

Chief Counsel or his or her designee. Notwithstanding the foregoing proviso, no such recommendation shall be required with respect to the termination of collection activity on any claim in which the unpaid amount of the debt is \$300 or less.

§ 5.25 Definitions.

For purposes of this subpart:

Commissioner means the Commissioner of the Internal Revenue Service.

Debt means money owed by an individual from sources which include loans insured or guaranteed by the United States and all other amounts due the U.S. from fees, leases, rents, royalties, services, sales of real or personal property, overpayments, penalties, damages, interest, fines, forfeitures (except those arising under the Uniform Code of Military Justice), administrative costs and all other similar sources.

Memorandum of Understanding (MOU or agreement) means the agreement between the IRS and the individual bureaus which prescribes the specific conditions the bureaus must meet before the IRS will accept referrals for tax refund offsets.

§ 5.26 Preconditions for Department participation.

(a) The Department, through the individual bureaus, will provide information to the Service within the time frame prescribed by the Commissioner of the IRS to enable the Commissioner to make a final determination as to the each bureau's participation in the tax refund offset program. Such information shall include a description of:

- (1) The size and age of the bureau's inventory of delinquent debts;
- (2) The prior collection efforts that the inventory reflects; and
- (3) The quality controls the bureau maintains to assure that any debt the bureau may submit for tax refund offset will be valid and enforceable.

(b) In accordance with the timetable specified by the Commissioner, the bureau will submit test magnetic media to the IRS, in such form and containing such data as the IRS shall specify.

(c) The bureau shall establish a toll free telephone number that the IRS

will furnish to individuals whose refunds have been offset to obtain information from the bureau concerning the offset.

(d) The bureau shall enter into a separate agreement with the IRS to provide for reimbursement of the Service's cost of administering the pilot tax refund offset program in 1987.

§ 5.27 Procedures.

(a) The bureau head or his or her designee shall be the point of contact with the IRS for administrative matters regarding the offset program.

(b) The bureaus shall ensure that:

(1) Only those past-due legally enforceable debts described in § 5.23(b) are forwarded to the IRS for offset; and

(2) The procedures prescribed in the MOU between the bureau and the IRS are followed in developing past-due debt information and submitting the debts to the IRS.

(c) The bureau shall submit a notification of a taxpayer's liability for past-due legally enforceable debt to the IRS on magnetic media as prescribed by the IRS. Such notification shall contain:

(1) The name and taxpayer identifying number (as defined in section 6109 of the Internal Revenue Code) of the individual who is responsible for the debt;

(2) The dollar amount of such past-due and legally enforceable debt;

(3) The date on which the original debt became past-due;

(4) The designation of the referring bureau submitting the notification of liability and identification of the referring agency program under which the debt was incurred;

(5) A statement accompanying each magnetic tape by the referring bureau certifying that, with respect to each debt reported on the tape, all of the requirements of eligibility of the debt for referral for the refund offset have been satisfied. See § 5.23(b).

(d) A bureau shall promptly notify the IRS to correct Treasury data submitted when the bureau:

(1) Determines that an error has been made with respect to a debt that has been referred;

(2) Receives or credits a payment on such debt; or