

Step-by-step Instructions on how to submit an **Offer in Compromise**

Submitting an **Offer in Compromise** is the process in which a taxpayer may reduce their Internal Revenue Service or State tax debt by negotiating with the taxing agency to accept an amount less than the actual amount they owe. This process is often referred to as settling one's taxes for "pennies on the dollar". The IRS or State has the authority to settle or "compromise" Federal and State tax liabilities by accepting less than full payment under certain circumstances. A Federal tax debt may be legally compromised under one of the following conditions...

1. **Doubt as to Collectability** - doubt exists that a taxpayer could pay the full amount of tax owed within the collection statute.
2. **Doubt as to Liability** - doubt exists as to whether the tax should have been assessed to the taxpayer.
3. **Effective Tax Administration** - there is no doubt the tax is correct, and no doubt that the amount owed could be collected, but an exceptional circumstance exists that allows the IRS to consider a taxpayer's offer. To be eligible for this type of compromise, the taxpayer must demonstrate that collection of the tax would create an economic hardship or would be unfair and inequitable.

The majority of the taxpayers fall into the first category (i.e. you owe the tax and agree as such but you cannot pay the IRS the full amount of what is owed). For the IRS to consider an **Offer in Compromise**, you must at least offer to pay an amount equal to the quick sale value of all your assets plus all the money the IRS "believes" they can collect from your future disposable income for a period of 12 or 24 months (this time period was reduced from 48 or 60 months as part of the Fresh Start Initiative which has

passed but the reduced time frame remains at the lower amount).

The IRS uses a formula that combines an analysis of a taxpayer's current net worth along with a determination of the taxpayer's future ability to pay. In March of 1999, the IRS created a new offer referred to as a Deferred Payment Offer, which allows an individual to pay the discounted value of his assets plus monthly payments for the remainder of the statute of limitations for collection.

When the IRS receives an **Offer in Compromise** they first determine if the offer is processable. The offer is then sent to an Offer Specialist in the IRS District from where the Offer was submitted. Once it is determined that an offer is processable, it is sent to the service center for a search of the tax records to determine the exact amount of the tax due. The offer will not be accepted if an individual is not in current compliance.

There are three basic plans for the payment of an **Offer in Compromise**. An offer may be paid upon acceptance in full or over 5 months once an offer has been accepted. In order to pay off



the offer using either of the above-mentioned options, the taxpayer must submit a non-refundable down payment of 20% of the full offer amount with the paperwork initially. There is also a Periodic Payment option which requires no down payment but requires regular payments be made throughout the process of determining if the offer will be accepted. In this case the offer must be paid in no more than 23 monthly payments.

A taxpayer submitting an offer must include as part of his/her offer the realizable value of their assets (quick sale value) plus the total amount that the IRS could collect over a 12-month period.

The IRS bases its acceptance of the offer using the following formula:

Quick sale value of assets plus present value of income equals the Offer in Compromise settlement amount (QSV + PVI = OIC). The IRS determines the Quick Sale Value of all of the client's assets and then adds that amount to the present value of the amount they are able to pay.

In determining the amount of the offer, the IRS uses a quick sale value of assets. The IRS also looks at the amount that can be collected from future income. For instance, pension plans may create a hurdle in negotiating the acceptance of an **Offer in Compromise** because although it may be currently untouchable, it have the ability to provide future income. The Internal Revenue Manual gives the following guidelines:

1. *“Where under the terms of employment, a taxpayer is required to contribute a percentage of his gross earnings to a retirement plan and the amount contributed, plus any increments, cannot be withdrawn until separation, retirement, demise, etc., this asset will be considered as having no realizable equity.*

2. *Where the taxpayer is not required as a condition of employment to participate in a pension plan, but voluntarily elects to do so, the realizable equity for compromise purposes shall be the gross amount in the taxpayer's plan reduced by the employer's contributions. However, in these situations each case should stand on its own merits.*
3. *If the taxpayer is permitted to borrow up to the full amount of his equity in a plan, this should be taken into consideration in the computation of realizable equity.*
4. *The current value of property deposited in an IRA or Keogh Act Plan Account should be considered in the computation of realizable equity. Cash deposits should be included at full value. If assets other than cash are invested (e.g. stock, mutual funds), the IRS should be valued at the quick sale value, less expenses. The penalty for early withdrawal should be subtracted in computing net realizable equity.”*

The Officer Specialist generally accepts the valuation of personal items that is listed on the financial statement. If the taxpayer has items that carry additional value such as jewelry, paintings, antiques, coin, stamp or gun collections, the Revenue Officer will probably look closer at the listed assets.

The IRS may grant special relief for property that is held in tenancy by the entirety because they cannot seize it if the spouse does not owe back taxes. (IRM 57(10)(13).92). If property is held in joint tenancy or tenancy in common, the IRS will want 50% of the assets value to be added to the offer amount.

The Officer Specialist will look at the individual's budget as it is shown on the Form 433-A. He or she will also look at the future job prospects of the taxpayer including his education, profession, age, experience, and past income. The IRS will determine a present value based on the

individual's ability to pay. If the applicant makes a cash offer, the IRS will decide how much he or she can pay per month and then multiply it by 12 months to determine its present value. If the individual requests a short term deferred offer, the IRS will use 24 months to determine the present value.

Some IRS districts seem to be stricter in their acceptance of Offers in Compromise than other districts. The Offer in Compromise works best for an individual who has few assets and not much disposable income. If you wish to file an Offer in Compromise, it is best to look very carefully at all aspect of the case including reviewing the bankruptcy statutes so that you don't inadvertently extend the statute of limitations.

Case Study – CS2

In order to illustrate how an Offer in Compromise works we will look at the “Doe” family. If you reviewed the instruction manual pertaining to Installment Agreements, you will see that the circumstances of the Doe’s have not changed. In this case the Doe family is once again made up of John (Taxpayer), Jane (Spouse) and their two children Jimmy and Jeannie. John and Jane own a home. John and Jane both are employees of the same company. They own Jane’s automobile and lease John’s. John and Jane owe \$264,000 in Civil Penalty. To summarize:

- Family of 4
- Living in Los Angeles
- Taxpayer and Spouse both work
- Owns 1 vehicle and leases another
- Owns a single family home
- Owes \$264,000 in Civil Penalty stemming from unpaid payroll taxes

Form 433-A (OIC)

Again we will take a look at the Doe’s income, expenses, assets and liabilities via the Offer in Compromise Collection Information Statement (433A-OIC). This form is similar to the 433-F described in the Installment Agreement manual.

There are two significant differences. The first is that this form takes 8 pages to input information that was covered in two pages in the 433-F. It is very important to be thorough and accurate when completing this form. The second main difference is that unlike the 433-F where you can input actual expenses for items such as housing and utility payments and car payments, in this form you must include the amount the taxpayer pays up to the IRS standard. If they pay more than the IRS standard for living expenses, the amount over the standard is disallowed as a living expense for purposes of an offer.

You will see that the Doe’s exhibit assets worth, for the purpose of an offer in compromise



\$2,288. This is significant because the IRS considers the quick sale value of one’s assets, not the top dollar amount possible to obtain if they were to sell their assets. Also as of January 2014 the IRS allows an applicant to subtract \$1,000 cash in their bank account from the assets considered in the Offer. You will also notice that the Doe’s Monthly Disposable Income (“MDI”) for purposes of the offer equals

\$966 per month. Below you will see how these numbers equate to an Offer in the amount of \$13,880 which is significantly less than the \$264,000 they currently owe.

Take a careful look at each section to see how it is completed. You will note that each section has an amount in the total box. If the Doe's do not have anything to enter in a particular section, the amount in the total box is shown as \$0 and there is an 'N/A' in the first box of the section.

Each section has a total box where you add all of the elements in that section. It is important to calculate properly. You will notice that 'Box A' on page 4 and 'Box B' on Page 5 show the totals of boxes from their related sections. Do not forget to enter numbers in these boxes. They are used to calculate your offer on Page 7. Be very careful when completing Page 6 of the form. Here you will enter your expenses as you did in the 433-F (refer to the instructions relating to entering into an installment agreement). The difference once again is that you must not exceed the IRS National and

Local Standards (go to www.irs.gov to obtain standards). In this example you will see that the actual Housing payment was higher than the IRS standard. In this case the standard was inputted into the form.

On Page 7 of the offer you transfer numbers from the previous section totals to calculate the amount of your offer. You will see you have a 12-month option and a 24-month option. Yes, you read this correctly. The Offer in Compromise amount could be double if you decide to pay in more than 5 months from the date of acceptance of the offer. It almost always makes sense to choose the 12-month option.

Finally, Page 8 is a checklist of items to include with the offer. Be sure that each item on the list is either not applicable or included with the offer. Do not forget to sign and date the form. Once this form is complete, you will move onto completing the actual offer application, Form 656. This is covered after the 433-A (OIC) sample form that follows.

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 who is personally responsible for a partnership liability
- ▶ An individual with a personal liability for Excise Tax
- ▶ 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.
- ▶ An individual responsible for a Trust Fund Recovery Penalty

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
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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
			<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

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 (street, city, state, zip code) 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 (street, city, state, zip code) 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)

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

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
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

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

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

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

If the equity is negative enter "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 X .8 = \$ 9,150	Less Loan Balance - \$ 18,447	Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =		(6a) \$ 0
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 X .8 = \$ 0	Less Loan Balance - \$ 0	Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =		(6b) \$ 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 \$ 1,375	x .8 = \$ 1,100	Less Loan Balance - \$ 0	= (7a) \$ 1,100
Description of asset: Personal Effects			
Current Market Value \$ 985	x .8 = \$ 788	Less Loan Balance - \$	= (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 Assets	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.

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	
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 _____			

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

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 \$ _____ X .8 = \$ _____	Less Loan Balance - \$ _____	(if leased or used in the production of income, enter 0 as the total value)	=	(9a) \$
Description of asset:				
Current Market Value \$ _____ X .8 = \$ _____	Less Loan Balance - \$ _____	(if leased or used in the production of income, enter 0 as the total value)	=	(9b) \$
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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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".				Box B Available Business Equity in Assets 0
Add lines (8) and (11) and enter the amount				0

Section 6 Business Income and Expense Information

Note: If you provide a current profit and loss (P&L) statement for the information below, you must also provide your monthly expenses on line 29 below. Do not complete lines (12) - (16) and (18) - (28) if you provide a P&L statement. However, if the amount has changed significantly from the P&L statement, you must submit to substantiate the claim.

Do not enter a negative number.

Business Income (You may average 6-12 months income/receipts to determine your average income.)	
Gross receipts	
Gross rental income	
Interest income	
Dividends	
Other income	
Add lines (12) through (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 = \$ 0	
Box C Net Business Income 0	

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

Enter the taxpayer's gross income here

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

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) \$	1,482
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, 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, or trolley). 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 supplies, 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) \$	350
Life insurance premiums	(47) \$	270
Current taxes (e.g., monthly cost of federal, state, and local tax, personal property tax)	(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.

Monthly disposable income equals gross income minus allowable expenses

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

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.

It rarely makes sense to choose the 24-month option

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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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
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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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Are you currently in bankruptcy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Have you filed bankruptcy in the past 10 years? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Discharge/Dismissal Date (mm/dd/yyyy)	Location Filed	
Are you or have you been party to a lawsuit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Do you have any funds being held in trust by a third party? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, how much \$ _____ Where: _____		

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

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

Form 656

The Offer in Compromise application Form 656 is much simpler to complete than the 433-A (OIC). This 4-page form consists of information easy to obtain. Page 1 of the form is where you enter the taxpayer's static information, the type of tax that the taxpayer owes, as well as the years or periods for which they owe. It is very important to know for exactly which years or periods the applicant owes. If you accidentally exclude a year or quarter, the amount owed for said year or quarter will be excluded from the offer if it is accepted. If the amount is significant, this could wipe out the benefit of entering into an Offer. At the top of Page 2 you enter your reason for the offer. Most offers are submitted for Doubt as to Collectability. If you are considering an offer for other reasons, you must be sure the taxpayer qualifies.

Page 2 of the offer is where you explain why you are submitting the offer. It is advantageous to show extenuating circumstances as to why you were unable to pay your tax. For example if the taxpayer was sick or disabled, you should mention their condition here. Also if the taxpayer is at retirement age and unable to work or has to cut down on work, that should be mentioned here as well. At the **Tax Resolution Institute** we always include a letter of explanation with the submission of an offer. We recommend you do the same.

At the bottom of Page 2 is where you calculate the to be made via the offer. You will transfer the offer amount from Page 7 of the 433-A (OIC). This amount is entered on Page 3 of the

656. You will then calculate 20% of the offer amount as a down payment. The down payment must be submitted in addition to the offer application fee of \$186 with the offer. You will then break down the remaining 80% of the offer into 5 payments. These payments must be made within 5 months of acceptance of the offer.

Leave the bottom of Page 3 blank. In the next section on Page 4 you will explain where you are obtaining the funds to pay the offer. It is best if you are borrowing the funds from family and friends.

Page 5 of the offer is where the taxpayer will add their signature and date. Once the offer is complete you will mail it into the processing unit in your region. In order to determine to which



processing unit you should send the offer, go to **www.irs.gov** and search for form 656 booklet. There you will find further instructions and applicable information including mailing addresses.

Form 656 (Rev. January 2014)	Department of the Treasury — Internal Revenue Service Offer in Compromise
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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 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 (EIN)	(EIN not included in offer)

IRS Received Date

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 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.

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.

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 chart below based on your family size and where you live. If you qualify, you are not required to submit any payments during 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	
1	\$2,394	\$2,756	
2	\$3,231	\$3,719	
3	\$4,069	\$4,681	
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

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

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	\$		payable within		Months after acceptance
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

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

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.

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 the offer is returned for insufficient funds.

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

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.

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 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? Yes 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.