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(IRS) Federal Tax Levy

A Tax Levy is a legal seizure of your property to satisfy a tax debt. The IRS generally uses Form 668-W(ICS) or 668-W(C)DO to levy an individual's wages, salary (including fees, bonuses, commissions, and similar items) or other income. CPB generally has at least one full pay period after receiving Form 668-W(ICS) or 668-W(C)DO before we are required to send any funds from an employee's wages to the IRS. Employees who have a levy placed on their wages are encouraged to contact the IRS as soon as possible to discuss a possible release of levy and/or alternative resolutions.



When will my federal tax levy payroll deduction begin?

Employee payroll deductions will begin one (1) pay period **after** the employee is notified by the Central Payroll Bureau. **NOTE** - It is important that the employee complete & return their exempt paperwork within three (3) days. See *Wage levy exempt amount* for more details.

*** Amount owed**

Levy forms include a "*Total Amount Due.*" This amount is calculated through the date as shown on the form. Interest and any applicable penalties will continue to accrue after this date. To get an updated payoff balance, the **employee who owes the tax liability** will need to contact the IRS. This information cannot be released to the Central Payroll Bureau. A continuous wage levy may last for an extended period of time. When all the tax shown on the levy is paid in full, the IRS will issue a Form 668-D, Release of Levy/Release of Property from Levy. The IRS may also release a levy if the taxpayer makes alternative other arrangements to pay their tax debt.

Wage levies are continuous

The Internal Revenue Code allows for continuous levies with respect to wages and salaries. This means that a levy continuously attaches until it is released.

Wage levy exempt amount

In the case of a levy on wages, the Central Payroll Bureau will only pay the employee wage amounts exempt from the levy. The IRS calculates the exempt amount based on the standard deduction and the number of personal exemptions the employee is allowed.

[IRS Publication 1494](#) (pdf), which is mailed with Form 668-W(ICS) or 668-W(C)DO, explains to the Central Payroll Bureau how to compute the amount exempt from levy. A levy includes a Statement of Exemptions and Filing Status. The Central Payroll Bureau provides this statement of Exemptions and Filing Status to the employee to complete and return **within three (3) days**. If the Central Payroll Bureau does not receive the statement from the employee within three (3) days, the exempt amount is figured as if the person is *married filing separately with one (1) exemption*. The IRS will notify CPB when the taxpayer is not entitled to levy exemptions. **NOTE** - If a wage levy continues from one calendar year to the next, the employee may submit a new Statement of Exemptions and Filing Status and ask CPB to re-compute the exempt amount.

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