



Department of Defense  
Office of the Inspector General

# Information Release

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FOR IMMEDIATE RELEASE

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## **Hotline Successfully Resolves Financial Errors That Had Been Plaguing a Former Military Service Member for 15 Years**

The Office of the Inspector General (OIG) Department of Defense (DoD) announced today that the Defense Hotline successfully resolved financial issues that a former U.S. Army soldier experienced for a period of approximately 15 years.

The Army sergeant was medically separated on December 8, 1989, after receiving a service related injury. He received a disability severance payment of \$19,483.20 (which was not subject to Federal income tax in accordance with the DoD Financial Management Regulation, Volume 7A, Military Pay Policy and Procedures – Active Duty and Reserve Pay). Shortly thereafter, due to an administrative error, the Army forwarded \$3,896.64 to the Internal Revenue Service (IRS) (representing a 20% Federal Income Tax Withholding on the gross amount the soldier received). The Army then informed the Defense Finance and Accounting Service (DFAS) that the former soldier owed this debt.

Under the Treasury Offset Program, the former soldier's Federal income tax refunds for 1995 and 1998 were forfeited. Additionally, a \$1,000.00 payment that the Army owed him due to having been promoted in an untimely manner was instead routed to DFAS. The former soldier's efforts to resolve the matter were unsuccessful, in spite of a 1999 inquiry from a Member of Congress to DFAS. The soldier continued to be frustrated when the IRS and DFAS informed him that the solution to the problem rested with the other Federal Agency.

Beginning in June 2003, the Defense Hotline reviewed the matter and coordinated extensively with officials from both the IRS and DFAS. During March 2005, the DFAS sent the former soldier a response and a check for \$2,481.21. The DFAS also sent the former soldier an apology letter for the hardships he experienced.

**To report suspected fraud, waste and abuse within DoD programs, contact the Defense Hotline toll-free at (800) 424-9098, email: [hotline@dodig.mil](mailto:hotline@dodig.mil), or visit them on the World Wide Web at <http://www.dodig.mil/hotline/>.**

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