

CHAPTER 22

PAYMENT OF DELINQUENT FEDERAL TAXES2201 VOLUNTARY LIQUIDATION

A retiree 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 retiree 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. Agreements are processed as follows:

220101. Army and Air Force. Process as a class T allotment.

220102. Navy and Marine Corps. Process as a class T allotment if the period of liquidation is 3 months or longer. If the period is less than 3 months, the disbursing officer remits the monthly deduction from retired pay to the appropriate IRS office.

2202 INVOLUNTARY LIQUIDATION

Delinquent federal taxes involuntarily liquidated are not treated as allotments. See Chapter 28 of this volume.