



## Eligibility Requirement: Financial Obligations

### Issue:

This brief explains the eligibility requirement pertaining to financial obligations that a concern must meet for the Vendor Information Pages (VIP) Verification Program.

(For purposes of this brief, applicant refers to the business entity applying for verification; and participant refers to a business entity that has already been verified.)

### The Regulations:

**38 CFR § 74.2(d)** provides:

*Financial obligations.* Neither an applicant firm nor any of its eligible individuals that fails to pay significant financial obligations, including unresolved tax liens and defaults on Federal loans or State or other government assisted financing, owed to the federal government, the District of Columbia or any state, district, or territorial government of the United States, is eligible for VIP Verification. If after verifying the participant's eligibility CVE discovers that the participant no longer satisfies this requirement, CVE will remove the participant from the VIP database in accordance with §74.22.

### What This Means:

Outstanding tax liens and unresolved debts owed to governmental entities inside or outside of the Federal government generally disqualify a business concern from participating in the VIP Verification Program.

However, the existence of outstanding financial obligations is not an immediate disqualifying event. Specifically, in accordance with § 74.22, a business concern may provide an explanation deemed appropriate to explain the

circumstances of any outstanding financial obligation, regardless of the jurisdiction. Therefore, so long as the business entity provides an acceptable response to an inquiry during the application process or during a cancellation proceeding, the business entity will not be disqualified from the VIP database.

An adequate response to the existence of outstanding financial obligations would be providing the Center for Verification and Evaluation (CVE) with official documentation from the government agency or entity that the lien or debt has been satisfied or a copy of a payment plan that has been entered into by the individual or business entity with the government agency or entity. A business concern may also provide to CVE an official correspondence from the government entity or agency that the entity or individual does not or did not have an outstanding obligation. In any case, the official documentation must be specific with respect to the identity of the financial obligation, the government entity or agency involved and the individual or entity responsible for the obligation.

Examples of unsatisfactory responses include:

“We have addressed this matter at great length with Dun & Bradstreet and with both the state of California and the state of South Carolina. There is no debt owed to either states by X, Inc. Therefore, there is no ‘debt relief payoff plan’ in place at this time.”

“Unaware of any debt”

“This tax lien has been paid and there is no outstanding amount due.” (No supporting documentation submitted).

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**VA Office of Small and Disadvantaged  
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