



General 17 Refund Interceptions

GENERAL INFORMATION

Colorado tax refunds are subject to interception by the Department of Revenue, the Internal Revenue Service (federal taxes) and other Colorado state agencies when the taxpayer owes a debt to any of these government agencies. Refunds of income, sales and use, gasoline and special fuel, cigarette and tobacco, PTC and severance tax are subject to interception. [§39-21-108(3),C.R.S.]

When a refund is intercepted, the Department of Revenue sends a letter to the taxpayer explaining which agency initiated the intercept, the amount of the refund intercepted, and who to contact for further information. If the debt is smaller than the refund, the taxpayer will receive the difference.

DEPARTMENT OF REVENUE (TAX) DEBTS

A tax refund issued by the Department of Revenue is subject to interception for any back taxes owed to the department, even if the refund is for a separate tax type. For example: Mary owes \$2,000 in sales tax for her business. She will receive a refund of \$500 for income tax. The department will intercept the income tax refund and apply it to the \$2,000 sales tax debt. Note: A refund will be applied first to a debt owed to the Department of Revenue. Any remaining refund will either be applied to another state agency debt or will be issued to the taxpayer.

STATE AGENCIES WHO MAY INTERCEPT YOUR REFUND

- Colorado Unemployment Compensation Fund debts
- Department of Human Services unpaid child support or overpaid public assistance or medical assistance benefits
- State supported institutions of higher education unpaid loans or other obligations
- Department of Higher Education unpaid debts from the Student Loan Division or the CollegeInvest Division
- Judicial fines, fees, costs, surcharges or restitution
- State agency debts certified by the State Controller
- Judicial restitution debts and child support debts owed by convicted persons identified by the Department of Corrections, but only to the extent that a state sales tax (TABOR) refund is claimed
- Internal Revenue Service (IRS) tax debts

HOW TO DISPUTE A REFUND INTERCEPTION

If you disagree that an agency debt is owed, you must contact the relevant agency directly. The Department of Revenue does not have details regarding the debt beyond the fact that it exists and has been determined to be eligible for interception by the appropriate agency.

INJURED SPOUSE CLAIMS ON A JOINT REFUND THAT IS INTERCEPTED

When a refund is intercepted to pay a debt owed by one person on a jointly filed return, the “injured” spouse (person not in debt) can make a claim for their portion of the refund. Refunds are divided according to the income earned by each person of the jointly filed return. If you would like to make an injured spouse claim, you must make the claim in writing and include copies of the following documents:

- The letter sent advising you of the intercept;
- All W-2, W-2G, or any 1099 statements for you and your spouse;
- A complete copy of your federal income tax return, including all schedules; and
- IRS form 8379 for injured spouse claimed, if one was filed.

Mail the claim to:

Colorado Department of Revenue
Injured Spouse Desk Room 240
PO Box 17087
Denver, CO 80217-0087

Do not attach the injured spouse claim to your individual income tax return. It will not be reviewed unless mailed separately.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.