

## CHAPTER 4

## PAYMENT OF DELINQUENT FEDERAL TAXES

**40401. Voluntary Liquidation**

A member may execute an agreement with the Internal Revenue Service (IRS) to pay delinquent taxes by monthly deductions from retired pay. Agreements are made by executing an IRS Form 2159. A member may cancel an agreement before the tax indebtedness is completely liquidated. This indebtedness is not increased periodically to include additional accrued interest and/or penalty expenses. Process

the agreement as a class T allotment. However, if the period is less than 3 months, the disbursing officer may remit the monthly deduction from retired pay to the appropriate IRS office.

**40402. Involuntary Liquidation**

Delinquent federal taxes involuntarily liquidated are not treated as allotments. See part six, chapter 2.

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