#### Section A. Federal Tax Information (FTI) Match: General Information

#### Overview

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| In This Section | This section contains the following topic:

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| Topic | Topic Name |
| 1 | Introduction to FTI Match and Corresponding Definitions |

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#### 1. Introduction to FTI Match and Corresponding Definitions

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| Introduction | This topic contains information on FTI components, including* who provides income records
* the definition of FTI
* Department of Veterans Affairs (VA) use of FTI
* upfront verification
* income verification match (IVM), and
* security of Internal Revenue Service (IRS) tax information.
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| Change Date | March 30, 2015 |

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| a. Who Provides Income Records | The Internal Revenue Service (IRS) provides VA with unearned income records including retirement income. The Social Security Administration (SSA) provides VA with earned income records. |

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| **b. Definition of FTI** | FTI is any return or return information received from the IRS or secondary source, such as SSA. It includes any information created by the recipient (in this case, Department of Veterans Affairs (VA)) from the return or return information (for example: due process letters or upfront verification development letters).FTI is not* information provided directly by the taxpayer or third party (to include payer), including a W-2 or IRS Form 1040 or
* VA letters received by the claimant or beneficiary and subsequently returned to VA.

***Notes***: * Undeliverable returned mail regarding FTI requires safeguarding as the chain of custody has not transferred.
* VA letters received by the payer of the income and subsequently returned to the VA requires safeguarding.

***Reference***: For IRS definitions of return and return information, see [*IRS Publication 1075*](http://www.irs.gov/pub/irs-pdf/p1075.pdf). |

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| **c. VA use of FTI** | VA uses FTI for:* upfront verification and
* IVMs
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| d. Upfront Verification | Upfront Verification allows VA to view earned income from SSA and unearned income from IRS and compare it to income information provided by an applicant seeking income based benefits from the VA. ***Notes:**** The match excludes spouses and children.
* Earned income is viewed using the SSA tab within the restricted-access Share screen.
* Unearned income is viewed using the IRS tab within the restricted-access Share screen.
* Only PMCs are authorized to conduct Upfront Verification.

***Reference:*** For information on how to consider FTI when processing claims, refer to the *FTI Income Reference Spreadsheet* located on the P&F Service homepage. |

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| e. IVM | The IVM compares income reported to VA by Pension and Parents’ Dependency and Indemnity Compensation (DIC) recipients with IRS and SSA income records. The match also provides earned income of veterans paid at the 100% rate due to individual unemployability (IU). This match is completed after benefits have been granted.***Notes***:* Old Law Pension and Section 306 Pension beneficiaries are excluded from the match.
* The match includes spouses of live Improved Pension beneficiaries, but children are excluded.
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| f. Security of IRS Tax Information | The IRS requires VA to have adequate programs in place to protect FTI, which includes FTI received from both the IRS and SSA. ***Reference***: For more information on safeguarding FTI, see M21-1, Part X, Chapter 9, Section B and [*IRS Publication 1075*](http://www.irs.gov/pub/irs-pdf/p1075.pdf). |