



Federal Payment Levy Program

In July 2000, the IRS, in conjunction with the Department of the Treasury, Bureau of Fiscal Service (BFS), started the Federal Payment Levy Program (FPLP) which is authorized by Internal Revenue Code Section 6331 (h), as prescribed by the Taxpayer Relief Act of 1997 Section 1024. Through this program, we can collect your overdue taxes through a continuous levy on certain federal payments disbursed by BFS. The following is a list of federal payments that can be levied through the FPLP:

- Federal employee retirement annuities,
- Federal payments made to you as a contractor/vendor doing business with the government (including Defense contracts),
- Federal employee travel advances or reimbursements,
- Certain [Social Security benefits](#) paid to you,
- Some federal salaries,
- Medicare provider and supplier payments.
- Railroad Retirement Board benefits paid to you.
- Military Retirement

In the future, the program will expand to include additional federal employee salaries and other types of federal payments.

Federal payments to a delinquent taxpayer will not be included in the program in certain circumstances. These circumstances include, when you are in bankruptcy, have applied for relief as an innocent or injured spouse, made alternative arrangements to pay, or the IRS has determined you are in a hardship situation.

As part of this program, a file of delinquent accounts is transmitted to BFS to be matched against pending federal payments you are due. When a match is found, we send you a [Final Notice - Notice of Intent to Levy and Notice of Your Right to a Hearing, CP 90 or CP 297](#), if another Final Notice has not already been issued. See [Tax Information for Appeals](#) for additional information about your right to a hearing.

If we don't hear from you within 30 days from the date of the Final Notice, we will transmit the levy electronically to BFS. This applies to all federal payments that can be levied except for certain Social Security benefits. See [Publication 594, The IRS Collection Process](#), and [Publication 1, Your Rights as a Taxpayer](#), for additional information.

A levy may be transmitted to BFS without issuing a Final Notice if you previously requested a Collection Due Process (CDP) hearing on employment taxes. The Small Business and Work Opportunity Tax Act of 2007 amended I.R.C. Section 6330(f) and permits such a levy. If you requested a CDP hearing on previous employment taxes NO MORE THAN 2 years prior to the employment taxes being levied, we will send you a [Notice of Levy and Notice of Your Right to a Hearing, CP 297A](#).

A levy may be transmitted to BFS without issuing a Final Notice if you or your predecessor is a Federal contractor. The Small Business Jobs Act of 2010 amended IRC Section 6330(f) and permits the IRS to issue such a levy. We will send you a post levy notice, Notice of Levy and Notice of Your Right to a Hearing, CP 90C or CP 297C.

From that point on, BFS may reduce any federal payments subject to the levy by 15 percent, or the exact amount of tax owed if it is less than 15 percent of the payment. In 2017, we began the process of levying 15 percent of Military retirement payments. Some contract/vendor payments, however, will be reduced by 100 percent, or the exact amount of tax owed. For the Center for Medicare and Medicaid Services (CMS), we increased the amount of the federal payment levy for Medicare Providers from 15 percent to 30 percent, or the exact amount of the tax owed if it is less than the 30 percent of the payment. The increase was due to the Achieving A Better Life Experience (ABLE) Act of 2014, Provision 209. The Medicare Access and CHIP Reauthorization Act of 2015 increased the amount of the federal payment levy for Medicare Providers from 30% to 100%. The 100% levy was implemented for the FPLP October 23, 2015. The levy is continuous until your overdue taxes are paid in full, or other arrangements are made to satisfy the debt. Each time your federal payment is levied, BFS will send you a letter of explanation, including information on which federal payment was levied, and advise you to contact us for resolution.

Contact us toll-free at 1-800-829-7650 or 1-800-829-3903 to resolve the issue by paying the tax bill, entering into an installment agreement, or proposing an Offer in Compromise. Please do not contact the BFS, OPM, SSA, or any other federal agency. See [Topic 202, What to Do if You Can't Pay Your Tax](#), and [Topic 204, Offers In Compromise](#), for additional information.

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