear a protest of a debtor and cannot be listed as a coordinator)

Hearing officer name: _____

Mailing address: _____

City: _____ State: _____ ZIP: _____ Phone number: () - _____

Method for receiving payments (check one):

[] Direct Deposit

[] Transfer (State agencies only; must include the following information)

G/L code: _____ Cost center: _____ Functional area: _____ Fund: _____

[] Check

Is your copy of the GEC-4, Notice of Authorization attached? [] Yes [] No

You must submit a new Notice of Authorization yearly.

To be completed by the Setoff Debt/GEAR Coordinator:

The claimant agency understands and agrees that any information provided by the SCDOR shall be used solely by the claimant agency for debt collection purposes. The claimant agency understands and agrees that the disclosure of this information is strictly prohibited. See SC Code Sections 12-54-240 (2014) and 12-56-90 (2014). The claimant agency agrees to indemnify the SCDOR as required by SC Code Sections 12-56-100 and 12-4-580(C).

I hereby certify on behalf of the organization that the agency meets/continues to meet requirements of the Setoff Debt Collection Act and/GEAR Section, 12-56-10 et seq, and 12-4-580, to be eligible to participate in the Setoff Debt and or GEAR programs.

Name

Signature

Email

() -

Phone number

Date

Important Information

Submit your completed Notice of Participation no later than August 31. We will not accept your notice if it is not complete.

Email to: SetOffDebt@dor.sc.gov

Instructions

A Notice of Participation is required for registering a claimant agency as a participant in the Setoff Debt/GEAR Collection Programs. The SCDOR uses this form to collect the name and mailing address of the claimant agency, the name of the Setoff Debt/GEAR Coordinator, the name and address of the Hearing Officer, and information regarding the method of payment. The SCDOR will work through the Setoff Debt/GEAR Coordinator as the claimant agency's official contact. All listings, notices, letters, and forms processed by the SCDOR will be submitted to the specified Setoff Debt/GEAR Coordinator.

To ensure that new debts are given proper priority each tax year, the SCDOR requires claimant agencies that wish to continue participation in either collection program to submit a Notice of Participation by August 31 of each calendar year.

Description of Required Fields

Program - Check programs the claimant agency will participate in. Check only one box if participating in one program. Check both program boxes only if participating by submitting independent files for each program.

Claimant agency - The claimant agency's name.

Agency ID# - The code used to identify the claimant agency. State agencies may use a vendor code (followed by zeros to make a nine-digit code) or federal identification number. Educational institutions/non-state agencies should use the federal identification number. **Agency ID# must be used on all correspondence submitted to the SCDOR.**

Mailing address - This address will appear on notices sent by the SCDOR and will also be used to send payments.

Phone number - List a phone number for the SCDOR to refer taxpayers.

Description of debts - Describe the type of debts that will be submitted, such as student loans, child support, or medical debt.

Hearing officer information - List the name of your appointed hearing officer along with their address and phone number.

Method for receiving payments - Check the type of payment method the claimant agency will use to receive funds collected.

- **Direct Deposit** - Direct deposits will be made periodically as the amounts collected are processed.
- **Transfers** - (This section is to be completed by state agencies and state-supported Colleges/Universities only.) Funds for state agencies and state supported colleges and institutions may be deposited into a single account. Furnish the codes using SCEIS codes. Check with your accounting department or the Comptroller General's Office if there are questions about this information. It is very important that this information is correct.
- **Check** - Remittances will be made periodically as the amounts collected are processed.

Notice of Authorization - The claimant agency must submit to the SCDOR a GEC-4, Notice of Authorization from the claimant agency's director that includes the name, title, email, and signature of the person(s) authorized to make requests for service. A Notice of Authorization must be submitted with each new Notice of Participation.

Authorized coordinator - Identify the individual appointed by the claimant agency as the authorized Setoff/GEAR Coordinator. Include the coordinator's phone number, email address, and signature.

You must notify the SCDOR if any changes occur to the information listed on the application form during the year.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**GOVERNMENTAL ENTITY COLLECTIONS
FILE SUBMISSION FORM**

Email this completed form to SetoffDebt@dor.sc.gov when you submit each file, including originals and resubmissions.

Collection type:

- Setoff Debt GEAR

Claimant agency: _____

Agency ID#: _____

Setoff Debt/GEAR Coordinator: _____

Purpose of data: Adds Updates Deletions

Type of file submitted via GoAnywhere

1. Text (.txt) **Preferred file format**
2. Microsoft Excel (.xlsx)

Number of records with debt data: _____ Amount of debt data: \$ _____

CERTIFICATION STATEMENT: I hereby certify on behalf of this organization that all debts submitted to the SCDOR for collection under this program(s) meets the requirements of the Setoff Debt Collection Act and/or SC Code Section §12-4-580, that the agency has complied with all requirements in SC Code Section §12-4-580 and/or the provisions of the Setoff Debt Collection Act, including those requiring notice to the debtor, and that the information contained in the accompanying file is, to the best of my knowledge and belief, true, correct, and complete.

Print Name

Signature

Date

Email

Phone number

File Submission Checklist

Use this checklist to complete the file submission process.

- ___ 1. Upload file to GoAnywhere
- ___ 2. Email the completed GEC-8 to SetoffDebt@dor.sc.gov
- ___ 3. Review GoAnywhere for reports the next business day
- ___ 4. Did you receive a records report? If not, go to #5
 - ___ a. Research records that were rejected
 - ___ b. Resubmit rejected records
- ___ 5. Did you receive an error report?
 - ___ a. Research and correct errors
 - ___ b. Resubmit the entire file
 - ___ c. Email the updated GEC-8 to SetoffDebt@dor.sc.gov

File Submission is successful only if you receive a records report.

Questions? We're here to help.

Contact the Governmental Entity Collection Program at SetoffDebt@dor.sc.gov or 803-898-5755.

NOTICES & HEARINGS

Requirements, forms, and sample notices

NOTICE & HEARING REQUIREMENTS

The Setoff Debt Collection Act (henceforth known as The Act) imposes strict requirements as to the notice and appeal procedures.

1. The Act specifies the language of the notice letter that MUST be followed verbatim.
2. The Act allows the notice to be sent by regular mail.
3. The notice may be mailed to the address the debtor provided at the time the debt was incurred or to the debtor's last known address.
4. The Act requires the debtor's protest to be in writing and sent to an address that is specified in the notice letter to the debtor.
5. The debtor's written protest must contain the debtor's name, address, and Social Security Number, the type of debt in dispute, and a detailed statement of the reasons the debtor disputes the debt.
6. The requirements of the debtor's written protest are jurisdictional. This means they must be followed by the debtor. Failure to follow them is grounds to dismiss the debtor's protest.
7. The Act requires the claimant agency to appoint a hearing officer to hear a debtor protest.
8. The Act requires the claimant agency to notify the SCDOR of the name, address, and telephone number of the hearing officer.
9. The Act vests the hearing officer with the power to decide debtor protest in favor of either the debtor or the claimant agency.
10. If a written protest is received from a debtor, the Act requires:
 - the claimant agency to immediately notify the SCDOR of the protest on a form prescribed by the SCDOR;
 - the claimant agency to notify the debtor of the date, time, and location of the informal hearing using the address provided by the debtor in the notice of protest;
 - the hearing officer conducts an informal hearing at which the debtor shall be allowed to present evidence, documents, and testimony as to why the debt is not due, and;
 - if the protest is decided in favor of the claimant agency, the Act requires the hearing officer to certify such to the SCDOR before any setoff will be made by the SCDOR.
11. The Act specifically provides for appeals from the hearing officer's decision, but allows the setoff to be made in the meantime. If the debtor is entitled to a jury trial and wishes to exercise that right, the debtor must file and serve a lawsuit within thirty (30) days of the date the hearing officer's decision was rendered. Otherwise, the debtor must request a contested case hearing before the Administrative Law Judge Division in accordance with its rules.
12. If the appeal from the hearing officer's decision is later decided in favor of the debtor, the claimant agency will be required to refund the appropriate amount to the debtor, plus interest. If the claimant agency is found to be entitled to no part of the amount set off, the claimant agency must refund the entire amount set off on your behalf, including the administrative fee retained by the SCDOR plus interest calculated as provided in SC Code Section 12-56-20. However, if the claimant agency is found to be entitled to any portion of the amount set off, the claimant agency is not required to refund the administrative fee retained by the SCDOR, and must only refund the appropriate amount plus interest calculated as provided in SC Code Section 12-56-20.

The SCDOR has enclosed four forms. **The content of the first three forms is mandated by statute.** While the last form is not mandatory, it is strongly suggested to use either this form or one that is substantially similar.

The forms are as follows:

1. Notice Letter to Debtor (GEC-1)
2. Notice of Protest by Debtor (GEC-2)
3. Decision of Hearing Officer (GEC-3)
4. Appeal of Hearing Officer's Decision (GEC-5)

The SCDOR recommends that every decision of the hearing officer be in writing and be delivered to the debtor along with instructions on how to appeal the decision of the hearing officer. Both the Decision of Hearing Officer (GEC-3) and the Appeal of Hearing Officer's Decision (GEC-5) forms are provided for this purpose.

The SCDOR recommends that you consult with an attorney if you have any questions about the Setoff Debt Collection Act or GEAR collection program.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**GOVERNMENTAL ENTITY COLLECTIONS
NOTICE LETTER TO DEBTOR**

GEC-1
(Rev. 6/9/15)
9095

Note: The Setoff Debt Act specifies the language of this notice must be extensively followed.

Debtor:

According to our records, you owe (the claimant agency) a debt in the amount of (amount of debt), plus accruing interest if applicable, for (type of debt). You are hereby notified of (the claimant agency's) intention to submit or resubmit this debt to the South Carolina Department of Revenue for collection through the Setoff Debt Collection Act and/or Governmental Enterprise Accounts Receivable Collections Program (GEAR) until the debt is paid in full.

The Setoff Debt Collection Act allows the Department of Revenue to deduct, from any refund, this amount plus all costs, including a \$25 administrative fee. If you file a joint return with your spouse, this amount will be deducted from the total joint refund without regard to which spouse incurred the debt or actually withheld the taxes.

The GEAR Program, S.C. Code Section 12-4-580, authorizes the Department of Revenue to utilize all rights and powers of collection allowed under Title 12 in collection of the above debt. These powers include garnishment of wages, seizure of bank accounts, sales of real or personal property, and the revocation of any license.

The Department will utilize the powers granted under Title 12 of the S.C. Code of Laws unless you file a written protest, within thirty (30) days from the date of this notice, with the information contained below:

1. your name;
2. your address;
3. your social security number;
4. the type of debt in dispute; and
5. a detailed statement of all reasons you disagree with the debt amount or dispute that you owe the debt.

The original written protest must be mailed to (the claimant agency) at the following address: (address of entity requesting the setoff)



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**GOVERNMENTAL ENTITY COLLECTIONS
NOTICE OF PROTEST BY DEBTOR**

NOTE: To be completed by claimant agency only. If the debtor files a written protest you must immediately notify the South Carolina Department of Revenue.

Email Notice of Protest by Debtor to SetOffDebt@dor.sc.gov, or **mail to:**

South Carolina Department of Revenue
ATTN: Governmental Entity Collection Programs
Protest: Setoff Debt Collection Act or GEAR
P.O. Box 125
Columbia, SC 29214-0219

Check applicable program(s):

Setoff Debt GEAR

Claimant Agency: _____ Agency ID#: _____

Debtor Name: _____

Debtor SSN: _____

Original Debt Amount: _____

Print Name

Signature

Date

Email

() -

Telephone Number



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**GOVERNMENTAL ENTITY COLLECTIONS
DECISION OF HEARING OFFICER**

Note: Per the Setoff Debt Collection Act, once a protest has been filed by a debtor, no collection action can be made until a hearing officer certifies to the South Carolina Department of Revenue that he has conducted a hearing and ruled in favor of the claimant agency.

Complete form and mail to:

South Carolina Department of Revenue
ATTN: Governmental Entity Collection Programs
Protest: Setoff Debt/GEAR Collection Act
P.O. Box 125
Columbia, SC 29214-0219

Check applicable program(s):

Setoff Debt GEAR

Claimant Agency: _____ Agency ID#: _____
Debtor Name: _____ Hearing Date: _____
Debtor SSN: _____
Original Debt Amount: _____

I certify that I have conducted a hearing in the above matter pursuant to SC Code Section §12-56-65, and as a result find that:

Print Name (Hearing Officer)

Signature (Hearing Officer)

SWORN to before me this _____

Day of _____, _____

Notary public for South Carolina

My commission expires: _____

**GOVERNMENTAL ENTITY COLLECTIONS
APPEAL OF HEARING OFFICER'S DECISION**

If you are dissatisfied with the decision of the Hearing Officer, you have a right to appeal.

Administrative Appeal

You may appeal the decision of the Hearing Officer by requesting a contested case hearing before the Administrative Law Judge Division. The request must be made in writing within thirty (30) days from the date the Hearing Officer's decision was rendered and must be made in accordance with the rules of the Administrative Law Judge Division. Pursuant to S.C. Code Section 12-56-65, the appeal will not stop a setoff of your tax refund from occurring. If you are successful on appeal, you will receive a refund of the appropriate amount. However, if any portion of the debt is found to be due, you will not receive a refund of the administrative fee retained by the S.C. Department of Revenue.

Jury Trial

The Setoff Debt Collection Act does not create a right to a jury trial where one does not already exist. However, depending on the type of debt, other laws of South Carolina may entitle you to demand to have a jury determine the issue of indebtedness. In cases where a right to jury trial already exists and you wish to exercise that right, you will not be required to request a contested case hearing before the Administrative Law Judge Division, but instead, must file a summons and complaint in the Court of Common Pleas and serve the same on the claimant agency within thirty (30) days from the date the Hearing Officer's decision was rendered. The summons and complaint must name the claimant agency as a defendant and the allegations of the complaint must contest the debt and any potential setoff. Pursuant to S.C. Code Section 12-56-65, the appeal will not stop a setoff of your tax refund from occurring. If you are successful on appeal, you will receive a refund of the appropriate amount. However, if any portion of the debt is found to be due, you will not receive a refund of the administrative fee retained by the S.C. Department of Revenue.

SAMPLE NOTICES TO DEBTORS

NOTICE BALANCE DUE - OUTSIDE AGENCY (FS-96A)

NOTICE OF REFUND ADJUSTMENT (I-351)

NOTICE OF LEVY ON WAGES, SALARY (AW-127)

NOTICE OF LEVY ON INTANGIBLES (AW-104)



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Notice Balance Due - Outside Agency

SSN:
Letter ID:
Date Issued:

DEBTOR'S NAME
DEBTOR'S ADDRESS
DEBTOR'S CITY, STATE, ZIP

Contact: Governmental Enterprise Accounts Receivables
Agency: Agency
Contact Number: (000) 000-0000

Account Id:
Filing Period: 05/25/2022
Amount Due: 480.00

Agency has referred your liability to South Carolina Department of Revenue for collection.

To avoid collection action, you must make full payment or enter into an SCDOR approved payment plan by 06/14/2022. Refunds will be applied towards your liability, but will not substitute for your scheduled monthly payments.

PAYMENT OPTIONS

- Pay in full online at **MyDORWAY.dor.sc.gov**.
- Request a payment plan at **dor.sc.gov/PayPlan**.
- Mail payment in full by completing the voucher below and returning with your payment.

If you have already made payment in full, please provide copies of cancelled check(s) and supporting document(s) to the address below.

For questions about payment plans, please visit dor.sc.gov/PayPlan or call 803-898-2222

This demand for payment is not applicable if you are currently in bankruptcy proceedings under Title 11 of the U.S. Code. Any monies due will be sought in accordance with the provisions of Title 11.

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SC DEPARTMENT OF REVENUE
Collection Payment



C-370
(Rev. 06/14/18)
6370

Pay online for free at MyDORWAY.dor.sc.gov.

Vouchers and payments may also be mailed to:

South Carolina Department of Revenue
PO Box 2535
Columbia, SC 29202-2535

Media

Account ID

Pay By

Amount Due

06/14/2022

\$480.00

NAME

Balance Remitted



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Notice of Refund Adjustment

SSN:
 Letter ID:
 Date Issued:

NAME
 ADDRESS
 CITY STATE ZIP

Your 2020 Individual Income Tax refund was adjusted. Part or all of your refund was applied to your outstanding debt with the agencies listed below.

Outstanding debts that your refund was applied to:

If you have questions about this debt or the amount taken from your refund, contact the agencies listed below.

Agency Information	Period	SSN/ITIN/FILE#	Refund Amount Applied	Remaining balance due
Agency Name (555) 555-1212	06/26/2018	***-**-****	\$479.00	\$0.00

*Additional penalty and interest will accrue until you pay your balance in full.
 Contact the agency above to make payments or if you have questions.*

Overview of your refund adjustment:

Your original refund	\$504.00
Administrative fee	\$25.00
Total refund applied to debts	\$479.00
Total refund applied as a Credit Carryforward to Estimated Tax Account	\$0.00
Total refund applied to Contribution Checkoffs	\$0.00
Your adjusted refund	\$0.00

SC Code Section 12-56-20 authorizes the South Carolina Department of Revenue to adjust refunds to pay outstanding debts. Learn more about the South Carolina Code of Laws at dor.sc.gov/policy.

The South Carolina Department of Revenue SCDOR cannot accept payments for this outstanding debt and cannot answer questions related to this debt. You must contact the agency listed above if you have questions or want to make additional payments.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Notice of Levy on Wages, Salary

EMPLOYER COPY

SID:
Letter ID:
Date Issued:

NAME
ADDRESS
CITY STATE ZIP

The following employee owes money to the South Carolina Department of Revenue (SCDOR): **TAXPAYER NAME (Taxpayer ID: 999-99-9999)**.

What you should do:

- Beginning with the next pay period, withhold 25% from this individual's gross pay.
- You are required by law to withhold gross wages from this employee and send these wages to the SCDOR until the balance is paid in full.

Current Levy Balance: 1,930.38

Includes applicable adjustments, payments, and accrued penalty and interest.

Pay online:

- Make payments and view up-to-date balance information through our free online tax portal, MyDORWAY, at **MyDORWAY.dor.sc.gov**. Log into your MyDORWAY account, go to the **More** tab, and select **Make a Levy Payment**. If you are responsible for multiple levies, you can submit payments for all of them in one transaction.
- To pay online without a MyDORWAY account, visit **dor.sc.gov/PayLevy** and enter the Letter ID and the last four digits of the employee's Taxpayer ID. Updated balance information is available for view.

Pay by mail:

- Use the mailing address on the coupon below, make checks payable to SCDOR, write the employee's name with the Levy ID (from the coupon below) on the memo line, and include a copy of the payment coupon.
- If you mail payments for multiple employees in the same envelope, you must submit separate checks for each employee.

This demand for payment is not applicable if you are currently in bankruptcy proceedings under Title 11 of the U.S. Code. Any monies due will be sought in accordance with the provisions of Title 11.

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SC DEPARTMENT OF REVENUE
Levy Payment

Pay online for free at MyDORWAY.dor.sc.gov.

Vouchers and payments may also be mailed to:

South Carolina Department of Revenue
PO Box 2535
Columbia, SC 29202-2535

Levy
SID

Pay By
Amount Due

07/27/2022
\$1,930.38

NAME

Balance Remitted

Additional Information

- You will receive another letter when the balance has been paid in full.
- This levy may contain an additional balance due. See the employee's copy of this notice for updated balance information.
- If you received a Levy Reduction notice confirming a reduced levy rate, that agreement is still in place. Continue withholding wages at the reduced rate, and update your records to reflect the new current balance due listed on this notice.
- You are required to withhold all compensation up to the remaining balance owed if the employee is terminated, leaves your employment for any reason, or notifies you of the intention to do so before the balance is paid.
- If the employee is no longer employed with your company, tell us at dor.sc.gov/AnswerLevy.

What happens if you fail to comply with this levy:

- The SCDOR is allowed by law to hold employers responsible for taxes due if they fail to withhold wages from their employee.
- The SCDOR will notify you of your failure to comply and enforce collection activity. This can include a notice of lien and bank garnishment.

Questions? We're here to help. Contact us at:

South Carolina Department of Revenue
Income Levy Unit
ComplyToday@dor.sc.gov
803-898-5611

Relevant South Carolina Code Sections:

- **SC Code Section 12-54-130** gives the SCDOR the authority to withhold up to 25% of the wages from taxpayers who have unpaid tax balances until the full amount is paid.
- **SC Code Section 12-54-135(A)** allows the SCDOR to hold employers responsible for taxes due if they fail to withhold wages from the employee.
- **SC Code Sections 12-54-25(A), 12-54-25(D), and 12-54-43(D)** require the SCDOR to charge interest and penalties, where applicable, to unpaid tax balances until the full amount is paid.
- **US Code Section 15-41-1673(b)(1)(c)** exempts any state tax debt from federal guidelines restricting levies due to disposable income.
- View the complete code section text at dor.sc.gov/policy.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
Notice of Levy on Intangibles

SID:
Letter ID:
Date Issued:

NAME
ADDRESS
CITY STATE ZIP

The taxpayer below owes \$4,094.57 to the SCDOR.

What you need to know:

You are required by law to send the SCDOR the assets that are due or will become due to this taxpayer, not to exceed the amount on the levy. This applies to accounts payable payments, 1099 payments, bank accounts, rent payments, investment accounts, etc.

Taxpayer: NAME
Taxpayer ID: **_*****
Address: ADDRESS
CITY STATE ZIP

What you need to do:

- Send payments or respond to this notice online using our free tax portal at **MyDORWAY.dor.sc.gov**.
 - Login to your existing account or create an account at **dor.sc.gov/MyDORWAY-signup**. Go to the **More** tab and select **Make a Levy Payment** to view balances, payment history, and submit payments for multiple levies in one transaction.
 - If you don't want to create an account, go to **dor.sc.gov/PayLevy** to make payments and view balance information.
 - Use this notice to send the SCDOR any future assets due to the taxpayer.
 - If you do not have assets owed to this taxpayer currently, tell us at dor.sc.gov/AnswerLevy.**
- OR mail your payment and a copy of the payment coupon below to the address on the payment coupon. Make additional copies of the coupon as needed.

This demand for payment is not applicable if you are currently in bankruptcy proceedings under Title 11 of the U.S. Code. Any monies due will be sought in accordance with the provisions of Title 11.

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SC DEPARTMENT OF REVENUE
Levy Payment

Pay online for free at MyDORWAY.dor.sc.gov.

Vouchers and payments may also be mailed to:

South Carolina Department of Revenue
PO Box 2535
Columbia, SC 29202-2535

Levy
SID
Pay By 07/03/2022
Amount Due \$4,094.57

NAME Balance Remitted _____

Failure to comply:

- You will be held responsible for the balance due on this notice if you don't comply with this levy.
- The SCDOR will notify you and enforce collection, which includes filing a lien and/or issuing a garnishment.

SC Code Section 12-53-20 gives the SCDOR the authority to seize the intangible assets of any taxpayer with unpaid tax balances until the full amount is paid. As the asset holder, you are responsible for this debt until you turn over these assets to the SCDOR. This includes assets that may become due in the future.

SC Code Section 12-54-123 provides a safe harbor that makes you immune from liability and protects you from lawsuits for complying with this levy.

Read the complete code sections at dor.sc.gov/policy.

The notice of levy does not apply if the taxpayer is currently in bankruptcy.

FOR ASSISTANCE CONTACT:

NAME
Phone:
E-mail:
Fax:

<u>ACCOUNT TYPE</u>	<u>ACCOUNT NUMBER</u>	<u>PERIOD ENDED</u>	<u>BILL ITEM</u>	<u>DEBT DUE</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>OTHER</u>	<u>CREDIT</u>	<u>TOTAL DUE</u>
Withholding		30-Jun-2020	1	\$1,084.92	\$612.91	\$67.02	\$0.00	\$0.00	\$1,764.85
Withholding		31-Mar-2020	1	\$1,319.62	\$758.80	\$90.85	\$160.45	\$0.00	\$2,329.72
				\$2,404.54	\$1,371.71	\$157.87	\$160.45	\$0.00	\$4,094.57