



# FTB 2645 Publication

## Participation Guide for 2021

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## Chapter 1 — Interagency Intercept Collection (IIC) Program

This chapter explains the following:

- Overview
- Benefits
- Cost
- Authority

### Overview

Many California taxpayers do not pay delinquent debts to government agencies and California colleges. Yet, these individuals are scheduled to receive state payments that include Franchise Tax Board (FTB) personal income tax refunds, Unclaimed Property Division (UPD) claim payments, or California State Lottery winnings.

FTB administers the Interagency Intercept Collection Program on behalf of the State Controller's Office (SCO). The program intercepts these funds and transfers them to pay the individual's debts to agencies and colleges (hereinafter referred to as "agency"). We do not intercept corporation, limited liability company, or partnership funds.

### Benefits

The IIC Program has been in existence since 1975, initially intercepting only Personal Income Tax refunds. We included lottery winnings in 1984 and added unclaimed property payments in 2009. In 2018, we collected \$384 million for over 600 agencies.

### Cost

The IIC Program determines the service fee for each successful offset. SCO charges this fee to reimburse the administrative costs of the program. We base this fee on actual costs incurred, which vary each year. The approximate cost is \$2.50 to \$3.00 per successful offset. The IIC Program will post a bulletin to advise you of the cost for the year. Agencies can add this fee to the debtor's account balance. SCO bills each agency in April for each successful intercept during the previous calendar year.

### Authority

The government code sections in the following table relate to the IIC Program. These codes determine the exact debts you can submit to the IIC Program.

Reference	Description
<b>California Government Code (GC) Sections 12419.2-3, 12419.5, and 12419.7-12</b>	<ul style="list-style-type: none"> <li>• Provides general authority for the IIC Program.</li> <li>• Establishes debt priorities.</li> <li>• Identifies authorized debts, payments, and participating agencies.</li> <li>• Requires administrative cost reimbursement.</li> </ul>
<b>California Revenue and Taxation Code (R&amp;TC) Sections 19542, 19542.1, and 19552.</b>	Provides misdemeanor criminal penalty and taxpayer notification for unwarranted disclosure or use of confidential taxpayer information.
<b>GC Section 12419.8 and 12419.10 (R&amp;TC) Section 19551</b>	Authorizes city and county tax officials pursuing property tax debts to request social security numbers (SSNs).

Reference	Description
<b>State Administrative Manual (SAM) 8790</b>	<ul style="list-style-type: none"> <li>• Outlines offsets to collect state debts.</li> <li>• Requires state agencies to notify debtors prior to offset and to provide them opportunity to present any valid objection.</li> </ul>
<b>SAM 8776.6</b>	Outlines state agencies' collection procedures prior to offset.
<b>GC Section 926.8</b>	Authorizes the Internal Revenue Service (IRS) to intercept funds.

## Chapter 2 — Eligibility

This chapter explains participant eligibility, which includes:

- Qualifying Participants
- Qualifying Debts
- Debt Criteria

### Qualifying participants

To be eligible for the IIC Program, you must be:

- A California state, city, county agency, or special district.
- A California state college, community college district, or other post-secondary educational institution.

All agencies need to read, sign, adhere to, and maintain FTB 7904, **Vendor/Contractor Confidentiality Statement**, and the **Interagency Intercept Collection Program Special Terms and Conditions**. Agencies need to identify and maintain these documents for every employee within their agency that has access to the daily and weekly reports. To get a copy of the Vendor/Contractor Confidentiality Statement go to [ftb.ca.gov](http://ftb.ca.gov) and search for 7904. This requirement applies, but is not limited to, agency/vendor IT department staff, agency/vendor management, agency/vendor fiscal staff, agency/vendor collector staff, etc. It is the responsibility of the agency, college, or district to safeguard the data as outlined in the **Interagency Intercept Collection Program Special Terms and Conditions**.

Failure to maintain and comply with FTB 7904 and the **Interagency Intercept Collection Program Special Terms and Conditions** could result in unauthorized access, disclosure or use. Penalties for unauthorized access, disclosure or use could result in fines and imprisonment under California Law (R&TC Sections 19542, 19542.1, and 19552. GC Section 90005). Penalties may extend to the signature and names listed on FTB 2280 PC, Intent to Participate and Agency Certification and FTB 2280A PC, Intent to Participate - Identification Search as well as individuals listed on FTB 7904.

FTB may request a completed copy of FTB 7904 at any time.

### Qualifying debts

Many debts qualify for the IIC Program:

- State agencies can submit any type of debt owed to them.
- Counties and cities can submit debts for property taxes, delinquent fines, bails, vehicle parking penalties, court-ordered payments, or other permitted debts.
- California colleges (and other post-secondary educational institutions) can submit debts to us for delinquent registration, tuition, bad check fees, library fines, federally subsidized student loans, or other permitted debts.
- Special districts can submit debts in accordance with GC Sections 12419.8, 12419.10, and 12419.12.

Consult with your legal department to determine acceptable debts. FTB will not advise on acceptable debt types for collection.

### Debt criteria

Submit debts only if,

- The debt type qualifies under the IIC Program authority and SCO approved it.
- A Pre-Intercept Notice was mailed and the appropriate response time elapsed. Refer to the Steps for Participation section for more information on the notice requirement.
- The debtor has a valid Social Security Number (SSN).
- For city and county tax officials who pursue property tax debts, we can manually research SSNs for a fee (approximately \$6 each). Use FTB 2284 PC, **Request for Social Security Number Search**, for this service. (R&TC Section 19551 and GC Sections 12419.8 and 12419.10)
  - Refer to Chapter 7 — ID Lookup to submit debts without SSNs through Secure Web Internet File Transfer (SWIFT).
- There is one debt amount for each debtor. If one debtor has multiple accounts with you, sum the debtor's total and submit it as one account balance item. If you list a debtor's multiple accounts separately, we only accept the first account.
- The debt amount is at least \$10.
- The debtor cannot be in an active bankruptcy.
- The debt amount cannot include any amount that was discharged by a discharge order granted in a bankruptcy case.

## Chapter 3 — The IIC Process

The IIC process consists of the following steps:

- Load and Maintain Debtor Data.
- Revenue Sources.
- Distribute Intercept Payments According to Debt Priority.
- Notify Parties of Intercepts.
- Update Records with Intercepts.

## Load and maintain debtor data

Participating agencies submit delinquent debtor accounts to us via Secure Web Internet File Transfer (SWIFT). FTB compares each payee's SSN and name to the SSN and name control (first four characters of last name) contained in our debtor files. We require a match on both SSN and name control to intercept a payment. Agencies send us their debtor files weekly or daily. We accept up to five offset requests from separate agencies for the same debtor. If we reject an account, then we send via SWIFT a Rejected Accounts Report/File that provides the debtor account information and the reason we rejected the account. Refer to the File Exchange Guidelines section for more information on rejected accounts.

## Revenue sources

Our revenue sources are the California personal income tax refunds, lottery winnings, and unclaimed property assets.

## Distribute intercept payments according to debt priority

If a match on both SSN and name control occurs, then our system determines the amount distributed to each participating agency according to the following account hierarchy (GC Section 12419.3):

- Child or family support enforced by a local agency or court.
- Child or family support enforced by a nonlocal agency or court.
- Spousal support enforced by a local agency or court.
- Spousal support enforced by a nonlocal agency or court.
- Victims Compensation Board agency.
- Internal Revenue Service.
- Benefit overpayments pursued by the Employment Development Department  
(If there is no signed reimbursement agreement, or if there are two consecutive delinquent reimbursement payments).
- SCO determines the priority of all other account types.

If a higher priority account is paid, then we direct funds to the next priority agency. We repeat this pattern until all accounts are paid or until all offset funds are exhausted. If there are multiple identical priority accounts, then we direct funds to the account with the largest liability.

## Notify parties of intercepts

We notify the participating agency and debtor when an intercept occurs. We also send the debtor a **Notice of Intercepted Funds** containing the following information:

- Debtor's account number with the agency.
- Original payment amount.
- Intercepted amount.
- Remaining refund amount, if any.
- Agency's public contact address and phone number.
- GC authorizing the IIC Program.

## Update records with intercepts

FTB updates debtor records with Intercepts to reduce the debt amounts. We notify SCO about the previous month's intercepts. SCO credits these funds to the appropriate participating agency. Some state agencies receive a transfer memorandum. All other agencies receive a warrant. We may reduce the monthly payment amount by any reversals that occur during the month. Refer to **Reversals**, for more information.

## Chapter 4 — Program Requirements

To participate in the IIC Program, you must:

- Certify your program participation annually and agree to meet all program and debt eligibility requirements.
- Provide updated certification and contact information when changes occur.
- Assign liaisons to respond to your debtor questions about their accounts. When we send the intercept letter to your debtor, we provide your debtor the public contact unit information you completed on your FTB 2280 PC, **Intent to Participate and Agency Certification**.
- Send each debtor a **Pre-Intercept Notice** at least 30 days prior to submitting debts to us in accordance with SAM section 1890.
- Update debts immediately upon learning any of the following has occurred:
  - A debt is paid in full.
  - Agency receives a walk-in payment.
  - Your debtor has filed bankruptcy.
- Refund debtors any amount we over collect.
- Reimburse us for erroneous intercepts (reversals).
- Pay the IIC Program service fees. If you fail to pay your fees within 30 days of the billing date, then we can deduct the fees from any money we intercept for you.
- Follow confidentiality guidelines:
  - Only use debtor information we provide for the requested purpose.
  - Ensure that all information we provide you is safeguarded (in accordance with the Internal Revenue Service Publication 1075, **Tax Information Security Guidelines for Federal, State, and Local Agencies**).
  - Only send confidential information in a secure environment, never through unsecured email. (R&TC Sections 19542 and 19542.1).
- Recognize unauthorized disclosure or use of confidential information is a misdemeanor.

FTB thoroughly reviews all unauthorized or suspected access, use, and/or disclosure (incidents) of the information obtained under this agreement. We comply with the incident reporting requirements, in accordance with Civil Code Section 1798.29 and SAM Chapter 5300 (Information Security). The participant shall immediately notify FTB's Information Security Audit Unit (ISAU) of any unauthorized or suspected unauthorized accesses, uses, and/or disclosure (incidents). Email ISAU at, [SecurityAuditMail@ftb.ca.gov](mailto:SecurityAuditMail@ftb.ca.gov) (<mailto:SecurityAuditMail@ftb.ca.gov>) or call (916) 845.5555. Notify the Information Security Audit Unit of all incidents involving the information obtained under this agreement as applicable, and provide the appropriate information to facilitate the required reporting to the taxpayers or state oversight agencies.

- Complete and sign FTB 7904, **Vendor/Contractor Statement**. Maintain the FTB 7904 throughout the year.
- Follow the Interagency Intercept Collection Program Special Terms and Conditions.

## Interagency Intercept Collection Program special terms and conditions

### 1. Statement of confidentiality

Franchise Tax Board (FTB), has taxpayer returns and other confidential data and information in its custody. Any data or information provided by FTB and maintained on the agency's or its vendor's premises is confidential. Unauthorized inspection or disclosure of state returns or other confidential data or information is a misdemeanor. California Revenue and Taxation Code Sections 19542, 19542.1, and 19542.2. Unauthorized inspection or disclosure of federal returns and other confidential federal return or information is a misdemeanor or a felony. (Internal Revenue Code) 7213(a)(2) and (b), and 7313(a)(2) respectively.) Agencies and their vendors and their respective employees will not enter any premises, access any computers, software, applications, data or information not specifically required by the authorized duties, nor will they refer to or read any documents that come within their view other than those related to the authorized duties.

Each agency and its vendor, and each of their employees who may have access to the confidential or sensitive information or data of FTB, will be required to have on file annually a signed FTB 7904, Confidentiality Statement attesting to the fact that he/she is aware of the confidential data and the penalties for unauthorized disclosure thereof under applicable state and federal law. In addition, as a condition to receiving any FTB confidential data or information under this agreement, whether directly from FTB or indirectly from the participating agency, the participating agency's and its vendor's authorized representative(s) shall sign an **Acknowledgment and Agreement to Interagency Intercept Collection Program – Special Terms and Conditions**, which shall acknowledge awareness of the terms and conditions of **Interagency Intercept Collection Program – Special Terms and Conditions**, that access to FTB confidential data or information is conditioned upon agreement to those terms and conditions, and acceptance of the terms and conditions therein.

### 2. Use of information

The participating agency and its vendor agree that the data or information furnished or secured pursuant to the IIC Program shall be used solely for the purposes described in FTB 2645, **IIC Program Participation Guide for 2021**. The participating agency and its vendor each further agree that the data or information obtained under this Agreement will not be reproduced, published, sold, or released in original or any other form for any purpose other than as identified in FTB 2645.

### 3. Data ownership

The confidential tax information or sensitive data or information being provided to the participating agency or its vendor in the IIC Program and under this Agreement remains the exclusive property of FTB. Confidential tax and sensitive data and information are not open to the public and require special precautions to protect from loss and unauthorized use, disclosure, modification, or destruction. The participating agency and its vendor shall have the right to use and process the disclosed information for the purposes stated in FTB 2645, which right shall be revoked and terminated immediately upon termination of program participation, or as provided in paragraph 11 ("Denial of Access to Vendor").

### 4. Employee access to information

The participating agency and its vendor each agree that the data and information obtained will be kept in the strictest confidence and shall make data or information available to its own employees only on a "need to know" basis. The "need to know" standard is met by authorized employees who need the information to perform their official duties in connection with the uses of the data or information authorized by the IIC Program. The participating agency and its vendor each recognize their responsibilities to protect the confidentiality of the data or information in their custody as provided by law and ensure that such data or information is disclosed only to those individuals and for such purposes as are authorized by law, this agreement, and purposes stated in FTB 2654.

### 5. Protecting confidential information/incident reporting

The participating agency and its vendor, in recognizing the confidentiality of FTB data and information, each agree to take all appropriate precautions to protect from unauthorized disclosure or use the confidential information data or obtained pursuant to the IIC Program and this agreement. The agency and its vendor each will conduct oversight of their users with access to the confidential data and information provided under this agreement and will immediately notify FTB's Information Security Audit Unit (ISAU) ([SecurityAuditMail@ftb.ca.gov](mailto:SecurityAuditMail@ftb.ca.gov) (<mailto:SecurityAuditMail@ftb.ca.gov>)) of any unauthorized or suspected unauthorized accesses, uses, and/or disclosures (incidents). For purposes of this section, immediately is defined as within 24 hours of the discovery of the breach. The notification must describe the incident in detail and identify responsible personnel (name, title, and contact information). The agency and its vendor will provide to FTB the information necessary to comply with the incident reporting requirements provided in Civil Code Section 1798.29 and SAM Chapter 5300 and SAM Section 20080 to facilitate or fulfill the required reporting to the taxpayers, debtors, or state oversight agencies.

### 6. Information security

Information security is defined as the preservation of the confidentiality, integrity, and availability of information. A secure environment is required to protect the confidential information obtained by the participating agency or its vendor pursuant to the IIC Program and this agreement. The participating agency and its vendor will store data and information so that it is physically secure from unauthorized access. The records received will be securely maintained and accessible only by the employees assigned to the IIC Program who are committed to protect the data and information from unauthorized access, use, or disclosure. All FTB electronic data must be encrypted when in transit using FIPS 140-2 approved encryption technology and be password protected and secure at all times when in storage. Confidential information and data obtained from FTB must be secured in accordance with the State Administrative Manual, including Chapters 5100 (EDP Standards) and 5300 (Information Security), National Institute of Standards and Technology (NIST) Special Publication 800-53 (moderate), and additional security requirements provided by FTB. FTB may require that a Security Questionnaire (FTB 5603) be completed by the participating agency receiving confidential data from FTB and its vendor, and kept on file with FTB's Information Security Oversight Section.

### 7. Destruction of records

All records received by the participating agency and its vendor from FTB, and any database created, copies made, or files attributed to the records received, shall be returned or destroyed upon completion of the business purpose for which it was obtained. The records shall be destroyed in a manner to be deemed unusable or unreadable, and to the extent that an individual record can no longer be reasonably ascertained.

### 8. Safeguard review

FTB retains the right to conduct on-site safeguard reviews of both the participating agency and its vendor's use of FTB data and information and security controls established. FTB will provide a minimum of seven (7) days' notice of a safeguard review being conducted by FTB staff.

#### 9. Cloud computing environment

A cloud computing environment cannot be used to receive, transmit, store, or process FTB's confidential data and information without prior written approval from FTB's Chief Security Officer.

#### 10. Dispute resolution

In the event of a dispute, the participating agency shall file a "Notice of Dispute" with the Chief Financial Officer of Franchise Tax Board within ten (10) days of discovery of the problem. Within ten (10) days the Chief Financial Officer, or their designee, shall meet with the participating agency's designee and its vendor's designee for purposes of resolving the dispute. The decision of the Chief Financial Officer shall be final.

#### 11. Denial of access to vendor

FTB reserves the right to deny access to the agency's vendor immediately in the event FTB determines, in its sole discretion, that vendor is not in compliance with, or at any time in the past has not complied with, any terms or conditions of this **Interagency Intercept Collection Program – Special Terms and Conditions**, or that the results of an FTB safeguard review of the vendor's use of FTB data and information or security controls established are not satisfactory to FTB. FTB will provide written notice to agency upon termination of the vendor's access. Unless terminated earlier, the vendor's access shall be terminated automatically upon termination of this agreement, without further notice to vendor. The vendor's obligations to protect the confidentiality of FTB's data and information, including the destruction of records, shall survive the termination of the vendor's access to FTB data and information under this agreement, the termination of this agreement, or the termination of either the agency's or its vendor's participation in the IIC program.

#### 12. Vendor and potential subcontractors

With the sole exception of the terms and conditions for the vendor to be permitted conditional access to FTB's data and information on behalf of the participating agency, including the vendor's obligations to protect the confidentiality of FTB's data and information, nothing contained in FTB 2645 or otherwise shall create any contractual relationship between FTB and the participating agency's vendor, or any other vendors or subcontractors of the participating agency or vendor, and no subcontract shall relieve the participating agency or vendor of their responsibilities and obligations hereunder. The agency agrees to be as fully responsible to FTB for the acts and omissions of its vendor, other vendors and subcontractors, and of persons either directly or indirectly employed by any of them, as it is for the acts and omissions of persons directly employed by the agency. Without relieving the agency of its foregoing responsibilities to FTB, the agency's vendor also agrees to be as fully responsible to FTB for the acts and omissions of its vendors or subcontractors, and of persons either directly or indirectly employed by any of them, as it is for the acts and omissions of persons directly employed by the vendor. The agency and its vendor shall be solely responsible for the payment of their vendors and subcontractors, and FTB shall have no obligation to pay or to verify the payment of any monies to any vendor or subcontractor.

#### 13. Survival of Obligation to Protect Data

The participating agency's or its vendor's obligation to protect the data and information received from FTB shall survive the expiration or termination of this Agreement, or the termination of the agency's or its vendor's participation in the IIC Program. In the event FTB continues to provide any data or information to the participating agency or its vendor after the expiration or termination of this Agreement, the participating agency and its vendor agrees to continue to protect all such data and information received in accordance with the provisions of the Interagency Intercept Collection Program Special Terms and Conditions, and all applicable state and federal laws.

All agencies must adhere to the **Interagency Intercept Collection Program Special Terms and Conditions** and maintain FTB 7904 for their records.

## Chapter 5 — Participation Overview

You can participate in the IIC Program at any time. However, since we process most refunds during the first three months of the calendar year, your agency will benefit most by following FTB 2646, **IIC Program Yearly Time Line**. The steps in the time line are outlined below:

- Request to Participate
- Intent to Participate/Agency Certification
- Confidentiality Statement
- Pre-Intercept Notice
- Effective and Cooperative Communication
- Annual Debtor Accounts
- Modified Debtor Accounts
- Weekly Offset Reports
- Fund Disbursement
- Reversals
- Administrative Costs

The participating agency maintains ownership of their debts and is responsible for the validity of the debt and the information submitted to the IIC Program. Agencies send their debts to FTB via SWIFT on a daily or weekly basis. (Refer to Chapter 5 for information on submitting debts via SWIFT.) FTB only accepts one file per day for each agency code. FTB compares each payee's SSN and name submitted to us with the SSN and name control (first four characters of last name) contained in our debtor files. We require a match on both SSN and name control to intercept a payment.

### Request to participate

To qualify for the IIC program or change the type of debts your agency wishes to collect, your executive officer or director for your agency signs and submits FTB 2282 PC, **Initial Request to Participate**, to SCO. For a copy of the form, go to [ftb.ca.gov](https://ftb.ca.gov) and search for **2282**. Only new agencies or agencies changing the type of debts to be collected must submit this form to SCO. After SCO approves your request to participate, they will mail an approval notice to us and a copy to you.

You can submit FTB 2280 PC, **Intent to Participate/Agency Certification**, to FTB while awaiting approval from SCO. For a copy of the form, go to [ftb.ca.gov](https://www.ftb.ca.gov) and search for **2280**.

## Intent to participate/agency certification

Your agency's executive officer or director signs and submits an FTB 2280 PC annually. For new agencies: once we receive approval for your participation from SCO and your completed FTB 2280 PC, we send you a welcome letter with your two-digit agency code. Failure to submit FTB 2280 by October 1 may result in suspension of intercepts for your agency until the requirement is met.

## Confidentiality statement

You must submit FTB 7904, Vendor/Contractor Confidentiality Statement. Every person in your office and your third party vendors who may have access to the confidential or sensitive data, is required to read, sign, and follow the terms of FTB 7904. FTB 7904 must be updated whenever new staff or vendors are given access to FTB data. Your agency must maintain the Confidentiality Statement. FTB may request it at any time.

## Pre-intercept notice

You are required to send your debtors a **Pre-Intercept Notice** that contains specific due process language. Refer to sample FTB 2288, **Pre-Intercept Notice Instructions**. The notice should be sent via U.S. mail unless, your client previously elected to receive electronic correspondence. The notice must:

- Specify the GC Sections that authorize your agency to submit debts for intercept.
- Allow your debtors 30 days to resolve or dispute the debts, **before** you submit their debts to us.
- Provide your agency's contact information where the debtor can dispute the liability.

We require both new and returning agencies to provide a copy of their **Pre-Intercept Notice**, annually along with FTB 2280 PC and FTB 7904. Failure to meet this requirement may result in a suspension of intercepts for your agency.

## Effective and cooperative communication

It is critical that your FTB Intercept Program liaisons listed on FTB 2280 PC effectively communicate with your debtors and FTB staff on account information, resolution of issues, and ensuring customer needs are met. FTB requires agencies to respond within 48 hours when contacted by FTB staff, to ensure issues are resolved and customer needs are met. **Failure to cooperate in effective communication and account resolution may result in a suspension of intercepts for your agency.**

## Annual debtor accounts

Submit your annual debtor accounts by **December 1**. Refer to the File Exchange Guidelines section for more information about how to submit accounts. Once you submit an annual load, you cannot make changes until the second week of January. Between December and February, we complete the following actions during our annual process:

- Purge all debts the last week in December.
- Process your annual debtor accounts for the upcoming calendar year the first week in January.
- Send you a listing of accounts received and rejected in February.

If you are a new agency we approved after November 1, then refer to the modified debtor account method for your first submission of records. You can send your first submission the second week of January as an "add."

- Contact us if you would like us to send you a conversion chart with instructions to help you format your accounts.

## Modified debtor accounts

Submit your modified debtor accounts to add, delete, or change an account at any time during the process year. The middle of December is the deadline to submit modified accounts for the current process year before annual processing for the upcoming process year. You are not required to update the balance for intercepts during the year, but you should modify the balance for voluntary payments or deletions to avoid over collection. Refer to the File Exchange Guidelines section for more information about how to submit accounts.

## Reports

We provide you with the following reports:

- Weekly detailed report of offset activity for each payment type (one each for personal income tax refunds, lottery winnings, and unclaimed property claim payments). The reports include the name of the debtor, intercept amount, intercept date, and your debtor's account number. This report is available in your SWIFT folder.
- Daily or weekly error report of rejected accounts including the debtor's account information you submitted to us and the reason we rejected the account. This report is available in your SWIFT folder after we process your file. If you have questions about a rejected account, refer to Page 30 for the account error message.
- Monthly reversal report of erroneous intercepts including debtor's account information and amount of reversal. We only provide the report in an encrypted email.

We only send these reports if there is intercept, reject, or reversal activity.

## Disbursements

SCO disburses intercept payments to you each month through a fund transfer or warrant. Only state agencies are eligible for a fund transfer. If you cannot reconcile the disbursement amount with your weekly offset reports, please call the IIC Program staff at (916) 845-5344.

## Reversals

Occasionally, we intercept funds in error as a result of misapplied payments that cause a credit on the wrong account. If we determine your agency received funds in error, we will reduce your monthly payment amount by the reversal amount. The reversal will be done in the month the error is identified. We send you a weekly/monthly **Intercept Reversal Notice** advising you of these reversals, including the following

information:

- Agency name
- Agency code
- Individual's name
- SSN
- Dollar amount of intercept
- Date of intercept
- Your account number (if given)
- Year

You can adjust your records and your intercept requested amount(s) to reflect the change. If the reversal amount is higher than the current intercept payment amount, then we will continue to reduce the amount of your intercept payments until the reversal amount is satisfied. However, if after six months we cannot make an adjustment for the full reversal, we will send your agency a letter requesting payment remittal.

## Administrative costs

In May, SCO sends you a billing invoice for the previous year's IIC program service fees.

To determine this fee, SCO, California State Lottery, and FTB calculate the program's annual cost. SCO divides the program's costs by the number of successful offsets for that year. As a result, the program fee can vary year to year.

If you fail to pay your fees within 30 days of the billing date, we may deduct the fees from any money we intercept for you.

## Chapter 6 — Exchange Files through Secure Web Internet File Transfer (SWIFT)

Agencies must submit accounts to us through SWIFT. This chapter explains:

- SWIFT Overview
- SWIFT Process
- Benefits
- Registration
- Create Files
- Record Layouts
- File Exchange Guidelines (from FTB)
  - Annual Accounts Received
  - Weekly Offset Reports
  - Rejected Accounts
- Modified Account Files: 50 characters

### SWIFT overview

The Secure Web Internet File Transfer (SWIFT) is our only permitted method for file exchange. Contact the IIC Program staff to request an Excel spreadsheet template to help you convert your paper requests to a SWIFT format.

The following represents the IIC Program files exchanged:

File	Type	Frequency
<b>Annual listing of accounts</b>	ToFTB	Annually
<b>Modification listing of accounts</b>	ToFTB	As needed
<b>Annual accounts received</b>	FromFTB	Annually
<b>Rejected accounts</b>	FromFTB	As processed
<b>Personal income tax intercepts</b>	FromFTB	Weekly
<b>Lottery intercepts</b>	FromFTB	Weekly
<b>Unclaimed property intercepts</b>	FromFTB	Weekly

If your agency has multiple agency codes, you must separately identify each agency code and its accompanying accounts. We request a separate SWIFT file folder and transmittal for each agency code.

### SWIFT process

All our external customers use SWIFT to submit confidential information to us through the Internet. Submit your debtor's accounts to us with this method. To obtain a user guide for SWIFT, go to [ftb.ca.gov](https://www.ftb.ca.gov) and search for **swift**. This part of the guide explains the following about SWIFT:

- Benefits
- Registration
- Creating Files

### Benefits

SWIFT allows:

- Us to process the file the same day if we receive it between the hours of 8 a.m. and 5 p.m., weekdays. If we receive the file after 5 p.m., then we process it the next business day.
- You to update your files daily.
- You to receive an email notification when we receive your file.

## Registration

To register for SWIFT:

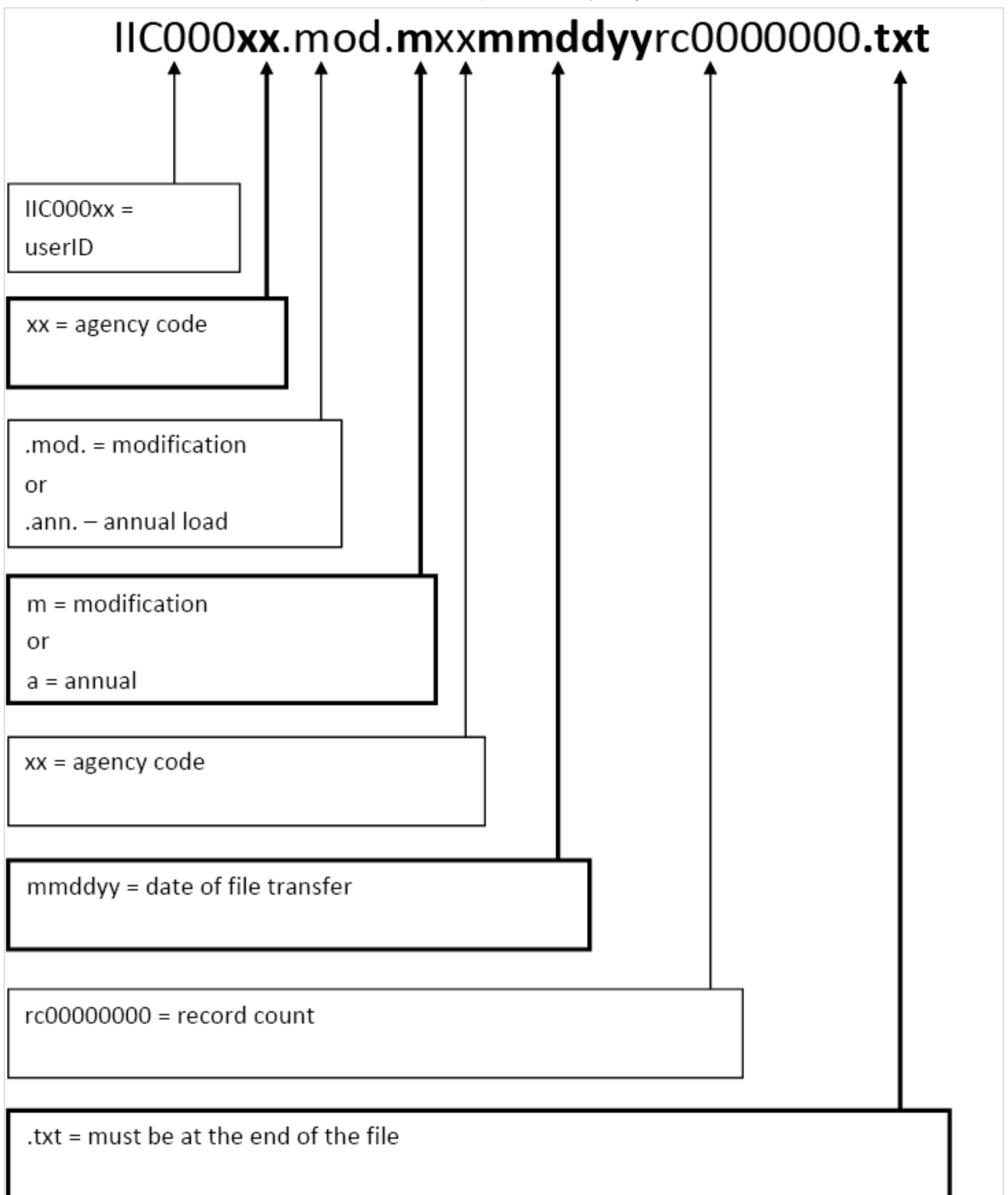
1. Contact IIC Program staff to obtain your agency code.
2. Establish contact(s) for file transfer notification. If your contact is more than one person, obtain a group email ID.
3. Go to [swift.ftb.ca.gov](https://swift.ftb.ca.gov) (<https://swift.ftb.ca.gov>) to log in. Use your SWIFT email ID.
4. SWIFT sends your agency a temporary password, once you register.
5. You must change the temporary password once you receive it and update your password once a year. **SWIFT will not prompt you before your password expires.**

## Create files

Create your SWIFT files:

1. Create a text file using the record layouts for **Annual or Modification Listing of Accounts**. Save the file in a text format with the following file name structure. You can do this by writing your accounts in the “notepad” program in Windows.



**Example:**

IIC000ba.mod.mba050411rc0001020.txt

Modification Listing for Agency Code BA on 5/4/11 of 1,020 records

2. Use your SWIFT email ID to log in. Copy the file into the appropriate folder (ToFTB Annual Files or ToFTB Modification Files).

For assistance with formatting your files, call the IIC Program staff at (916) 845-5344.

**Record layouts**

Annual account files: 45 characters

**Example:**

Agency Code: AC

Debtor SSN: 123456789

Last Name: Smith  
 Debt Amount: \$50.16  
 Account Number: 2222222222  
 Account Layout: 'AC123456789SMIT00000501600000000002222222222 '  
 (Return after each line, including last line).

Field Name	Description	Instructions	Field Length	Character Position
<b>Agency Code</b>	Assigned two-digit code		2	1-2
<b>Debtor SSN</b>	Debtor's nine-digit identification number.		9	3-11
<b>Name Control</b>	First four letters of debtor's last name using all CAPS. If last name has less than four letters, add space(s) at end of name.	Left justified, use blank spaces filled on the right side to fill field.  Example: Lee, McCord, and O'Neal should be written LEE, MCCO, and ONEA.	4	12-15
<b>Debt Amount</b>	The amount you want to intercept. Must be greater than \$10.	Numeric, right justified, zero filled on left.  Example: \$50.16 would be 000005016.	9	16-24
<b>Account/ Case Number</b>	The alphanumeric number your agency assigns to accounts to differentiate one from another.	Use blanks or zeros on left to fill field.	20	25-44
<b>Placeholder/Filler</b>		Blank space as placeholder; press enter after each record.	1	45

## File exchange guidelines (from FTB)

### Annual accounts received

When you send us annual accounts during year-end processing, we will return a file that includes accounts we accepted and rejected.

We include the following information in this file:

- Agency code
- Debtor's SSN
- Debtor's name control
- Offset requested amount
- Agency's debtor account number
- Error message (rejected accounts only)

### Weekly offset reports

These files provide the successful intercept information you need to post payments to your debtor's accounts and reconcile your receivables. We provide separate reports for each payment type: personal income tax, lottery, and unclaimed property. If there isn't any intercept activity, we will not generate a report.

We include the following information on this report/file:

- Agency code
- Debtor's SSN
- Debtor's name
- Intercept amount
- Your agency's debtor account number

### Rejected accounts

If we reject any accounts, we send you a Rejected Account Report/File, including the reason the account was rejected. Refer to the detailed descriptions of our error messages as follows:

## Account Error Messages and Corrective Steps:

Error Message	Corrective Steps
---------------	------------------

Error Message	Corrective Steps
<b>SSN Must Contain Nine Numbers</b>	<p><b>Verify data</b> Resubmit in modification format as:</p> <ul style="list-style-type: none"> <li>• "A" to add a new account</li> <li>• "C" to change an existing account</li> <li>• "D" to delete an existing account</li> </ul> <p><b>Reference</b> Modified Account File Record Layout, character positions 2-10.</p>
<b>Last Name Not in Alpha Characters</b>	<p><b>Verify data</b> Resubmit a modification format as:</p> <ul style="list-style-type: none"> <li>• "A" to add a new account</li> <li>• "C" to change an existing account</li> </ul> <p><b>Example</b></p> <ul style="list-style-type: none"> <li>• O'SHAY submit as OSHA</li> <li>• VOY-EGAN submit as VOYE</li> <li>• BAY submit as BAY</li> </ul> <p><b>Reference</b> Modified Account File Record Layout, character positions 11-14.</p>
<b>Intercept Amount Must be Numeric</b>	<p><b>Verify data</b> Resubmit in modification format as:</p> <ul style="list-style-type: none"> <li>• "A" to add a new account</li> <li>• "C" to change an existing account</li> </ul> <p><b>Reference</b> Modified Account File Record Layout, character positions 17-25. Ensure the field is right justified and zero filled on left.</p>
<b>SSN Submissions</b>	<p><b>Verify data (SSN must match debtor SSN)</b> Resubmit a modification format as:</p> <ul style="list-style-type: none"> <li>• "A" to add a new account</li> <li>• "C" to change an existing account</li> <li>• "D" to delete an existing account</li> </ul> <p><b>Reference</b> Modified Account File Record Layout, character positions 2-10.</p>
<b>Duplicate Data on Tape for SSN</b>	<ul style="list-style-type: none"> <li>• Locate the duplicate SSN and Name Control.</li> <li>• If multiple account submissions exist for the same debtor, then sum the debtor's balances to resubmit account.</li> <li>• Resubmit the account in modification format: <ul style="list-style-type: none"> <li>◦ Use "C" to change an existing account, and</li> <li>◦ Indicate the combined balance for "debt amount."</li> </ul> </li> </ul>
<b>Account Balance Below \$10</b>	<p><b>Verify data</b> If the balance is less than \$10, then we cannot accept the account.</p> <p><b>Reference</b> Modified Account File Record Layout, character positions 17-25.</p>
<b>No Agency Liability to Change or Delete</b>	<ul style="list-style-type: none"> <li>• No record of this account.</li> <li>• Resubmit in a modification format: <ul style="list-style-type: none"> <li>◦ "A" to add a new account</li> </ul> </li> </ul>
<b>Your Agency Previously Added this Account</b>	<p>Resubmit a modification format as:</p> <ul style="list-style-type: none"> <li>• "C" to change an existing account</li> <li>• "D" to delete an existing account</li> </ul> <p><b>Reference</b> Existing account was submitted as a new account. We cannot accept the account.</p>

Error Message	Corrective Steps
<b>“C”/“D” Request is Less than Intercept Amount</b>	<ul style="list-style-type: none"> <li>To delete this account, resubmit in modification format as: <ul style="list-style-type: none"> <li>“D” to delete account</li> <li>Indicate “debt amount” as \$0</li> </ul> </li> <li>To update the current balance, resubmit it in modification format as: <ul style="list-style-type: none"> <li>“C” to change an existing account (this balance must exceed \$10)</li> <li>Include any intercepts-to-date in your debt amount</li> </ul> </li> </ul> <p><b>Example</b></p> <ul style="list-style-type: none"> <li>Debt Balance per FTB \$1500</li> <li>Intercepts-to-date amount \$500</li> <li>Updated Debt Amount per Agency \$750</li> <li><b>Revised Debt Amount to Submit as “C” \$1250 (\$500 + \$750)</b></li> </ul>
<b>No Name Control and/or SSN Match</b>	<p><b>Verify Data</b> Resubmit a modification format as:</p> <ul style="list-style-type: none"> <li>“C” to change an existing account</li> <li>“D” to delete an existing account</li> </ul> <p><b>Reference</b> Name Control and SSN provided must match our records.</p>
<b>Exceeds Maximum Number of Requests Per Account (Five)</b>	<ul style="list-style-type: none"> <li>Five higher priority debts exist for this account.</li> <li>We cannot accept this account submission during the current process year.</li> </ul>
<b>Multiple SSN Matches Found</b>	<ul style="list-style-type: none"> <li>Multiple individuals use this account’s SSN.</li> <li>We cannot accept a resubmission for this account.</li> </ul>

## Modified account files: 50 characters

### Example:

Type: Change

Debtor SSN: 123456789

Last Name: Smith

Agency Code: AC

Debt Amount: \$1000.00

Account Number: 2222222222

Account Layout: 'C123456789SMITAC000100000000000000022222222222

(Return after each line, including last line.)

## Modified Account Files

Field Name	Description	Instructions	Field Length	Character Position
<b>Type Code</b>	Defines the account change requested.	A = Add new debtor account. D = Delete debtor account (you must also indicate a zero balance to delete a debtor’s account). C = Change the account balance or change a debtor’s account/case number.	1	1
<b>Debtor SSN</b>	Debtor’s nine-digit identification number.		9	2 - 10
<b>Name Control</b>	First four letters of a debtor’s last name using all CAPS if last name has less than four letters, add space(s) at end.	Left justified, fill field with spaces on the right side. Example: Lee, McCord, and O’Neal should be written LEE, MCCO, and ONEA.	4	11-14
<b>Agency Code</b>	Assigned two-digit code.		2	15-16
<b>Revised Amount</b>	The revised debt, plus any intercepts-to-date. Example: <ul style="list-style-type: none"> <li>Debt Balance per FTB \$1250</li> <li>Intercepts-to-Date \$250</li> <li>Updated Debt Amount per Agency \$750</li> <li><b>Revised Offset Amount to Submit as “C” \$1000 (\$250+750)</b></li> </ul> <p>Amounts less than \$10 balance will be rejected. <b>Exception:</b> Zero balance when deleting an existing account.</p>	Numeric, right justified, zero filled on left. Example: \$1,000.00 would be 000100000	9	17-25

Field Name	Description	Instructions	Field Length	Character Position
<b>Account/Case Number</b>	The alphanumeric number your agency assigns accounts to distinguish each one.	Use spaces or zeros to fill fields to the left.	20	26-45
<b>Placeholder/Filler</b>		Blank spaces as placeholder; press enter after each record.	5	46-50

## Chapter 7 — Submit Accounts without a SSN (ID Lookup)

This chapter explains the following for qualifying agencies.

### Overview

Qualifying agencies may submit debts without a SSN using our ID Lookup process. If your agency would like to participate in ID Lookup, email your request to [iicgroup@ftb.ca.gov](mailto:iicgroup@ftb.ca.gov) (<mailto:iicgroup@ftb.ca.gov>). Include the following information:

- Agency name.
- Type of debts.
- Approximate volume of debts your agency plans to submit without a SSN.

Participation in ID Lookup is limited.

## Chapter 8 — Contact Information

Use the following information to contact us and SCO. List your agency name, Agency Code, and the words Interagency Intercept Collection Program on all submissions and correspondence sent to us.

FTB only works with agencies. Debtors and third parties must contact the agency directly.

- FTB IIC Program
- FTB's Data Exchange Unit
- State Controller's Office Contacts

### FTB IIC program staff

Our staff can answer your program questions or provide services and support, such as:

- Help your staff answer debtor questions.
- Provide copies of missing reports.
- Help you reconcile your weekly reports to monthly fund transfer.
- Register you for SWIFT.
- Answer your billing questions.

#### Address

State of California  
Interagency Intercept Collections MS A116  
Franchise Tax Board  
PO Box 2966  
Rancho Cordova CA 95741-2966

#### Phone

(916) 845-5344

#### Fax

(916) 843-2460

#### Email

[iicgroup@ftb.ca.gov](mailto:iicgroup@ftb.ca.gov) (<mailto:iicgroup@ftb.ca.gov>)

Confidential account information should not be sent through email

### State Controller's office contacts

You can contact SCO about questions pertaining to their involvement in the IIC Program.

#### Address

Office of the State Controller  
Local Government Programs and Services Division  
Tax Administration Section  
Attn: Intercept Coordinator  
PO Box 942850  
Sacramento CA 94250-5880

#### Phone

(916) 322-0608

#### Fax

(916) 327-2563

## Chapter 9 — List of Forms

Use the following forms to participate in the IIC Program. Go to [ftb.ca.gov](https://ftb.ca.gov) and search for **intercept** to get the most recent version.

Form Name	Intended Use	Form Number
<b><i>Initial Request to Participate</i></b>	New agencies or debt type changes.	FTB 2282 PC
<b><i>Intent to Participate and Agency Certification</i></b>	New agencies and returning agencies (annually).	FTB 2280 PC
<b><i>Pre-Intercept Notice Sample</i></b>	Use as model for your intercept notice.	FTB 2288
<b><i>Intent to Participate – Identification Search</i></b>	New and returning agencies for ID Lookup.	FTB 2280A PC
<b><i>Request for Social Security Number Search</i></b>	County and city tax officials can use to request SSNs.	FTB 2284 PC *Not available online. Contact the IIC Program staff.
<b><i>Interagency Intercept Collection (IIC) Program Yearly Timeline</i></b>	Annual intercept process.	FTB 2646
<b><i>Vendor/Contract Confidentiality Statement</i></b>	All agencies must maintain this privacy requirement.	FTB 7904

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