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.