



DEFENSE FINANCE AND ACCOUNTING SERVICE
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APR - 4 2006

DFAS-DOP

MEMORANDUM FOR DIRECTOR, ACCOUNTING AND FINANCE POLICY AND
ANALYSIS, OFFICE OF THE UNDER SECRETARY OF
DEFENSE (COMPTROLLER)
DIRECTOR, FINANCE, DEFENSE FINANCE AND
ACCOUNTING SERVICE

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation,
Volume 7A, Implements new Remission and Indebtedness Authority (DFAS Item
P-59)

Attached is Interim Change 21-06 to Chapter 50 of the Department of Defense Financial Management Regulation (DoDFMR), Volume 7A. This change implements the new remission authority provided in Public Law 109-163, Section 683 for indebtednesses occurring on or after October 7, 2001.

We have evaluated your comments on the proposed change and included your comments where appropriate. Assignment of the interim change number is your authority to initiate a procedural modification to implement this change. It is requested that the Director for Accounting and Finance Policy and Analysis post a copy of this interim change to the DoDFMR web site.

A handwritten signature in black ink, appearing to read "Lydia Moschkin".

Lydia Moschkin
Director, Policy and
Performance Management

Attachment:
As stated

cc:
DFAS-PM/IN (Cindy Garcia)
DFAS-DE/DGM
DFAS-PMA/CL
DoD-DHRA/OGC
ODUSD(MPP)(Comp)
Service Liaisons
USCG/NOAA/PHS Liaison

REMISSION AND CANCELLATION OF INDEBTEDNESS**1. Revise caption to Section 5004 as follows:**5004 **REMISSION AND CANCELLATION OF INDEBTEDNESS****2. Renumber 500401 as 500402 and revise the paragraph caption to read:**500402. Eligible Applicants Effective January 1, 2008

(Subparagraphs A and B to the new paragraph 500402 (old paragraph 500401) remain unchanged.)

3. Add the following new paragraph 500401 as follows:

500401. Authority (Effective Through December 31, 2007). If the Secretary of the Military Department considers it to be in the best interest of the United States, the Secretary may remit or cancel any part of the indebtedness of a military member, to the United States or any instrumentality of the United States. This authority may be exercised with respect to any debt incurred on or after October 7, 2001. The Secretary may exercise this authority:

A. While the member is on active duty or in active status,

B. If discharged from the armed forces under honorable conditions, during the one-year period beginning on the date of such discharge; or

C. If released from active status in a reserve component, during the one-year period beginning on the date of such release.

3. Renumber paragraph 500402 and 500403 as 500403 and 500404.**4. Add the following to the bibliography:****Paragraph****Citation**

500401

Public Law 109-163, Section 683, January 6, 2006

SEC. 683. EXPANSION OF AUTHORITY TO REMIT OR CANCEL INDEBTEDNESS OF MEMBERS OF THE ARMED FORCES INCURRED ON ACTIVE DUTY.

(a) **INDEBTEDNESS OF MEMBERS OF THE ARMY.**—(1) **AUTHORITY.**—Section 4837 of title 10, United States Code, is amended to read as follows:

“§ 4837. Settlement of accounts: remission or cancellation of indebtedness of members

“(a) **IN GENERAL.**—If the Secretary considers it to be in the best interest of the United States, the Secretary may have remitted or cancelled any part of the indebtedness of a member of the Army on active duty, or a member of a reserve component of the Army in an active status, to the United States or any instrumentality of the United States incurred while the member was serving on active duty.

“(b) **PERIOD OF EXERCISE OF AUTHORITY.**—The Secretary may exercise the authority in subsection (a) with respect to a member—

“(1) while the member is on active duty or in active status, as the case may be;

“(2) if discharged from the armed forces under honorable conditions, during the one-year period beginning on the date of such discharge; or

“(3) if released from active status in a reserve component, during the one-year period beginning on the date of such release.

“(c) **RETROACTIVE APPLICABILITY TO CERTAIN DEBTS.**—The authority in subsection (a) may be exercised with respect to any debt covered by that subsection that is incurred on or after October 7, 2001.

“(d) **REGULATIONS.**—This section shall be administered under regulations prescribed by the Secretary of Defense.”.

(2) **CLERICAL AMENDMENT.**—The item relating to that section in the table of sections at the beginning of chapter 453 of such title is amended by striking the penultimate word.

(3) **TERMINATION.**—The amendments made by this subsection shall terminate on December 31, 2007. Effective on that date, section 4873 of title 10, United States Code, as in effect on the day before the date of the enactment of this Act shall be revived.

(b) **INDEBTEDNESS OF MEMBERS OF THE NAVY.**—(1) **AUTHORITY.**—Section 6161 of title 10, United States Code, is amended to read as follows:

“§ 6161. Settlement of accounts: remission or cancellation of indebtedness of members

“(a) **IN GENERAL.**—If the Secretary of the Navy considers it to be in the best interest of the United States, the Secretary may have remitted or cancelled any part of the indebtedness of a member of the Navy on active duty, or a member of a reserve component of the Navy in an active status, to the United States or any instrumentality of the United States incurred while the member was serving on active duty.

“(b) **PERIOD OF EXERCISE OF AUTHORITY.**—The Secretary of the Navy may exercise the authority in subsection (a) with respect to a member—“(1) while the member is on active duty or in active status, as the case may be;

“(2) if discharged from the armed forces under honorable conditions, during the one-year period beginning on the date of such discharge; or

“(3) if released from active status in a reserve component, during the one-year period beginning on the date of such release.

“(c) **RETROACTIVE APPLICABILITY TO CERTAIN DEBTS.**—The authority in subsection (a) may be exercised with respect to any debt covered by that subsection that is incurred on or after October 7, 2001.

“(d) **REGULATIONS.**—This section shall be administered under regulations prescribed by the Secretary of Defense.”.

(2) *CLERICAL AMENDMENT.*—The item relating to that section in the table of sections at the beginning of chapter 561 of such title is amended by striking the penultimate word.

(3) *TERMINATION.*—The amendments made by this subsection shall terminate on December 31, 2007. Effective on that date, section 6161 of title 10, United States Code, as in effect on the day before the date of the enactment of this Act shall be revived.

(c) *INDEBTEDNESS OF MEMBERS OF THE AIR FORCE.*—(1) *AUTHORITY.*—Section 9837 of title 10, United States Code, is amended to read as follows:

“§ 9837. Settlement of accounts: remission or cancellation of indebtedness of members

“(a) *IN GENERAL.*—If the Secretary considers it to be in the best interest of the United States, the Secretary may have remitted or cancelled any part of the indebtedness of a member of the Air Force on active duty, or a member of a reserve component of the Air Force in an active status, to the United States or any instrumentality of the United States incurred while the member was serving on active duty.

“(b) *PERIOD OF EXERCISE OF AUTHORITY.*—The Secretary may exercise the authority in subsection (a) with respect to a member—

“(1) while the member is on active duty or in active status, as the case may be;

“(2) if discharged from the armed forces under honorable conditions, during the one-year period beginning on the date of such discharge; or

“(3) if released from active status in a reserve component, during the one-year period beginning on the date of such release.

“(c) *RETROACTIVE APPLICABILITY TO CERTAIN DEBTS.*—The authority in subsection (a) may be exercised with respect to any debt covered by that subsection that is incurred on or after October 7, 2001.

“(d) *REGULATIONS.*—This section shall be administered under regulations prescribed by the Secretary of Defense.”.

(2) *CLERICAL AMENDMENT.*—The item relating to that section in the table of sections at the beginning of chapter 953 of such title is amended by striking the penultimate word.

(3) *TERMINATION.*—The amendments made by this subsection shall terminate on December 31, 2007. Effective on that date, section 9873 of title 10, United States Code, as in effect on the day before the date of the enactment of this Act shall be revived.