

## **What is an income tax intercept program?**

If you owe money to the government or owe back child support, the government can take your income tax refund to pay the money you owe. This is called a “tax intercept.” Your income tax refund will be taken and sent to the agency you owe money to. You will not even receive the tax refund check. Only state and federal governments can intercept your tax refund. Private collection agents cannot intercept your tax refund.

## **What if I don’t think I owe the debt?**

The notice that you receive will tell you how to appeal the tax intercept and the deadline for your appeal. It will also tell you the name of the agency claiming the debt and the amount of the debt. If you disagree with the debt itself or the tax intercept, you should appeal by making a written request for a hearing before the deadline expires. You generally have 30 days to appeal, but check the notice carefully to see what it says.

If you can prove that you have already paid the debt, you should bring proof of payment to the hearing. If you have been making payments, it is possible that the tax intercept request was submitted before all of your payments were received. You would be entitled to a refund from the government agency if you have paid more than you owed.

If you disagree that you ever owed the money, you should immediately contact your local legal

services office or a private attorney for help. You may be too late to argue about the debt, depending on when you first received ANY notice about the debt. If you did not appeal the first time you received notice of the debt, you might have to be responsible for the debt even if you do not think you owe the money.

## **How far back can the government go to collect a debt using the tax intercept program?**

Generally, they can collect the judgment from you for 10 years, and, in some cases, even longer. If you receive notice that the government is trying to collect a judgment that is more than 10 years old, you should contact a private attorney or your local legal services program.

Different rules apply to child support debts. The state can collect back child support even when you are no longer obligated to pay current child support. Different rules may also apply to the collection of student loans.

## **What if my tax refund is taken for money that my spouse owes?**

If your tax refund is taken for money that your spouse owes, you are what is called an “injured spouse.” Both the state and federal programs allow an “injured” spouse to request that his/her refund be released. You can apply for your portion of the refund based on your portion of the taxable income. For example, if you earned 50% of the taxable income in that year, you should be able to get 50% of the income tax refund released to you. You should

request a form from the tax agency to apply for the release of your portion of the refund. It may also be necessary for you to file a written statement asking for the release of your money to the agency that is trying to take the money. **YOU SHOULD DO THIS IMMEDIATELY.**

## **What if I agree that I owe the money?**

You will not get your refund back in the current year, unless your refund is more than the debt owed. However, if you still owe money, you can agree to a payment plan to take care of the debt. This may not stop future tax intercepts, but it would allow you to have more control over how you pay the debt.

## **Will filing bankruptcy stop a tax intercept?**

Filing bankruptcy will stop a tax intercept only if you are able to discharge, or get rid of the debt in bankruptcy. Under law, certain debts, such as taxes and student loans may not be dischargeable. Child support is never dischargeable in bankruptcy, so filing bankruptcy will NOT stop a tax intercept for unpaid child support. Even if you cannot prevent a tax intercept, bankruptcy may help you by discharging other debts (credit card, medical, loan, etc.) Check with a bankruptcy attorney for more information.

## **What else can I do about a tax intercept?**

Even if you cannot stop the intercept, you may

be able to lower the amount of money that is taken by a tax intercept. If you owe the debt and know that a tax intercept is in place, you can, in many cases, adjust your wage withholdings so that you have less money withheld from your paycheck for taxes. You will then get less of a refund, and there will thus be less money that can be taken through the tax intercept. (Make sure you have enough withheld to pay your income taxes, however, so you do not owe income taxes at the end of the year).

If you are eligible for an earned income tax credit, file a W-5 form with your employer so that you receive the benefits of the tax credit throughout the year.

Keep track of all money that is taken through a tax intercept and make sure it is applied to your debt.

**My ex-spouse owes me back child support.  
Can I have his tax refund intercepted?**

You can if you sign up with the Prosecutor's office, Child Support Division ("IV-D") agency. You cannot have your former spouse's refund intercepted yourself, but the IV-D agency can. Contact your local Prosecutor's office, child support division, for more information.

**ILS CONTACT NUMBERS**

**Bloomington:**  
(812) 339-7668  
1-800-822-4774

**Columbus:**  
(812) 372-6918  
1-866-644-6407

**Evansville:**  
(812) 426-1295  
1-800-852-3477

**Fort Wayne:**  
(260) 424-9155  
1-888-442-8600

**Gary:**  
(219) 886-3161  
1-888-255-5104

**Hammond:**  
(219) 853-2360

**Indianapolis:**  
(317) 631-9410  
1-800-869-0212

**Lafayette:**  
(765) 423-5327  
1-800-382-7581

**New Albany:**  
(812) 945-4123  
1-800-892-2776

**South Bend:**  
(574) 234-8121  
1-800-288-8121

# INCOME TAX INTERCEPT PROGRAMS

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