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# Treasury Financial Manual

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Bulletin No. 2007-05

Volume I

Retention: December 31, 2007

**To: Heads of Government Departments, Agencies, and Others Concerned**

**Subject: Federal Agency Electronic Data Interchange (EDI) Payments Subject to Offset Through the Treasury Offset Program (TOP)**

## 1. Purpose

This bulletin provides instructions to Federal agencies on preparing vouchers for Treasury to disburse EDI payments so that Treasury may offset or levy those payments in accordance with applicable laws. **This bulletin only applies to Federal agencies that submit requests to Treasury for disbursement of payments using the EDI 820 or EDI Flat File formats. Federal agencies that do not send payments to Treasury using the EDI 820 or EDI Flat File formats do not need to take any action.**

This bulletin implements the provisions of TFM Volume I, Bulletin No. 2005-07: Instructions for Submitting Vendor Payment Requests, Section 3d. Agencies are encouraged to re-review the requirements of TFM Volume I, Bulletin No. 2005-07 in its entirety at <http://www.fms.treas.gov/tfm/vol1/05-07.html>. In addition, this bulletin supplements the requirements in TFM Volume I, Part 4, Chapter 2000: Payment Issue Disbursing Procedures, regarding the Federal Government's disbursing practices. It relates to the following Financial Management Service (FMS) guidelines and specifications:

- ASC X12 820 Payment Orders — Used to generate Corporate Trade Exchange (CTX), Cash Concentration/Disbursement Plus Addenda (CCD+), CCD+/Tax Payment (TXP), and Prearranged Payment and Deposit Plus Addenda (PPD+) payments.
- Flat File Payment Order — Also used to generate CTX payments. The Flat File Payment Order is for non-EDI-capable agencies.

These payment formats are available on the FMS Web site at <http://www.fms.treas.gov/ctx/formats.html>. They include the Payment Type and TOP Eligibility Code fields, which conform to this bulletin.

## 2. Background

The Debt Collection Improvement Act of 1996 (DCIA) requires that Federal disbursing officials offset an eligible Federal payment to satisfy a delinquent non-tax debt that a Federal agency has certified to Treasury is owed by the payee to the United States (31 U.S.C. 3716 (c)). Disbursing officials also offset some Federal payments to satisfy delinquent debts owed to States, including child support debts (31 U.S.C. 3716 (h)). Offsets performed under this authority are referred to as "centralized offsets." FMS has promulgated regulations governing centralized offsets at 31 CFR Part 285, Subpart A. 31 CFR 285.5(e) provides general requirements for payment-certifying agencies.

FMS and other disbursing officials also reduce Federal payments that are subject to offset to collect delinquent Federal taxes pursuant to the Taxpayer Relief Act of 1997 (26 U.S.C. 6331 (h)).

FMS is responsible for implementing the DCIA, including the centralized offset authority. Pursuant to 31 CFR 285.5(e)(8), agencies must identify and certify payments as either legally eligible or legally ineligible for offset. As prescribed by FMS, agencies use the Federal agency payment formats to identify and certify payments for offset. EDI 820 and EDI Flat File payment formats for all EDI payment types are available on the FMS Web site at <http://www.fms.treas.gov/ctx/formats.html>.

**Note:** These payment formats have been changed from previously published versions to include data fields necessary to identify the payments as either legally eligible or legally ineligible for offset.

### 3. Coverage

This bulletin applies to EDI payment requests to Treasury Regional Financial Centers (RFCs). Agencies primarily make EDI payments in the CTX format for vendor payments; however, the EDI formats also are used for various Federal program expenditures, including allotments and employee travel reimbursements. All agencies must ensure that payments are classified correctly using the *Federal Agency Guidance for Classifying Payments*, which provides guidance to Federal agencies on how to classify and code their vendor and miscellaneous payments. To access these guidelines, see the FMS Web site at <http://www.fms.treas.gov/eft/regulations/FPAPaymentClassificationGuidance.pdf>.

### 4. Policy

All Federal agencies that submit requests to Treasury for disbursement of payments utilizing the EDI 820 or EDI Flat File formats must comply with the revised payment formats, available at <http://www.fms.treas.gov/ctx/formats.html>. A summary of the changes to the formats is as follows:

#### a. ASC X12 820 Payment Orders:

Beginning Segment for Payment Order/Remittance Advice (BPR) 17 must contain the value “VEN” if the payment is a vendor payment or “PCS” if the payment is a child support payment. If the payment is a miscellaneous payment, which may include an allotment or an employee travel reimbursement, the BPR 17 is omitted. The use of “TAX” or “PEN” in BPR 17 is not allowed. “TAX” indicates an IRS tax refund payment. IRS is not using an EDI 820 payment format for tax refund payments; therefore, “TAX” is not an appropriate or allowed value at this time. “PEN” indicates a pension payment to an individual benefit payment recipient. There are no benefit agencies using an EDI 820 payment format for benefit payments; therefore, “PEN” is not an appropriate or allowed value at this time.

If BPR 17 is omitted to indicate a miscellaneous payment, BPR 18 and 19 **must** be present.

BPR 18 must contain the value “ZZ”.

BPR 19 must contain the TOP Eligibility Code: “YES” = Eligible for Offset, or “NOT” = Not Eligible for Offset. If the full payment amount is not legally eligible to be 100 percent offset, place “NOT” in this field.

Miscellaneous payments that do not contain BPR 18 and BPR 19 will be treated as vendor payments and will be subject to offset.

#### **b. Flat File Payment Orders:**

Field 4 of the Payment Record (Line Code) must contain the code for the type of payment: “V” = vendor payments, “M” = miscellaneous payments.

Field 12 of the Payment Record (Eligible for Offset Code) must contain the offset eligibility code: “Y” = Eligible for Offset, or “N” = Not Eligible for Offset.

Use the appropriate EDI 820 or EDI Flat File formats as published at <http://www.fms.treas.gov/ctx/formats.html>.

FMS maintains a list of payments currently exempt from offset on the FMS Web site at <http://www.fms.treas.gov/debt/dmexmpt.doc>. If an agency believes that a payment should be exempted from offset, it must follow the requirements set forth in 31 CFR 285.5(e)(7) and the procedures set forth in *Standards and Procedures for Exemption of Classes of Payments From Centralized Administrative Offset Under the Debt Collection Improvement Act of 1996*, on the FMS Web site at <http://www.fms.treas.gov/debt/dmexem.doc>.

#### **Note**

- FMS presumes that all vendor and employee travel reimbursement payments are legally subject to offset, and presumes that all miscellaneous payments are legally subject to offset unless the Federal agency indicates there is a legal bar to offsetting all or a portion of a payment by filling in the eligibility code field with “Not” or “N”, as applicable. Agencies should consult with their legal counsel to determine if a particular payment or payment type is legally eligible for offset.
- Agencies are responsible for correctly identifying their payments as legally eligible or ineligible for offset. Failure to comply with this requirement may result in payments being offset that are not legally eligible for offset.

## **5. Implementation**

EDI payment formats have been changed to allow agencies to correctly classify payments as vendor or miscellaneous and to properly indicate if payments are legally eligible or ineligible for offset. Agencies are required to complete applicable programming changes and complete testing of these changes with their servicing RFC by November 1, 2007. Agencies that are currently testing EDI payment formats with their servicing RFC also must comply with the format requirements of this bulletin by November 1, 2007.

- November 1, 2007 – All agencies submitting EDI payment files have completed programming and testing of EDI payment file format changes.
- December 1, 2007 – FMS begins offset processing for all EDI payment files.

## 6. Compliance

FMS will monitor agency compliance with this requirement and provide assistance to agencies not in compliance or that request such assistance. FMS will begin offset processing for all EDI payment files as of December 1, 2007.

## 7. Effective Date

This bulletin is effective immediately.

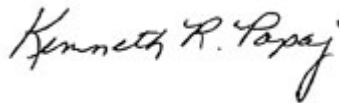
## 8. Inquiries and Assistance

Direct general inquiries relating to FMS's debt management operations, initiatives, or requests for assistance to Debt Management Services at 202-874-0540.

Direct inquiries relating to this bulletin and agency payment file formats to Austin Financial Center contact Joan Harper (telephone: 512-342-7307; e-mail: joan.harper@fms.treas.gov).

To coordinate testing of modified payment files for agencies sending EDI payment files to the Austin Financial Center, contact Billy Reed (telephone: 512-342-7399; e-mail: billy.reed@fms.treas.gov).

To coordinate testing of modified payment files for agencies sending EDI payment files to the Kansas City Financial Center, contact Denise Quirarte (telephone: 816-414-2333; e-mail: denise.quirarte@fms.treas.gov).



Date: January 12, 2007

Kenneth R. Papaj  
Commissioner