



# Governmental Entity Collection Programs Guide

Setoff Debt and Government Entity Accounts Receivable (GEAR)

SOUTH CAROLINA DEPARTMENT OF REVENUE



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# INTRODUCTION

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

Claimant agencies eligible for participation in the Department’s Governmental Collection Programs include:

- State agency, board, committee or commission
- Public institutions of higher learning
- Private institutions of higher learning (collection of authorized default educational loans only)
- South Carolina Student Loan Corporation
- United States Department of Education
- Quasi-governmental entities
- Political subdivisions (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)
- Housing authorities
- Internal Revenue Service
- Other state agencies

## ***SETOFF DEBT COLLECTION PROGRAM***

The Setoff Debt collection program allows the Department to assist in the collection of delinquent debts owed to claimant agencies through garnishment of South Carolina individual income tax refunds.

Debt Limitation:	\$25 and above
Cost to Claimant Agency:	\$0
Cost to Taxpayer:	\$25 (SCDOR Administrative Fee)

## ***GEAR COLLECTION PROGRAM***

The GEAR collection program provides a more flexible and comprehensive debt collection service. It establishes the Department as a collection agency able to work on behalf of eligible and enrolled agencies to recoup owed monies. In addition to garnishment of state individual income tax refunds, GEAR collection efforts include garnishment of wages, use of tax liens, levy of bank accounts and revocation of licenses. GEAR also permits 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 Taxpayer:	\$25 (SCDOR Administrative Fee)

## *SOUTH CAROLINA CODE OF LAW: PROVISIONS ON SETOFF DEBT AND GEAR*

To reference the Code of Laws governing Setoff Debt Collection Act, see [§12-56-10](#).

To reference the Code of Laws governing GEAR, see [§12-4-580](#).

### *CONTACT US*

If you have any questions about the Setoff Debt or GEAR collection programs email us at [SetOffDebt@dor.sc.gov](mailto:SetOffDebt@dor.sc.gov) or call the Governmental Entity Collection Coordinator at 803-898-5755.

# IMPORTANT DATES

## *SETOFF DEBT COLLECTION PROGRAM DATES*

<b>August 31</b>	Notice of Participation (GEC-6) or Notice of Intent (GEC-7) is due
<b>December 1</b>	Debtor information is due to the Department
<b>January</b>	Beginning the 2 <sup>nd</sup> week of January claimant agencies can begin submitting debt reductions and deletions
<b>March 1</b>	Claimant agencies may submit additional debtors to the Department
<b>June 1</b>	Claimant agencies may submit additional debtors to the Department

## *GEAR COLLECTION PROGRAM DATES*

<b>January 1 – December 31</b>	Notice of Participation (GEC-6) accepted at any time throughout the year
<b>January 1 – December 31</b>	Claimant agencies may submit additional debtors any time throughout the year
<b>August 31</b>	Notice of Intent (GEC-7) for existing GEAR claimant agencies is due

**NOTE:** For either collection program, a Notice Letter to Debtor must be sent to debtor no less than thirty (30) days prior to submitting debt information to the Department (See Notice Letter to Debtor (GEC-1) for additional information).

# GENERAL INFORMATION

## *NOTICE OF PARTICIPATION*

- Before a request for setoff or collection by the Department may be made, the claimant agency must notify the debtor of its intention to cause the debtor's tax refund to be setoff or for the Department to collect the debt no less than thirty (30) days before the request is submitted to the Department. This notice must be given by mailing the notice, with postage prepaid, addressed to the debtor at the address provided to the claimant agency when the debt was incurred or at the debtor's last known address. The notice must include a statement of appeal procedures available to the debtor.
- On or before August 31 of each year, claimant agencies must furnish to the Department a Notice of Participation (GEC-6) or Notice of Intent (GEC-7) with the information listed below in order to use the Setoff Debt or GEAR collection programs.
  - The name, address, and telephone number of the individual or section to whom the Department should direct inquiries, if further information is required.
  - A Notice of Authorization (GEC-4) from the claimant agency Director which includes the name, title and signature of the person(s) authorized to make requests for service.
  - The name, address, and telephone number of the assigned hearing officer for protests.
- Formats for debt file submission will be emailed along with a confirmation of notice to participate.
  - Upon receipt and approval of a claimant agency's Notice of Participation (GEC-6) the Department will send the claimant agency a confirmation email.
  - The Department will also email the claimant agency debt file submission instructions.
- The general priority scheme of claims asserted against individual income tax refunds is set forth in §12-56-70. Per SC Code Section §12-56-70(5) claims to individual income tax refunds will be prioritized by the date of receipt of the Notice of Participation (GEC-6) or Notice of Intent (GEC-7).

## *MEDIA SUBMISSION FORM*

- Before December 1 (to participate in the offset against tax refunds in the subsequent year), claimant agencies must forward a secure email, file transfer or CD-ROM of their debt files along with a Media Submission Form (GEC-8) **certifying them for collection**. The certification statement is as follows:

- I hereby certify on behalf of this organization that all debts submitted to the Department for collection under this program(s) meets the requirements of the Setoff Debt Collection Act and/or §12-4-580, that the agency has complied with all requirements in §12-4-580 and/or the provision of the Setoff Debt Collection Act, including those requiring notice to the debtor, and that the information contained in the accompanying media is, to the best of my knowledge and belief, true, correct, and complete.
- Claimant agencies wishing to submit debt files via email should first encrypt their file and/or message prior to sending to [SetOffDebt@dor.sc.gov](mailto:SetOffDebt@dor.sc.gov).
- Claimant agencies using file transfer are still required to email the Media Submission Form to [SetOffDebt@dor.sc.gov](mailto:SetOffDebt@dor.sc.gov).
- CD-ROMs should be mailed or delivered to:

**Mailing Address:**

South Carolina Department of Revenue  
 ATTN: Governmental Entity Collections Coordinator  
 P.O. Box 125  
 Columbia, SC 29214-0219

**Delivery (Physical) Address:**

South Carolina Department of Revenue  
 ATTN: Governmental Entity Collections Coordinator  
 300A Outlet Pointe Blvd  
 Columbia, SC 29210

- Claimant agencies must submit to the Department a list of claims which require:
  - Debtor's name
  - Social security number
  - Agency ID number
  - Debt amount
  - Date of default – *GEAR only (optional for Setoff Debt)*
  - Debtor address – *GEAR only (optional for Setoff Debt)*
- It is important that the above information is transmitted accurately. The claimant agency shall ensure the accuracy of debts submitted. No debts will be processed unless submitted in required format.
- The certification of the list of claims is effective only against refunds issued in the subsequent calendar year. **(SETOFF DEBT ONLY)**

***SUBMISSION OF DELETIONS OF ACCOUNTS AND REDUCTIONS IN DEBT AMOUNT***

- The certified list of debts must be received by the Department by **December 1** of each calendar year in order to be setoff against tax refunds in the subsequent year. Changes such as deletions of accounts and reductions in debt amount may be made after December 1. The amount of setoff requested **cannot** be increased after December 1. Corrections can be made only by returning information on selected medium. See **IMPORTANT DATES** for more information.

## ***REVIEW BY CLAIMANT AGENCY***

The claimant agency shall comply with the requirements for reviewing protests by debtors in the Setoff Debt Collections Act, including §12-56-65 and §12-4-580.

- Upon receipt of a notice of protest, the claimant agency shall notify the Department that a protest has been received. 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 Department may proceed with the setoff, regardless of a subsequent appeal by the debtor. The Department must be notified by the claimant agency hearing officer of a protest at the following address:

### **Mailing Address:**

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

### **Delivery (Physical) Address:**

South Carolina Department of Revenue  
ATTN: Governmental Entity Collections Coordinator  
Protest – Setoff Debt  
300A Outlet Pointe Blvd  
Columbia, SC 29210

## ***INDEMNIFICATION OF SOUTH CAROLINA DEPARTMENT OF REVENUE***

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

## ***TRANSMITTAL OF FUNDS AND ACCOUNTING OF SETOFF TO CLAIMANT AGENCY***

### ***For Setoff Debt Accounts Only:***

- At the time of transmittal of the funds to the claimant agency, the Department shall 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.

### ***For GEAR Accounts Only:***

- The Department will create two (2) separate reports listing collections through Setoff Debt and those through other collection actions. Funds for payments, less the Department fees, will be sent with the reports on a monthly basis.

## ***REFUND MATCH TO CLAIMANT'S CLAIM***

- Upon receiving the certification of the claimant agency, the Department shall determine if the debtor is due a refund in excess of \$25. If a refund in excess of \$25 is due, the Department shall setoff the delinquent debt against the amount of the refund. The Department will retain \$25 to defray its administrative expense. The Department is not required to apportion refunds resulting from filing of joint returns. The certified delinquent debt and debtor list provided by the claimant agency shall be presumed correct by the Department.

## ***COLLECTIONS FOR GEAR ACCOUNTS ONLY***

Pursuant to §12-4-580, the Department is authorized to use all rights and powers of collection allowed it under Title 12 of the S.C. Code for the collection of taxes and all rights and powers of the claimant agency for the collection of debts. These powers include but are not limited to garnishment of wages; 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; and the revocation of any sales tax license.

## ***ADDITIONAL INFORMATION FOR PRIVATE INSTITUTIONS OF HIGHER EDUCATION ONLY (SEE §12-56-20(1)):***

Private institutions of higher learning can be a claimant agency under §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, email us at [SetOffDebt@dor.sc.gov](mailto:SetOffDebt@dor.sc.gov) or call the Government Entity Collection Coordinator at 803-898-5755.

# PROCEDURES

## *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 to the Department.
2. Debt balances for the claimant agency may be deleted or reduced throughout the year, starting the second week of January.
3. New debt balances for the claimant agency may be submitted after the initial upload date (December 1) on March 1 and June 1.
4. If the debtor remits any payment directly to the claimant agency, the claimant agency must notify the Department in order to stop refund offset. Notifications are made via debt file updates (reductions or deletions).
5. If the debtor is due a refund of funds that have been offset, the claimant agency will remit refund directly to debtor.
6. If the debtor is due a refund of funds that have been offset, the Department does not refund the \$25 administrative fee to the debtor. It is up to the claimant agencies discretion to refund the fee to debtor.
7. The minimum debt to be placed with the Department is \$25.
8. After the offset of a refund, the Department will generate a letter to the debtor notifying that part or all of the refund has been garnished and sent to the claimant agency.
9. Debts not paid in full by setoff may be resubmitted for the next income tax filing season.

## *GEAR*

1. Multiple debts may be submitted with the same social security number, but the date of default must be different.
2. Upon request, the Department will create an inventory report for each claimant agency. The inventory 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 timely 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 Department's collection system soon after submission.
4. Any payment received by the claimant agency for liability(s) submitted to the Department must be made payable to SC Department of Revenue and forwarded to the Department.
5. After the Department loads debts into the GEAR System, the Department will generate a letter to the debtor notifying that the debt has been placed with the Department for collection. The debtors will be instructed to notify the claimant agency of any debt issues and to contact the Department for payment issues.
6. If accounts are not collected within two (2) years from the date of placement, the claimant agency submitting debts may request the return of accounts. Department, 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 with no collection activity, accounts will be written off and notification will be sent to the claimant agency.
8. The minimum debt to be placed with the Department is \$50.
9. Debts under a collection agreement with another agency (e.g. collection agency) cannot be placed with the Department for GEAR.

# PROGRAM REGISTRATION

*Notice of Authorization (GEC - 4)*

*Notice of Participation (GEC - 6)*

*Media Submission Form (GEC - 8)*



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

**Email Notice of Authorization** to SetOffDebt@dor.sc.gov, or **mail to:**

South Carolina Department of Revenue  
ATTN: Governmental Entity Collections Coordinator  
P.O. Box 125  
Columbia, SC 29214-0219

**Notice of Authorization**

A claimant agency participating in either Setoff Debt or GEAR Collection is required to submit to the Department a letter of authorization from the agency's Director allowing the designated Setoff Debt or GEAR Coordinator to make a request(s) on behalf of the claimant agency. This letter must include the name, title, and signature of the designated Setoff Debt or GEAR Coordinator. If you have more than one Coordinator you must complete a separate Notice of Authorization for each.

**Check applicable program(s):**

Setoff Debt    GEAR

Claimant Agency: \_\_\_\_\_

Appointed Setoff Debt/GEAR Coordinator: \_\_\_\_\_

Title of Appointed Setoff Debt/GEAR Coordinator: \_\_\_\_\_

Signature of Appointed Setoff Debt/GEAR Coordinator: \_\_\_\_\_

Please accept this as a notice of authorization for the above individual to make requests on behalf of the respective claimant agency.

\_\_\_\_\_  
Claimant Agency Director's Name (Print)

\_\_\_\_\_  
Signature



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 South Carolina Department of Revenue's (the Department) **Setoff Debt/GEAR Collection Program** for the calendar year \_\_\_\_\_. Claims will not be processed without the filing of this information by August 31 of the current year.

**Check program(s) claimant agency will participate in:**     Setoff Debt     GEAR

**Complete the following section using information as it will appear on a notice sent by the Department.**

Claimant Agency: \_\_\_\_\_ Agency ID#: \_\_\_\_\_

Mailing Address: \_\_\_\_\_ City, ST & Zip: \_\_\_\_\_

Telephone Number: (    )    - \_\_\_\_\_

Attention to (Setoff Debt/GEAR Coordinator): \_\_\_\_\_

Description of Type of Debt (e.g. hospital bills, etc):  
\_\_\_\_\_  
\_\_\_\_\_

**Hearing Officer Information** (must be appointed to hear a protest of a debtor)

Hearing Officer Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: (    )    - \_\_\_\_\_

**Method for Receiving Payments** (Check One)

Check

Transfer (**State Agencies Only**. Complete the following information:)

Trans Code: \_\_\_\_\_ Agency Number: \_\_\_\_\_ Mini Code: \_\_\_\_\_

Sub Fund Code: \_\_\_\_\_ Object Code: \_\_\_\_\_

Is Notice of Authorization (GEC-4) attached?:     Yes     No (New Notice of Authorization must be submitted yearly)

**To be completed by the Setoff Debt/GEAR Coordinator:**

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

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Email

(    )    - \_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date

**Important Information:**

A Notice of Participation will be returned if not complete. Form must be submitted no later than August 31. **Email Notice of Participation** to SetOffDebt@dor.sc.gov, or **mail to:**

South Carolina Department of Revenue  
ATTN: Governmental Entity Collections Coordinator  
P.O. Box 125  
Columbia, SC 29214-0219

**Notice of Participation Instructions:**

A Notice of Participation is required for registering a claimant agency as a participant in the Setoff Debt/GEAR Collection Program(s). The purpose of this form is to obtain 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. SC Department of Revenue (the Department) will work through the Setoff Debt/GEAR Coordinator as the official contact with the claimant agency. All listings, notices, letters, and forms processed by the Department will be submitted to the specified Setoff Debt/GEAR Coordinator.

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

Description of Required Fields provided below:

**Program - Check program(s) the claimant agency will participate in.**

**CLAIMANT AGENCY** - The claimant agency's name.

**AGENCY ID #** - This is the code used to identify the claimant agency. State agencies may use a vendor code followed by zeros 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 Department.**

**MAILING ADDRESS** - This address will appear on notices sent by the Department and will also be used to remit payments.

**TELEPHONE NUMBER** - List a telephone number for the Department to refer taxpayers.

**FURNISH A BRIEF DESCRIPTION OF THE DEBTS THAT WILL BE SUBMITTED** - E.g. student loans, child support, medical, etc. (Formats for submitting claims will be made available)

**HEARING OFFICER** - Name of appointed hearing officer to hear a protest of a debtor.

**HEARING OFFICER'S ADDRESS** - Address for protest to be mailed.

**HEARING OFFICER'S TELEPHONE NUMBER** - Hearing Officers' telephone number.

**SELECT THE APPROPRIATE METHOD FOR RECEIVING PAYMENTS** - Check the type of payment method the claimant agency will use to receive funds collected.

- **Check** - Remittances 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 STAR 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.

**NOTICE OF AUTHORIZATION-** Claimant agency must submit to the Department a Notice of Authorization from the claimant agency's Director that includes the name, title, 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.

**NOTE:** If any changes occur to the information listed on the application form during the year the Department must be notified.



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

Email Media Submission Form to [SetOffDebt@dor.sc.gov](mailto:SetOffDebt@dor.sc.gov), or mail to:

South Carolina Department of Revenue  
ATTN: Governmental Entity Collections Coordinator  
P.O. Box 125  
Columbia, SC 29214-0219

**Check applicable box:**

Setoff Debt     GEAR

Claimant Agency: \_\_\_\_\_ Agency ID#: \_\_\_\_\_

Setoff Debt/GEAR Coordinator: \_\_\_\_\_

Purpose of Data:     Adds     Updates     Deletions

Type of Media Submitted:     CD ROM     Secure Email     FTP Server

1.  Microsoft Excel Application
2.  Other: \_\_\_\_\_

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 Department 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 tape(s) is, to the best of my knowledge and belief, true, correct, and complete.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Email

( ) - \_\_\_\_\_  
Phone Number

**Note:** If you have any questions regarding this form, email the Governmental Entity Collections Coordinator at [SetOffDebt@dor.sc.gov](mailto:SetOffDebt@dor.sc.gov) or call (803)898-5755.

# NOTICE AND HEARING REQUIREMENTS

*(REQUIREMENTS, FORMS AND SAMPLE NOTICES)*

## *NOTICE AND APPEAL REQUIREMENTS*

The Setoff Debt Collection 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 Notice of Protest to be in writing and sent to an address that is specified in the notice letter to the debtor.
5. The debtor's Notice of Protest must contain the debtor's name, address, 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 Notice of 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 Department 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 Notice of Protest is received by a debtor, the Act requires: (i) the claimant agency to immediately notify the Department of the protest on a form prescribed by the Department; (ii) 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; (iii) 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; (iv) if the protest is decided in favor of the claimant agency, the Act requires the hearing officer to certify such to the Department before any setoff will be made by the Department.

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 Department plus interest calculated as provided in §12-54-20. 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 Department, and only must refund the appropriate amount plus interest calculated as provided in §12-54-20.

The Department 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 using either of these forms 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 Department 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 forms, Decision of Hearing Officer (GEC-3) and Appeal of Hearing Officer's Decision (GEC-5) are provided for this purpose.

It is recommended to 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](mailto:SetOffDebt@dor.sc.gov), or **mail to:**

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

**Check applicable program:**

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:

- The debtor did not appear for the hearing; therefore, the amount of the debt originally submitted is correct.
- No amount is due from the debtor.
- The amount of the debt originally submitted through the Setoff Debt Collection Act should be REDUCED and the proper amount due is \_\_\_\_\_.
- The amount of the debt originally submitted through the Setoff Debt Collection Act is correct and is rightfully due from the above debtor.

\_\_\_\_\_  
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**

*Balance Due: Outside Agency (FS-96A)*

*Notice of Overpayment Applied to Debt (I-351)*

*Notice of Levy on Wages, Salary (AW-127)*



**NOTICE  
BALANCE DUE - OUTSIDE AGENCY**

Date of Notice: 3/1/2015  
Contact: GEAR/SETOFF DEBT  
Agency: CLAIMANT AGENCY NAME

Contact Number: AGENCY NUMBER  
FEI/SSN: XXX-XX-0000

Receivable Number:0-xxxxxxx-x

**File Number:00000000-0**

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

AMOUNT DUE: AMOUNT DUE TO CLAIMANT AGENCY

**COMPLETE THIS SECTION IF REQUESTING MONTHLY  
PAYMENTS. MAIL TO ADDRESS LISTED ON COUPON.**

This is a notice of your liability with the claimant agency listed above which has been referred to the South Carolina Department of Revenue for collection. Payment in full is due immediately. Submit your full payment electronically by credit card (MasterCard or Visa) or EFW (electronic funds withdrawal) from your bank account by going to the agency's website at [www.dor.sc.gov](http://www.dor.sc.gov) and clicking on **Ⓢ DORePay**. Payment in full can be made by check, cashier's check or money order using the coupon below. Failure to comply within 20 days will result in enforced collection which includes garnishment of wages/commissions, bank levy and seizure of future state refunds. Enforced collection will continue until the balance is paid in full.

If unable to pay in full you may request to make monthly payments by filling in the blanks below and returning this notice to the address listed below. Upon approval, coupons will be mailed to you.

Monthly Payment Amount: \$ \_\_\_\_\_ Due by the \_\_\_\_\_ of each month. My phone number is: \_\_\_\_\_  
My Mailing Address is: \_\_\_\_\_

Contact the number listed above if you: 1) would like your payments to be automatically withdrawn from your checking or savings account each month, 2) received this notice in error, or 3) are unable to make monthly payments.

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

..... detach here .....

Complete the bottom of the notice as applicable. Detach and return with payment to the address below.

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

Receivable Number: ▶  
**File Number:**  
**Date of Notice:**  
**FEI/SSN:**  
**TOTAL AMT DUE:**

Agency: \_\_\_\_\_

**SUBMIT FULL PAYMENT USING THIS COUPON. MAIL COUPON OR  
REQUEST FOR MONTHLY PAYMENTS TO ADDRESS IN LEFT  
CORNER OF THIS COUPON.**

Date: \_\_\_\_\_

Amount Enclosed: ▶ \_\_\_\_\_



# Notice of Overpayment Applied to Debt

For Office Use Only

Date 01-26-15

M IIII IIT NOA  
JOE A DEBTOR  
MARY DEBTOR  
ABCD STREET  
ANYTOWN SC 12345-1111

Tax Year: 2014  
File Number: 00000000-0  
Taxpayer's SSN/FEIN: XXX-XX-0000  
Spouse's SSN/FEIN: XXX-XX-1111

Verify last four of SSN(s)

Dear Taxpayer(s):

Your 2014 individual income tax return has been processed. All or part of your refund has been applied to outstanding debt with the agency(s) listed below. Your refund has been reduced by a \$25 administrative fee. If you have any questions or wish to appeal, you must write or call the appropriate agency(s) listed below.

Under the provisions of Code Section 12-56-10 through 12-56-110 of the SC Code of Laws, the South Carolina Department of Revenue must apply your refund to outstanding debt.

**Total Amount Applied to Outstanding Debt:** 710.00 ← Amount includes \$25 SCDOR administrative fee  
Remaining Amount to be Refunded to You: .00 (\$685 + \$25)

AGENCY/INSTITUTION NAME TELEPHONE NUMBER	SSN OF DEBTOR	AMOUNT TRANSFERRED TO AGENCY/INSTITUTION
JASPER COUNTY EMS PO BOX 1509 RIDGELAND SC 29936 (843) 726-7816 SC ASSOC OF COUNTIES	XXX-XX-0000	179.43
JASPER COUNTY EMS PO BOX 1509 RIDGELAND SC 29936 (843) 726-7816 SC ASSOC OF COUNTIES	XXX-XX-1111	100.00
BEAUFORT MEMORIAL HOSPITAL POST OFFICE BOX 1085 BEAUFORT SC 29901 (843) 522-5150	XXX-XX-0000	405.57

Debt amount per agency.  
Total amount of listed debts  
above equal \$685.00

Claimant agency  
contact information



State of South Carolina  
Department of Revenue  
**NOTICE OF LEVY ON  
WAGES, SALARY**

**AW-127**

(Rev. 7/30/14)  
2045

**SECOND COPY TO BE PROVIDED TO EMPLOYEE**

DATE OF NOTICE: 2/25/2015

ACCT: 00000000-0

FEI/SSN: XXX-XX-0000

LIABLE PARTY: DEBTOR JOE A

ATTENTION TO  
EMPLOYER NAME  
MAILING ADDRESS  
CITY, ST AND ZIP

↖ Debtor's Name

↑  
Debtor's SSN

DIST CODE	PERIOD ENDED	RECEIVABLE NUMBER	DEBT DUE	PENALTY	INTEREST	COSTS	TOTALS DUE
AGCY	12/14	012345678	179.43	0.00	0.00	0.00	179.43
AGCY	12/14	987654321	405.57	0.00	0.00	0.00	405.57
AGCY	12/14	101010101	100.00	0.00	0.00	0.00	100.00
TOTALS:			685.00	0.00	0.00	0.00	685.00

↑

AGCY code indicates  
outside claimant agency.

↑

Individual and  
total amount of  
debt to be  
garnished.

**Employer:**

This employee owes the listed amount to the South Carolina Department of Revenue, which may include penalty, interest, and/or costs. As the employer, you are required by law to withhold gross wages or compensation due or to become due until this individual's balance has been paid in full (see item 2A below).

1. If no wages are due or are to become due to the employee, indicate the reason below and return this notice:

- No longer employed as of: \_\_\_\_\_  New employer's name/address: \_\_\_\_\_
- On unpaid leave/off payroll until: \_\_\_\_\_

2. If wages are due or to become due to the employee, follow the instructions below:

- a. If "Dist Code" column indicates "AGCY" withhold 25% percent of compensation **after** deductions for federal, state and FICA withholding. **Otherwise, withhold 25% of GROSS compensation.**
- b. Payments should be made payable to the SC Department of Revenue and submitted each pay period or monthly. Include a copy of this notice with payment or provide the following information: **Employee's Name, Social Security Number (in full), or a Receivable Number (shown above) and Amount of Payment enclosed.**
- c. **Call for Final Garnishment Balance** if amount is not paid within 30 days of this notice.
- d. **YOU ARE REQUIRED TO WITHHOLD ALL COMPENSATION** up to the remaining balance owed if the named employee is terminated, leaves your employment for any reason, or notifies you of the intention to do so before the full liability is satisfied.

**Failure to comply** (Code Section 12-54-135(A)):

- 1. The employer will be held responsible for the amount(s) not remitted.
- 2. DOR will notify the employer of failure to comply and enforce collection activity, which can include notice of lien and bank garnishment.

**REMIT THE AMOUNTS ABOVE TO:**

S.C. DEPARTMENT OF REVENUE  
DEPT. 00/A/01  
PO BOX 125  
COLUMBIA, SC 29214

See reverse side for more information

**FOR ASSISTANCE CONTACT:**

MARK A COLLECTOR  
PHONE: (803) 898-5000  
FAX: (803) 898-5000

Who debtor  
should contact  
at SCDOR for  
assistance.