

Tax Resolution Essentials Series

**Providing quality education and training materials
to professionals by professionals**

- Full menu of live and online courses
- **The Ultimate Guide to Tax Resolution** textbook
- Professionals Portal
- Comprehensive Knowledge base
- Wide-ranging libraries including IRS forms
- **Live consultation support** from CPAs and Tax Attorneys

visit us at www.taxresolutioninstitute.org

Tax Resolution Institute

Why are we here today?

The Tax Resolution Institute prides itself in assisting accounting, legal and other professionals resolve their client's tax problems

Take advantage of our 3-tiered support program

- 1) We teach you how to become a tax resolution specialist
- 2) We become your partner working side-by-side to fix your client's issues
- 3) If you are not interested in practicing in this area or have a case beyond your capability, we become your trusted referral source

Tax Resolution

Introduction to Tax Resolution

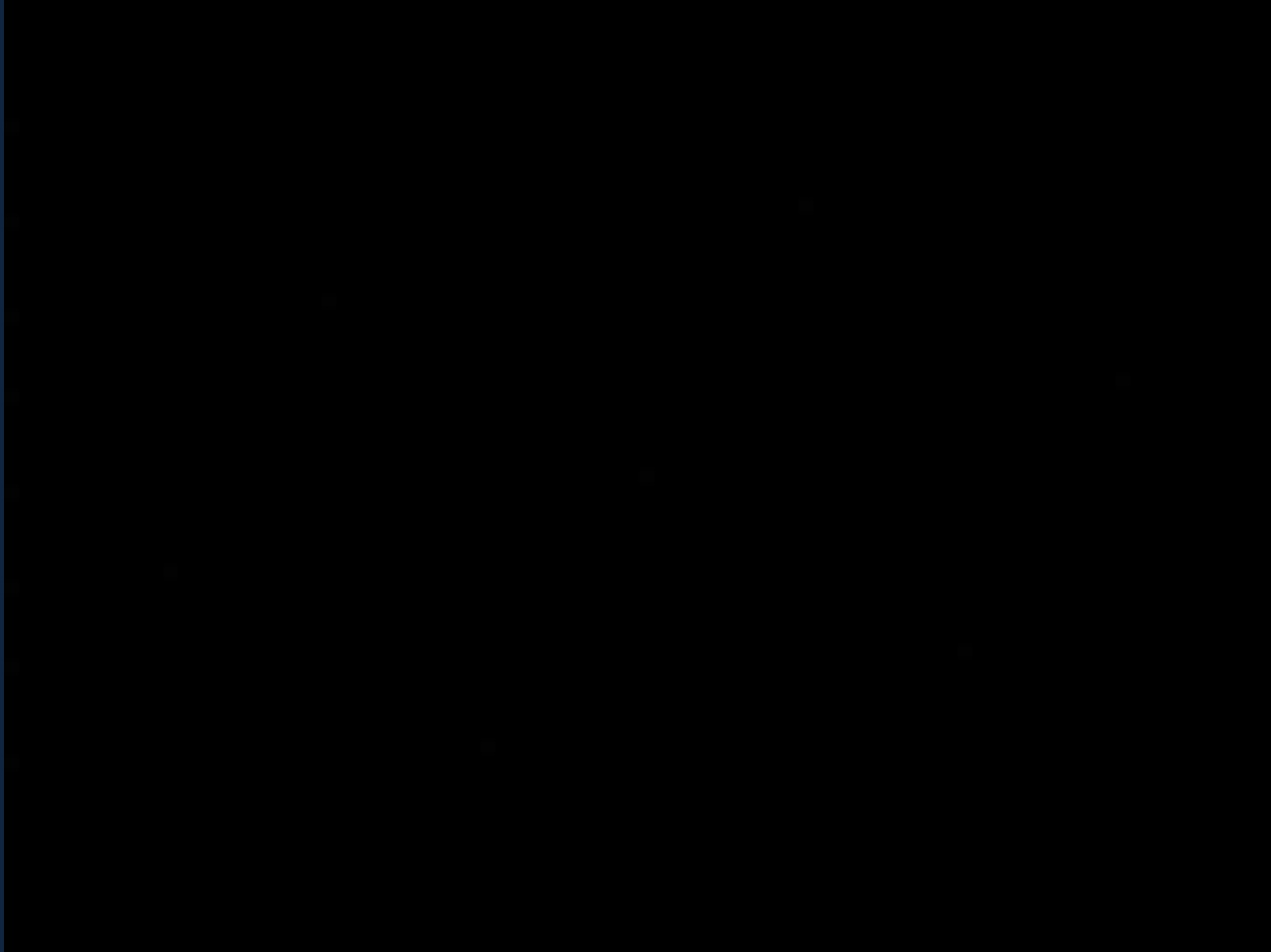
Instructor

Peter Y Stephan, CPA

Executive Director

Tax Resolution Institute

Crossing the River



Top 3 Professions with Tax Problems

- **Real estate brokers**
- **Attorneys**
- **Self employed (Schedule 'C') taxpayers**

What will be covered today

- **What is “Tax Resolution”?**
- **Sequence of events**
- **Payroll taxes**
- **Offers in compromise (OIC)**
- **Overview of installment agreements (IA)**
- **Comparison of OICs to IAs**
- **Bankruptcy – 3 quick rules for dischargeability of income taxes**

Tax Resolution Essentials

The following materials and more will be available to attendees at www.taxresolutioninstitute.org/100a for 10 days without a subscription:

- Comprehensive manual pertaining to the material covered today
- A copy of today's presentation
- A link to today's webinar
- Tips and traps pertaining to Installment Agreements
- Tips and Traps pertaining to Offers in Compromise
- IRS 4180 Interview form
- ...and more

Polling Question 1

Do you currently have clients with tax issues?

- **Yes**
- **No**
- **I don't know**

About our Speaker



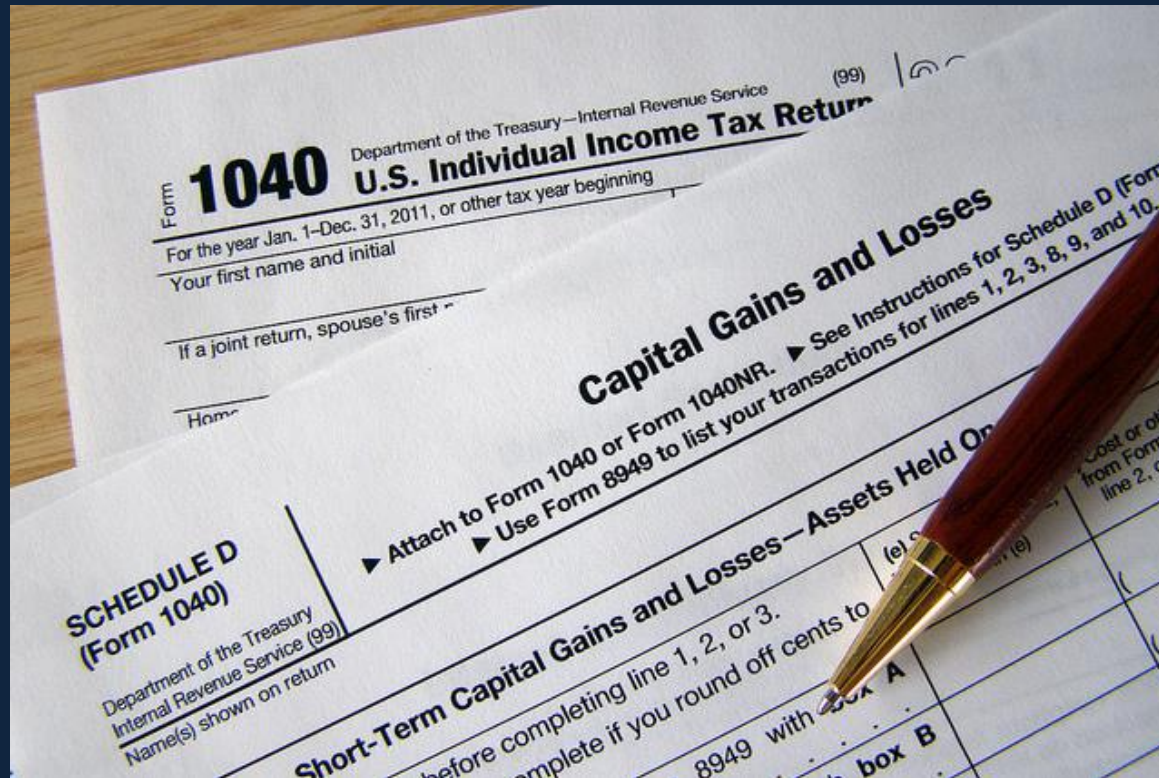
Peter Y. Stephan, CPA

Tax Resolution

The practice of resolving a person's or businesses' Federal or State tax issues using one or more of the various methods available.

The two main areas of tax liability that will be covered in this course are income taxes and payroll taxes.

Income Taxes

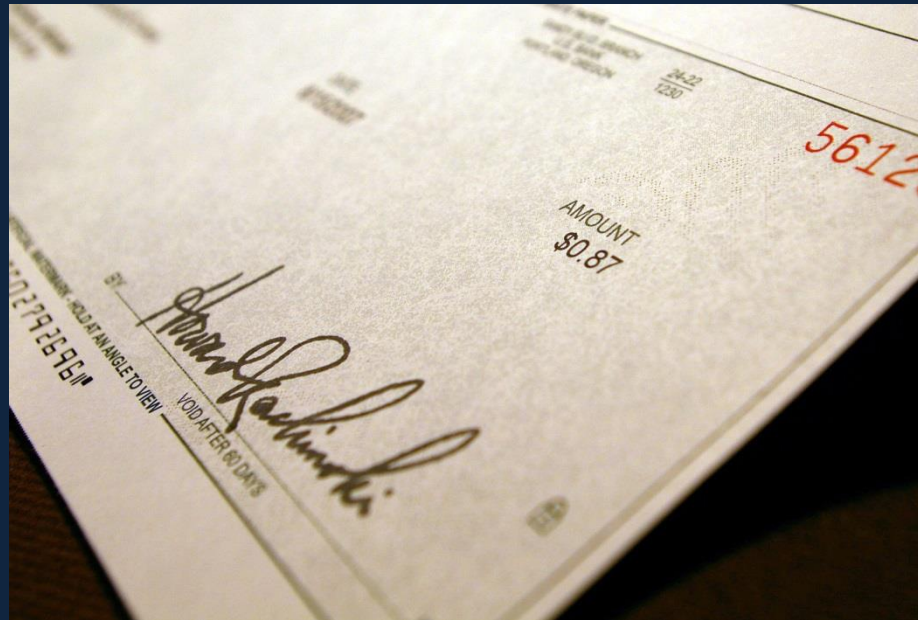


Solving Income Tax Issues

5 most common methods:

- Installment agreement
- Currently Not Collectible (“CNC”) Status
- Partial-pay installment agreement (“PPIA”)
- Offer in compromise (“OIC”)
- Discharging taxes in bankruptcy

Payroll Taxes



Components of Delinquent Payroll Tax Liabilities

- Comprised of
 - Trust fund portion (employee withholdings including taxes, Social Security and Medicare)
 - Non trust fund portion
 - Interest (compounded daily)
 - Penalties
- Not Dischargeable in Bankruptcy
- Trust Fund portion assessed personally to **Responsible Person/s**

A person will be held personally liable for the withheld taxes if...

- They are responsible for its collection and payment
- Their failure to collect the tax and pay it over is “willful”

Solving Payroll Tax Issues

5 most common methods:

- Installment agreement
- Partial-pay installment agreement (*PPIA*)
- In-business offer in compromise (“OIC”)
- Walk away from business and pay trust fund portion only
- Hybrid Bulk-Sale and OIC

Polling Question 2

What is the most common collection issue you are confronted with?

- **Unpaid taxes resulting from inability to pay**
- **Additional tax assessed resulting from audit**
- **Notices pertaining to past filings or unfiled taxes**
- **Client's bank account was levied or wages were garnished**

Sequence of Events



Meet with the client *(by telephone or in person)*

- Identify and define issues
- Discuss the process and expectations from the client
- Estimate fees

Prepare Documents

- Letter of Engagement*
- Power of Attorney Form
- Payment Forms

* You can obtain a copy of a these forms at www.taxresolutioninstitute.org/100a

Contact Government

- Fax the Power of Attorney form
- Call Government Representative
- Assess client's situation
- Request hold on collection if applicable
- Request transcripts



This Product Contains Sensitive Taxpayer Data

Account Transcript

Request Date: 06-12-2009
Response Date: 05-12-2009
Tracking Number: 100045052838

FORM NUMBER: 1040A

TAX PERIOD: Dec 31, 2001

TAXPAYER IDENTIFICATION NUMBER: [REDACTED]

<<<<POWER OF ATTORNEY/TAX INFORMATION AUTHORIZATION (POA/TIA) ON FILE>>>>

--- ANY MINUS SIGN SHOWN BELOW SIGNIFIES A CREDIT AMOUNT ---

ACCOUNT BALANCE: 94,263.33
ACCRUED INTEREST: 13,959.66 AS OF: Jun 08, 2009
ACCRUED PENALTY: 0.00 AS OF: Jun 08, 2009

ACCOUNT BALANCE PLUS ACCRUALS
(this is not a payoff amount): \$8,225.20

** INFORMATION FROM THE RETURN OR AS REQUESTED **

EXEMPTIONS: 04 FILING STATUS: Single
ADJUSTED GROSS INCOME: 80,402.00
TAXABLE INCOME: 63,952.00
TAX PER RETURN: 0.00
SE TAXABLE INCOME TAXPAYER: 80,400.00
SE TAX/\BLS INCOME SPOUSE: 0.00
TOTAL SELF EMPLOYMENT TAX: 12,308.00

RETURN DUE DATE OR RETURN RECEIVED DATE (WHICHEVER IS LATER)
PROCESSING DATE

TRANSACTIONS

Table with 4 columns: CODE, EXPLANATION OF TRANSACTION, CYCLE, DATE, AMOUNT. Row 1: 150 Substitute tax return prepared by IRS 12-29-2003 \$0.00

	49210-334-28288-3		
140	Inquiry for non-filing of tax return	03-17-2003	\$0.00
570	Additional account action pending	12-29-2003	\$0.00
420	Examination of tax return	12-23-2003	\$0.00
170	Penalty for not pre-paying tax	20043508 09-13-2004	\$936.00
160	Penalty for filing tax return after the due date	20043508 09-13-2004	\$5,832.00
300	Additional tax assessed by examination	20043508 09-13-2004	\$50,034.00
	49247-639-00298-4		
336	Interest charged for late payment	20043508 09-13-2004	\$7,868.74
276	Penalty for late payment of tax	20043508 09-13-2004	\$7,254.93
976	Duplicate return filed	08-13-2004	\$0.00
	89221-228-31849-4		
977	Amended return filed	08-13-2004	\$0.00
	49277-445-01093-5		
161	Reduced or removed penalty for filing tax return after the due date	09-13-2004	-\$5,425.65
163	Penalty for filing tax return after the due date	20043508 09-13-2004	\$5,425.65
171	Reduced or removed penalty for not pre-paying tax	09-13-2004	-\$1,044.00
173	Penalty for not pre-paying tax	20043508 09-13-2004	\$1,044.00
291	Prior tax abated	03-14-2005	-\$24,114.00
	49254-445-00168-5		
277	Reduced or removed penalty for late payment of tax	03-14-2005	-\$2,718.93
197	Reduced or removed interest charge on late payment	03-14-2005	-\$2,771.19
530	Balance due account currently not collectable	04-28-2005	\$0.00
960	Appointed representative	04-27-2005	\$0.00
531	Account currently considered collectable	05-02-2005	\$0.00
480	Offer in compromise received	06-21-2005	\$0.00
971	Tax period blocked from automated levy program	07-11-2005	\$0.00
481	Denied offer in compromise	08-18-2005	\$0.00
582	Lien placed on assets due to balance owed	09-23-2005	\$0.00
961	Removed appointed representative	12-08-2005	\$0.00
480	Offer in compromise received	01-17-2006	\$0.00
483	Removed offer in compromise	01-27-2006	\$0.00
960	Appointed representative	03-02-2006	\$0.00
971	Tax period blocked from automated levy program	05-08-2006	\$0.00
480	Offer in compromise received	06-14-2006	\$0.00
481	Denied offer in compromise	01-22-2007	\$0.00
530	Balance due account currently not collectable	03-06-2007	\$0.00

Obtain or Prepare Tax Returns

- Collect information
- Prepare returns
- File returns directly with Representative if possible
- Calculate estimated tax liability including penalties and interest

Prepare Collection Information Statement

- Obtain draft copy from client
- Prepare 433A, 433F, 433B, 9465 (covered later in this course)
- If applicable contact the client to discuss options to lower Monthly Disposable Income (“MDI”)

Tax Resolution Full-Day Course

Up your game!

On November 14, 2015 the Tax Resolution Institute is offering full-day training both live at National University on Orange County, CA and via webcast nationwide

for more information visit

www.taxresolutioninstitute.org

and click on [Course List](#) in the top bar.
TRI webinar participants receive a 10% discount
(use code **10offsem** – expires 11/10/15)

*If you missed the link or need help at anytime during this presentation
email us at info@taxresolutioninstitute.org*

On the “Lighter” Side



Fax

To:	Norman Kreisman	From:	
Fax:	(818) 704-6657	Pages:	5
Phone:		Date:	11/15/13
Re:	2009-2012 taxes	CC:	

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

● **Comments:**

Hi Norman,

Here are most the documents you requested. Sorry page two of the 433F is missing but my dog ate it. I am working on redoing this page now.

Should I go ahead and pay what I owe the State for 2013?

IRS National & Local Standards



Case Study (CS-1)

Offer in Compromise

- Family of 4
- Living in Los Angeles
- Both spouses are wage earners
- Owns 1 vehicle and leases another
- Owns a single family home
- Owes \$264,000 in Federal income tax

Food, Clothing and Other Items

Expense	One Person	Two Persons	Three Persons	Four Persons
Food	\$315	\$588	\$660	\$821
Housekeeping supplies	\$32	\$66	\$65	\$78
Apparel & services	\$88	\$162	\$209	\$244
Personal care products & services	\$34	\$61	\$64	\$70
Miscellaneous	\$116	\$215	\$251	\$300
Total	\$585	\$1,092	\$1,249	\$1,513

More than four persons	Additional Persons Amount
For each additional person, add to four-person total allowance:	\$378

The Doe family (CS-1 & CS-2)



Housing and Utilities

Maximum Monthly Allowance

County	Housing and Utilities for a Family of 1	Housing and Utilities for a Family of 2	Housing and Utilities for a Family of 3	Housing and Utilities for a Family of 4	Housing and Utilities for a Family of 5 or more
Alameda County	2,527	2,968	3,127	3,487	3,543
Alpine County	2,180	2,560	2,698	3,008	3,056
Amador County	1,821	2,139	2,254	2,514	2,554
Butte County	1,571	1,846	1,945	2,169	2,204
Los Angeles County	2,270	2,667	2,810	3,133	3,184

Maximum allowed for the Doe family
(CS-2)



Transportation

Public Transportation

National	\$185
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Ownership Costs

	One Car	Two Cars
National	\$517	\$1034

Operating Costs

	One Car	Two Cars
Northeast Region	\$278	\$556
Boston	\$277	\$554
New York	\$342	\$684
Los Angeles	\$295	\$590

The Doe family (CS-1 & CS-2)

Out-of-Pocket Health Care

	Out-of-Pocket Costs
Under 65	\$60
65 and Older	\$144

Allowed for the Doe family per person
for a total of \$240 (CS-1) & CS-2



Polling Question 3

Why are you taking this webinar (choose 1)?

- **To better help clients with tax collection issues**
- **To grow my practice and gain new tax resolution clients**
- **To find a tax resolution provider as an outside partner**
- **For general knowledge (none of the above apply)**

Offers in Compromise



A determination of **doubt as to collectability** will include a determination of ability to pay. The determination of the amount of such basic living expenses will be founded upon an evaluation of the individual facts and circumstances presented by the taxpayer submitting a statement of financial affairs (**Form 433A OIC**)

To formulate this determination, guidelines published on National and Local living expense standards are taken into account

Offer in Compromise

Submitting an **Offer in Compromise** is the process in which a taxpayer requests to reduce their Internal Revenue Service or State tax debt by negotiating for an amount less than the actual amount they owe...

The IRS has the authority to settle or “compromise” tax liability by accepting less than full payment under certain circumstances

A Federal tax debt may be legally compromised under one of the three following conditions...

Doubt as to Collectability

- Taxpayer is unable to pay their tax liability (accounting for income and assets) within the statute of limitations on collection

Doubt as to Liability

- The taxpayer is not responsible for paying the tax liability in question and should not have been assessed

Effective Tax Administration

- The taxpayer owes the tax, has the ability to pay (i.e. equity in their home) but collecting from the taxpayer would be unjust

Case Study (CS-1)

Offer in Compromise

- Family of 4
- Living in Los Angeles
- Both spouses are wage earners
- Owns 1 vehicle and leases another
- Owns a single family home
- Owes \$264,000 in Federal income tax

Offers in Compromise and Appeals Course

On November 6th the Tax Resolution Institute is offering a 2-hour online webinar in which we will discuss in detail Offers in Compromise and Appeals.

In this course you will learn...

- How to plan for an Offer in Compromise
- How to value assets listed in the offer
- What to do when complex issues arise relating to an offer
- How to appeal an offer (including with whom you should speak)
- How and when to file IRS appeals (which form to file)
- How to leverage a tax court petition to your advantage.
- How do you get a 2nd bite at the apple even though you are not a tax attorney or admitted to practice in front of the tax court?

for more information visit

www.taxresolutioninstitute.org

and click on [Course List](#) in the top bar
Seminar/Webcast participants receive 10% off
(use code **10offsem** – expires 11/10/15)

IRS Form 433A (OIC)

Form 433-A (OIC) (Rev. January 2014)	Department of the Treasury — Internal Revenue Service Collection Information Statement for Wage Earners and Self-Employed Individuals
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Use this form if you are

- ▶ An individual who owes income tax on a Form 1040, U.S. Individual Income Tax Return
 - ▶ An individual with a personal liability for Excise Tax
 - ▶ An individual responsible for a Trust Fund Recovery Penalty
- ▶ An individual who is personally responsible for a partnership liability
 - ▶ An individual who is self-employed or has self-employment income. You are considered to be self-employed if you are in business for yourself, or carry on a trade or business.

Wage earners Complete Sections 1, 2, 3, 7, 8, 9 and the signature line in Section 10.

Self-employed individuals Complete Sections 4, 5, 6, in addition to Sections 1, 2 (if applicable), 3, 7, 8, 9 and the signature line in Section 10.

Note: Include attachments if additional space is needed to respond completely to any question.

Section 1 Personal and Household Information

Last Name Doe	First Name John	Date of Birth (mm/dd/yyyy) 01/01/1980	Social Security Number 123 - 45 - 6789
Marital status <input type="checkbox"/> Unmarried <input checked="" type="checkbox"/> Married	Home Address (Street, City, State, ZIP Code) 1234 Memory Lane Anytown, USA 12345		Do you: <input checked="" type="checkbox"/> Own your home <input type="checkbox"/> Rent <input type="checkbox"/> Other (specify e.g., share rent, live with relative, etc.)
County of Residence Los Angeles	Primary Phone (213) 555 - 1234	Mailing Address (if different from above or Post Office Box number) Same	
Secondary Phone () - -	Fax Number () - -		
Provide information about your spouse.			
Spouse's Last Name Doe	Spouse's First Name Jane	Date of Birth (mm/dd/yyyy) 12/31/1985	Social Security Number 987 - 65 - 4321

Provide information for all other persons in the household or claimed as a dependent.

Name	Age	Relationship	Claimed as a dependent on your Form 1040?	Contributes to household income?
Jimmy Doe	10	Son	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Jeannie Doe	8	Daughter	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Dependents included in OIC
should appear on applicant's tax
return

Section 2**Employment Information for Wage Earners**

If you or your spouse have self-employment income (that is you file a Schedule C, E, F, etc.) instead of, or in addition to wage income, you must complete Business Information in Sections 4, 5, and 6.

Your Employer's Name Acme Inc.		Employer's Address (<i>street, city, state, zip code</i>) 9999 Industrial Way Los Angeles, CA 90000	
Do you have an interest in this business? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Your Occupation Riveter	How long with this employer 2 (years) 7 (months)		
Spouse's Employer's Name Acme Inc.		Employer's Address (<i>street, city, state, zip code</i>) 9999 Industrial Way Los Angeles, CA 90000	
Does your spouse have an interest in this business? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Spouse's Occupation Sales	How long with this employer 1 (years) 3 (months)		

Section 3 Personal Asset Information

Cash and Investments (domestic and foreign)

Use the **most current** statement for each type of account, such as checking, savings, money market and online accounts, stored value cards (such as, a payroll card from an employer), investment and retirement accounts (IRAs, Keogh, 401(k) plans, stocks, bonds, mutual funds, certificates of deposit), life insurance policies that have a cash value, and safe deposit boxes. Asset value is subject to adjustment by IRS based on individual circumstances. Enter the total amount available for each of the following (if additional space is needed include attachments).

Round to the nearest whole dollar.

Do not enter a negative number. If any line item is a negative number, enter "0".

<input type="checkbox"/> Cash <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name Main Bank	Account Number 111-1111-11	(1a) \$ 1,400
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(1b) \$
Total of bank accounts from attachment		(1c) \$
Do not enter a negative number. Add lines (1a) through (1c) less (\$1,000) =		(1) \$ 400
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other		
Name of Financial Institution N/A	Account Number	
Current Market Value	Less Loan Balance	
\$ _____ X .8 = \$ _____	- \$ _____ =	(2a) \$
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Less Loan Balance	
\$ _____ X .8 = \$ _____	- \$ _____ =	(2b) \$
Total of investment accounts from attachment. [current market value X.8 less loan balance(s)]		(2c) \$
Add lines (2a) through (2c) =		(2) \$ 0

This amount should be \$1,000 less than the actual bank account balance/s

Retirement Account: <input type="checkbox"/> 401K <input type="checkbox"/> IRA <input type="checkbox"/> Other		
Name of Financial Institution N/A	Account Number	
Current Market Value	Less Loan Balance	
\$ _____ X .7 = \$ _____	- \$ _____	= (3a) \$ _____
Retirement Account: <input type="checkbox"/> 401K <input type="checkbox"/> IRA <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Less Loan Balance	
\$ _____ X .7 = \$ _____	- \$ _____	= (3b) \$ _____
Total of investment accounts from attachment. [current market value X .7 less loan balance(s)]		(3c) \$ _____
Add lines (3a) through (3c) =		(3) \$ 0
Cash Value of Life Insurance Policies		
Name of Insurance Company N/A	Policy Number	
Current Cash Value	Less Loan Balance	
\$ _____	- \$ _____	= (4a) \$ _____
Total of life insurance policies from attachment	Less Loan Balance(s)	
\$ _____	- \$ _____	= (4b) \$ _____
Add lines (4a) through (4b) =		(4) \$ 0

Catalog Number 55896Q

www.irs.gov

Form **433-A (OIC)** (Rev. 1-2014)

Always put "N/A"
with a "0" amount
when an item
does not apply

If the equity is negative enter "0"

Section 3 (Continued)

Personal Asset Information

Real Estate (Enter information about any house, condo, co-op, time share, etc. that you own or are buying)

Property Address (Street Address, City, State, ZIP Code) 1234 Memory Lane Anytown, USA 12345	Primary Residence <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	Date Purchased 01/01/2008	
County and Country Los Angeles, USA	Date of Final Payment 01/01/2038	
How title is held (joint tenancy, etc.) Joint Tenancy	Description of Property Single Family Residence	
Current Market Value \$ 435,000 X .8 = \$ 348,000	Less Loan Balance (Mortgages, etc.) - \$ 517,000 (Total Value of Real Estate) =	(5a) \$ 0
Property Address (Street Address, City, State, ZIP Code)	Primary Residence <input type="checkbox"/> Yes <input type="checkbox"/> No	
	Date Purchased	
County and Country	Date of Final Payment	
How Title is Held (joint tenancy, etc.)	Description of Property	
Current Market Value \$ _____ X .8 = \$ _____	Less Loan Balance (Mortgages, etc.) - \$ _____ (Total Value of Real Estate) =	(5b) \$
Total value of property(s) from attachment [current market value X .8 less any loan balance(s)]		(5c) \$
Add lines (5a) through (5c) =		(5) \$ 0

Vehicles (Enter information about any cars, boats, motorcycles, etc. that you own or lease)

Vehicle Make & Model Nissan Sentra		Year 2013	Date Purchased 01/01/2013	Mileage 8,100	
<input type="checkbox"/> Lease <input checked="" type="checkbox"/> Loan	Name of Creditor Nissan Motor Acceptance		Date of Final Payment 01/01/2018	Monthly Lease/Loan Amount \$473	
Current Market Value \$ 11,438		Less Loan Balance - \$ 18,447		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =	(6a) \$ 0
X .8 = \$ 9,150					
Vehicle Make & Model Acura Integra		Year 2012	Date Purchased 06/01/2012	Mileage 9,100	
<input checked="" type="checkbox"/> Lease <input type="checkbox"/> Loan	Name of Creditor Honda Financial Services		Date of Final Payment 06/01/2017	Monthly Lease/Loan Amount \$517	
Current Market Value \$ 0		Less Loan Balance - \$ 0		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =	(6b) \$ 0
X .8 = \$ 0					
Total value of vehicles listed from attachment [current market value X .8 less any loan balance(s)]					(6c) \$
Enter the allowance of \$3,450 or \$6,900, whichever is applicable. See Note below.					(6d) \$ (6,900)
Add lines (6a) through (6d) =					(6) \$ 0

NOTE: If you are filing an individual offer, you may subtract \$3,450 from the value of 1 vehicle. If you are filing a joint offer, you may subtract an additional \$3,450 for a second vehicle for a total of \$6,900. Enter the amount on Line (6d). Do not enter a negative number.

The taxpayers are allowed
\$6,900 in equity of their vehicles

Section 3 (Continued)**Personal Asset Information**

Other valuable items (artwork, collections, jewelry, items of value in safe deposit boxes, interest in a company or business that is not publicly traded, etc.).

Description of asset: Furniture/Fixtures			
Current Market Value	Less Loan Balance		
\$ 1,375	x .8 = \$ 1,100	- \$ 0	= (7a) \$ 1,100
Description of asset: Personal Effects			
Current Market Value	Less Loan Balance		
\$ 985	x .8 = \$ 788	- \$	= (7b) \$ 788
Total value of valuable items listed from attachment [current market value X .8 less any loan balance(s)]			(7c) \$
Add lines (7a) through (7c) =			(7) \$ 1,888
Do not include amount on the lines with a letter beside the number. Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0". Add lines (1) through (7) and enter the amount in Box A =			Box A Available Individual Equity in Assets \$ 2,288

NOTE: If you or your spouse are self-employed, Sections 4, 5, and 6 must be completed before continuing with Sections 7 and 8.

These amounts should be based upon the quick sale value of assets. Not the retail value

Section 4**Self-Employed Information**

If you or your spouse are self-employed (e.g., files Schedule(s) C, E, F, etc.), complete this section.

Is your business a sole proprietorship? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Address of Business (If other than personal residence)		
Name of Business N/A				
Business Telephone Number () -	Employer Identification Number	Business Website		Trade Name or dba
Description of Business	Total Number of Employees	Frequency of Tax Deposits	Average Gross Monthly Payroll \$	
Do you or your spouse have any other business interests? Include any interest in an LLC, LLP, corporation, partnership, etc. <input type="checkbox"/> Yes (Percentage of ownership:) Title: <input type="checkbox"/> No		Business Address (Street, City, State, ZIP code)		
Business Name		Business Telephone Number () -	Employer Identification Number	
Type of business (Select one) <input type="checkbox"/> Partnership <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____				

Section 5**Business Asset Information (for Self-Employed)**

List business assets such as bank accounts, tools, books, machinery, equipment, business vehicles and real property that is owned/leased/rented. If additional space is needed, attach a list of items.

Round to the nearest whole dollar.

Do not enter a negative number. If any line item is a negative number, enter "0".

<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name N/A	Account Number	(8a) \$
<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(8b) \$
Total value of bank accounts from attachment		(8c) \$
Add lines (8a) through (8c) =		(8) \$ 0

Section 5 (Continued)

Business Asset Information (for Self-Employed)

Description of asset:

N/A

Current Market Value	Less Loan Balance	<i>(if leased or used in the production of income, enter 0 as the total value)</i>	=	(9a) \$
\$ _____ X .8 = \$ _____	– \$ _____			

Description of asset:

Current Market Value	Less Loan Balance	<i>(if leased or used in the production of income, enter 0 as the total value)</i>	=	(9b) \$
\$ _____ X .8 = \$ _____	– \$ _____			

Total value of assets listed from attachment [current market value X .8 less any loan balance(s)] (9c) \$

Add lines (9a) through (9c) = (9) \$ 0

IRS allowed deduction for professional books and tools of trade – (10) \$ [4,470]

Enter the value of line (9) minus line (10). If less than zero enter zero. = (11) \$ 0

Notes Receivable

Do you have notes receivable? Yes No

If yes, attach current listing which includes name and amount of note(s) receivable.

Accounts Receivable

Do you have accounts receivable, including e-payment, factoring companies, and any bartering or online auction accounts? Yes No

If yes, you may be asked to provide a list of the account(s) receivable.

Do not include amount on the lines with a letter beside the number. Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0".

Add lines (8) and (11) and enter the amount in Box B = \$ 0

Box B
Available Business Equity in Assets

Items on this page are for currently self-employed individuals. If a business is entering into an OIC they would use form 433B (OIC)

Section 6

Business Income and Expense Information (for Self-Employed)

Note: If you provide a current profit and loss (P&L) statement for the information below, enter the total gross monthly income on line 17 and your monthly expenses on line 29 below. Do not complete lines (12) - (16) and (18) - (28). You may use the amounts claimed for income and expenses on your most recent Schedule C; however, if the amount has changed significantly within the past year, a current P&L should be submitted to substantiate the claim.

Round to the nearest whole dollar.

Do not enter a negative number. If any line item is a negative number, enter "0".

Business Income (You may average 6-12 months income/receipts to determine your Gross monthly income/receipts.)	
Gross receipts	(12) \$
Gross rental income	(13) \$
Interest income	(14) \$
Dividends	(15) \$
Other income	(16) \$
Add lines (12) through (16) =	(17) \$ 0
Business Expenses (You may average 6-12 months expenses to determine your average expenses.)	
Materials purchased (e.g., items directly related to the production of a product or service)	(18) \$
Inventory purchased (e.g., goods bought for resale)	(19) \$
Gross wages and salaries	(20) \$
Rent	(21) \$
Supplies (items used to conduct business and used up within one year, e.g., books, office supplies, professional equipment, etc.)	(22) \$
Utilities/telephones	(23) \$
Vehicle costs (gas, oil, repairs, maintenance)	(24) \$
Business Insurance	(25) \$
Current Business Taxes (e.g., Real estate, excise, franchise, occupational, personal property, sales and employer's portion of employment taxes)	(26) \$
Other secured debts (not credit cards)	(27) \$
Other business expenses (include a list)	(28) \$
Add lines (18) through (28) =	(29) \$ 0
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0". Subtract line (29) from line (17) and enter the amount in Box C = \$	
Box C Net Business Income 0	

Section 7 Monthly Household Income and Expense Information

Enter your household's gross monthly income. The information below is for yourself, your spouse, and anyone else who contributes to your household's income. The entire household includes spouse, significant other, children, and others who contribute to the household. This is necessary for the IRS to accurately evaluate your offer.

Monthly Household Income

Round to the nearest whole dollar.

Primary taxpayer						
Wages	Social Security	Pension(s)	Other Income (e.g. unemployment)	Total primary taxpayer income =		
\$ 7,661	+ \$	+ \$	+ \$	=	(30) \$	7,661
Spouse/Other Income						
Wages	Social Security	Pension(s)	Other Income (e.g. unemployment)	Total spouse income =		
\$ 3,767	+ \$	+ \$	+ \$	=	(31) \$	3,767
Interest and dividends					(32) \$	
Distributions (e.g., income from partnerships, sub-S Corporations, etc.)					(33) \$	
Net rental income					(34) \$	
Net business income from Box C					(35) \$	
Child support received					(36) \$	
Alimony received					(37) \$	
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0". Add lines (30) through (37) and enter the amount in Box D =					Box D Total Household Income \$ 11,428	

Enter the taxpayer's gross income here

55 Food/Clothing/Misc., vehicle operating costs and out-of-pocket health costs are based upon IRS standards. No substantiation is required for these items.

Are there additional sources of income used to support the household, e.g. non-liable spouse, or anyone else who may contribute to the household income, etc.? Yes No

If yes, include the income on line 31 "Spouse/Other Income" above, as appropriate.

Monthly Household Expenses

Enter your average monthly expenses.

Note: Expenses may be adjusted based on IRS Collection Financial Standards. The standards may be found at www.irs.gov.

Round to the nearest whole dollar.

Food, clothing, and miscellaneous (e.g., housekeeping supplies, personal care products, minimum payment on credit card). A reasonable estimate of these expenses may be used.	(38) \$	\$1,513
Housing and utilities (e.g., rent or mortgage payment and average monthly cost of property taxes, home insurance, maintenance, dues, fees and utilities including electricity, gas, other fuels, trash collection, water, cable television and internet, telephone, and cell phone).	(39) \$	3,133
Vehicle loan and/or lease payment(s)	(40) \$	990
Vehicle operating costs (e.g., average monthly cost of maintenance, repairs, insurance, fuel, registrations, licenses, inspections, parking, tolls, etc.). A reasonable estimate of these expenses may be used.	(41) \$	590
Public transportation costs (e.g., average monthly cost of fares for mass transit such as bus, train, ferry, taxi, etc.). A reasonable estimate of these expenses may be used.	(42) \$	
Health insurance premiums	(43) \$	195
Out-of-pocket health care costs (e.g. average monthly cost of prescription drugs, medical services, and medical supplies like eyeglasses, hearing aids, etc.)	(44) \$	240
Court-ordered payments (e.g., monthly cost of any alimony, child support, etc.)	(45) \$	
Child/dependent care payments (e.g., daycare, etc.)	(46) \$	319
Life insurance premiums	(47) \$	270
Current taxes (e.g., monthly cost of federal, state, and local tax, personal property tax, etc.)	(48) \$	3,212

Although the Taxpayer's actual housing and utilities cost is \$3,633, the IRS Standard is lower. In this case as with auto ownership costs you use the actual amount up to the standard.

Section 7 Monthly Household Income and Expense Information (Continued)	
Other secured debts (e.g., any loan where you pledged an asset as collateral not previously listed, government guaranteed Student Loan).	(49) \$
Delinquent State and Local Taxes	(50) \$
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0". Add lines (38) through (50) and enter the amount in Box E =	Box E Total Household Expenses \$ 10,462
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0". Subtract Box E from Box D and enter the amount in Box F =	Box F Remaining Monthly Income \$ 966

Monthly disposable income equals gross income minus allowable expenses

Section 8 Calculate Your Minimum Offer Amount

The next steps calculate your minimum offer amount. The amount of time you take to pay your offer in full will affect your minimum offer amount. Paying over a shorter period of time will result in a smaller minimum offer amount.

Round to the nearest whole dollar.

If you will pay your offer in 5 months or less, multiply "Remaining Monthly Income" (Box F) by 12 to get "Future Remaining Income" (Box G). Do not enter a number less than \$0.

Enter the total from Box F \$966	X 12 =	Box G Future Remaining Income \$ 11,592
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If you will pay your offer in more than 5 months, multiply "Remaining Monthly Income" (Box F) by 24 to get "Future Remaining Income" (Box H). Do not enter a number less than \$0.

Enter the total from Box F \$966	X 24 =	Box H Future Remaining Income \$ 23,184
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It rarely makes sense to choose the 24-month option

Determine your minimum offer amount by adding the total available assets from Box A and Box B (if applicable) to the amount in either Box G or Box H.

Enter the amount from Box A plus Box B (if applicable) \$ 2,288	+	Enter the amount from either Box G or Box H \$ 11,592	=	Offer Amount Your offer must be more than zero (\$0). Do not leave blank. Use whole dollars only. \$ 13,880
--	---	--	---	--

The proposed offer amount based upon 12 times disposable income plus the quick-sale value of assets.

If you cannot pay the Offer Amount shown above due to special circumstances, explain on the Form 656, Offer in Compromise, Section 3. You must offer an amount more than \$0.

Section 9

Other Information

Additional information IRS needs to consider settlement of your tax debt. If you or your business are currently in a bankruptcy proceeding, you are not eligible to apply for an offer.

Are you the beneficiary of a trust, estate, or life insurance policy?

Yes No

Are you currently in bankruptcy?

Yes No

Have you filed bankruptcy in the past 10 years?

Yes No

Discharge/Dismissal Date (mm/dd/yyyy)

Location Filed

Are you or have you been party to a lawsuit?

Yes No

If yes, date the lawsuit was resolved: (mm/dd/yyyy)

In the past 10 years, have you transferred any assets for less than their full value?

Yes No

If yes, date the asset was transferred: (mm/dd/yyyy)

Have you lived outside the U.S. for 6 months or longer in the past 10 years?

Yes No

Do you have any funds being held in trust by a third party?

Yes No If yes, how much \$ Where:

Section 10**Signatures**

Under penalties of perjury, I declare that I have examined this offer, including accompanying documents, and to the best of my knowledge it is true, correct, and complete.

Signature of Taxpayer	Date (mm/dd/yyyy)
Signature of Taxpayer	Date (mm/dd/yyyy)

Remember to include all applicable attachments listed below.

- Copies of the most recent pay stub, earnings statement, etc., from each employer
- Copies of the most recent statement for each investment and retirement account
- Copies of the most recent statement, etc., from all other sources of income such as pensions, Social Security, rental income, interest and dividends (including any received from a related partnership, corporation, LLC, LLP, etc.), court order for child support, alimony, and rent subsidies
- Copies of bank statements for the three most recent months
- Copies of the most recent statement from lender(s) on loans such as mortgages, second mortgages, vehicles, etc., showing monthly payments, loan payoffs, and balances
- List of Notes Receivable, if applicable
- Verification of State/Local Tax Liability, if applicable
- Documentation to support any special circumstances described in the "Explanation of Circumstances" on Form 656, if applicable
- Attach a Form 2848, *Power of Attorney*, if you would like your attorney, CPA, or enrolled agent to represent you and you do not have a current form on file with the IRS.

Be sure to include all items as requested on the form that apply to your client

IRS Audits

Is it Art or Science?

Experience something totally different!

On October 30th the Tax Resolution Institute is offering a 2-hour online course in which we will discuss the “Art” of representing client’s in an IRS audit.

In addition to reviewing the “science” of an audit, this course will discuss how one’s cultural origin affects the manner in which they respond to various social prompts in a tax audit or collection situation.

for more information visit

www.taxresolutioninstitute.org

and click on [Course List](#) in the top bar.
TRI webinar participants receive an additional 10% discount
(use code **10offsem** – expires 11/10/15)

If you missed the link or need help at anytime during this presentation

Polling Question 4

Have you ever prepared an Offer in Compromise on behalf of a client that was accepted?

- **No**
- **One Time**
- **More than once**
- **I submitted offer/s but none have been accepted**

IRS Form 656

Form **656**
(Rev. January 2014)

Department of the Treasury — Internal Revenue Service

Offer in Compromise

Did you use the Pre-Qualifier tool located on our website at www.irs.gov prior to filling out this form?

Yes No

Include the Application Fee and Payment (*personal check, cashier check, or money order*) with your Form 656. You must also include the completed Form 433-A (OIC) and/or 433-B (OIC) and supporting documentation.

Section 1

Your Contact Information

Your Contact Information		IRS Received Date
Your First Name, Middle Initial, Last Name John Doe	Social Security Number (SSN) 123 - 45 - 6789	
If a Joint Offer, Spouse's First Name, Middle Initial, Last Name Jane Doe	Social Security Number (SSN) 987 - 65 - 4321	
Your Physical Home Address (<i>Street, City, State, ZIP Code</i>) 1234 Memory Lane Anytown, USA 12345		
Mailing Address (<i>if different from above or Post Office Box number</i>)		
Business Name (<i>if included in the offer</i>)		
Business Address (<i>Street, City, State, ZIP Code</i>)		
Employer Identification Number (<i>EIN</i>) —	(<i>EIN not included in offer</i>) —	

Section 2

Tax Periods

To: Commissioner of Internal Revenue Service

In the following agreement, the pronoun "we" may be assumed in place of "I" when there are joint liabilities and both parties are signing this agreement.

I submit this offer to compromise the tax liabilities plus any interest, penalties, additions to tax, and additional amounts required by law for the tax type and period(s) marked below:

- 1040 Income Tax-Year(s) _____
- 1120 Income Tax-Year(s) _____
- 941 Employer's Quarterly Federal Tax Return - Quarterly period(s) _____
- 940 Employer's Annual Federal Unemployment (FUTA) Tax Return - Year(s) _____
- Trust Fund Recovery Penalty as a responsible person of *(enter corporation name)* Doe Industries, Inc. for failure to pay withholding and Federal Insurance Contributions Act taxes (Social Security taxes), for period(s) ending 3/31/2008 - 12/31/2009
- Other Federal Tax(es) [specify type(s) and period(s)] _____

Note: If you need more space, use attachment and title it "Attachment to Form 656 dated _____." Make sure to sign and date the attachment.

Choose the type of tax owed and enter ALL applicable years or periods. Any year or period left out will not be included if the offer is accepted

Section 3**Reason for Offer**

- Doubt as to Collectibility** - I have insufficient assets and income to pay the full amount.
- Exceptional Circumstances (Effective Tax Administration)** - I owe this amount and have sufficient assets to pay the full amount, but due to my exceptional circumstances, requiring full payment would cause an economic hardship or would be unfair and inequitable. I am submitting a written narrative explaining my circumstances.

Explanation of Circumstances (Add additional pages, if needed)

The IRS understands that there are unplanned events or special circumstances, such as serious illness, where paying the full amount or the minimum offer amount might impair your ability to provide for yourself and your family. If this is the case and you can provide documentation to prove your situation, then your offer may be accepted despite your financial profile. Describe your situation below and attach appropriate documents to this offer application.

My wife and I owned a business that supplied printing services to mortgage brokers. In 2008 the mortgage business suffered irreparable setbacks causing us to close our business. We have since obtained full-time employment allowing us to pay our day-to-day bills; however, our income does not allow us to pay our prior tax liabilities. We are requesting that this past liability be compromised.

Choose why the offer is being submitted. Below include a written explanation. You can include an addendum if you need more room

Section 4**Low Income Certification (Individuals and Sole Proprietors Only)**

Do you qualify for Low-Income Certification? You qualify if your gross monthly household income is less than or equal to the amount shown in the chart below based on your family size and where you live. If you qualify, you are not required to submit any payments during the consideration of your offer. **Businesses other than sole proprietorships do not qualify for the low income waiver.**

Check here if you qualify for Low Income Certification based on the monthly income guidelines below.

Size of family unit	48 contiguous states and D.C.	Hawaii	Alaska
1	\$2,394	\$2,756	\$2,990
2	\$3,231	\$3,719	\$4,038
3	\$4,069	\$4,681	\$5,085
4	\$4,906	\$5,644	\$6,133
5	\$5,744	\$6,606	\$7,181
6	\$6,581	\$7,569	\$8,229
7	\$7,419	\$8,531	\$9,277
8	\$8,256	\$9,494	\$10,325
For each additional person, add	\$ 838	\$ 963	\$1,048

Section 5 Payment Terms

Check one of the payment options below to indicate how long it will take you to pay your offer in full. You must offer more than \$0. The offer amount should be in whole dollars only.

Lump Sum Cash

Enter the amount of your offer \$ 13,880

- Check here if you will pay your offer in 5 or fewer months from the date of acceptance.:
Enclose a check for 20% of the offer amount (waived if you are an individual or sole proprietorship and met the requirements for Low Income Certification) and fill in the amount(s) and date(s) of your future payment(s).

Total Offer Amount	-	20% Initial Payment	=	Remaining Balance
\$ 13,880	-	\$ 2,776	=	\$ 11,104
You may pay the remaining balance in one payment after acceptance of the offer or up to five payments, but cannot exceed 5 months.				
Amount of payment 1 \$	2,220	payable within	1	Months after acceptance
Amount of payment 2 \$	2,220	payable within	2	Months after acceptance
Amount of payment 3 \$	2,220	payable within	3	Months after acceptance
Amount of payment 4 \$	2,220	payable within	4	Months after acceptance
Amount of payment 5 \$	2,224	payable within	5	Months after acceptance

Periodic Payment

Enter the amount of your offer \$ _____

- Check here if you will pay your offer in full in 6 to 24 months.
Enclose a check for one month's installment
\$ _____ is being submitted with the Form 656 and then \$ _____ on the _____ (day) of each month thereafter for a total of _____ months (may not exceed a total of 24 payments, including any payment submitted with this offer). Total payments must equal the total offer amount.

You must continue to make these monthly payments while the IRS is considering the offer (waived if you are an individual or sole proprietorship and met the requirements for Low Income Certification). Failure to make regular monthly payments will cause your offer to be returned with no appeal rights.

IRS Use Only

- Attached is an addendum dated (insert date) _____ setting forth the amended offer amount and payment terms.

This amount is carried over from the 433A (OIC)

Section 6**Designation of Down Payment and Deposit (Optional)**

If you want your payment to be applied to a specific tax year and a specific tax debt, please tell us the tax form _____ and

tax year/quarter _____. If you do not designate a preference, we will apply any money you send in to the government's best interest. If you wish to designate any payments not included with this offer, you must designate a preference for each payment at the time the payment is made. However, you cannot designate the \$186 application fee or any payment after the IRS accepts the offer.

If you are paying **more than** the required payment when you submit your offer and want any part of that payment treated as a deposit, check the box below and insert the amount. Deposits will be refunded if the offer is rejected, returned, or withdrawn, unless you request it to be applied to your tax debt.

My payment of \$ _____ includes the \$186 application fee and \$ _____ for my initial offer payment. I am requesting the additional payment of \$ _____ be held as a deposit.

CAUTION: Do NOT designate the amounts sent in with your offer to cover the down payment and application fee as "deposits." Doing so will result in the return of your offer.

Section 7 Source of Funds and Making Your Payment

Tell us where you will obtain the funds to pay your offer. You may consider borrowing from friends and/or family, taking out a loan, or selling assets.

We will borrow the amount of our offer from family and friends.

Include separate checks for the payment and application fee.

Make checks payable to the "United States Treasury" and attach to the front of your Form 656, Offer in Compromise. All payments must be in U.S. dollars. **Do not send cash.** Send a separate application fee with each offer; do not combine it with any other tax payments, as this may delay processing of your offer. Your offer will be returned to you if the application fee and the required payments are not properly remitted, or if your check is returned for insufficient funds.

Section 8 Offer Terms

By submitting this offer, I/we have read, understand and agree to the following terms and conditions:

Terms, Conditions, and Legal Agreement

a) I request that the IRS accept the offer amount listed in this offer application as payment of my outstanding tax debt (including interest, penalties, and any additional amounts required by law) as of the date listed on this form. I authorize the IRS to amend Section 2 on page 1 in the event I failed to list any of my assessed tax debt, or tax debt assessed before acceptance of my offer. I also authorize the IRS to amend Section 2 on page 1 by removing any tax years on which there is currently no outstanding liability. I understand that my offer will be accepted, by law, unless IRS notifies me otherwise, in writing, within 24 months of the date my offer was received by IRS. I also understand that if any tax debt that is included in the offer is in dispute in any judicial proceeding it/they will not be included in determining the expiration of the 24-month period.

IRS will keep my payments, fees, and some refunds.

b) I voluntarily submit the payments made on this offer and understand that they are not refundable even if I withdraw the offer or the IRS rejects or returns the offer. Unless I designate how to apply each required payment in Section 6 page 3, the IRS will apply my payment in the best interest of the government, choosing which tax years and tax debts to pay off. The IRS will also keep my application fee unless the offer is not accepted for processing.

c) The IRS will keep any refund, including interest, that I might be due for tax periods extending through the calendar year in which the IRS accepts my offer. I cannot designate that the refund be applied to estimated tax payments for the following year or the accepted offer amount. If I receive a refund after I submit this offer for any tax period extending through the calendar year in which the IRS accepts my offer, I will return the refund as soon as possible.

d) The IRS will keep any monies it has collected prior to this offer. The IRS may levy my assets up to the time that the IRS official signs and acknowledges my offer as pending, which is accepted for processing and the IRS may keep any proceeds arising from such a levy.

The IRS will keep any payments that I make related to this offer. I agree that any funds submitted with this offer will be treated as a payment unless I checked the box to treat an overpayment as a deposit. Only amounts that exceed the mandatory payments can be treated as a deposit. I also agree that any funds submitted with periodic payments made after the submission of this offer and prior to the acceptance, rejection, or return of this offer will be treated as payments, unless I identify an overpayment as a deposit on the check submitted with the corresponding periodic payment. A deposit will be refundable if the offer is rejected, returned, or withdrawn. I understand that the IRS will not pay interest on any deposit.

Pending status of an offer and right to appeal

e) Once an authorized IRS official signs this form, my offer is considered pending as of that signature date and it remains pending until the IRS accepts, rejects, returns, or I withdraw my offer. An offer is also considered pending for 30 days after any rejection of my offer by the IRS, and during the time that any rejection of my offer is being considered by the Appeals Office. An offer will be considered withdrawn when the IRS receives my written notification of withdrawal by personal delivery or certified mail or when I inform the IRS of my withdrawal by other means and the IRS acknowledges in writing my intent to withdraw the offer.

f) I waive the right to an Appeals hearing if I do not request a hearing within 30 days of the date the IRS notifies me of the decision to reject the offer.

Here you explain from where the funds to pay the offer will come

Section 8 - (Continued)

Offer Terms

I must comply with my future tax obligations and understand I remain liable for the full amount of my tax debt until all terms and conditions of this offer have been met.

g) I will timely file tax returns and pay required taxes for the five year period beginning with the date of acceptance of this offer and ending through the fifth year, including any extensions to file and pay. If this is an offer being submitted for joint tax debt, and one of us does not comply with future obligations, only the non-compliant taxpayer will be in default of this agreement.

h) I agree that I will remain liable for the full amount of the tax liability, accrued penalties and interest, until I have met all of the terms and conditions of this offer. Penalty and interest will continue to accrue until all payment terms of the offer have been met. If I file for bankruptcy before the terms and conditions of the offer are met, I agree that the IRS may file a claim for the full amount of the tax liability, accrued penalties and interest, and that any claim the IRS files in the bankruptcy proceeding will be a tax claim.

i) Once the IRS accepts my offer in writing, I have no right to contest, in court or otherwise, the amount of the tax debt.

I understand what will happen if I fail to meet the terms of my offer (e.g., default).

j) If I fail to meet any of the terms of this offer, the IRS may levy or sue me to collect any amount ranging from the unpaid balance of the offer to the original amount of the tax debt (less payments made) plus penalties and interest that have accrued from the time the underlying tax liability arose. The IRS will continue to add interest, as Section 6601 of the Internal Revenue Code requires, on the amount the IRS determines is due after default.

I agree to waive time limits provided by law.

k) To have my offer considered, I agree to the extension of the time limit provided by law to assess my tax debt (statutory period of assessment). I agree that the date by which the IRS must assess my tax debt will now be the date by which my debt must currently be assessed plus the period of time my offer is pending plus one additional year if the IRS rejects, returns, or terminates my offer or I withdraw it. (Paragraph (e) of this section defines pending and withdrawal.) I understand that I have the right not to waive the statutory period of assessment or to limit the waiver to a certain length or certain periods or issues. I understand, however, that the IRS may not consider my offer if I refuse to waive the statutory period of assessment or if I provide only a limited waiver. I also understand that the statutory period for collecting my tax debt will be suspended during the time my offer is pending with the IRS, for 30 days after any rejection of my offer by the IRS, and during the time that any rejection of my offer is being considered by the Appeals Office.

I understand the IRS may file a Notice of Federal Tax Lien on my property.

l) The IRS may file a Notice of Federal Tax Lien during the offer investigation. The IRS may file a Notice of Federal Tax Lien to protect the Government's interest on offers that will be paid over time. This tax lien will be released when the payment terms of the accepted offer have been satisfied.

Correction Agreement

m) I/We authorize IRS, to correct any typographical or clerical errors or make minor modifications to my/our Form 656 that I/We signed in connection to this offer.

I authorize the IRS to contact relevant third parties in order to process my offer

n) By authorizing the IRS to contact third parties, I understand that I will not be notified of which third parties the IRS contacts as part of the offer application process, including tax periods that have not been assessed, as stated in section 7602 (c) of the Internal Revenue Code. In addition, I authorize the IRS to request a consumer report on me from a credit bureau.

I am submitting an offer as an individual for a joint liability

o) I understand if the liability sought to be compromised is the joint and individual liability of myself and my co-obligor(s) and I am submitting this offer to compromise my individual liability only, then if this offer is accepted, it does not release or discharge my co-obligor(s) from liability. The United States still reserves all rights of collection against the co-obligor(s).

Section 9

Signatures

Under penalties of perjury, I declare that I have examined this offer, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Taxpayer/Corporation Name	Phone Number (213) 555-1234	Date (mm/dd/yyyy)
Signature of Taxpayer/Authorized Corporate Officer	Phone Number (213) 555-1234	Date (mm/dd/yyyy)

Section 10 Paid Preparer Use Only		
Signature of Preparer	Phone Number (818) 555-1000	Date (mm/dd/yyyy)
Name of Paid Preparer Ms. CPA	Preparer's CAF no. or PTIN P90000000	
Firm's Name, Address, and ZIP Code CPA International		

Include a valid, signed Form 2848 or 8821 with this application, if one is not on file.

Section 11 Third Party Designee	
Do you want to allow another person to discuss this offer with the IRS? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If yes, provide designee's name	Telephone Number ()

IRS Use Only		
I accept the waiver of the statutory period of limitations on assessment for the Internal Revenue Service, as described in Section 8 (k).		
Signature of Authorized Internal Revenue Service Official	Title	Date (mm/dd/yyyy)

Privacy Act Statement

We ask for the information on this form to carry out the internal revenue laws of the United States. Our authority to request this information is Section 7801 of the Internal Revenue Code.

Our purpose for requesting the information is to determine if it is in the best interests of the IRS to accept an offer. You are not required to make an offer; however, if you choose to do so, you must provide all of the taxpayer information requested. Failure to provide all of the information may prevent us from processing your request.

If you are a paid preparer and you prepared the Form 656 for the taxpayer submitting an offer, we request that you complete and sign Section 10 on Form 656, and provide identifying information. Providing this information is voluntary. This information will be used to administer and enforce the internal revenue laws of the United States and may be used to regulate practice before the Internal Revenue Service for those persons subject to Treasury Department Circular No. 230, Regulations Governing the Practice of Attorneys, Certified Public Accountants, Enrolled Agents, Enrolled Actuaries, and Appraisers before the Internal Revenue Service. Information on this form may be disclosed to the Department of Justice for civil and criminal litigation.

We may also disclose this information to cities, states and the District of Columbia for use in administering their tax laws and to combat terrorism. Providing false or fraudulent information on this form may subject you to criminal prosecution and penalties.

Tips & Traps

Offers in Compromise

1. It can take up to two years for an Offer to be accepted or rejected. By IRS definition an Offer is deemed accepted if no answer is given within the 2-year period. The **Tax Resolution Institute** has yet to see an Offer be accepted based upon this rule.
2. A typical Offer takes 12-18 months to be accepted.
3. It can take up to 6 months for an Offer just to be deemed processable.
4. If an Offer is not processable, the taxpayer must correct the items that deem it non-processable and resubmit the Offer.
5. The chance of having an Offer accepted is much lower than the chance of entering into a manageable installment agreement.
6. There is a 10-year statute of limitation for the IRS to actively collect against a tax assessment. Submitting an Offer freezes the statute for the time the Offer is under consideration plus a time period following if the Offer is rejected or accepted and then the taxpayer defaults on the Offer.
7. If a taxpayer is near the end of their collection statute, it may make sense to forgo an Offer and request an installment agreement based upon hardship.
8. Acceptance of an Offer is based upon a taxpayer's ability to pay over the life of the statute of limitations on collection. Just because a taxpayer is unable to pay at the time an Offer is submitted, does not mean that their situation will not improve within the 10-year collection period. One example of this may be a realtor in a down market or a Lawyer that has been laid off by previously earned a significant salary.
9. A taxpayer must stay in compliance for 5 years after an Offer has been accepted. If they default on the Offer, the original liability, penalties and interest are placed back on the taxpayer's account and they will again be exposed to collection.
10. A taxpayer is often required to resubmit financial substantiation within the time period an Offer is being considered.
11. The IRS will often negotiate certain parts of an Offer in lieu of rejecting an Offer outright.
12. When an Offer is rejected, the IRS' reason is almost always that the taxpayer has the ability to full-pay their liability within the collection statute.
13. The amount to be paid for an Offer is formula based. That is 12 or 24 times one's monthly disposable income plus the quick-sale value of their assets. Some people, in planning for an Offer may try and sell, give away or transfer their assets in order to lower the Offer amount. If this is done solely with the intention of lowering one's Offer amount or done within a certain period of time prior to submission of the Offer, the asset in question may still be included in the Offer calculation by the IRS. For example, if a person refinances their home to pay off credit card debt, the IRS may include the cash taken out of the refinance as a dissipated asset for Offer purposes. Their contention is that Federal taxes should be paid prior to credit card companies.
14. When entering bank balances on Form 433-A (OIC) it is prudent to put the ending balance of the most current bank statement if the amount is relatively low. If not include the lowest average daily balance within the three-month period of the statements being submitted.



Find these tips and other valuable materials
on the web at
www.taxresolutioninstitute.org/100a
or email us at
info@taxresolutioninstitute.org

Polling Question 5

In which of the following area/s would you be interested on learning more?

- **IRS Audits - Are They Art or Science**
- **Appeals – what do do when you thought your case was dead**
- **Dischargeability of Taxes in Bankruptcy**
- **Innocent spouse relief**

Have you downloaded your materials?

If you currently have a client or clients with tax resolution issues and need assistance right away

call our office at

(800) 658-7590

or

email us at

info@taxresolutioninstitute.org

Polling Question 6

On a scale from 1 – 4, what is your current comfort level performing tax resolution work?

- **4 (very comfortable)**
- **3**
- **2**
- **1 (uncomfortable)**

Installment Agreements



Streamlined Installment Agreements

- Taxpayer is in compliance and able to full-pay their liability over time (up to 72 months)
- Taxpayer owes less than \$25,000 or less than \$50,000
- Representation fees are lower but installment payments are typically higher
- If client is “uncollectable” this type of agreement will not work

Standard Installment Agreements

- Monthly payment amount is based upon ACTUAL necessary and reasonable living expenses as opposed to IRS national and local standards
- The maximum number of monthly payments made occur over the remaining life of the 10-year collection statute

Installment Agreement Forms

- **433A**
Collection information statement for individuals
(Revenue Officer)
- **433F**
Abridged collection information statement for
individuals (automated collections)
- **433B**
Collection information statement for businesses
- **9465**
Installment agreement request form

Installment Agreements

1. Be sure to complete Form 433-F or 433-A before you contact the IRS.
2. The information in Form 433-F is often supplied to the IRS over the phone. Be sure to fill on all boxes in sections that apply to you. The IRS does not like blanks.
3. Create a separate sheet showing your income and expenses. Calculate your take-home income minus your living expenses prior to contacting the IRS. This will be the amount the IRS will expect you to pay on a monthly basis.



4. The installment agreement calculation may be negative. If the amount is less than zero, request to be placed into Currently Non Collectable status.
5. If your calculation is too low (i.e. substantially below zero) then the IRS may not consider your expenses to be real.
6. The IRS will compare your bank account deposits with the amount you claim as take-home income. Be sure that either these amounts match or that you can trace excess deposits as non-income (i.e. loans, transfers from savings, transfers from other accounts listed on the 433).

7. Provide three months billing statements, invoices, etc. to substantiate living expenses. Also include proof of payment either as copies of checks or bank statements showing the paid expenses. Simply owing the money is not enough to make an expense allowable.
8. If you have more Monthly Disposable Income ("MDI") than you are able to pay to the IRS as an ongoing installment payment, you can increase your expenses to lower your MDI. For example you could:
 - a. Trade in a car you own outright and lease or purchase another car. Note that leasing a car will add a new allowable expense without adding an additional asset.
 - b. If you are self-employed you can make or increase estimated tax payments for the current tax year. This will lower your disposable income and increase the chance of staying in compliance moving forward.
 - c. If you are an employee you can increase your withholding tax if you typically owe taxes at the end of the year. Be careful not to over withhold as refunds will be kept by the IRS and applied to the back taxes owed.
 - d. Buy term life insurance. This is an allowable expense that carries no cash value.
9. Ask for 72 months to pay. If your MDI is too high, try taking your total liability and dividing it by 72. If the amount is less than your MDI, you may request that your full liability be paid over the 6-year period. This does not always work but it is worth a try.

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Offer in Compromise vs Installment Agreement Comparison

Installment Agreement/Offer in Compromise Comparison - Family of Four (CS-1)

Item	Amount Allowed for IA	Amount Allowed for OIC	Notes
Income			
<i>Gross Wages</i>			
Taxpayer	7,661	7,661	Actual
Spouse	3,767	3,767	Actual
Total gross earnings:	11,428	11,428	
<i>Taxes</i>			
Taxpayer	(2,186)	(2,186)	Actual
Spouse	(1,026)	(1,026)	Actual
Total taxes withheld:	(3,212)	(3,212)	
Total net income:	8,216	8,216	
Personal Living Expenses			
<i>Housing and Utilities</i>			
Mortgage	3,200		Actual for IA
Utilities	433		Actual for IA
	3,633	3,133	OIC amount is based upon IRS local std.
<i>Food/Clothing/Etc.</i>	1,513	1,513	IRS national standard
	1,513	1,513	
<i>Transportation</i>			
Car payments	990	990	Actual
Maint./gas/insurance	590	590	IRS local standard
	1,580	1,580	
<i>Medical</i>			
Health insurance	195	195	Actual
Out-of-pocket health	240	240	IRS national standard
	435	435	
<i>Other</i>			
Childcare	319	319	
Life insurance	270	270	
	589	589	
Total living expenses:	7,750	7,250	
Monthly Disposable Income:	466	966	

**Should they do an offer or
installment agreement?**

let's see...

OIC vs Installment Agreement

Installment Agreement

Monthly payment amount - \$466

Number of months to pay - 120 (10 years)

$466 \times 120 = \mathbf{\$55,920}$

Offer in Compromise

Offer amount - **\$13,880***

** Paid as follows - 20% down and the balance paid within 5 months after offer is accepted (typically 18 to 24 months after offer is submitted).*

Taxes and Bankruptcy



Bankruptcy Tax Dischargeability Rules:

- **Three-Year Rule**

- At least three years from the due date of the tax return including extensions; or

- **Two-Year Rule**

- At least two years from the date the tax return was filed (we say assessed) for delinquent returns; and

- **240-Day Rule**

- At least 240 days from the date of assessment of an audited or amended tax return

Polling Question 7

Would you like us to call you to discuss an audit or other resolution issue?

- **Yes**
- **No**

FAQ's

1. **Installment Agreements** – what should I do if my client qualifies for a streamlined installment agreement but is unable to afford the monthly payment amount?
2. **Offer in Compromise** – can my client who has been assessed a Civil Penalty stemming from the Trust Fund portion of payroll tax liability submit an offer?
3. **Bankruptcy** – if my client filed their 2009 tax return on June 15, 2010 which was on extension, can they file for bankruptcy on June 16, 2013 and discharge their 2009 tax liability under the 3-year rule?
4. **Appeals** – which type of appeal, CAP or CDP allows you to make an argument in tax court? (Stay tuned for the next webinar...)

Summary of topics covered

- What is “Tax Resolution”?
- Sequence of events
- Payroll taxes
- Offers in compromise (OIC)
- Overview of installment agreements (IA)
- Comparison of OICs to IAs
- Bankruptcy – 3 quick rules for dischargeability of income taxes

Our mission today...

- 1) Teach you how to become a tax resolution specialist;**
- 2) become your tax resolution partner; or**
- 3) become your trusted referral source**

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Call us at: (800) 747-8718