

TIPS & TECHNIQUES



A SFMS Desk Manual

R*STARS: PROF.4
Revised: 11/30/2021

GARNISHMENTS, LEVIES, AND OTHER CONTRACTUAL OR LEGAL CONVEYANCE OF MONIES

When a claim is made on a vendor's payment, the agency is required to respond in accordance with applicable state and federal laws and regulations. The agency should determine whether the claim is a bank assignment, support order, tax levy, or other type of garnishment. Claims should be reviewed for their accuracy and validity. It is in the agency's best interest to act quickly on the claim and to be thoroughly familiar with applicable state and federal laws and regulations.

Before a request to activate a mail code for a garnishment is processed, the initiating agency must provide a copy of the legal authorization for the garnishment to the SFMS Central Vendor Desk.

TYPES OF CLAIMS

WRIT OF GARNISHMENT, DISTRAINT WARRANTS, AND WRIT OF EXECUTION

The Federal Garnishment laws and rules define garnishment as any legal or equitable procedure through which the earnings or property of a party are required to be withheld for payment of a debt.

INTERNAL REVENUE SERVICE (IRS) NOTICE OF TAX LEVY

A taxpayer who owes back federal taxes may have property seized for unpaid taxes. The agency will receive notice of a tax levy from the IRS. The levy continues in effect until the taxpayer's liability is satisfied or becomes unenforceable and the IRS issues a release. Again, agencies should be familiar with applicable state and federal laws and regulations so as not to confuse a notice of tax levy with 1099 backup withholding.

BACKUP WITHHOLDING

Backup withholding could be considered a reserve account established by the agency for payment of taxes potentially owed by the vendor. Federal laws and regulations require 30 percent of the amount owed to be withheld if the vendor fails to provide a correct tax identification number (TIN); properly report taxable income; or, as otherwise directed by IRS.

Backup withholding is handled centrally by SFMS operations staff. If you receive a notice for backup withholding on a vendor, please contact SFMS Vendor Desk, (971) 900-9770.

CHILD SUPPORT ORDERS

The Department of Human Resources or the office of a district attorney may issue a withholding order for child support payment arrearages. Failure to comply with withholding orders may cause the withholder, e.g., agency, to be liable for the entire amount required to be withheld.

Child support payments take priority over any other garnishment or deduction under state law. However, pre-existing federal tax levies must be honored before new child support withholding orders.

BANK ASSIGNMENTS

Bank assignments may occur when a vendor either borrows money from or assigns their accounts receivable to a bank. Payment for the services and supplies purchased from the vendor is made payable to the bank.

MAIL CODE SERIES 410-429

SFMS has designated the MAIL CODE series 410-429 to assist agencies in complying with their legal obligations.

When using MAIL CODE series 410-429, agencies MUST use the correct vendor number and enter the proper information in the SEARCH NAME and agency contact fields.

ADDING THE NEW MAIL CODE

Access the [52 – Systemwide Vendor Profile](#) Screen. Type the VENDOR NUMBER in the field and press <ENTER>. R*STARS will display the vendor profile if the record is found.

If the vendor has not been added to the **52** profile, the agency will need to establish it and set up the special MAIL CODE on the [51 – Vendor Mail Code Profile](#) Screen for the bank assignment. For additional information on adding new vendors refer to the SFMS Desk Manual, [R*STARS: Prof.1](#), "R*STARS Vendor Profile Maintenance.

- Use the vendor number of the taxpayer or responsible party. Remember, the taxpayer is still responsible for any applicable 1099 Miscellaneous Income reporting even though the claimant is receiving the money

Go to the **51** profile. Type the new MAIL CODE number (410-429), the claimant's name and address, required SEARCH NAME and AGENCY CONTACT information in the appropriate fields. Press <F10> - SAVE.

MAIL CODE Use the next sequential MAIL CODE, e.g., use 412 if 411 has been activated.

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- VENDOR NAME** Type the name of the claimant to which the warrant(s) will be made payable, e.g., bank's name, IRS, Department of Human Resources, or other.
- SEARCH NAME** In the second SEARCH NAME field, enter the first five characters of the claimants name, a space, the zip code
- In the third SEARCH NAME field, enter the type of legal document received, e.g., garnishment, child support order, tax levy, other.
- In the fourth SEARCH NAME field, enter the taxpayer's name. See examples provided on the following pages.
- ADDRESS, CITY, STATE, ZIP REGION, COUNTRY** Type the claimant's remittance address in the appropriate fields. Leave blank.
- VENDOR CONTACT** Enter the name and telephone number of the claimant's contact, if available.
- TELEPHONE,EXT,FAX** Enter the taxpayers telephone information if available.
- UPDATE REASON CODE** Leave blank.
- AGY, CONTACT, PHONE** Type the agency's number and name and telephone number of the employee responsible for ensuring compliance to the applicable state and federal laws and regulations.

PROCESSING PAYMENT TO THE CLAIMANT

Agencies should use transaction code (T-Code) 222 or other applicable T-Code to process a payment to a private claimant.

If the garnisher or obligee is a state agency, transfer monies owed by the vendor to the agency using T-Codes 722 and 723 in a balanced transaction. Enter the vendors VENDOR NUMBER and the garnishment MAIL CODE. Enter the agency number in the financial agency fields of the balanced transaction. Remember that the MAIL CODES used in these transactions are directly linked to the vendor on the 52 profile.

EXAMPLES

EXAMPLE #1 – WRIT OF GARNISHMENT ISSUED ON BEHALF OF A PRIVATE PARTY

In this example, an agency receives a Writ of Garnishment attaching \$725 of the \$1000 owed to Tommy Tonka, VENDOR NUMBER 1543232323 The \$725 is payable to Creditors, Inc.

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S052 VER 2.0                STATE OF OREGON                04/21/15 02:03 PM
LINK TO:                    SYSTEMWIDE VENDOR PROFILE        PROD
VENDOR NO: 1543232323      NAME CONTROL: TONK        UPDATE MAIL CODE: Y
VENDOR NAME: TOMMY T TONKA
SEARCH NAMES: TOMMY T TONKA
                                TONKA, TOMMY, T
ALT VENDOR/FID:            1099 IND: Y FEI/SSN IND: S REASON CODE: ADD
VENDOR TYPE: 7 OWNRSHP CD: I 2ND TIN NTC: VN STATUS:
ADDRESS: 517 SE BARNES AVE

CITY: GRESHAM                ST: OR ZIP: 97080 1652 CNTRY:
VENDOR CONTACT:
TELEPHONE: 503 666 8751 EXT: FAX: TAX OFFSET EXMPT: N
PDT: MA EMAIL:                                HOLD RSN:
AGY: 410 CONTACT: SHERRY BELL                PNI:
PHONE: 503 945 6163
DIR DEP DATE:
NUMBER: ACCT NO/TYPE:        FORMAT:
W9 REQUEST DATE: 04172015 BU/WH EFF DATE: STATUS CODE: A
EFF START DATE: 04162015 EFF END DATE: LAST PROC DATE: 04172015
Z06 RECORD SUCCESSFULLY RECALLED

F1-HELP F3-DEL F5-NXT F6-51 F9-INT F10-SAVE F11-SAVE/CLR ENTER-INQ CLEAR-EXT
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The agency uses MAIL CODE 410 to add Creditors, Inc. 14231 Creditor Street, Somewhere, OR 99999 5555 under Tommy Tonka's VENDOR NUMBER 1543232323. Prior to activating the MAIL CODE, SFMS verifies that the required information has been entered.

S051 VER 2.0	STATE OF OREGON	04/21/15 02:05 PM
LINK TO:	VENDOR MAIL CODE PROFILE	PROD
VENDOR NO: 1543232323	TOMMY T TONKA	
MAIL CODE: 410	NAME: CREDITORS INC	
SEARCH NAMES: CREDITORS INC	CREDI 99999	
	GARNISHMENT	TONKA, TOMMY, T
ADDRESS: 14231 CREDITOR ST		
CITY: SOMEWHERE	ST: OR	ZIP: 99999 5555
COUNTRY:	REGION:	TAX RATE:
UPDATE REASON: ADD	OWNERSHIP CODE: I	LICENSE:
VENDOR CONTACT: GARNISHMENT	FAX:	
TELEPHONE:	EXT:	ALT VEND NAME: I LTR DATE:
PDT: MA EMAIL:		PNI:
AGY: 410	CONTACT: SHERRY BELL	PHONE: 503 945 6163
		DIR DEP DATE:
	HOLD REASON CODE:	STATUS CODE: A
EFF START DATE: 04162015	EFF END DATE:	LAST PROC DATE: 04172015
Z07 NEXT RECORD SUCCESSFULLY READ		
F1-HELP F3-DEL F5-NXT F6-52 F9-INT F10-SAVE F11-SAVE/CLR ENTER-INQ CLEAR-EXT		

The agency will process two transactions using T-Code 222. One voucher payable is processed in the amount of \$275 to Tommy Tonka, VENDOR NUMBER 1543232323 MAIL CODE 000. The second voucher payable is in the amount of \$725 to Creditors, Inc., VENDOR NUMBER 1543232323 MAIL CODE 410.

EXAMPLE #2 – DISTRAINT WARRANT AND WRIT OF EXECUTION ISSUED BY STATE AGENCY

On January 10, 2015, the Department of Revenue issues a Distraint Warrant and Writ of Execution for \$3,000 to attach the money owed to Joe Leat by another state agency. The warrant imposes a daily interest of \$.27 per day from the date of issuance until fully paid. The agency receives an invoice dated April 1, 2015 in the amount of \$2,500 from Joe for services rendered.

This example uses the companion transaction screen.

S052 VER 2.0	STATE OF OREGON	04/21/15 02:09 PM
LINK TO:	SYSTEMWIDE VENDOR PROFILE	PROD
VENDOR NO: 1555443333	NAME CONTROL: LEAT	UPDATE MAIL CODE: Y
VENDOR NAME: JOE LEAT		
SEARCH NAMES: JOE LEAT		
	LEAT, JOE,	
ALT VENDOR/FID:	1099 IND: Y FEI/SSN IND: S	REASON CODE: ADD
VENDOR TYPE: 6	OWNRSH CD: S 2ND TIN NTC:	VN STATUS:
ADDRESS: 6789 N CENTER AVE		
CITY: PORTLAND	ST: OR ZIP: 97217 1604	CNTRY:
VENDOR CONTACT: AMBER PIERCE	373-0727 X237	TAX OFFSET EXMPT: N
TELEPHONE: 503 286 4686	EXT: FAX:	HOLD RSN:
PDT: MA EMAIL:		PNI:
AGY: 410	CONTACT: SHERRY BELL	PHONE: 503 945 6163
		DIR DEP DATE:
W9 REQUEST DATE: 04212015	BU/WH EFF DATE:	STATUS CODE: A
EFF START DATE: 04202015	EFF END DATE:	LAST PROC DATE: 04222015
Z06 RECORD SUCCESSFULLY RECALLED		
F1-HELP F3-DEL F5-NXT F6-51 F9-INT F10-SAVE F11-SAVE/CLR ENTER-INQ CLEAR-EXT		

The agency adds the Department of Revenue, MAIL CODE 411, under Joe's vendor number.

```
S051 VER 2.0 STATE OF OREGON 04/21/15 02:12 PM
LINK TO: VENDOR MAIL CODE PROFILE PROD
VENDOR NO: 1555443333 JOE LEAT
MAIL CODE: 411 NAME: DEPARTMENT OF REVENUE
SEARCH NAMES: DEPARTMENT OF REVENUE
DISTRAINT WARRANT LEAT, JOE,
ADDRESS: REVENUE BUILDING
955 CENTER ST NE

CITY: SALEM ST: OR ZIP: 97301
COUNTRY: REGION: TAX RATE:
UPDATE REASON: ADD OWNERSHIP CODE: I LICENSE:
VENDOR CONTACT: AMBER PIERCE 373-0727 X237 FAX:
TELEPHONE: EXT: ALT VEND NAME: I LTR DATE:
PDT: MA EMAIL: PNI:
AGY: 410 CONTACT: SHERRY BELL PHONE: 503 945 6163
DIR DEP DATE:

HOLD REASON CODE: STATUS CODE: A
EFF START DATE: 04202015 EFF END DATE: LAST PROC DATE: 04202015
Z07 NEXT RECORD SUCCESSFULLY READ

F1-HELP F3-DEL F5-NXT F6-52 F9-INT F10-SAVE F11-SAVE/CLR ENTER-INQ CLEAR-EXT
```

Using balance transaction T-Codes 722 and 723, the agency transfers \$2500 to the Department of Revenue. The agency enters Joe Leats VENDOR NUMBER and the garnishment MAIL CODE in the VEND/MC field.

```
S509 VER 2.0 STATE OF OREGON 04/21/15 12:37 PM
LINK TO: COMPANION TRANSACTION ENTRY NOTE: N ACPT

BATCH: AGENCY 107 DATE 041715 TYPE G NO 002 SEQ NO 00001 MODE EDIT AND POST
--DOCUMENT INFORMATION: DOC DATE: 041715 EFF DATE: 041715
TRANS AMOUNT: 2500.00
DOC AGY: 107 CUR DOC: BT000027 DOC AMT:0.00 DOC COUNT:
DESC: JOE LEAT-DISTRAINT WARRANT
--TRANSACTION INFORMATION: #1
SFX: 001 SER DATE: REF DOC/SFX: MOD: AGY: 107 TC: 722
INDEX: PCA: 41056 AY: 15 COBJ/AOBJ: 1000 1000 APPN NO: 32000 FUND: 4910
VEND/MC: 1555443333 411 CONT NO: GL AC/AGY:
GRANT/PH: SUBGRANTEE: PROJ/PH: FO:
MPCD: AGY CD-1: 2: 3: DI: RVS:
--TRANSACTION INFORMATION: #2
SFX: 002 SER DATE: REF DOC/SFX: MOD: AGY: 150 TC: 723
INDEX: PCA: 44100 AY: 15 COBJ/AOBJ: 0708 1404 APPN NO: 31501 FUND: 4530
VEND/MC: 1555443333 411 CONT NO: GL AC/AGY:
GRANT/PH: SUBGRANTEE: PROJ/PH: FO:
MPCD: AGY CD-1: 2: 3: DI: RVS:

F1-HELP F4-EDIT F6-BALANCING F9-INTERRUPT F10-SAVE F11-SAVE/CLEAR CLEAR-EXIT
```

In April, the agency receives a second invoice for \$1500 from Joe. Since there are sufficient monies available, the agency must calculate both the interest charges and principal amount owed the Department of Revenue.

CALCULATION OF AMOUNTS OWED

Estimated date of transfer: 04/17/15 Start date of interest: 01/09/15

<u>Month</u>	<u># Of Days</u>
January	22
February	28
March	31
April	17
Total Days:	98

Distrain Warrant: \$ 3,000.00

Less February

Daily Interest: X 0.25

payment: \$ (2,500.00) \$ 500.00

Due: = \$ 24.50

Interest Due: \$ 24.50

Amount Owed Department Of Revenue: \$ 524.50

The agency will use T-Codes 722 and 723 in a balanced transaction to transfer \$613.46 to the Department of Revenue.

```

S509 VER 2.0                STATE OF OREGON                04/21/15 12:37 PM
LINK TO:                    COMPANION TRANSACTION ENTRY        NOTE: N  ACPT

BATCH: AGENCY 107 DATE 041715 TYPE G NO 002 SEQ NO 00001 MODE EDIT AND POST
--DOCUMENT INFORMATION: DOC DATE: 041715 EFF DATE: 041715
      TRANS AMOUNT: 524.50
DOC AGY: 107 CUR DOC: BT000045 DOC AMT:0.00 DOC COUNT:
      DESC: JOE LEAT-DISTRAINT WARRANT
--TRANSACTION INFORMATION: #1
SFX: 001 SER DATE: REF DOC/SFX: MOD: AGY: 107 TC: 722
INDEX: PCA: 41056 AY: 97 COBJ/AOBJ: 1000 1000 APPN NO: 32000 FUND: 4910
VEND/MC: 1555443333 411 CONT NO: GL AC/AGY:
GRANT/PH: SUBGRANTEE: PROJ/PH: FO:
MPCD: AGY CD-1: 2: 3: DI: RVS:
--TRANSACTION INFORMATION: #2
SFX: 002 SER DATE: REF DOC/SFX: MOD: AGY: 150 TC: 723
INDEX: PCA: 44100 AY: 97 COBJ/AOBJ: 0708 1404 APPN NO: 31501 FUND: 4530
VEND/MC: 1555443333 411 CONT NO: GL AC/AGY:
GRANT/PH: SUBGRANTEE: PROJ/PH: FO:
MPCD: AGY CD-1: 2: 3: DI: RVS:

F1-HELP F4-EDIT F6-BALANCING F9-INTERRUPT F10-SAVE F11-SAVE/CLEAR CLEAR-EXIT
    
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GARNISHMENTS, LEVIES, AND OTHER CONTRACTUAL
OR LEGAL CONVEYANCE OF MONIES

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The Agency will use T-Code 222 to process the balance of the invoice to Joe Leat at the MAIL
CODE 000 address.

S505 VER 2.0	STATE OF OREGON	07/15/97 01:43 PM
LINK TO:	PRE-ENC/ENC/EXPEND TRANSACTION ENTRY	NOTE: ACPT
BATCH: AGENCY 107	DATE 071597 TYPE 4 NO 234	SEQ NO 00001 MODE EDIT AND POST
DOC DATE: 071597	EFF DATE: 071597	DUE DATE: 071597 SERV DATE:
CUR DOC/SFX: VP002345 001	REF DOC/SFX:	MOD: AGENCY: 107
TRANS CODE: 222		
INDEX:		
PCA: 456		AY: 97
COMP/AGY OBJ: 1000 1000		
AMOUNT: 886.54	RVS: DISC:	1099: FO: PDT: MA
DOC COUNT:	DOC AMT: 886.54	DOC AGY: 107 CI: PROP #:
INV NO: IV000002	DT: 053197	DESC: SERVICES RENDERED
VEND/MC: 1555443333 000	NM: JOE LEAT	
CONT NO:	ADDR 1: 1122 HALLEY ST	
WARR NO:	ADDR 2:	
APPN NO: 32000	ADDR 3:	
FUND: 4910	ADDR 4:	
GL AC/AGY:	CITY: SALEM	ST: OR ZIP: 97300
GRANT NO/PH:	SUB GRANTEE:	PROJ NO/PH:
MPCD:	AGY CD-1: 2: 3:	DI: RTI:
F1-HELP	F3-RTI	F4-EDIT F6-BALANCING F7-DETAILS F9-INTERRUPT F10-SAVE
F11-SAVE/CLEAR	F12-HEADERS	CLEAR-EXIT