

the amount from the debtor's disposable pay if the debt was caused by:

(A) An intentional false statement by the debtor, or

(B) The debtor's willful concealment of, or failure to furnish, material information.

(2) "Willful concealment" means an intentional, knowing and purposeful delay in providing, or failure to reveal, material information.

(e) *Refunds*. Treasury will promptly refund to the debtor any amounts collected that the debtor does not owe. Refunds do not bear interest unless required or permitted by law or contract.

§ 422.833 Administrative wage garnishment for administrative debts.

(a) *Purpose*. This part prescribes the standards and procedures for collecting money from a debtor's disposable pay by means of Administrative Wage Garnishment to satisfy delinquent non-tax debts owed to us, the Social Security Administration.

(b) *Authority*. These standards and procedures are authorized under the wage garnishment provisions of the Debt Collection Improvement Act of 1996, codified at 31 U.S.C. 3720D, and the Department of the Treasury's (Treasury) Administrative Wage Garnishment regulation at 31 CFR 285.11.

(1) This part will apply notwithstanding any provision of State law.

(2) Nothing in this part precludes the compromise of a debt or the suspension or termination of collection action in accordance with § 422.803 of this title or other applicable law or regulation, and the Commissioner has retained the authority. The Department of Justice has exclusive authority to suspend or terminate collection action on a debt affected by fraud.

(3) The receipt of payments pursuant to this part does not preclude us from pursuing other debt collection remedies, including the offset of Federal or State payments to satisfy delinquent non-tax debt owed to the United States. We will pursue such debt collection remedies separately or in conjunction with Administrative Wage Garnishment.

(4) This section does not apply to the collection of delinquent non-tax debts owed to the United States from the

wages of Federal employees from their Federal employment. Federal pay is subject to the Federal Salary Offset procedures set forth in 5 U.S.C. 5514 and other applicable laws.

(5) Nothing in this section requires us to duplicate notices or administrative proceedings required by contract or other laws or regulations.

(c) *Definitions*. In this section, the following definitions will apply:

(1) *Business day* means Monday through Friday. For purposes of computation, the last day of the period will be included unless it is a Federal legal holiday, in which case the next business day following the holiday will be considered the last day of the period.

(2) *Day* means calendar day. For purposes of computation, the last day of the period will be included unless it is a Saturday, Sunday, or a Federal legal holiday, in which case the next business day will be considered the last day of the period.

(3) *Debt* means an amount of funds or other property determined by an appropriate official of the Federal Government to be owed to the United States from any person, organization, or entity or any other debt that meets the definition of "claim" or "debt" under 31 U.S.C. 3701(b), excluding program overpayments made under title II or title XVI of the Social Security Act.

(4) *Debtor* means an individual who owes a delinquent non-tax debt to the United States.

(5) *Delinquent debt* means any non-tax debt that has not been paid by the date specified in the agency's initial written demand for payment, or applicable payment agreement or instrument, unless other satisfactory payment arrangements have been made. For purposes of this part, "delinquent" and "overdue" have the same meaning.

(6) *Disposable pay* means that part of the debtor's compensation (including, but not limited to, salary, bonuses, commissions, and vacation pay) from an employer remaining after the deduction of health insurance premiums and any amounts required by law to be withheld. For purposes of this part, "amounts required by law to be withheld" include amounts for deductions such as social security taxes and withholding taxes, but do not include any

Social Security Administration

§ 422.833

amount withheld pursuant to a court order.

(7) *Employer* means a person or entity that employs the services of others and that pays their wages or salaries. The term employer includes, but is not limited to, State and local Governments, but does not include an agency of the Federal Government as defined by 31 CFR 285.11(c).

(8) *Garnishment* means the process of withholding amounts from an employee's disposable pay and paying those amounts to a creditor in satisfaction of a withholding order.

(9) *Hearing* means a review of the documentary evidence concerning the existence or amount of a debt or the terms of a repayment schedule, provided such repayment schedule is established other than by a written agreement entered into pursuant to this part. If the hearing official determines that the issues in dispute cannot be resolved solely by review of the written record, such as when the validity of the debt turns on the issue of credibility or veracity, an oral hearing may be provided.

(10) *Hearing official* means an administrative law judge or appropriate alternate.

(11) *Treasury* means the Department of the Treasury.

(12) *Withholding order* for purposes of this part means "Wage Garnishment Order (SF329B)." Also for purposes of this part, the terms "wage garnishment order" and "garnishment order" have the same meaning as "withholding order."

(d) *General rule.* (1) Except as provided in paragraph (d)(2) of this section, whenever an individual owes a delinquent debt, the agency or another Federal agency collecting a debt on our behalf (see § 422.803) may initiate administrative proceedings to garnish the wages of the delinquent debtor.

(2) Treasury will not garnish the wages of a debtor who we know has been involuntarily separated from employment until the debtor has been re-employed continuously for at least 12 months. The debtor has the burden to inform the agency of the circumstances surrounding an involuntary separation from employment.

(e) *Notice*—(1) *Notice requirements.* At least 30 days before the initiation of garnishment proceedings, Treasury will mail, by first class mail, to the debtor's last known address, a notice informing the debtor of:

(i) The nature and amount of the debt;

(ii) The intention to initiate proceedings to collect the debt through deductions from pay until the debt and all accumulated interest, penalties, and administrative costs are paid in full;

(iii) The debtor's right:

(A) To review and copy our records related to the debt;

(B) To enter into a written repayment which is agreeable to the agency;

(C) To a hearing, in accordance with paragraph (f) of this section, concerning the existence or the amount of the debt or the terms of the proposed repayment schedule under the garnishment order, except that the debtor is not entitled to a hearing concerning the proposed repayment schedule if the terms were established by written agreement pursuant to paragraph (1)(iii)(B) of this section; and

(iv) The periods within which the debtor may exercise his or her rights.

(2) *Treasury will keep a copy of the dated notice.* The notice may be retained electronically so long as the manner of retention is sufficient for evidentiary purposes.

(f) *Hearing*—(1) *In general.* Upon timely written request of the debtor, Treasury will provide a paper or oral hearing concerning the existence or amount of the debt, or the terms of a repayment schedule established other than by written agreement under paragraph (e)(1)(iii)(B) of this section.

(2) *Request for hearing.* (i) The request for a hearing must be signed by the debtor, state each issue being disputed, and identify and explain with reasonable specificity all facts and evidence that the debtor believes support the debtor's position. Supporting documentation identified by the debtor should be attached to the request.

(ii) *Effect of timely request:* Subject to paragraph (e)(10) of this section, if the debtor's written request is received

on or before the 15 business days following the mailing of the notice required under this part, a withholding order will not be issued under paragraph (g) of this section until the debtor has been provided the requested hearing, and a decision in accordance with paragraphs (e)(7) and (8) of this section has been rendered.

(iii) Failure to timely request a hearing: If the debtor's written request is received after the 15th business day following the mailing of the notice required under this part, Treasury will provide a hearing to the debtor. However, Treasury may not delay the issuance of a withholding order unless they determine that the delay in submitting such request was caused by factors beyond the control of the debtor, or receive information that they determine justifies a delay or cancellation of the withholding order.

(3) *Oral hearing.* (i) For purposes of this section, a debtor will be provided a reasonable opportunity for an oral hearing when the hearing official determines that the issues in dispute cannot be resolved by review of the documentary evidence, such as when the validity of the claim turns on the issue of credibility or veracity.

(ii) If the hearing official decides to have a hearing, a debtor can specify to Treasury whether he or she wants to appear in person or by telephone. At the debtor's option, the oral hearing may be conducted in person or by telephone conference. The hearing official will notify the debtor of the date, time, and in the case of an in-person hearing, the location of the hearing. All travel expenses incurred by the debtor in connection with an in-person hearing will be borne by the debtor.

(4) *Paper hearing.* (i) If the hearing official determines an oral hearing is not required by this section, the hearing official will afford the debtor a paper hearing, that is, the issues in dispute will be decided based upon a review of the written record.

(ii) The hearing official will notify the debtor of the deadline for the submission of additional evidence if necessary for a review of the record.

(5) *Burden of proof.* (i) Treasury has the initial burden of proving the existence or amount of the debt.

(ii) Thereafter, if the debtor disputes the existence or amount of the debt, the debtor must present Treasury preponderant evidence that no debt exists or that the amount is incorrect. Debtors challenging the terms of a repayment schedule must provide preponderant evidence to Treasury that the terms of the repayment schedule are unlawful, would cause the debtor financial hardship, or that operation of law prohibits collection of the debt.

(6) *Record.* The hearing official will maintain a summary record of any hearing provided under this part. A hearing is not required to be a formal evidentiary-type hearing, but witnesses who testify in an oral hearing must do so under oath or affirmation.

(7) *Date of decision.* (i) The hearing official will issue a written decision, as soon as practicable, but no later than 60 days after the date on which the request for the hearing was received by the agency.

(ii) If the hearing official is unable to provide the debtor with a hearing and render a decision within 60 days after the receipt of the request for such hearing:

(A) A withholding order may not be issued until the hearing is held and a decision is rendered; or

(B) A withholding order previously issued to the debtor's employer must be suspended beginning on the 61st day after the receipt of the hearing request and continuing until a hearing is held and a decision is rendered.

(8) *Content of decision.* The written decision will include:

(i) A summary of the facts presented;

(ii) The hearing official's findings, analysis, and conclusions; and

(iii) The terms of any repayment schedule, if applicable.

(9) *Final agency action.* The hearing official's decision will be the final agency action for the purposes of judicial review under the Administrative Procedure Act, 5 U.S.C. 701 *et seq.*

(10) *Failure to appear.* In the absence of good cause shown, a debtor who fails to appear at a hearing will be deemed as not having timely filed a request for a hearing.

(g) *Withholding order.* Unless Treasury receives information that determines a justified delay or cancellation

of a withholding order, Treasury will send, by first class mail, an SF-329A "Letter to Employer & Important Notice to Employer," an SF-329B "Wage Garnishment Order," an SF-329C "Wage Garnishment Worksheet," and an SF-329D "Employer Certification" to the debtor's employer within 30 days after the debtor fails to make a timely request for a hearing or, if the timely request for a hearing is made by the debtor, within 30 days after a final decision is made by the agency to proceed with garnishment.

(h) *Certification by employer.* The employer must complete and return the SF-329D "Employer Certification" within 20 days of receipt.

(i) *Amounts withheld.* (1) After receipt of a withholding order issued under this part, the employer will deduct from all disposable pay paid to the debtor during each pay period the amount of garnishment described in paragraph (h)(2) of this section. The employer may use the SF-329C "Wage Garnishment Worksheet" to calculate the amount to be deducted from the debtor's disposable pay.

(2) Subject to paragraphs (h)(3)(i) and (h)(4) of this section, the amount of garnishment will be the lesser of:

(i) The amount indicated on the garnishment order up to 15 percent of the debtor's disposable pay; or

(ii) The amount set forth in 15 U.S.C. 1673(a)(2) (Maximum allowable garnishment). The amount set forth at 15 U.S.C. 1673(a)(2) is the amount by which a debtor's disposable pay exceeds an amount equivalent to thirty times the minimum wage. See 29 CFR 870.10.

(3)(i) Except as provided in paragraph (h)(3)(ii) of this section, when a debtor's pay is subject to multiple withholding orders, unless otherwise provided by Federal law, withholding orders issued pursuant to this part will have priority over other withholding orders that are served later.

(ii) Notwithstanding the foregoing, withholding orders for family support will have priority over withholding orders issued under this part.

(iii) If amounts are being withheld from a debtor's pay pursuant to a withholding order served on an employer before a withholding order issued pursuant to this part, or if a withholding

order for family support is served on an employer at any time, the amounts withheld pursuant to a withholding order issued under this part will be the lesser of:

(A) The amount calculated under paragraph (h)(3)(iii)(B) of this section; or

(B) An amount equal to 25 percent of the debtor's disposable pay less the amount(s) withheld under the withholding order(s) with priority.

(4) If the debtor owes more than one debt to the agency, Treasury will issue multiple withholding orders provided that the total amount garnished from the debtor's pay for such orders does not exceed the amount set forth in paragraph (h)(2) of this section.

(5) An amount greater than that set forth in paragraphs (h)(2) or (3) of this section may be withheld with the debtor's written consent.

(6) The employer will promptly pay all amounts withheld in accordance with the withholding order issued pursuant to this part.

(7) The employer is not required to vary its normal pay and disbursement cycles in order to comply with the withholding order.

(8) Any assignment or allotment by an employee will be void to the extent it interferes with or prohibits execution of the withholding order issued under this part, except for any assignment or allotment made pursuant to a family support judgment or order.

(9) The employer will withhold the appropriate amount from the debtor's wages for each pay period until the employer receives notification from the agency to discontinue wage withholding.

(10) The withholding order, SF-329B "Wage Garnishment Order," sent to the employer under paragraph (g) of this section, requires the employer to commence wage withholding on the first payday after the employer receives the order. However, if the first payday is within 10 days after receipt of the order, the employer may elect to begin deductions on the second payday.

(11) An employer may not discharge, refuse to employ, or take disciplinary action against any debtor because of the issuance of a withholding order under this part.

§ 422.835

20 CFR Ch. III (4-1-23 Edition)

(j) *Financial hardship.* (1) A debtor whose wages are subject to a withholding order may, at any time, request a review by Treasury of the amount garnished, based on materially changed circumstances, such as disability, divorce, or catastrophic illness, which result in financial hardship.

(2) A debtor requesting review under paragraph (i)(1) of this section will submit the basis for the claim that the current amount of garnishment results in a financial hardship to the debtor, along with supporting documentation. Treasury will consider any information submitted in accordance with this part.

(3) If Treasury finds financial hardship, to reflect the debtor's financial condition, Treasury will downwardly adjust the amount garnished by an amount and for a period established by the agency. Treasury will notify the employer of any adjustments in the amount to be withheld.

(k) *Fraud and willful concealment or failure to furnish information.* Treasury will not reduce the amount that the employer withholds from disposable pay if the debt was caused by an intentional false statement.

(l) *Refunds.* (1) If the hearing official, pursuant to a hearing under this part, determines that a debt is not legally due and owing to the United States, Treasury will promptly refund any amount collected by means of Administrative Wage Garnishment.

(2) Unless required by Federal law or contract, refunds under this part will not bear interest.

(m) *Ending garnishment.* (1) Once Treasury has fully recovered the amounts owed by the debtor, including interest, penalties, and administrative costs assessed pursuant to and in accordance with § 422.803 of this title, Treasury will send the debtor's employer notification to discontinue wage withholding.

(2) At least annually, Treasury will review debtors' accounts to ensure that garnishment has ended for accounts that have been paid in full.

(n) *Employers' responsibilities and right of action.* (1) The employer of a debtor subject to wage withholding pursuant to this part will pay the agency as directed in a withholding order issued under this part.

(2) Treasury may bring suit against an employer for any amount that the employer fails to withhold from wages owed and payable to a debtor in accordance with paragraphs (g) and (i) of this section, plus attorney's fees, costs, and, if applicable, punitive damages.

(3) A suit under this section may not be filed before the end of the collection action involving a particular debtor, unless earlier filing is necessary to avoid expiration of any applicable statute of limitations period. For purposes of this section, "end of collection action" occurs when we have completed taking collection action in accordance with part 422, subpart I of this title or other applicable law or regulation.

(4) Notwithstanding any other provision or action referred to in this section, the end of the collection action will be deemed to occur one (1) year after the agency does not receive any payment of wages that were subject to a garnishment order issued under this part.

§ 422.835 Debt reporting and use of credit reporting agencies.

(a) *Reporting delinquent debts.* (1) We may report delinquent debts over \$25 to credit bureaus or other automated databases.

(2) We will report administrative debts owed by individuals to consumer reporting agencies pursuant to 5 U.S.C. 552a(b)(12). We may disclose only the individual's name, address, and Social Security number and the nature, amount, status, and history of the debt.

(3) Once we refer a debt to the Department of the Treasury (Treasury) for collection, Treasury may handle any subsequent reporting to or updating of a credit bureau or other automated database.

(4) Where there is reason to believe that a debtor has filed a bankruptcy petition, prior to proceeding under this paragraph (a), we will contact the Office of the General Counsel for legal advice concerning the impact of the Bankruptcy Code, particularly with respect to the applicability of the automatic stay, 11 U.S.C. 362, and the procedures for obtaining relief from such stay.