



U.S. Department of Agriculture
National Finance Center
Government Employee Services Division
Government Insurance and Collections Directorate
Debt Management Services Branch
P.O. Box 61765
New Orleans, LA 70161

Year-End Salary Offset Tax Reminder

This bulletin is to remind Agency personnel that bills established in calendar year 2023, **related to gross income adjustments**, should be paid in full by December 31, 2023, to avoid negative tax consequences. Bills established for premiums for Federal Employees Health Benefits (FEHB) will not have gross income implications, if being garnished as a pre-tax benefit.

Since the year-end processing for W-2s begins on December 23, 2023, those employees who received a “Notice of Overpayment of Salary and Demand for Payment” related to gross income adjustments, need to be aware if the debt is not paid in full by December 20, 2023, the outstanding amount of the debt will be added to the gross income amount on their W-2 at year-end. This is necessary since the gross overpayment and all deductions were removed from the employee’s W-2 in the Pay Period that the debt was processed. Consequently, if possible, bills impacting gross income should not be established at or near the end of the calendar year.

After discussing the information above with your employees, some may wish to have offsets taken from their salary as follows:

- (1) In an earlier Pay Period than that for which it is scheduled, or
- (2) For the full amount of the outstanding debt.

The Servicing Personnel Office should submit the request to the National Finance Center (NFC) **on or before December 20, 2023**, through the ServiceNow Customer Service Portal (CSP).

- (3) Employees can also submit an electronic payment via Pay.gov **on or before December 20, 2023**.

- Log on to Pay.gov at <https://pay.gov>.
- Type NFC in the Search box and press Search button.
- At Search Results press applicable form button for USDA National Finance Center Debt Collection Form for **NON-IRS Employees only** or **IRS Employees Only**.

Please **include the Debtor Number and the Bill Number** on the Pay.gov form.

- (4) If the employee wishes to *write a check for the full amount of the outstanding debt*, the check must be **received by NFC on or before December 20, 2023**. Note: If the check is received by NFC **after December 20, 2023, but not later than December 31, 2023**, a correction will be made and a 2023 W-2C will be issued.

Checks should be mailed to the following address:

USDA-NFC Administrative Collections
P. O. Box 790342
St. Louis, MO 63179-0342

Please instruct the employee to **include the Debtor Number and the Bill Number** with the check.



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The establishment of the **Notice of Overpayment of Salary and Demand for Payment** letter results in a reduction to the employee's W-2. The table below depicts the beginning offset and the date the garnishments will occur.

Bill Aging Date	Pay Period of Offset	Garnishment Date
11/15/2023	26	01/08/2024
12/1/2023	27	01/22/2024
12/16/2023	01	02/05/2024

This delay in offset is required under the Debt Collection Improvement Act of 1996. Since these garnishments will occur after the tax year-end processing on December 23, 2023, the outstanding amount of the debt will be added to the gross income amount on the W-2 unless one of the following occurs:

1. Notify NFC by December 20, 2023, to garnish the entire bill in pay period 25/2023, or
2. Employees can submit an electronic payment via Pay.gov **on or before December 20, 2023.**
 - Log on to Pay.gov at <https://pay.gov>.
 - Type NFC in the Search box and press Search button.
 - At Search Results press applicable Form button for USDA National Finance Center Debt Collection Form for **NON-IRS Employees only** or **IRS Employees Only.**

Please **include the Debtor Number and the Bill Number** on the Pay.gov form.

3. Employees can send a personal check to NFC no later than December 20, 2023.

Checks should be mailed to the following address:

**USDA-NFC Administrative Collections
P.O. Box 790342
St. Louis, MO 63179-0342**

Please instruct the employee to **include the Debtor Number and the Bill Number** with the check.

If checks are received by NFC after December 20, 2023, **but not later than December 31, 2023**, a correction will be made and a 2023 W-2C will be issued.

Year-End Salary Offset Tax Matter

Agencies serviced by NFC should discuss with their employees the tax consequences to those individuals who received salary offset notices during the current calendar year.

Those employees who received notices need to be aware that if the debt is not paid in full by December 31, 2023, the outstanding amount of the debt will be added to the gross income amount on their W-2. This is necessary since the gross overpayment and all deductions were removed from the employee's W-2 file in the pay period that the debt was established.