

SM 01311.165 Manual Netting

A. INTRODUCTION

The netting procedure occurs when excess payments are applied against additional amounts due **before** an initial notice of overpayment is sent. This section will cover the manual actions to take when faced with the automated exceptions listed in [SM 01311.160](#). An excess payment becomes an overpayment once an overpayment determination is made (an initial notice of overpayment is sent) and an additional amount due becomes an actual underpayment once netting is completed.

Effective September 2002, netting is automatically performed by the system in most situations. In automated exclusion situations field offices will continue to have the ability to net manually.

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B. PROCEDURE



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- If the overpayment being netted is greater than the underpayment then send the appropriate overpayment notice and enter the mailing date in NOTICE DATE for all of the involved sequences. Refer to [SI 02101.001](#) for notice instructions.
- If the underpayment is greater than the overpayment being netted and the remaining underpayment is being issued by the system, then the system will automatically generate the L-8166. Enter the date that the netting is taking place in NOTICE DATE. The notice date must still be entered for all of the sequences involved even though the system is issuing the L-8166.

NOTE: If the net underpayment is being released by A-OTP, send an L-8166.

- If the overpayment being netted equals the underpayment, then no notice is necessary.

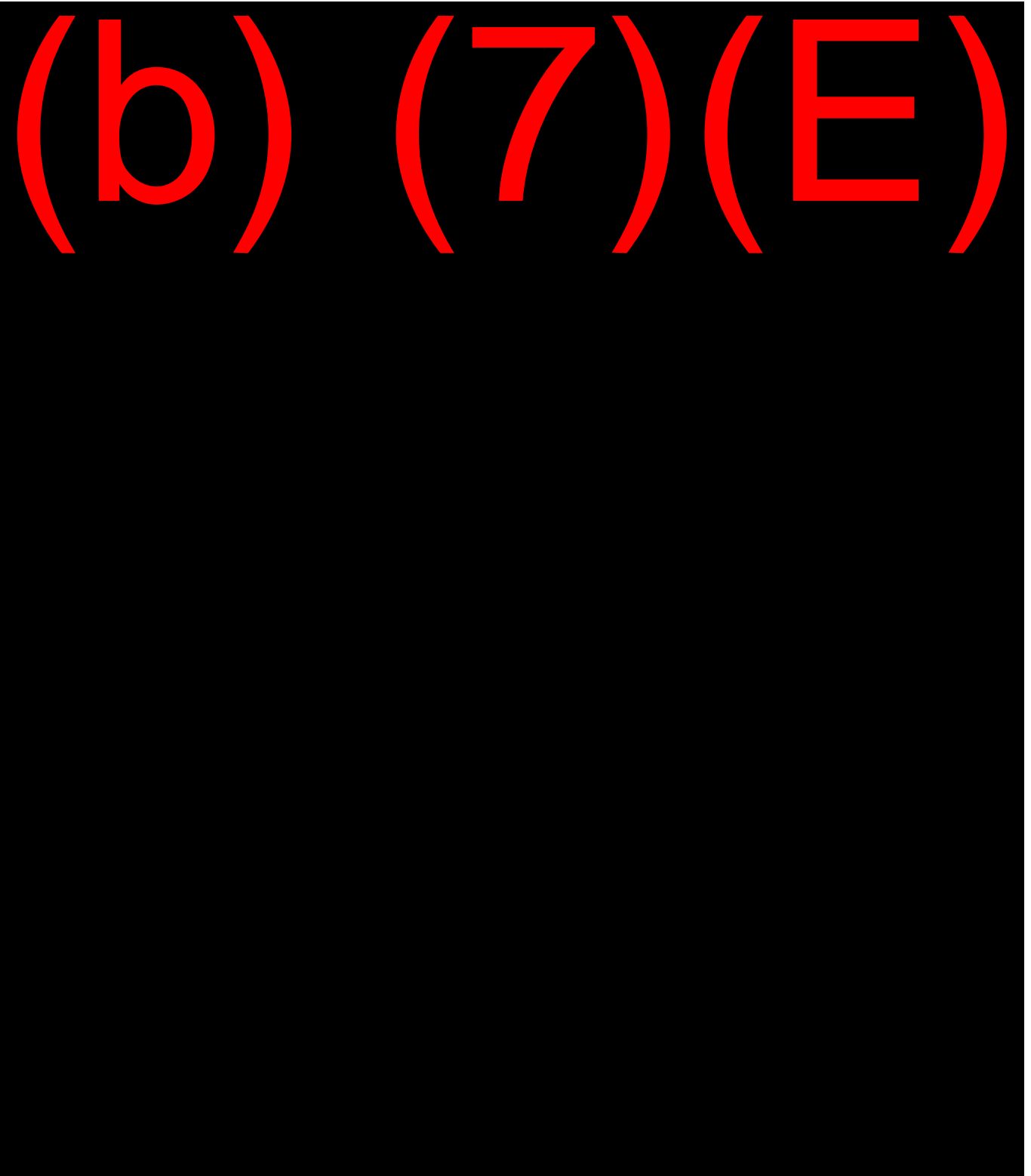
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C. REFERENCES:

- How the System Reacts to Netting, [SM 01311.160](#)
- Netting/Offsetting Overpayments against Underpayments, [SI 02201.015](#)
- Overpayment Decisions (UOPD), MSOM [BUSSR 004.008](#)
- Overpayment Processing Rejects (RJCT), MSOM [BUSSR 004.019](#)

- Timing the D TAC Input to Avoid Premature Collection, [SM 01311.115](#)
- Update Sequence Data (UOSD), MSOM [BUSSR 004.006](#)
- When to Send a Manual Overpayment Notice [SM 01311.451](#)

D. EXAMPLE -- #1 (MANUAL NETTING)



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E. EXAMPLE -- #2 (MANUAL NETTING)

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Section History

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Prior Versions of Section

Effective Date	Title
01/27/2023 - 01/26/2023	Manual Netting
01/27/2023 - 01/26/2023	Manual Netting
09/23/2002 - 01/26/2023	Manual Netting
11/15/2001 - 09/22/2002	Netting an Underpayment Against an Overpayment
11/14/2001 - 11/14/2001	Netting an Underpayment Against an Overpayment
10/22/2001 - 11/13/2001	Netting an Underpayment Against an Overpayment
09/21/2001 - 10/21/2001	Netting an Underpayment Against an Overpayment
01/08/1997 - 09/20/2001	Netting an Underpayment Against an Overpayment

Link to this section:

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