UNITED STATES
CIVILIAN BOARD OF CONTRACT APPEALS

August 4, 2026

CBCA 8924-RELO

In the Matter of DEMETRIOS K.

Demetrios K., Claimant.

Lisa A. Iselo, Director, Travel Pay and Oversight, Total Force Pay, Defense Finance and Accounting Service, Indianapolis, IN, appearing for Department of Defense.

LESTER, Board Judge.

Claimant filed this matter with the Board on June 5, 2026, challenging a tax debt of $10,078.55 tied to the shipment of his household goods (HHG), which weighed 2978 pounds, during his transfer from a duty station outside the continental United States (OCONUS) to one in the continental United States (CONUS). The total charge for the HHG shipment was almost $34,000, and, because that charge is viewed as a benefit that is part of an employee's gross income, it is taxable. *See Carrie G.*, CBCA 7540-RELO, 23-1 BCA ¶ 38,276, at 185,866; 26 U.S.C. §§ 132(g)(2), 217(k) (2024). The Defense Finance and Accounting Service (DFAS) paid $10,078.55 to the Internal Revenue Service (IRS) on claimant's behalf and, through a debt notification on April 3, 2026, demanded repayment of that amount from claimant. Claimant does not dispute that he owes taxes on the cost of his HHG shipment, and he represents that he had already paid $2000 in state taxes before DFAS made its additional payment. Nevertheless, he asserts that the General Services Administration (GSA) commuted rate for moving his HHG should have been $241.62 per 100 pounds (although the approved rate on his original bill of lading was $263.43), for a total HHG shipping cost of $7195.44, making his total tax liability just over $2250. Yet, during the shipping process, the United States Transportation Command (USTransCOM) unilaterally increased the $263.43 approved rate on his bill of lading to $1619.50 per 100 pounds, which dramatically increased the total shipping cost and, consequently, his assessed tax debt. He views that increase as unjustified and the resulting increase in his tax liability inequitable. Although he has paid the assessed debt to preclude the imposition of penalties and interest, he seeks a return of that payment.

On July 7, 2026, in response to the claim, DFAS agreed that claimant's tax debt should be reduced, represented that it was processing a correction voucher to reflect that reduction, but indicated that the reduction would trigger a host of other necessary actions and submissions:

> The correction voucher to reduce [claimant's] HHG debt is currently being processed in coordination with DFAS Travel Pay. This action will decrease his debt by $7,190.77, resulting in a final outstanding balance of $2,887.78 owed to the government. While this resolves the immediate shipping billing issue, the adjustment will directly impact his previously reimbursed Relocation Income Tax Allowance (RITA) voucher, which will result in a separate debt voucher.
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> [Claimant's] original RITA voucher was processed based on the incorrect, higher shipping invoice. Upon application of the corrective credit to his HHG debt, DFAS will generate a Form W-2C. [Claimant] will be required to file an amended tax return to report the reduction in taxable wages, which should generate an IRS tax credit voucher or refund. Following his tax amendment, [claimant] must submit a supplemental RITA voucher. This supplemental voucher will establish a RITA debt, as the reduced shipping costs decreases his overall tax allowance eligibility, rendering the initial RITA disbursement an overpayment.
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> All administrative actions to correct the initial HHG billing error have been initiated. While the immediate HHG debt will be successfully reduced to $2,887.78, the subsequent RITA recalculation is mandatory. [Claimant] will receive the W-2C to initiate an amendment to his income taxes and will be required to file a supplemental [sic] to his RITA.

DFAS Response at 1.[1]

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[1] DFAS also reported that, to the extent that claimant wants to challenge the USTransCOM rate increase, "rate disputes fall strictly under transportation policy" and must be raised directly with USTransCOM. DFAS Response at 1.

On July 14, 2026, claimant informed the Board that he "accept[s] the revised debt balance of $2,887.78." Claimant Reply at 1. Nevertheless, he has asked his DFAS contact various questions and sought clarifications about RITA calculations and reimbursements and has asked for instructions about how his $7,190.77 overpayment will be refunded.

Subsequently, on July 31, 2026, DFAS reported to claimant and the Board that the "refund voucher was processed on 7/23/26 in the amount of $7,190.77" and that it "will verify with [the assigned] DFAS Analyst when [claimant] will be issued [a] corrected W2c and let [claimant] know." Agency Notice at 1.

Although numerous activities remain necessary before the claim pending here can be fully resolved, it is clear that claimant has agreed to the agency's proposal for dealing with his tax overpayment and that the parties are currently working through the process to effectuate their agreement. In such circumstances, we dismiss this claim to allow DFAS and claimant to continue their efforts, inclusive of claimant's need to submit an amended tax return once he receives a revised Form W-2C, to resolve the repayment and associated RITA issues. If, during the course of their continued activities relating to this debt, claimant believes that he is again being overcharged for taxes on the HHG shipment, he may submit a new claim to DFAS which, if the parties are unable to resolve it, he may file with the Board.

Harold D. Lester, Jr.
HAROLD D. LESTER, JR.
Board Judge