



# Electronic Levy (E-LEVY) Eliminating the Paper!

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# The Problem

- For IRS and most states, tax levies and garnishments are an expensive, time-consuming paper process.
- There have been a few e-levy processes, but no standardization across states.
- The goal of the ongoing E-Standards E-Levy project has been to develop those standards with consensus of states, employers/payroll service providers, and financial institutions.



# Levy Life Cycle

- The project plans address the whole Levy Life Cycle:



Agency

Initial Withholding Order



Response/Disclosures



Amended Orders



Payments



Satisfactions/Withdrawals



Levy Source



# Payments Are Done!

- In 2011, Colorado was processing approximately 20,000 levy payment paper checks per month.
- The standard Tax Payment (TXP) ACH record gave the name of the taxpayer, but did not identify the payer.
- The DED ACH record could identify both, but was intended for Child Support Enforcement use and did not identify tax type.



# Payments, continued

- FTA put together a team of states, led by Colorado, and working with E-Standards developed the Third Party Payment (TPP) ACH record for use with levy payments.
- The TPP is now an approved NACHA banking convention and an approved X12 standard.
- A group of states, payroll service providers, and other interested parties met monthly by conference call until implementation was successful across a number of states and their partners.



# E-Levy Project

- An initial conference call was held on October 29, 2014 to gauge interest in the project. The call was attended by 28 states and 7 industry partners.
  - The full Levy Life Cycle was verified as scope of the project
  - It was decided to split into two sub-teams for Wage Levies and Financial Institution Levies, due to differences in process and data content
  - Current state E-Levy experiences were discussed.
  - Industry expressed strong need for standardization.



# Initial Steps for Wage Levies

- Both teams met monthly for over a year.
- Wage Levy team included
  - States
  - Large Payroll Service Providers such as ADP and Ceridian
  - American Payroll Association
  - Oracle representing payroll software vendors
  - Large self-processing employers such as Lowes
- The team worked through data analysis
- Draft schema set produced by early 2016.





# Wish List: CSE Model

- The industry partners had had one unified message for the states:
  - “Do tax levies the same way we do Child Support Enforcement Levies!”
- Program In production since 2009
- Funded by Congress as part of the Parent Locator System
- Actually built under contract by Lockheed
- Hub-and-spoke program not unlike Modernized eFile between states, Return Providers, and IRS
- Participants include major Payroll Service Providers, 120+ large employers, and all but one state
- Handles the entire Wage Levy Life Cycle, using the DED for electronic ACH payments





# Meanwhile, in the Financial Levy Sub-Group

- The Financial Institution Levy team began data analysis
  - Examples of bank levies were gathered from as many states as possible
  - Discussed need for multiple formats, both XML and Excel, to accommodate small, medium, and large financial institutions.
- Team included representatives of Bank of America, Wells Fargo, and BB&T.
- Drafted first-cut schema similar to that for Wage Levy
- However, due to wide use of the FIDM process, Financial Institution Levy was put on hold.



# Today: Moving On

- No party has stepped up to take the role of central “hub” for Wage Levy
- Wisconsin and ADP working on direct transmission Wage E-Levy Project
- Revived and updated the 2016 E-Levy Order schema and added Levy Response
- Working with E-Standards to develop a standard usable by majority of states.
- Current draft posted on E-Standards site [www.statemef.com](http://www.statemef.com)
- Join us Thursday to be part of the project!!