

CALCPA Woodland Hills

November 5th, 2019

Presented by

Peter Y Stephan, CPA
*Managing Partner at
SST CPAs
Director of the Tax
Resolution Institute*

Phone: (818) 704-1443

Email: Peter@ssttax.com

www.taxresolutioninsitute.org

www.ssttax.com

Offers in Compromise Appeals & Discharging Taxes in Bankruptcy



What will be covered today

Offers in Compromise – Including I/A Comparison

Offer in Compromise Appeals

General Appeal Process

Discharging Taxes in Bankruptcy



Why are we here today?

TRI prides itself in assisting accounting, legal and other business professionals to grow their practice and to resolve their client's tax problems.

- We help you make more money
- We teach you how to become a tax resolution specialist
- We become your partner working side-by-side to fix your client's IRS and State income, payroll (collection issues) and tax audit issues
- Or...we become your trusted referral source



Today's Speaker

Peter Y. Stephan, CPA

Managing Partner at
SST CPAS

Director of the
Tax Resolution Institute

Phone: (818) 704-1443

Email: Peter@ssttax.com

www.taxresolutioninsitute.org

www.ssttax.com

5 Methods
for Solving
Income Tax
Issues



Installment
Agreements



Currently Not Collectable
(CNC) Status



Partial-Pay Installment
Agreement (PPIA)



**Offer in
Compromise (OIC)**



Discharging Taxes in
Bankruptcy

IRS Amount Owed: \$2,845,239

Department of the Treasury

Date of this Letter: NOV 21 2017

INTERNAL REVENUE SERVICE
AMC-Stop 880
PO Box 30834
Memphis, TN 38130-0834

Person to Contact:

Employee #: [REDACTED]
Phone#: [REDACTED] EXT. [REDACTED]
8:00AM-8:00PM Mon-Fri

Taxpayer ID#: ***-**-****
Offer Number: [REDACTED]

Dear [REDACTED],

We have accepted the offer in compromise you signed and dated on 05/16/2017, as modified by an addendum dated 10/26/2017. The acceptance date is the date of this letter and our acceptance is subject to the terms and conditions on the enclosed Form 156, Offer in Compromise.

The conditions of the offer require you to timely file and pay all required taxes for five tax years (including any extensions). This requirement begins on the date of this letter.

Under the conditions of the offer, we will keep any refunds or credits you may be entitled to for 2017 or for earlier tax years, including refunds you may be entitled to receive in 2018 for any overpayments you made toward any year 2017 or earlier tax years. We will apply any refunds or credits to your liability, not to your accepted offer. If we filed a Notice of Federal Tax Lien against you, we will release it when you pay the offer in full. If you make the final payment by credit or debit card, we won't be able to release the Notice of Federal Tax Lien for up to 120 days from the date of the credit or debit payment.

If you are required to make any payments under this agreement, make your check or money order payable to the United States Treasury and send it to:

Internal Revenue Service
P.O. Box 24015
Fresno, CA 93779

Please send all other correspondence to:

Internal Revenue Service
PO Box 77
Memphis, TN 38101-0077

continued on next page

IRS Offer in Compromise

(High-End Restaurateur)

IRS Offer in Compromise

Owed \$177,942

Department of the Treasury

Internal Revenue Service
Brookhaven Service Center
P.O. Box 9011 Stop 681
Holtsville, NY 11742

Date of this Letter:

Person to Contact: DEC 21 2015

Employee #: [REDACTED]
Phone#: [REDACTED]
08:00am-08:00pm Mon-Fri

Taxpayer ID#: [REDACTED]-6442
Offer Number: 1001275119

Dear [REDACTED]

We have accepted the offer in compromise you signed and dated on 09/28/2015. The acceptance date is the date of this letter and acceptance is subject to the terms and conditions on the enclosed Form 656, Offer in Compromise.

We applied \$1,300.80 as payment toward your accepted offer. The last payment we received was for \$1,102.40 on 10/20/2015.

The conditions of the offer require you to timely file and pay all required taxes for five tax years (including any extensions). This requirement begins on the date of this letter.

Under the conditions of the offer, we will keep any refunds or credits you may be entitled to for 2015 or for earlier tax years, including refunds you may be entitled to receive in 2016 for any overpayments you made toward tax year 2015 or earlier tax years. We will apply any refunds or credits to your liability, not to your accepted offer. If we filed a Notice of Federal Tax Lien against you, we will release it when you pay the offer in full. If you make the final payment by credit or debit card, we won't be able to release the Notice of Federal Tax Lien for up to 120 days from the date of the credit or debit payment.

If you are required to make any payments under this agreement, make your check or money order payable to the United States Treasury and send it to:

Internal Revenue Service
P.O. Box 24015
Fresno, CA 93779

Please send all other correspondence to:

Internal Revenue Service
PO Box 9006
Holtsville, NY 11742-9006

continued on next page

Compromised for \$6,504

IRS Offer in Compromise

Owed: \$66,362

Department of the Treasury

Date of this Letter: APR 19 2011

INTERNAL REVENUE SERVICE
PO BOX 77
MEMPHIS, TN 38101

Person to Contact:
Rhonda Paige
Employee #:49-13106
Phone#:(901)546-4157 EXT

Taxpayer ID#: [REDACTED]
Offer Number:1000846498

Dear Ms. [REDACTED],

Thank you for your payment. You have met the payment provisions for your Offer in Compromise contract. Please remember that we will apply any overpayments from the year we accepted your Offer in Compromise to the tax periods specified in your offer contract.

REMINDER: Compliance is an important part of your Offer in Compromise contract. You must file and pay your taxes timely for five years following the date we accepted the offer or during an extended installment offer payment period, whichever is later. If you don't comply, we will terminate your offer and reinstate the original amount of your liability, less payments made.

If you write, please include your telephone number, the hours we can reach you, and a copy of this letter. Keep a copy of this letter for your records. We have enclosed an envelope for your convenience.

If you have any questions, please contact the person whose name and telephone number are shown in the upper right hand corner of this letter.

Sincerely,

Beverly Y. Robinson Team
Manager, MOIC

Compromised for \$3,464

IRS Amount Owed: \$24,281

Department of the Treasury

Internal Revenue Service
Brookhaven Service Center
P.O. Box 9011 Stop 681
Holtsville, NY 11742

Date of this Letter: JAN 18 2018

Person to Contact:

Employee #: [REDACTED]
Phone#: [REDACTED] EXT. [REDACTED]
08:00am-08:00pm Mon-Fri

Taxpayer ID#: ***-**-****

Offer Number: [REDACTED]

[REDACTED]

Dear [REDACTED],

We have accepted the offer in compromise you signed and dated on 05/24/2017. The acceptance date is the date of this letter and acceptance is subject to the terms and conditions on the enclosed Form 656, Offer in Compromise.

We applied \$285.00 as payment toward your accepted offer. The last payment we received was for \$285.00 on 07/26/2017.

The conditions of the offer require you to timely file and pay all required taxes for five tax years (including any extensions). This requirement begins on the date of this letter.

Under the conditions of the offer, we will keep any refunds or credits you may be entitled to for 2018 or for earlier tax years, including refund you may be entitled to receive in 2019 for any overpayment you made toward tax year 2018 or earlier tax years. We will apply any refunds or credits to your liability, not to your accepted offer. If we filed a Notice of Federal Tax Lien against you, we will release it when you pay the offer in full. If you make the final payment by credit or debit card, we won't be able to release the Notice of Federal Tax Lien for up to 120 days from the date of the credit or debit payment.

If you are required to make any payments under this agreement, make your check or money order payable to the United States Treasury and send it to:

Internal Revenue Service
P.O. Box 24015
Fresno, CA 93779

continued on next page

IRS Offer in Compromise

(met in elevator)

IRS Partial Pay Installment Agreement

\$282,142 Liability

POA Copy



IRS

Department of the Treasury
Internal Revenue Service
Small Business / Self-Employed Division
225 W BROADWAY
GLENDALE, CA 91204-1331

Date: 01/07/2015
Taxpayer ID number:
Person to contact:
Employee ID number:
Contact telephone number:



We have approved your request to pay your taxes in installments. Your first payment of \$100.00 is due on 01/28/2015. You agreed to make future payments of \$100.00 on the 28th of each following month until you have paid the full amount you owe.

The amount you owe as of 01/05/2015 is \$282,142.05. This amount does not include all penalties and interest. We will charge penalties and interest until you pay the full amount you owe because you didn't pay your total tax when it was due.

Please send your monthly payments to reach us by the due date. Put your social security number or employer identification number clearly on your check or money order. If you change your address, please send your new address with your next payment.

Note: If the IRS is charging backup withholding on any of your accounts, it will continue. Having an installment agreement doesn't interrupt backup withholding.

Although we have established an installment plan for you, we will protect the government's interest. Therefore, a Notice of Federal Tax Lien

HAS ALREADY BEEN FILED

A Notice of Federal Tax Lien is a public notice that the government has a claim against your property to satisfy a debt. We will release the lien when you finish paying what you owe. We have the legal right to collect this money for up to 10 years.

CONDITIONS OF THIS AGREEMENT:

- We must receive each payment by the date shown above. If you have a problem, contact us immediately.
- This agreement is based on your current financial condition. We may change or cancel it if our information shows that your ability to pay has changed significantly.
- We may cancel this agreement if you don't give us updated financial information when we ask for it.
- While this agreement is in effect, you must pay any federal taxes you owe on time.
- We will apply your federal tax refunds (if any) to the amount you owe until it is fully paid.
- If you don't meet the conditions of this agreement, we will cancel it, and may collect the entire amount you owe by levy on your income, bank accounts or other assets, or by seizing your property.
- We may cancel the agreement at any time if we find that collection of the tax is in jeopardy.
- There is a \$120.00 installment agreement fee (\$52.00 Direct Debit installment agreement).
- If agreement defaults, you must pay a \$50.00 reinstatement fee if agreement is reinstated.

**\$100 per month
payment!!!**

Currently
Not
Collectible

Internal Revenue Service
751 DAILY DRIVE SUITE 100
CAMARILLO, CA 93010

Department of the Treasury

AMOUNT OWED: \$117,678

Date: 09/23/2014
Taxpayer Identification Number:
Person to Contact:
Telephone Number:

Case Closed - Currently Not Collectible

We have temporarily closed your collection case for the tax types and periods listed below. We have determined that you do not have the ability to pay the money you owe at this time.

Although we have temporarily closed your case, you still owe the money to the IRS. We may re-open your case in the future if your financial situation improves. Also, since you still owe money, we will continue to add penalties and interest to your account and it will be subject to other adjustments and offsets such as applying future tax refunds to the amount you owe.

You don't need to take any action at this time. However, it is very important that you file all future tax returns and pay any amounts you owe on time. Also, it is to your advantage to make voluntary payments towards the amount you owe, if possible, to minimize additional penalties and interest.

If you have any questions, please call us at 1-800-829-1040 (individuals) or 1-800-829-4933 (businesses).

Tax Type	Tax Period Ending	Tax Type	Tax Period Ending	Tax Type	Tax Period Ending
1040	12/31/2006	1040	12/31/2007	1040	12/31/2008
1040	12/31/2009	1040	12/31/2010	1040	12/31/2011
1040	12/31/2012				

CURRENTLY NOT COLLECTIBLE

CDTFA (sales tax) Offer in Compromise

Owed \$118,379



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-00622
916-322-7931 - FAX 916-322-7940
www.boe.ca.gov

BETTY T. LEE
First District, San Francisco
SEN. GEORGE RUNNER (Ret.)
Second District, Lancaster
MICHELLE STEEL
Third District, Rolling Hills Estates
JEROME E. HORTON
Fourth District, Los Angeles
JOHN CHIANG
State Controller
CYNTHIA BRIDGE
Executive Director

September 13, 2013

[REDACTED]

The Offer in Compromise Section (OIC) of the Board of Equalization (BOE) has reviewed your request for an offer in compromise on your current sales tax liability of \$118,379.57.

We will forward our recommendation for approval of your offer once we receive a cashier's check or money order for the offered amount of \$17,727.00. The funds should be mailed to the address listed below with a copy of this letter by Friday, September 27, 2013. The BOE will place the funds in a non-interest bearing account pending approval of the offer.

MAILING ADDRESS
State Board of Equalization
Offer in Compromise Section
450 N Street, MIC: 52
Sacramento, CA 95814

If for some reason the offer is denied, you have the option of having the funds refunded or applied to the liability. Please select an option below:

- Retain any amount deposited and credit it to the current tax liability,
- Return the amount deposited.

If you have any additional questions or concerns, please contact me at (916) 322-1984.

Sincerely,

Arlene Di Sessa
Business Taxes Specialist

Compromised for \$1,727



This Product Contains Sensitive Taxpayer Data

Account Transcript

Request Date: 11-30-2017
Response Date: 11-30-2017
Tracking Number: [REDACTED]

FORM NUMBER: 1040
TAX PERIOD: Dec. 31, 2012

TAXPAYER IDENTIFICATION NUMBER: [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

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

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

ACCOUNT BALANCE: 0.00
ACCRUED INTEREST: 0.00 AS OF: Dec. 11, 2017
ACCRUED PENALTY: 0.00 AS OF: Dec. 11, 2017

ACCOUNT BALANCE PLUS ACCRUALS (this is not a payoff amount): 0.00

INFORMATION FROM THE RETURN OR AS ADJUSTED **

DEPENDENTS: 03
FILING STATUS: Head of Household
ADJUSTED GROSS INCOME: 1,915,848.00
TAXABLE INCOME: 1,679,448.00
TAX PER RETURN: 459,326.00
SE TAXABLE INCOME TAXPAYER: 21,320.00
SE TAXABLE INCOME SPOUSE: 0.00
TOTAL SELF EMPLOYMENT TAX: 2,836.00

RETURN DUE DATE OR RETURN RECEIVED DATE (WHICHEVER IS LATER) Oct. 14, 2013
PROCESSING DATE Nov. 18, 2013

TRANSACTIONS

CODE	EXPLANATION OF TRANSACTION	CYCLE DATE	AMOUNT
150	Tax return filed	20134405 11-18-2013	\$459,326.00
n/a	80211-687-39258-3		
430	Estimated tax payment	09-17-2012	-\$500.00
716	Credit you chose to apply from prior tax period	04-15-2012	-\$751.00

Taxes Discharged In Bankruptcy

\$612,201 Discharged in Bankruptcy

4 Methods for Solving Payroll Tax Issues



INSTALLMENT
AGREEMENT



PARTIAL-PAY
INSTALLMENT
AGREEMENT



IN-BUSINESS OFFER
IN COMPROMISE



HYBRID
BULK SALE & OFFER
IN COMPROMISE

Story

- “Al”
- Owes \$4,240,000 to the IRS
- Owes \$462,011 to the State
- 70 years old

So what happened...

Story Time

Settled for...

- \$5,000 to the IRS
- \$13,000 to the State
- \$15,000 in fees

Moral

- A good result but should have filed for bankruptcy (more on BK later)

IRS Offer in Compromise

Amount Owed: \$4,240,000

Department of the Treasury

INTERNAL REVENUE SERVICE
AMC-Stop 880
PO Box 3 083 4
Memphis, TN 38130-0834

Date of this Letter: 6/24/2007

Person to Contact: Beverly
Robinson Employee #: 49-02054
Phone#: (901)546-4803

Taxpayer ID#: [REDACTED]
Offer Number: 1000608959

Dear Mr. & Mrs. [REDACTED]

We have accepted your offer in compromise signed and dated by you on 04/19/2007. The date of acceptance is the date of this letter and our acceptance is subject to the terms and conditions on the enclosed Form 656, Offer in Compromise.

Please note that the conditions of the offer require you to file and pay all required taxes for five tax years or the period of time payments are being made on the offer, whichever is longer. This will begin on the date shown in the upper right hand corner of this letter.

Additionally, please be aware that the conditions of the offer include the provision that as additional consideration for the offer, we will retain any refund or credits that you may be entitled to receive for 2007 or for earlier tax years. This includes refunds you receive in 2008 for any payments you made toward tax year 2007 or toward earlier tax years. The Notice of Federal Tax Lien will be released when the offer amount is paid in full.

If you are required to make any payments under this agreement, make your check or money order payable to the United States Treasury and send it to:

Internal Revenue Service
P.O. Box 24015
Fresno, CA 93 779

Please send all other correspondence to:

Internal Revenue Service PO
Box 77 Memphis, TN 38101-0077

You must promptly notify the Internal Revenue Service of any change in your address or marital status. This will ensure we have the proper address to advise you of the status of your offer.

continued on next page

Compromised for \$5,000

California FTB Offer in Compromise



Chair John Chiang
Member Judy Chu, Ph.D.
Member Michael C. Genest

State of California
Franchise Tax Board

Owed \$462,011

12.19.2008

Stephan & Stein, Inc., CPAs
Peter Stephan
21700 Oxnard Street, Suite 1160
Woodland Hills CA 91367

In Reply Refer To:
622:081:726

Subject:	Offer in Compromise
Taxpayers:	[REDACTED]
Account Number:	110 94283 02
Tax Years:	1994-1997,2000,2004
Liability:	\$462,011.82
Offer:	\$13,000.00

Dear Mr. Stephan,

The Franchise Tax Board has accepted your Offer in Compromise for the liability owed for the 1994-1997,2000, and 2004 tax years. This letter shall serve as their confirmation of acceptance and should be retained in their records.

We have made the necessary adjustments to their account and have released all liens. Copies of the lien release documents are enclosed.

Please note that pursuant to Revenue and Taxation Code Section 19443, the terms and conditions for acceptance of an offer include, but are not limited to, requirements that he:

- File required returns and pay all tax liabilities in a timely manner in the future.
- Comply with all terms and conditions relative to the offer, including the requirements of any collateral agreement signed as consideration of acceptance of this offer. If they are required to make any payments pursuant to a collateral agreement, please make the check or money order payable to the Franchise Tax Board and send it to:

FRANCHISE TAX BOARD
Offer in Compromise Group, MS A-453
P. O. Box 2966
Rancho Cordova, CA 95741-2966

Compromised for \$13,000

A hand holding a fountain pen is positioned over a document. The document contains several paragraphs of Latin text, including "Nulla deserunt amet quis est consectetur", "enim sed ea eu consectetur ut, in dolor", "tempor velit, adipiscing, excepteur ut excepteur", "ipsum consectetur dolor non occaecat", "Anim laboris ullamco velit tempor velit tempus", "culpa deserunt sint elit. Ullamco minim", "commodo elit fugiat magna occaecat", and "Esse ea esse." Below the text is a signature line with a handwritten signature and the word "Signature" printed underneath. A blue arrow-shaped graphic points to the right from the left edge of the image.

3 Types of Offers

Doubt as to Collectability

Taxpayer is unable to pay their tax liability within the remaining collection statute

Doubt as to Liability

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

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

Doubt as to Collectability

When and how should you submit an offer?

22

Things to consider

- How much does the taxpayer owe (cost vs benefit)?
- How much time is left on the collection statute?
- What events toll the collection statute?
- What is the value of the taxpayer's assets?
- Did the taxpayer dissipate assets when taxes were owed?

Doubt as to Collectability

When and how should you submit an offer?

More Things to consider

- Compare what a taxpayer would pay in monthly installment payments vs a lump sum offer
- Will the taxpayer be able to remain in compliance for 5 years following acceptance of the offer
- Is the taxpayer's income expected to change significantly during the collection statute?
- Are the taxes more than 3 years old?

Doubt as to Collectability

How much does the taxpayer owe?

Does the work warrant your fees?

A properly prepared offer should take no more than 15 hours to complete assuming client is cooperative and offer gets accepted in 1st round

An offer can exceed \$20,000 in fees if in addition there is a State offer, the client is uncooperative or the offer must be appealed

Doubt as to Collectability

How much time is left on the collection statute?

The IRS has 10 years from the date of assessment to actively collect against a taxpayer

The following events toll (freeze) the statute for collection:

- Prior submission of an offer in compromise
- Prior bankruptcy filing
- CAP/CDP request
- Living outside the US for an extended period of time

Doubt as to Collectability

How much time is left on the collection statute?

- If a taxpayer does not have substantial equity in real property for which a Federal tax lien can attach, it may make sense to submit a partial-pay installment agreement in lieu of an offer if the remaining life in the statute is short enough
- The collection statute should be considered for other alternatives including filing bankruptcy

Doubt as to Collectability

- ▶ What is the value of the taxpayer's assets?
- ▶ It is imperative to weigh the value of assets as well as to consider the amount the taxpayer will pay in monthly disposable income when considering whether to submit an offer rather than an installment agreement
- ▶ If the taxpayer has assets with substantial value, they may be forced to liquidate at least some of their assets to pay for the offer
- ▶ The IRS may ignore the value of some assets when negotiating an installment agreement. This is not the case with an offer.

Doubt as to Collectability

- ▶ Did the taxpayer dissipate assets when taxes were owed?
- ▶ It is important to ask this question to your client.
- ▶ In many instances the IRS asserts that the taxpayer dissipated assets
- ▶ Some examples of the dissipation of assets include:
 - ▶ Taking money from a refinance of real estate
 - ▶ Cashing out an investment or retirement account
 - ▶ Gifting proceeds when taxes are due
 - ▶ Selling assets such as a boat or motorhome and spending the proceed

Doubt as to Collectability

29

Compare what a taxpayer would pay in monthly installment payments vs a lump sum offer

- As part of considering the remaining life of the collection statute, compare how much a taxpayer will pay in aggregate installment payments compared to a lump sum offer.
- The IRS will remove any liens when an accepted Offer is paid in full or when the taxpayer's remaining liability is less than \$25,000 and they are on a direct debit IA.
- Be careful when recommending an installment agreement as a lien may remain in effect after the installment agreement is accepted.

Will the taxpayer be able to remain in compliance for 5 years following acceptance of the offer?

- Can the taxpayer afford your fees?
- Can the taxpayer afford the cost of the offer?
- Will the taxpayer be diligent in the preparation of his or her tax returns for 5 years from the date of acceptance?
- Will the taxpayer be diligent in paying his or her liability including making estimated tax payments for 5 years from the date of acceptance?
- If client cannot remain in compliance the offer will be cancelled and all compromised liability will be reassessed including all interest and penalties

Doubt as to Collectability

Is the taxpayer's income expected to change significantly during the collection statute?

Doubt as to Collectability

- If the taxpayer expects their income to go down significantly, it may be worth planning and postponing submission of an offer or doing a PPIA
- If the taxpayer expects their income to go up significantly in the 12 months subsequent to submission of an offer, as the IRS may ask for updated financials that may negatively affect acceptance of the offer
- An increase in income may be overcome by negotiating a collateral agreement in conjunction with the offer

Doubt as to Collectability

Are the taxes more than 3 years old?

- Prior to deciding whether an offer should be prepared, consider and discuss with your client discharging the taxes in bankruptcy
- If you expect that the taxes are dischargeable, have a qualified person prepare a tax dischargeability analysis (“TDA”). The 3-year rule, the 2-year rule and the 240-day rule. This is covered in the 200A course.
- One size does not fit all. Know all your options so you can best serve your client.

Doubt as to Liability

When and how should you submit an offer?

33

► *Things to consider*

- Taxpayer assessed for liability they do not owe?
- Does the taxpayer have substantiation to support their claim?
- Can you reduce the liability enough to spend the time and money necessary to complete the offer?
- Did the assessment in question arise from a tax audit?
- Was a tax court petition filed?



Doubt as to Liability

34

Taxpayer assessed for liability they do not owe?

- This may seem like a simple question but keep in mind it needs to be answered by a tax professional, not the taxpayer (they never think they owe it).
- Do some due diligence to determine (1) why the tax was assessed and (2) what has been done to contest the assessment
- Make sure the client has reasonable expectations (ha ha...)

Doubt as to Liability

35

Does the taxpayer have substantiation to support their claim?

- Assuming your client has a case...now comes the real work
- Was the client assessed because the IRS was being unreasonable or because their representative “didn’t show up” for the audit?
- Does your client have adequate documentation to substantiate their claim?
- Essentially this is an audit reconsideration
- Do not do this work on a fixed fee basis

Doubt as to Liability

Can you reduce the liability enough to spend the time and money necessary to complete the offer in compromise?

- If your client has a case and they have the substantiation to support it, will the cost to defend them outweigh the benefits?
- This should be considered relative to the overall cost of your time (prize vs price)
- This should also be considered if a substantially high liability will remain even if an offer is accepted

Doubt as to Liability

Did the assessment in question arise from a tax audit?

- This type of offer (doubt as to liability) gives the taxpayer a 2nd bite at the apple.
- We have been successful in converting audits in which all deductions were disallowed to assessments producing little to no tax
- The IRS seems to be more reasonable in considering taxpayer substantiation at this level

Doubt as to Liability

38

Was the assessment appealed and at what level?

- Was a tax court petition filed?
- You cannot submit an offer in compromise doubt as to liability if a tax court petition has been filed

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

Installment Agreement vs Offer in Compromise Analysis



Installment Agreement

- ▶ Family of 4
- ▶ Living in Los Angeles
- ▶ Husband is a self-employed salesperson (expects to earn substantially more income in the near future)
- ▶ Wife works and is a W-2 wage earner
- ▶ Taxes are withheld from Wife's paycheck and Husband is making estimated tax payments.
- ▶ Wife owns a vehicle with no equity
- ▶ Husband leases another vehicle
- ▶ They own a single family home with no equity
- ▶ Wife has an IRA with a relatively low value (\$9,779)
- ▶ They owe approximately \$487,000 in unpaid taxes.

IRS National Standards 2019 Allowable Living Expenses

Expense	One Person	Two Persons	Three Persons	Four Persons
Food	\$386	\$685	\$786	\$958
Housekeeping supplies	\$40	\$72	\$76	\$76
Apparel & services	\$88	\$159	\$169	\$243
Personal care products & services	\$43	\$70	\$76	\$91
Miscellaneous	\$170	\$302	\$339	\$418
Total	\$727	\$1,288	\$1,446	\$1,786

More than four persons	Additional Persons Amount
For each additional person, add to four-person total allowance:	\$420

IRS National Standards

2019 Health Care Standards

	Out of Pocket Costs
Under 65	\$55
65 and Older	\$114

IRS Local Standards

2019 Housing Standards

County	State Name	2019 Published Housing and Utilities for a Family of 1	2019 Published Housing and Utilities for a Family of 2	2019 Published Housing and Utilities for a Family of 3	2019 Published Housing and Utilities for a Family of 4	2019 Published Housing and Utilities for a Family of 5
Alameda County	California	2,552	2,997	3,158	3,521	3,578
Alpine County	California	1,971	2,315	2,439	2,719	2,763
Amador County	California	1,702	1,999	2,106	2,348	2,386
Butte County	California	1,539	1,808	1,905	2,124	2,158
Calaveras County	California	1,796	2,110	2,223	2,479	2,519
Colusa County	California	1,537	1,805	1,902	2,121	2,155
Contra Costa County	California	2,425	2,848	3,001	3,346	3,400
Del Norte County	California	1,429	1,678	1,768	1,971	2,003
El Dorado County	California	2,120	2,490	2,624	2,926	2,973
Fresno County	California	1,559	1,832	1,930	2,152	2,187
Glenn County	California	1,450	1,703	1,795	2,001	2,034
Humboldt County	California	1,626	1,909	2,012	2,243	2,280
Imperial County	California	1,454	1,707	1,799	2,006	2,038
Inyo County	California	1,759	2,066	2,177	2,427	2,467
Kern County	California	1,495	1,756	1,850	2,063	2,096
Kings County	California	1,439	1,690	1,781	1,986	2,018
Lake County	California	1,551	1,821	1,919	2,140	2,174
Lassen County	California	1,468	1,724	1,817	2,026	2,059
Los Angeles County	California	2,258	2,652	2,795	3,116	3,167
Madera County	California	1,492	1,752	1,846	2,058	2,092
Marin County	California	3,139	3,687	3,885	4,332	4,402
Mariposa County	California	1,623	1,907	2,009	2,240	2,276

IRS National & Local Standards

2019 Transportation Standards

<i>Public Transportation</i>		
National	\$217	
<i>Ownership Costs</i>		
	<u>One Car</u>	<u>Two Cars</u>
National	\$508	\$1,016

<i>Operating Costs</i>		
	<u>One Car</u>	<u>Two Cars</u>
Northeast Region	\$237	\$474
Boston	\$230	\$460
New York	\$319	\$638
Philadelphia	\$244	\$488
West Region	\$205	\$410
Anchorage	\$179	\$358
Denver	\$212	\$424
Honolulu	\$191	\$382
Los Angeles	\$273	\$546
Phoenix	\$233	\$466
San Diego	\$255	\$510
San Francisco	\$212	\$424
Seattle	\$268	\$536

Installment Agreement Analysis

Item	Amount Allowed for IA	Notes
Income		
<i>Gross Wages</i>		
Taxpayer (Net Business Income)	8,662	Actual
Spouse (Wages)	4,768	Actual
Total gross earnings:	13,430	
<i>Taxes</i>		
Taxpayer	(3,586)	Actual
Spouse	(2,018)	Actual
Total taxes withheld:	(5,604)	
Total net income:	7,826	
Personal Living Expenses		
<i>Housing and Utilities</i>		
Mortgage	3,150	Actual for IA
Utilities	233	Actual for IA
	3,383	
<i>Food/Clothing/Etc.</i>	1,786	IRS national standard
	1,786	
<i>Transportation</i>		
Car payments	1,030	Actual
Maint./gas/insurance	546	IRS local standard
	1,576	
<i>Medical</i>		
Health insurance	495	Actual
Out-of-pocket health	220	IRS national standard
	715	
<i>Other</i>		
Childcare	119	
Life insurance	135	
	254	
Total living expenses:	7,714	
Monthly Disposable Income:	112	

Offer in Compromise vs Installment Agreement Comparison

47



Offer vs Installment Agreement Analysis

Installment Agreement/Offer in Compromise Comparison - Family of Four (CS-2)

Item	Amount Allowed for IA	Amount Allowed for OIC	Notes
Income			
<i>Gross Wages</i>			
Taxpayer (Net Business Income)	8,662	8,662	Actual
Spouse (Wages)	4,768	4,768	Actual
Total gross earnings:	13,430	13,430	
<i>Taxes</i>			
Taxpayer	(3,586)	(3,586)	Actual
Spouse	(2,018)	(2,018)	Actual
Total taxes withheld:	(5,604)	(5,604)	
Total net income:	7,826	7,826	
Personal Living Expenses			
<i>Housing and Utilities</i>			
Mortgage	3,150		Actual for IA
Utilities	233		Actual for IA
	3,383	3,116	OIC amount is based upon IRS local std.
<i>Food/Clothing/Etc.</i>	1,786	1,786	IRS national standard
	1,786	1,786	
<i>Transportation</i>			
Car payments	1,030	1,016	OIC amount is based upon IRS national std.
Maint./gas/insurance	546	546	IRS local standard
	1,576	1,562	
<i>Medical</i>			
Health insurance	495	495	Actual
Out-of-pocket health	220	220	IRS national standard
	715	715	
<i>Other</i>			
Childcare	119	119	Actual
Life insurance	135	135	Actual
	254	254	
Total living expenses:	7,714	7,433	
Monthly Disposable Income:	112	393	

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

...let's see

OIC vs Installment Agreement

Installment Agreement

Monthly payment amount - \$112

Maximum Number of months to pay - 120 (10 years)

$$\mathbf{\$112 \times 120 \text{ months} = \$13,440}$$

Offer in Compromise Formula (12 x MDI + QSV of Assets)

\$393 x 12 months = \$4,716

\$4,716 + \$7,823 of equity = \$12,539

Offer amount - \$12,539*

**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).*

Because Taxpayer John Doe assumes he'll earn substantially more money in the near future, an Offer in Compromise would far outweigh an Installment Agreement.

433-A (OIC) Case Study

Form **433-A (OIC)**
(March 2019)

Department of the Treasury — Internal Revenue Service
**Collection Information Statement for Wage Earners and
Self-Employed Individuals**

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 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 who is personally responsible for a partnership liability (only if the partnership is submitting an offer)
- ▶ An individual who operated as a disregarded single member Limited Liability Company (LLC) taxed as a sole proprietor prior to 2009
- ▶ An individual who is submitting an offer on behalf of the estate of a deceased person

Note: Include attachments if additional space is needed to respond completely to any question. This form should only be used with the Form 656, Offer in Compromise.

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 type="checkbox"/> Married If married, date of marriage (mm/dd/yyyy) 01/01/2007	Home physical 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 County	Primary phone (213) 555 - 1234	Home 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

Section 2 Employment Information for Wage Earners

Complete this section if you or your spouse are wage earners and receive a Form W-2. 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 also complete Business Information in Sections 4, 5, and 6.

Your employer's name Self - Employed	Pay period <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-weekly <input type="checkbox"/> Monthly <input checked="" type="checkbox"/> Other	Employer's address (street, city, state, ZIP code)
Do you have an ownership interest in this business <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, check the business interest that applies <input type="checkbox"/> Partner <input type="checkbox"/> Officer <input type="checkbox"/> Sole proprietor	
Your occupation	How long with this employer (years) (months)	
Spouse's employer's name ACME Inc.	Pay period <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-weekly <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Other	Employer's address (street, city, state, ZIP code) 9999 Industrial Way Los Angeles, CA 90000
Does your spouse have an ownership interest in this business <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, check the business interest that applies <input type="checkbox"/> Partner <input type="checkbox"/> Officer <input type="checkbox"/> Sole proprietor	
Spouse's occupation Office Manager	How long with this employer 1 (years) 3 (months)	

Section 3

Personal Asset Information

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, retirement accounts (IRAs, Keogh, 401(k) plans, stocks, bonds, mutual funds, certificates of deposit) and virtual currency (such as Bitcoin, Ripple, Ethereum, etc.), 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 dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

Cash and Investments (domestic and foreign)

<input type="checkbox"/> Cash				<input checked="" type="checkbox"/> Checking				<input type="checkbox"/> Savings				<input type="checkbox"/> Money Market Account/CD				<input type="checkbox"/> Online Account				<input type="checkbox"/> Stored Value Card			
Bank name								Account number															
Main Bank								111-1111-11								(1a) \$ 1,000							
<input type="checkbox"/> Checking				<input type="checkbox"/> Savings				<input type="checkbox"/> Money Market Account/CD				<input type="checkbox"/> Online Account				<input type="checkbox"/> Stored Value Card							
Bank name								Account number								(1b) \$							
Total of bank accounts from attachment																(1c) \$							
Add lines (1a) through (1c) minus (\$1,000) =																(1) \$ 0							
Investment account				<input type="checkbox"/> Stocks				<input type="checkbox"/> Bonds				<input type="checkbox"/> Other											
Name of Financial Institution								Account number															
N/A																							
Current market value								Minus 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															
N/A																							
Current market value								Minus loan balance															
\$								X .8 = \$								- \$ = (2b) \$							
<input type="checkbox"/> Virtual currency		Name of virtual currency wallet, exchange or digital currency exchange (DCE)				Email address used to set-up with the virtual currency exchange or DCE				Location(s) of virtual currency													
Type of virtual currency		N/A																					
Current market value in U.S. dollars as of today																							
\$								X .8 = \$								= (2c) \$							
Total investment accounts from attachment. [current market value minus loan balance(s)]																(2d) \$							
Add lines (2a) through (2d) =																(2) \$ 0							
Retirement account				<input type="checkbox"/> 401K				<input checked="" type="checkbox"/> IRA				<input type="checkbox"/> Other											
Name of Financial Institution								Account number															
Main Bank								123456789															
Current market value								Minus loan balance															
\$ 9,779								X .8 = \$ 7,823								- \$ 0 = (3a) \$ 7,823							
Total of retirement accounts from attachment. [current market value X .8 minus loan balance(s)]																(3b) \$							
Add lines (3a) through (3b) =																(3) \$ 7,823							
Note: Your reduction from current market value may be greater than 20% due to potential tax consequences/withdrawal penalties.																							
Cash value of Life Insurance Policies																							
Name of Insurance Company								Policy number															
N/A																							
Current cash value								Minus loan balance															
\$								- \$								= (4a) \$							
Total cash value of life insurance policies from attachment																Minus loan balance(s)							
\$								- \$								= (4b) \$							
Add lines (4a) through (4b) =																(4) \$ 0							

433-A (OIC) Case Study

Section 3 (Continued)

Personal Asset Information

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

Property description (indicate if personal residence)		Purchase/Lease date (mm/dd/yyyy)		
Single Family Residence		01/01/2018		
Amount of mortgage/rent payment	Date of final payment	How title is held (joint tenancy, etc.)		
3,150	01/01/2048	Joint Tenancy		
Location (street, city, state, ZIP code, county, and country)		Lender/Lessor/Landlord name, address (street, city, state, ZIP code) and phone		
1234 Memory Lane Anytown, USA 12345		Main Bank 5678 Main St.		
Current market value		Minus loan balance (mortgages, etc.)		
\$ 435,000 X .8 = \$ 348,000		- \$ 512,000 (total value of real estate) =		(5a) \$ 0
Property description (indicate if personal residence)		Purchase/Lease date (mm/dd/yyyy)		
N/A				
Amount of mortgage/rent payment	Date of final payment	How title is held (joint tenancy, etc.)		
Location (street, city, state, ZIP code, county, and country)		Lender/Lessor/Landlord name, address (street, city, state, ZIP code) and phone		
Current market value		Minus loan balance (mortgages, etc.)		
\$ X .8 = \$		- \$ (total value of real estate) =		(5b) \$
Total value of property(s) from attachment [current market value X .8 minus 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		Year	Date purchased	Mileage	
Nissan Sentra		2018	01/01/2018	8,100	
<input type="checkbox"/> Lease	Name of creditor	Date of final payment		Monthly lease/loan amount	
<input checked="" type="checkbox"/> Loan	Nissan Motor Acceptance	01/01/2023		\$525	
Current market value		Minus loan balance		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =	
\$ 13,438 X .8 = \$ 10,750		- \$ 16,447		(6a) \$ 0	
				Subtract \$3,450 from line (6a) (If line (6a) minus \$3,450 is a negative number, enter "0")	(6b) \$ 0
Vehicle make & model		Year	Date purchased	Mileage	
Honda Accord		2017	06/01/2017	9,300	
<input checked="" type="checkbox"/> Lease	Name of creditor	Date of final payment		Monthly lease/loan amount	
<input type="checkbox"/> Loan	Honda Financial Services	06/01/2020		\$505	
Current market value		Minus loan balance		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =	
\$ X .8 = \$		- \$		(6c) \$	
				If you are filing a joint offer, subtract \$3,450 from line (6c) (If line (6c) minus \$3,450 is a negative number, enter "0") If you are not filing a joint offer, enter the amount from line (6c)	(6d) \$ 0
Total value of vehicles listed from attachment [current market value X .8 minus any loan balance(s)]				(6e) \$	
Total lines (6b), (6d), and (6e) =				(6) \$ 0	

433-A (OIC) Case Study

433-A (OIC) Case Study

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(s) Furniture/ Fixtures			
Current market value	Minus loan balance		
\$ 1,375	X .8 = \$ 1,100	- \$ 0	= (7a) \$ 1,100

Value of remaining furniture and personal effects (not listed above)			
Description of asset Personal Effects			
Current market value	Minus loan balance		
\$ 985	X .8 = \$ 788	- \$ 0	= (7b) \$ 788
Total value of valuable items listed from attachment [current market value X .8 minus any loan balance(s)]			(7c) \$
Add lines (7a) through (7c) minus IRS deduction of \$9,540 =			(7) \$ 0

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" on that line.
Add lines (1) through (7) and enter the amount in Box A =

Box A Available Individual Equity in Assets	\$ 7,823
---	----------

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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Address of business (if other than personal residence)	
Name of business John Doe			
Business telephone number (555) 555 - 5555	Employer Identification Number	Business website address	Trade name or DBA
Description of business Marketing	Total number of employees 0	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 checked="" 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, virtual currency (cryptocurrency), tools, books, machinery, equipment, business vehicles and real property that is owned/leased/rented. If additional space is needed, attach a list of items. Do not include personal assets listed in Section 3.

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 Account/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card			
Bank name Main Bank	Account number 033-4444-05	(8a) \$	0
<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market Account/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card			
Bank name	Account number	(8b) \$	
<input type="checkbox"/> Virtual currency	Name of virtual currency wallet, exchange or digital currency exchange (DCE)	Email address used to set-up with the virtual currency exchange or DCE	Location(s) of virtual currency
Type of virtual currency N/A			
Current market value in U.S. dollars as of today \$ X .8 = \$			(8c) \$
Total bank accounts from attachment			(8d) \$
Add lines (8a) through (8d) =			(8) \$ 0

433-A (OIC) Case Study

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

Description of asset
Computers

Current market value \$ 2,500	x .8 = \$ 2,000	Minus loan balance - \$ 0	Total value (if leased or used in the production of income, enter 0 as the total value)	=	(9a) \$	2,000
----------------------------------	-----------------	------------------------------	---	---	---------	-------

Description of asset:
Current market value
\$

x .8 = \$	Minus Loan Balance -	Total value (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 minus any loan balance(s)]
Add lines (9a) through (9c) = (9) \$ 2,000

IRS allowed deduction for professional books and tools of trade - (10) \$ [4,770]

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 that includes name(s) 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 your account(s) receivable

Do not include amounts from the lines with a letter beside the number [for example: (9c)]. Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line.
Add lines (8) and (11) and enter the amount in Box B = \$ 0

Box B
Available Business Equity in Assets

Section 6 Business Income and Expense Information (for Self-Employed)

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) \$	11,000
Gross rental income	(13) \$	
Interest income	(14) \$	
Dividends	(15) \$	
Other income	(16) \$	
Add lines (12) through (16) =	(17) \$	11,000

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) \$	338
Utilities/telephones	(23) \$	750
Vehicle costs (gas, oil, repairs, maintenance)	(24) \$	
Business insurance	(25) \$	250
Current business taxes (e.g., real estate, excise, franchise, occupational, personal property, sales and employer's portion of employment taxes)	(26) \$	
Secured debts (not credit cards)	(27) \$	
Other business expenses (include a list)	(28) \$	1,000
Add lines (18) through (28) =	(29) \$	2,338

Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line.
Subtract line (29) from line (17) and enter the amount in Box C = \$ 8,662

Box C
Net Business Income

433-A (OIC) Case Study

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, non-liable 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

Note: Entire household income should also include income that is considered not taxable and may not be included on your tax return.

				Round to the nearest whole dollar.	
Primary taxpayer					
Gross wages	Social Security	Pension(s)	Other income (e.g. unemployment)		
\$ _____	+ \$ _____	+ \$ _____	+ \$ _____	Total primary taxpayer income =	(30) \$ _____
Spouse					
Gross wages	Social Security	Pension(s)	Other Income (e.g. unemployment)		
\$ 4,768	+ \$ _____	+ \$ _____	+ \$ _____	Total spouse income =	(31) \$ _____ 4,768
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. List source(s) _____					
				(32) \$ _____	
Interest and dividends				(33) \$ _____	
Distributions (e.g., income from partnerships, sub-S Corporations, etc.)				(34) \$ _____	
Net rental income				(35) \$ _____	
Net business income from Box C				(36) \$ _____ 8,662	
Child support received				(37) \$ _____	
Alimony received				(38) \$ _____	
				Box D	
				Total Household Income	
				Do not enter a negative number. If any line item is a negative, enter "0" on that line.	
				Add lines (30) through (38) and enter the amount in Box D =	
				\$ _____ 13,430	

Monthly Household Expenses

Enter your average monthly expenses.

Note: For expenses claimed in boxes (39) and (45) only, you should list the full amount of the allowable standard even if the actual amount you pay is less. For the other boxes input your actual expenses. You may find the allowable standards at <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Collection-Financial-Standards>.

		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		(39) \$	1,786
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)		(40) \$	3,116
Vehicle loan and/or lease payment(s)		(41) \$	1,016
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		(42) \$	546
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		(43) \$	
Health insurance premiums		(44) \$	495
Out-of-pocket health care costs (e.g. average monthly cost of prescription drugs, medical services, and medical supplies like eyeglasses, hearing aids, etc.)		(45) \$	220
Court-ordered payments (e.g., monthly cost of any alimony, child support, etc.)		(46) \$	
Child/dependent care payments (e.g., daycare, etc.)		(47) \$	119
Term life insurance premiums		(48) \$	135
Current monthly taxes (e.g., monthly cost of federal, state, and local tax, personal property tax, etc.)		(49) \$	5,604
Secured debts (e.g., any loan where you pledged an asset as collateral not previously listed, government guaranteed student loan) List debt(s) _____		(50) \$	
Enter the amount of your monthly delinquent state and/or local tax payment(s)		(51) \$	
		Box E	
		Total Household Expenses	
		Do not enter a negative number. If any line item is a negative, enter "0" on that line.	
		Add lines (39) through (51) and enter the amount in Box E =	
		\$ _____ 13,037	
		Box F	
		Remaining Monthly Income	
		Do not enter a negative number. If any line item is a negative, enter "0" on that line.	
		Subtract Box E from Box D and enter the amount in Box F =	
		\$ _____ 393	

433-A (OIC) Case Study

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.

Note: The multipliers below (12 and 24) and the calculated offer amount (which included the amount(s) allowed for vehicles and bank accounts) do not apply if the IRS determines you have the ability to pay your tax debt in full within the legal period to collect.

Round to the nearest whole dollar.

If you will pay your offer in 5 or fewer payments within 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 \$ 393	X 12 =	Box G Future Remaining Income \$ 4,716
--------------------------------------	--------	---

If you will pay your offer in 6 to 24 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 \$ 393	X 24 =	Box H Future Remaining Income \$ 9,432
--------------------------------------	--------	---

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) \$ 7,823	+	Enter the amount from either Box G or Box H \$ 4,716	=	Offer Amount Your offer must be more than zero (\$0). Do not leave blank. Use whole dollars only. \$ 12,539
--	---	---	---	---

If you cannot pay the Offer Amount shown above due to special circumstances, explain on the Form 656, Offer in Compromise, Section 3, Reason for Offer, Explanation of Circumstances. 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 a party to or involved in litigation (if yes, answer the following) Yes No

<input type="checkbox"/> Plaintiff	Location of filing	Represented by	Docket/Case number
<input type="checkbox"/> Defendant			

Amount of dispute \$	Possible completion date (mmddyyyy)	Subject of litigation
-------------------------	-------------------------------------	-----------------------

Have you filed bankruptcy in the past 7 years (if yes, answer the following) Yes No

Date filed (mmddyyyy)	Date dismissed (mmddyyyy)	Date discharged (mmddyyyy)	Petition no.	Location filed
-----------------------	---------------------------	----------------------------	--------------	----------------

In the past 10 years, have you lived outside of the U.S. for 6 months or longer (if yes, answer the following) Yes No

Dates lived abroad: From (mmddyyyy)	To (mmddyyyy)
-------------------------------------	---------------

Are you or have you ever been party to any litigation involving the IRS/United States (including any tax litigation) Yes No

If yes and the litigation included tax debt, provide the types of tax and periods involved

Are you the beneficiary of a trust, estate, or life insurance policy (if yes, answer the following) Yes No

Place where recorded	EIN
Name of the trust, estate, or policy	Anticipated amount to be received \$
	When will the amount be received

Are you a trustee, fiduciary, or contributor of a trust Yes No

Name of the trust	EIN
-------------------	-----

Do you have a safe deposit box (business or personal) (if yes, answer the following) Yes No

Location (name, address and box number(s))	Contents	Value \$
--	----------	-------------

In the past 10 years, have you transferred any assets, including real property, for less than their full value (if yes, answer the following) Yes No

List asset(s)	Value at time of transfer \$	Date transferred (mmddyyyy)	To whom or where was it transferred
---------------	---------------------------------	-----------------------------	-------------------------------------

433-A (OIC) Case Study

Section 9 (Continued) Other Information

Do you have any assets or own any real property outside the U.S. Yes No

If yes, provide description, location, and value

N/A

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 Spouse	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 individual bank statements for the three most recent months. If you operate a business, copies of the six most recent statements for each business bank account.
- 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 delinquent State/Local Tax Liability showing total delinquent state/local taxes and amount of monthly payments, 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.
- Completed and signed current Form 656.

Form 656 Case Study

Form 656 (March 2019)	Department of the Treasury — Internal Revenue Service Offer in Compromise
---------------------------------	---

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 in Section 1 or Section 2 below.

Did you use the Pre-Qualifier tool located on our website at http://irs.treasury.gov/oic_pre_qualifier/ prior to filling out this form
 Yes No

Note: The use of the Pre-Qualifier tool is not mandatory before sending in your offer. However, it is recommended.

Include the \$186 application fee and initial payment (*personal check, cashier's check, or money order*) with your Form 656 unless you qualify for the low-income certification. You must also include the completed Form 433-A (OIC) and/or 433-B (OIC) and supporting documentation. You should fill out either Section 1 or Section 2, but not both, depending on the tax debt you are offering to compromise.

Section 1 Individual Information (Form 1040 filers)	
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 home physical address (*street, city, state, ZIP code, county of residence*)
1234 Memory Lane
Anytown, USA 12345
Los Angeles County

Your home mailing address (*if different from above or post office box number*)

Is this a new address Yes No

If yes, would you like us to update our records to this address Yes No

Your Employer Identification Number (*if applicable*)
-

Individual Tax Periods (If Your Offer is for Individual Tax Debt Only)	
<input checked="" type="checkbox"/> 1040 Income Tax-Year(s) 2016, 2017, 2018	
<input type="checkbox"/> Trust Fund Recovery Penalty as a responsible person of (<i>enter business name</i>) _____ for failure to pay withholding and Federal Insurance Contributions Act taxes (Social Security taxes), for period(s) ending _____	
<input type="checkbox"/> 941 Employer's Quarterly Federal Tax Return - Quarterly period(s) _____	
<input type="checkbox"/> 940 Employer's Annual Federal Unemployment (FUTA) Tax Return - Year(s) _____	
<input type="checkbox"/> 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.

Catalog Number 16728N www.irs.gov Form **656** (Rev. 3-2019)

Form 656 Case Study

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 or the application fee upon submission or during the consideration of your offer. If your business is other than a sole proprietor or disregarded single member LLC taxed as a sole proprietor and you owe employment taxes on or after January 1, 2009, you cannot qualify for the waiver. IRS will determine whether the household income (at the time of the offer submission or at the time the offer is processed, whichever is lower) and family size support the decision not to pay the application fee.

Check this box if your household's gross monthly income is equal to or less than the monthly income shown in the table below

Note: By checking this box you are certifying that your total household income and size of your family qualify you for the Low-Income Certification.

IF YOU QUALIFY FOR THE LOW-INCOME CERTIFICATION DO NOT INCLUDE ANY PAYMENTS WITH YOUR OFFER. However, if you elect to send in money and the Low-Income Certification box is checked, you MUST check ONE of the options listed below.

Payment - By checking this box I am requesting all money to be applied to my tax debt

Deposit - By checking this box I am requesting all money to be treated as a deposit and returned if my offer is not accepted

Please note that failure to check either box or checking both boxes above will result in all payments being applied to your tax debt and not returned to you.

Size of family unit	48 contiguous states and D.C.	Hawaii	Alaska
1	\$2,602	\$2,996	\$3,250
2	\$3,523	\$4,054	\$4,402
3	\$4,444	\$5,113	\$5,554
4	\$5,365	\$6,171	\$6,706
5	\$6,285	\$7,229	\$7,858
6	\$7,206	\$8,288	\$9,010
7	\$8,127	\$9,346	\$10,163
8	\$9,048	\$10,404	\$11,315
For each additional person, add	\$921	\$1,058	\$1,152

Section 2 Business Information (Form 1120, 1065, etc., filers)

If your business is a Corporation, Partnership, LLC, or LLP and you want to compromise those tax debts, you must complete this section. You must also include all required documentation including the Form 433-B (OIC), and a separate \$186 application fee, and initial payment.

Business name _____

Business physical address (street, city, state, ZIP code) _____

Business mailing address (street, city, state, ZIP code) _____

Employer Identification Number (EIN)	Name and title of primary contact	Telephone number
-		() -

Business Tax Periods (If Your Offer is for Business Tax Debt Only)

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) _____

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.

Form 656 Case Study

Form 656 (March 2019)	Department of the Treasury — Internal Revenue Service Offer in Compromise
---------------------------------	---

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 in Section 1 or Section 2 below.

Did you use the Pre-Qualifier tool located on our website at http://irs.treasury.gov/oic_pre_qualifier/ prior to filling out this form
 Yes No

Note: The use of the Pre-Qualifier tool is not mandatory before sending in your offer. However, it is recommended.

Include the \$186 application fee and initial payment (*personal check, cashier's check, or money order*) with your Form 656 unless you qualify for the low-income certification. You must also include the completed Form 433-A (OIC) and/or 433-B (OIC) and supporting documentation. You should fill out either Section 1 or Section 2, but not both, depending on the tax debt you are offering to compromise.

Section 1 Individual Information (Form 1040 filers)	
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 home physical address (*street, city, state, ZIP code, county of residence*)
1234 Memory Lane
Anytown, USA 12345
Los Angeles County

Your home mailing address (*if different from above or post office box number*)

Is this a new address Yes No

If yes, would you like us to update our records to this address Yes No

Your Employer Identification Number (*if applicable*)

Individual Tax Periods (If Your Offer is for Individual Tax Debt Only)	
<input checked="" type="checkbox"/> 1040 Income Tax-Year(s) 2016, 2017, 2018	
<input type="checkbox"/> Trust Fund Recovery Penalty as a responsible person of (<i>enter business name</i>) _____ for failure to pay withholding and Federal Insurance Contributions Act taxes (Social Security taxes), for period(s) ending _____	
<input type="checkbox"/> 941 Employer's Quarterly Federal Tax Return - Quarterly period(s) _____	
<input type="checkbox"/> 940 Employer's Annual Federal Unemployment (FUTA) Tax Return - Year(s) _____	
<input type="checkbox"/> 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.

Catalog Number 16728N www.irs.gov Form **656** (Rev. 3-2019)

Section 3 Reason for Offer

- Doubt as to Collectibility** - I do not have enough in assets and income to pay the full amount
- Exceptional Circumstances (Effective Tax Administration)** - I owe this amount and have enough in assets and income to pay the full amount, but due to my exceptional circumstances, requiring full payment would cause an economic hardship or collection of the full liability would undermine public confidence that the tax laws are being administered in a fair and equitable manner. 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. If applicable, describe your special circumstances below and attach appropriate documents to this offer application

Taxpayer's are unable to full pay tax liability.

Section 4 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

- Check here if you will pay your offer in 5 or fewer payments within 5 or fewer months from the date of acceptance:

Enclose a check for 20% of the offer amount (waived if you met the requirements for Low-Income Certification) and fill in the amount(s) of your future payment(s).

Total offer amount	-	20% initial payment	=	Remaining balance
\$ 12,539	-	\$ 2,508	=	\$ 10,031
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	1	Month after acceptance
Amount of payment	\$	payable within	2	Months after acceptance
Amount of payment	\$	payable within	3	Months after acceptance
Amount of payment	\$	payable within	4	Months after acceptance
Amount of payment	\$	10,031 payable within	5	Months after acceptance

Periodic Payment

- Check here if you will pay your offer in full in 6 to 24 months

Enter the amount of your offer \$ _____

Note: The total months may not exceed a total of 24, including the first payment. Your first payment is considered to be month 1; therefore, the remainder of the payments must be made within 23 months for a total of 24.

Enclose a check for the first month's payment (waived if you met the requirements for the Low-Income Certification).

The first monthly payment of \$ _____ is included with this offer then \$ _____ will be sent in on the _____ day of each month thereafter for a total of _____ months with a final payment of \$ _____ to be paid on the _____ day of the _____ month.

You must continue to make these monthly payments while the IRS is considering the offer (waived if you met the requirements for Low-Income Certification). Failure to make regular monthly payments until you have received a final decision letter 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.

Form 656 Case Study

Form 656 Case Study

Section 5 Designation of Payment, Electronic Federal Tax Payment System (EFTPS), and Deposit

Designation of Payment

If you want your payment to be applied to a specific tax year and a specific tax debt, such as a Trust Fund Recovery Penalty, please tell us the tax year/quarter _____. If you do not designate a preference, we will apply any money you send to the government's best interest. If you want to designate any payment's 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 application fee or any payment after the IRS accepts the offer.

Note: Payments submitted with your offer cannot be designated as estimated tax payments for a current or past tax year.

Electronic Federal Tax Payment System (EFTPS)

Did you make your payment through the [Electronic Federal Tax Payment System \(EFTPS\)](#)?

Yes No

If yes, provide the amount of your payment(s) \$ _____, the date paid _____, and the 15 digit Electronic Funds Transfer (EFT) Number _____.

Note: Any initial payments paid through the EFTPS system must be made the same date your offer is mailed.

Deposit

CAUTION: Do NOT designate the amounts sent in with your offer to cover the initial payment and application fee as "deposits." Doing so will result in the return of your offer without appeal rights.

If you are paying more than the initial payment with your offer and you want any part of that payment treated as a deposit, check the box below and insert the amount.

My payment of \$ _____ includes the \$186 application fee and \$ _____ for my first month's payment. I am requesting the additional amount of \$ _____ be held as a deposit.

If your offer is rejected, returned, or withdrawn please check one of the boxes below and let us know what you would like us to do with your deposit.

Return it to you (Initial here _____) Apply it to your tax debt (Initial here _____)

Your deposit will be returned to you, unless you indicated in the above check box that you want it applied to your tax debt.

Section 6 Source of Funds, Making Your Payment, Filing Requirements, and Tax Payment Requirements

Source of Funds

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
Taxpayer's will borrow amount of offer from family and friends.

Making Your Payment

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. You may also make payments through the [Electronic Federal Tax Payment System \(EFTPS\)](#). Your offer will be returned to you if the application fee and the required payment are not included, or if your check is returned for insufficient funds.

Filing Requirements

I have filed all required tax returns and have included a complete copy of any tax return filed within 60 days prior to this offer submission

I was not required to file a tax return for the following years _____

Note: Do not include original tax returns with your offer. You must either electronically file your tax return or mail it to the appropriate IRS processing office before sending in your offer.

Tax Payment Requirements (check all that apply)

I have made all required estimated tax payments for the current tax year

I am not required to make any estimated tax payments for the current tax year

I have made all required federal tax deposits for the current quarter

I am not required to make any federal tax deposits for the current quarter

Section 7**Offer Terms**

By submitting this offer, I 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 1 and/or Section 2 if I failed to list any of my assessed tax debt or tax debt assessed before acceptance of my offer. By submitting a joint offer, both signers grant approval to the Internal Revenue Service to disclose the existence of any separate liabilities owed.

b) I also authorize the IRS to amend Section 1 and/or Section 2 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.

c) I voluntarily submit the payments made on this offer and understand that they will not be returned even if I withdraw the offer or the IRS rejects or returns the offer except as otherwise provided in subpart (h) of this section (regarding "deposit" amounts) or subpart (i) of this section. Unless I designate how to apply each required payment in Section 5, 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.

d) I understand that if I checked the Low-Income Certification in Section 1, then no payments are required. If I qualify for the Low-Income Certification and voluntarily submit payments, all money will be applied to my tax debt and will not be returned to me unless I designate it as a deposit. In making my deposit I do not have to designate any amounts to the application fee and my first month's payment.

e) 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 within 30 days of notification. The refund offset does not apply to offers accepted under the provisions of Effective Tax Administration or Doubt as to Collectibility with special circumstances based on public policy/equity considerations.

f) I understand that the amount I am offering may not include part or all of an expected or current tax refund, money already paid, funds attached by any collection action, or anticipated benefits from a capital or net operating loss.

g) The IRS will keep any monies it has collected prior to this offer. Under section 6331(k) the IRS may levy 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. No levy will be issued on individual shared responsibility payments. However, if the IRS served a continuous levy on wages, salary, or certain federal payments under sections 6331(e) or (h), then the IRS could choose to either retain or release the levy.

h) 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 any amount more than the required initial payment as a deposit. For other than Low-Income taxpayers, only amounts that exceed the mandatory payments can be treated as a deposit. A Low-Income taxpayer who has checked the deposit box is not required to make payments with the offer. 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 the amount more than the required payment as a deposit on the check submitted with the corresponding periodic payment. A deposit will be returned if the offer is rejected, returned, or withdrawn. I understand that the IRS will not pay interest on any deposit. If the IRS attempts to return a deposit once and it comes back as undeliverable then the IRS will apply the funds to my tax liability.

i) If my offer is accepted and my final payment is more than the agreed amount by \$50 or less, the IRS will not return the difference, but will apply the entire payment to my tax debt. If my final payment exceeds the agreed amount by more than \$50, the IRS will return the excess payment to me.

Pending status of an offer and right to appeal

j) 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.

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

Form 656 Case Study

Form 656 Case Study

Section 7 (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.

l) I will comply with all provisions of the internal revenue laws, including requirements to timely file tax returns and timely pay 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. I agree to promptly pay any liabilities assessed after acceptance of this offer for tax years ending prior to acceptance of this offer that were not otherwise identified in Section 1 or Section 2 of this agreement. I also understand that during the five year period I cannot request an installment agreement for unpaid taxes incurred before or after the accepted offer. 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. An accepted offer will not be defaulted solely due to the assessment of an individual shared responsibility payment.

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

m) 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.

n) Once the IRS accepts my offer in writing, I have no right to challenge the tax debt(s) in court or by filing a refund claim or refund suit for any liability or period listed in Section 1 or Section 2, even if the IRS defaults the offer.

I agree to waive time limits provided by law.

o) If I fail to meet any of the terms of this offer, the IRS may revoke the certificate of release of federal tax lien and file a new notice of federal tax lien; levy or sue me to collect any amount ranging from one or more missed payments 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 required by section 6601 of the Internal Revenue Code, on the amount the IRS determines is due after default. Shared responsibility payments are excluded from levy.

p) 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 (j) 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.

q) The IRS may file a Notice of Federal Tax Lien during consideration of the offer or for offers that will be paid over time. If the offer is accepted, the tax lien will be released within 30 days of when the payment terms have been satisfied and the payment has been verified. The time it takes to transfer funds to the IRS from commercial institutions varies based on the form of payment. The IRS will not file a Notice of Federal Tax Lien on any individual shared responsibility debt.

Correction Agreement

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

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

s) 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 §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.

t) 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).

I understand the IRS Shared Responsibility Payment (SRP).

u) If your offer includes any shared responsibility payment (SRP) amount that you owe for not having minimum essential health coverage for you and, if applicable, your dependents per Internal Revenue Code Section 5000A - Individual shared responsibility payment, it is not subject to penalties (except applicable bad check penalty) or to lien and levy enforcement actions. However, interest will continue to accrue until you pay the total SRP balance due. We may apply your federal tax refunds to the SRP amount that you owe until it is paid in full.

I understand the IRS is required to make certain information public.

v) The IRS is required to make certain information, such as taxpayer name, city/state/zip, liability amount, and offer terms, available for public inspection and review for one year after the date of offer acceptance.

Section 8 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	Today's date (mm/dd/yyyy)
--	--------------	---------------------------

By checking this box you are authorizing the IRS to contact you at the telephone number listed above and leave detailed messages concerning this offer on your voice mail or answering machine.

Signature of Spouse/Authorized Corporate Officer	Phone number	Today's date (mm/dd/yyyy)
--	--------------	---------------------------

By checking this box you are authorizing the IRS to contact you at the telephone number listed above and leave detailed messages concerning this offer on your voice mail or answering machine.

Section 9 Paid Preparer Use Only

Signature of Preparer	Phone number	Today's date (mm/dd/yyyy)
-----------------------	--------------	---------------------------

By checking this box you are authorizing the IRS to contact you at the telephone number listed above and leave detailed messages concerning this offer on your voice mail or answering machine.

Name of Paid Preparer	Preparer's CAF no. or PTIN
-----------------------	----------------------------

Firm's name (or yours if self-employed), address, and ZIP code

If you would like to have someone represent you during the offer investigation, attach a valid, signed [Form 2848](#) with this application or a copy of a previously filed form. [Form 2848](#) allows for representation and receipt of confidential information. You should also include the current tax year on the form, in the list of applicable years or periods.

[Form 8821](#) allows a third party to receive confidential information but they cannot represent you before the IRS in a Collection matter. If you would like a third party to receive confidential information on your behalf attach a copy if previously filed and include the current tax year on the form.

IRS Use Only. I accept the waiver of the statutory period of limitations on assessment for the Internal Revenue Service, as described in Section 7(p).

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 9 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.

Form 656 Case Study

Offer in Compromise Appeals

Offer in Compromise Appeals

- To determine if an offer is accepted IRS determines taxpayer's Reasonable Collection Potential (RCP)
- If an offer is rejected the IRS will likely claim the taxpayer has the ability to full-pay the tax liability
- To appeal use

**Request for Appeal of Offer in Compromise
IRS Form 13711**

Offer in Compromise Rejection

Items to review when appealing
an offer in compromise rejection

- IRS 30-day Reconsideration (Rejection Letter)
- IRS calculation worksheets
 - IET – Income/Expense Table
 - AET – Asset/Equity Table
- Form 656 (as submitted)
- Form 433A-OIC (as submitted)

Internal Revenue Service
Centralized OIC
PO Box 9011
Holtsville, NY 11742

Person to Contact:
Ms. D. Gainsford
Employee #:1000193021
Phone#:(866)611-6191 EXT.3168
08:00am-03:00pm Mon-Fri
Taxpayer ID# [REDACTED]
Offer Number:1001259613

[REDACTED]

[REDACTED]

IRS Offer 30-day rejection letter


We have closed our file on your offer and are returning your Form 656, Offer in Compromise for the following reason(s):

Our records indicate that you are not current with estimated tax payments. You have not made the estimated tax payment we requested or provided verification that your estimated tax payments or withheld income tax are sufficient for tax year(s) 2015. We will only consider an offer when you are in full compliance, including estimated tax payments.

If you wish to present a new offer, you must submit a new Form 656, current financial information using Form 433-A(OIC) and/or Form 433-B(OIC), all required supporting financial documentation, a check for the \$186 application fee, and a separate check for the 20 percent of the lump sum amount offered or your first proposed installment payment. Mail your completed forms and your checks to the address listed in the instructions for Form 656.

If you believe the return of your offer was made in error, or your failure to provide the information/substantiation we requested was due to circumstances beyond your control (your serious illness, death or serious illness of your immediate family member, or disaster) within 30 days from the date of this letter you may contact the person whose name and telephone number are shown in the upper right hand corner of this letter to request reconsideration of our decision to close your offer. You should be prepared to discuss specifics, provide verification of the circumstances beyond your control and, if applicable, provide the information previously requested.

continued on next page



**Request for Appeal of
Offer in Compromise
IRS Form 13711**

71

Offer in Compromise Appeals

Form **14561**
(December 2014)

Department of the Treasury - Internal Revenue Service

Income and Expense/Asset Equity Calculation Table

Taxpayer(s) Name [REDACTED]		TIN(s) [REDACTED]	
Name of Hearing Officer [REDACTED]		Date of Memo 03/20/2018	Total Appeals RCP \$13,356

IMF Income and Expenses Table (IET)

Income					
Item No.	Income Item(s)	Taxpayer	IRS	Appeals	Comments
1	Wages (Taxpayer)	\$3,917	\$3,917		
2	Other/other income	\$0	\$3,883		
3	Other/income averaging			\$4,454	I income averaged the taxpayer's 2015 2016 returns and W-2 for 2017 which is the taxpayer's only income
4					
5					
Total Income		\$3,917	\$7,800	\$4,454	

Expenses					
Item No.	Expense Item(s)	Taxpayer	IRS	Appeals	Comments
1	Food, Clothing, Misc.	\$570	\$639	\$639	No dispute
2	Housing and Utilities	\$1,603	\$1,603	\$1,603	No dispute
3	Vehicle Operating Cost	\$173	\$173	\$173	No dispute
4	Health Insurance Costs (Out-of-Pocket)	\$54	\$54	\$54	No dispute
5	Taxes (Income and FICA)	\$872	\$872	\$872	Could be different if I income average
6	Other/delinquent state	\$300	\$0	\$0	I will allow state taxes possibly but I will need a bill from the state
7					
8					
9					
10					
11					
12					
13					
14					
Total Expenses		\$3,572	\$3,341	\$3,341	
Not Disputed		\$345	\$4,459	\$1,113	

Future Income Value (FIV) or Monthly Ability to Pay Number of months 12 × \$1,113 = \$13,356

Income and Expenses Table (IET)

Form **14561**
(December 2014)

Department of the Treasury - Internal Revenue Service

Income and Expense/Asset Equity Calculation Table

Taxpayer(s) Name [REDACTED]		TIN(s) [REDACTED]	
Name of Hearing Officer [REDACTED]		Date of Memo 03/20/2018	Total Appeals RCP \$13,356

Appeals Asset Equity Table (AET)

Item No.	Asset(s)	Taxpayer Equity	IRS Equity	Appeals Fair Market Value	Enter % of QSV Reduction	Quick Sale Reduction	Liens/ Exemptions	Appeals Equity
1	Total assets of corp	\$0	\$73,148	\$0	0	\$0	\$0	\$0
2	[REDACTED] Rochester Ave [REDACTED] Sold 2015	\$0	\$436,000	\$0	0	\$0	\$0	\$0
3	Wells Fargo Bank account	\$1,536	\$1,536	\$1,536	0	\$1,536	\$1,536	\$0
4	Furniture	\$0	\$0	\$900	20	\$720	\$9,200	\$0
5						\$0		\$0
6						\$0		\$0
7						\$0		\$0
8						\$0		\$0
9						\$0		\$0
10						\$0		\$0
11						\$0		\$0
12						\$0		\$0
13						\$0		\$0
14						\$0		\$0
15						\$0		\$0
16						\$0		\$0
	Total	\$1,536	\$510,684	\$2,436		\$2,256	\$10,736	\$0

Asset Equity
Table
(AET)

Form **14561**
(December 2014)

Department of the Treasury - Internal Revenue Service

Income and Expense/Asset Equity Calculation Table

Taxpayer(s) Name [REDACTED]		TIN(s) [REDACTED]
Name of Hearing Officer [REDACTED]	Date of Memo 03/20/2018	Total Appeals RCP \$13,356

Item No.	AET Comments
1	Corp is a separate entity and if there are in fact these assets of the corp, the corp only owns the assets and not the taxpayer. Thus this will be valued at 0 because they do not belong to the taxpayer.
2	Taxpayer provided proof that this was a trustee's sale meaning the taxpayer's property was foreclosed. The taxpayer received 0 from the foreclosure proceeding. This is not an asset or a dissipated asset since the taxpayer received nothing from this foreclosure sale. This determination by Compliance was in error based upon clear documentation provided.
3	Taxpayer pays his allowable expenses from his bank account. Thus there is no equity in this asset.
4	No dispute

Asset Equity Table (AET)

IRS Form 13711 (page 1 of 2)

Form 13711 (October 2017)	Department of the Treasury - Internal Revenue Service Request for Appeal of Offer in Compromise
Provide the information required in the spaces below. You must sign and date this form.	
Taxpayer name _____ Taxpayer Identification Number _____	
Taxpayer name _____ Taxpayer Identification Number _____	
Mailing address _____ Tax form number _____	
City _____ State _____ ZIP Code _____	Tax period(s) ended _____
Taxpayer's current daytime telephone number _____	
Name of authorized representative _____	
Mailing address _____ City _____ State _____ ZIP Code _____	
Telephone number of authorized representative _____ Best time to call (<i>during normal business hours</i>) _____	
If you disagree with a specific item shown on the Income and Expense Table and Assets and Equity table you received with your rejection letter, identify the specific item(s). In the space next to the disagreed item, provide a brief statement indicating why you don't agree with our determination (<i>if the disagreed item is the value of future income, indicate that under "Disagreed Item," and provide an explanation under "Reason for Disagreement"</i>). There is room for more entries on the back of this form, and you may use additional pages, if necessary. Attach supporting documents for each disagreed item you identify and indicate on them which issue they apply to. If you disagree with a reason for the rejection stated in our letter but not discussed on the Table, identify what statement you disagree with, the reason you disagree and attach any supporting documentation. Additional pages may be attached. If you do not agree with the Service's analysis of economic hardship or Effective Tax Administration, please provide an explanation with documentation. If possible, attach a copy of the rejection letter to this form.	
Disagreed item _____	Reason for disagreement (<i>attach supporting documentation</i>) _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Certification of Taxpayer: Under penalties of perjury, I declare that to the best of my knowledge, the information contained herein is true, correct, and complete.	
Signature of Taxpayer _____	Date signed _____
Signature of Taxpayer _____	Date signed _____
Certification for authorized representative: Check the box that applies depending on whether you have personal knowledge.	
<input type="checkbox"/> I declare that I have submitted the protest and accompanying documents and to the best of my knowledge, the facts stated in the protest and accompanying documents are true, correct, and complete.	
<input type="checkbox"/> I declare that I have submitted the protest and accompanying documents, but have no personal knowledge concerning the facts stated in the protest and the accompanying documents.	
Signature of authorized representative (<i>Attach a copy of your completed Form 2848, Power of Attorney and Declaration of Representative.</i>) _____	
Signature of authorized representative _____	Date signed _____
	
Scan this QR Code with your smartphone or other device with a QR reader, or go to the website url shown, to view more information about completing this form and other Appeals processes online.	
www.irs.gov/appeals	
Catalog Number 40992F	www.irs.gov
Form 13711 (Rev. 10-2017)	

Service employee - Staple the taxpayer's envelope here

IRS Form 13711 (page 1 of 2)

Disagreed item	Reason for disagreement (<i>attach supporting documentation</i>)
_____	_____
_____	_____
_____	_____

Disagreed item	Reason for disagreement (<i>attach supporting documentation</i>)
_____	_____
_____	_____
_____	_____

Disagreed item	Reason for disagreement (<i>attach supporting documentation</i>)
_____	_____
_____	_____
_____	_____

Disagreed item	Reason for disagreement (<i>attach supporting documentation</i>)
_____	_____
_____	_____
_____	_____

Disagreed item	Reason for disagreement (<i>attach supporting documentation</i>)
_____	_____
_____	_____
_____	_____

Disagreed item	Reason for disagreement (<i>attach supporting documentation</i>)
_____	_____
_____	_____
_____	_____

Disagreed item	Reason for disagreement (<i>attach supporting documentation</i>)
_____	_____
_____	_____
_____	_____

Disagreed item	Reason for disagreement (<i>attach supporting documentation</i>)
_____	_____
_____	_____
_____	_____



- Did IRS make an incorrect decision based on a misinterpretation of the law?
- Did IRS not properly apply the law due to a misunderstanding of the facts?
- Do you have additional records or new evidence to support your position?

Offer Appeal Considerations

Appeals

(General)

Appeal Topics Overview

- ▶ Collection Appeal Rights
 - Collection Due Process (“CDP”) Form 12153
 - Collection Appeals Process (“CAP”) Form 9423
- ▶ Offer in Compromise Appeal
- ▶ Request for Mediation
- ▶ Fast Track Settlement
- ▶ Taxpayer Advocate

Two
options...

Collection Appeal Rights

Collection Due
Process (“CDP”)
Form 12153

Collection
Appeals Process
 (“CAP”)
Form 9423

CAP
VS
CDP

<u>CAP (Form 9423)</u>		<u>CDP (Form 12153)</u>
Levy or seizure action that has been or will be taken		Notice of Intent to Levy and Notice of Your Right to Hearing
A Notice of Federal Tax Lien (NFTL) that has been or will be filed		Notice of Federal Tax Lien Filing and Your Right to Hearing under IRC 6320
The filing of a notice of lien against an alter-ego or nominee's property		Notice of Jeopardy Levy and Right to Appeal
Denials of requests to issue lien certificates, such as subordination, withdrawal, discharge or non-attachment		Notice of Levy on Your State Tax Refund
Rejected, proposed for modification or modified, or proposed for termination or terminated installment agreements		Notice of Levy and Notice of Your Right to a Hearing
Disallowance of taxpayer's request to return levied property under IRC 6343(d)		You may petition the Tax Court post findings
Disallowance of property owner's claim for return of property under IRC 6343(b)		Process takes significantly more time to reach a result than filing a CAP

- ▶ You may represent yourself
- ▶ You may be represented by an attorney
- ▶ You may be represented by a CPA
- ▶ You may be represented by any other person enrolled to practice before the IRS
- ▶ You may be represented by immediate family
- ▶ For businesses you may be represented by employees, partners or officers

- You may go to court if you disagree with results of CDP hearing
- You may not go to court following a CAP hearing
- CAP results come in a relatively short period of time

Collection Due Process

84

IRS FORM 12153

Request for a
Collection Due
Process or
Equivalent Hearing

IRS Form 12153 CDP (page 1 of 2)

Form **12153**
(Rev. 12-2013)

Request for a Collection Due Process or Equivalent Hearing

Use this form to request a Collection Due Process (CDP) or equivalent hearing with the IRS Office of Appeals if you have been issued one of the following lien or levy notices:

- Notice of Federal Tax Lien Filing and Your Right to a Hearing under IRC 6320,
- Notice of Intent to Levy and Notice of Your Right to a Hearing,
- Notice of Jeopardy Levy and Right of Appeal,
- Notice of Levy on Your State Tax Refund,
- Notice of Levy and Notice of Your Right to a Hearing.

Complete this form and send it to the address shown on your lien or levy notice. Include a copy of your lien or levy notice to ensure proper handling of your request.

Call the phone number on the notice or 1-800-829-1040 if you are not sure about the correct address or if you want to fax your request.

You can find a section explaining the deadline for requesting a Collection Due Process hearing in this form's instructions. If you've missed the deadline for requesting a CDP hearing, you must check line 7 (Equivalent Hearing) to request an equivalent hearing.

1. Taxpayer Name: (Taxpayer 1) _____

Taxpayer Identification Number _____

Current Address _____

City _____ State _____ Zip Code _____

2. Telephone Number and Best Time to Call During Normal Business Hours	Home () - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.
	Work () - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.
	Cell () - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.

3. Taxpayer Name: (Taxpayer 2) _____

Taxpayer Identification Number _____

Current Address _____

(If Different from Address Above) City _____ State _____ Zip Code _____

4. Telephone Number and Best Time to Call During Normal Business Hours	Home () - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.
	Work () - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.
	Cell () - _____	<input type="checkbox"/> am. <input type="checkbox"/> pm.

5. Tax Information as Shown on the Lien or Levy Notice *(If possible, attach a copy of the notice)*

Type of Tax (Income, Employment, Excise, etc. or Civil Penalty)	Tax Form Number (1040, 941, 720, etc)	Tax Period or Periods

IRS Form 12153 CDP (page 2 of 2)

Form **12153**
(Rev. 12-2013)

Request for a Collection Due Process or Equivalent Hearing

6. Basis for Hearing Request (Both boxes can be checked if you have received both a lien and levy notice)

- Filed Notice of Federal Tax Lien Proposed Levy or Actual Levy

7. Equivalent Hearing (See the instructions for more information on Equivalent Hearings)

- I would like an Equivalent Hearing - I would like a hearing equivalent to a CDP Hearing if my request for a CDP hearing does not meet the requirements for a timely CDP Hearing.

8. Check the most appropriate box for the reason you disagree with the filing of the lien or the levy. **See page 4 of this form for examples.** You can add more pages if you don't have enough space.

If, during your CDP Hearing, you think you would like to discuss a Collection Alternative to the action proposed by the Collection function it is recommended you submit a completed Form 433A (Individual) and/or Form 433B (Business), as appropriate, with this form. See www.irs.gov for copies of the forms. Generally, the Office of Appeals will ask the Collection Function to review, verify and provide their opinion on any new information you submit. We will share their comments with you and give you the opportunity to respond.

- Collection Alternative Installment Agreement Offer in Compromise I Cannot Pay Balance
Lien Subordination Discharge Withdrawal

Please explain:

My Spouse Is Responsible Innocent Spouse Relief (Please attach Form 8857, *Request for Innocent Spouse Relief*, to your request.)

Other (For examples, see page 4)

Reason (You must provide a reason for the dispute or your request for a CDP hearing will not be honored. Use as much space as you need to explain the reason for your request. Attach extra pages if necessary.):

9. Signatures

I understand the CDP hearing and any subsequent judicial review will suspend the statutory period of limitations for collection action. I also understand my representative or I must sign and date this request before the IRS Office of Appeals can accept it. If you are signing as an officer of a company add your title (*president, secretary, etc.*) behind your signature.

SIGN HERE

Taxpayer 1's Signature	Date
Taxpayer 2's Signature (<i>if a joint request, both must sign</i>)	Date

- I request my CDP hearing be held with my authorized representative (*attach a copy of Form 2848*)

Authorized Representative's Signature	Authorized Representative's Name	Telephone Number
---------------------------------------	----------------------------------	------------------

IRS Use Only

IRS Employee (Print)	Employee Telephone Number	IRS Received Date
----------------------	---------------------------	-------------------

Collection Appeal Rights (CAP)

87

IRS FORM 9423

Collection Appeal
Request

IRS Form 9423 CAP

Form 9423 (August 2014)		Department of the Treasury - Internal Revenue Service Collection Appeal Request (Instructions are on the reverse side of this form)	
1. Taxpayer's name		2. Representative (Attach a copy of Form 2848, Power of Attorney)	
3. SSN/EIN	4. Taxpayer's business phone	5. Taxpayer's home phone	6. Representative's phone
7. Taxpayer's street address			
8. City		9. State	10. ZIP code
11. Type of tax (Tax form)		12. Tax periods being appealed	13. Tax due
Collection Action(s) Appealed			
14. Check the Collection action(s) you are appealing			
<input type="checkbox"/> Federal Tax Lien <input type="checkbox"/> Levy or Proposed Levy <input type="checkbox"/> Seizure <input type="checkbox"/> Rejection of Installment Agreement <input type="checkbox"/> Termination of Installment Agreement <input type="checkbox"/> Modification of Installment Agreement			
Explanation			
15. Explain why you disagree with the collection action(s) you checked above and explain how you would resolve your tax problem. Attach additional pages if needed. Attach copies of any documents that you think will support your position. Generally, the Office of Appeals will ask the Collection Function to review, verify and provide their opinion on any new information you submit. We will share their comments with you and give you the opportunity to respond.			
Under penalties of perjury, I declare that I have examined this request and any accompanying documents, and to the best of my knowledge and belief, they are true, correct and complete. A submission by a representative, other than the taxpayer, is based on all information of which the representative has any knowledge.			
16. <input type="checkbox"/> Taxpayer's or <input type="checkbox"/> Authorized Representative's signature (Only check one box)		17. Date signed	
IRS USE ONLY			
18. Revenue Officer's name		19. Revenue Officer's signature	20. Date signed
21. Revenue Officer's phone		22. Revenue Officer's email address	23. Date received
24. Collection Manager's name		25. Collection Manager's signature	26. Date signed
27. Collection Manager's phone		28. Collection Manager's email address	29. Date received
Form 9423 (Rev. 8-2014) Catalog Number 141691		www.irs.gov	Department of the Treasury - Internal Revenue Service

- ▶ 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



Fast Track Settlement
and
Mediation
(income tax audits)



Purpose



To provide a quicker result for tax examinations



Involves Appeals Officer sooner than otherwise may happen



Either IRS or taxpayer may request either process



Both parties must agree in order to begin either process

Taxpayer Advocate

92

- Use form to request Taxpayer Advocate Service (TAS) assistance when:
- Taxpayer's problem with IRS is causing financial difficulties to taxpayer, taxpayer's family or taxpayer's business
- Taxpayer or taxpayer's business is facing an immediate threat or adverse action
- Taxpayer has tried repeatedly to contact the IRS, but no one has responded, or the IRS has not responded by the date promised
- If TAS does not respond within 1 week, contact TAS office via telephone

IRS FORM 911

Request for
Taxpayer
Advocate

IRS Form 911 Request for Taxpayer Advocate (page 1 of 2)

Form 911 (May 2019)	Department of the Treasury - Internal Revenue Service Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order)	OMB Number 1545-1504
-------------------------------	---	-------------------------

Section I – Taxpayer Information (See Pages 3 and 4 for Form 911 Filing Requirements and Instructions for Completing this Form.)

1a. Your name as shown on tax return		1b. Taxpayer Identifying Number (SSN, ITIN, EIN)	
2a. Spouse's name as shown on tax return (if applicable)		2b. Spouse's Taxpayer Identifying Number (SSN, ITIN)	
3a. Your current street address (Number, Street, & Apt. Number)			
3b. City		3c. State (or Foreign Country)	3d. ZIP code
4. Fax number (if applicable)	5. Email address		
6. Tax form number (1040, 941, 720, etc.)		7. Tax year(s) or period(s)	
8. Person to contact if Section II is not being used		9a. Daytime phone number	9b. <input type="checkbox"/> Check here if you consent to have confidential information about your tax issue left on your answering machine or voice message at this number.
10. Best time to call		<input type="checkbox"/> Check if Cell Phone	
11. Preferred language (if applicable) <input type="checkbox"/> TTY/TDD Line <input type="checkbox"/> Interpreter needed - Specify language other than English (including sign language) _____ <input type="checkbox"/> Other (please specify) _____			
12a. Please describe the tax issue you are experiencing and any difficulties it may be creating (if more space is needed, attach additional sheets.) (See instructions for completing Lines 12a and 12b)			

12b. Please describe the relief/assistance you are requesting (if more space is needed, attach additional sheets.)

I understand that Taxpayer Advocate Service employees may contact third parties in order to respond to this request and I authorize such contacts to be made. Further, by authorizing the Taxpayer Advocate Service to contact third parties, I understand that I will not receive notice, pursuant to section 7602(c) of the Internal Revenue Code, of third parties contacted in connection with this request.

13a. Signature of Taxpayer or Corporate Officer, and title, if applicable	13b. Date signed
14a. Signature of spouse	14b. Date signed

Section II – Representative Information (Attach Form 2848 if not already on file with the IRS.)

1. Name of authorized representative		2. Centralized Authorization File (CAF) number	
3. Current mailing address		4. Daytime phone number	<input type="checkbox"/> Check if Cell Phone
		5. Fax number	
6. Signature of representative			7. Date signed

Section III – Initiating Employee Information *(Section III is to be completed by the IRS only)*

Taxpayer name			Taxpayer Identifying Number (TIN)	
1. Name of employee	2. Phone number	3a. Function	3b. Operating division	4. Organization code no.
5. How identified and received <i>(Check the appropriate box)</i> IRS Function identified issue as meeting Taxpayer Advocate Service (TAS) criteria <input type="checkbox"/> (r) Functional referral <i>(Function identified taxpayer issue as meeting TAS criteria)</i> <input type="checkbox"/> (x) Congressional correspondence/inquiry not addressed to TAS but referred for TAS handling Name of Senator/Representative _____ Taxpayer or Representative requested TAS assistance <input type="checkbox"/> (n) Taxpayer or representative called into a National Taxpayer Advocate (NTA) Toll-Free site <input type="checkbox"/> (s) Functional referral <i>(taxpayer or representative specifically requested TAS assistance)</i>				6. IRS received date
7. TAS criteria <i>(Check the appropriate box. NOTE: Checkbox 9 is for TAS Use Only)</i> <input type="checkbox"/> (1) The taxpayer is experiencing economic harm or is about to suffer economic harm. <input type="checkbox"/> (2) The taxpayer is facing an immediate threat of adverse action. <input type="checkbox"/> (3) The taxpayer will incur significant costs if relief is not granted (including fees for professional representation). <input type="checkbox"/> (4) The taxpayer will suffer irreparable injury or long-term adverse impact if relief is not granted. <i>(if any items 1-4 are checked, complete Question 9 below)</i> <input type="checkbox"/> (5) The taxpayer has experienced a delay of more than 30 days to resolve a tax account problem. <input type="checkbox"/> (6) The taxpayer did not receive a response or resolution to their problem or inquiry by the date promised. <input type="checkbox"/> (7) A system or procedure has either failed to operate as intended, or failed to resolve the taxpayer's problem or dispute within the IRS. <input type="checkbox"/> (8) The manner in which the tax laws are being administered raise considerations of equity, or have impaired or will impair the taxpayer's rights. <input type="checkbox"/> (9) The NTA determines compelling public policy warrants assistance to an individual or group of taxpayers (TAS Use Only)				
8. What action(s) did you take to help resolve the issue? (This block MUST be completed by the initiating employee) <i>If you were unable to resolve the issue, state the reason why (if applicable)</i>				
9. Provide a description of the Taxpayer's situation, and where appropriate, explain the circumstances that are creating the economic burden and how the Taxpayer could be adversely affected if the requested assistance is not provided (This block MUST be completed by the initiating employee)				
10. How did the taxpayer learn about the Taxpayer Advocate Service <input type="checkbox"/> IRS Forms or Publications <input type="checkbox"/> Media <input type="checkbox"/> IRS Employee <input type="checkbox"/> Other <i>(please specify)</i> _____				

IRS Form 911

Request for

Taxpayer

Advocate

(page 2 of 2)

Tax Court

...a brief look

Tax Court

Advantages

- ➔ **Change of a favorable result to taxpayer has a high probability**
- ➔ **Over 90% of tax court cases reach settlement prior to trial**

Tax Court

Disadvantages

- ▶ You cannot go to tax court if you have already paid the tax in question
- ▶ Tax court meets infrequently and a decision may take a long time
- ▶ Trial is typically calendared more than 6 months from the time a petition is filed
- ▶ Small cases often take a year to decide

Types of Tax Court



Small Tax Court (S Case) Proceedings

- Cases sent to Office of Appeals
- Cases can not exceed liability of \$50,000 per year
- Nominal filing fee
- Taxpayer will receive notice of trial, standing pre-trial order and trial memorandum
- IRS counsel may request meeting to discuss the case



Tax Court

Small Tax Court (S Case) Proceedings

- Burden of proof is on the taxpayer
- Judge may render decision at trial or by mail
- Court will send bill for remaining taxes
- Legal briefs typically not necessary
- Findings can not be appealed to Court of Appeals

Regular Tax Court Proceedings

- Most cases settle before trial
- Nominal filing fee
- Requires submission of legal briefs by IRS and taxpayer
- May request reclassification as an S Case if taxpayer is willing to waive right to contest tax assessed above \$50,000



Tax Court Petition (page 1 of 5)

Information About Filing a Case in the United States Tax Court

Attached are the forms to use in filing your case in the United States Tax Court. It is very important that you take time to carefully read the information on this page and that you properly complete and submit these forms to the United States Tax Court, 400 Second Street, N.W., Washington, D.C. 20217, or file the forms electronically pursuant to the Court's eFiling provisions.

Small Tax Case or Regular Tax Case

If you seek review of an action (other than a whistleblower or a certification action) listed in paragraph 1 of the petition form (Form 2), you may file your petition as a "small tax case" if your dispute meets certain dollar limits (described below). "Small tax cases" are handled under simpler, less formal procedures than regular cases. However, the Tax Court's decision in a small tax case cannot be appealed to a Court of Appeals by the IRS or by the taxpayer(s). You can choose to have your case conducted as either a small tax case or a regular case by checking the appropriate box in paragraph 4 of the petition form (Form 2). If you check neither box, the Court will file your case as a regular case.

Dollar Limits: Dollar limits for a small tax case vary slightly depending on the type of IRS action you seek to have the Tax Court review:

(1) If you seek review of a Notice of Deficiency, the amount of the deficiency (including any additions to tax or penalties) that you dispute cannot exceed \$50,000 for any year.

(2) If you seek review of a Notice of Determination Concerning Collection Action, the total amount of unpaid tax cannot exceed \$50,000 for all years combined.

(3) If you seek review of a Notice of Determination Concerning Relief From Joint and Several Liability Under Section 6015 (or if the IRS failed to send you any Notice of Determination with respect to a request for spousal relief that you submitted to the IRS at least 6 months ago), the amount of spousal relief sought cannot exceed \$50,000 for all years combined.

(4) If you seek review of a Notice of Determination of Worker Classification, the amount in dispute cannot exceed \$50,000 for any calendar quarter.

(5) If you seek review of a Notice of Final Determination for [Full/Partial] Disallowance of Interest Abatement Claim (or if the IRS failed to send you a Notice of Final Determination with respect to a claim for interest abatement that you filed with the IRS at least 180 days before), the amount of the abatement cannot exceed \$50,000.

Enclosures

To help ensure that your case is properly processed, please enclose the following items when you mail your petition to the Tax Court:

1. A copy of any Notice of Deficiency, Notice of Determination, or Final Determination the IRS sent you;
2. Your Statement of Taxpayer Identification Number (Form 4);
3. The Request for Place of Trial (Form 5); and
4. The \$60 filing fee, payable by check, money order, or other draft, to the "Clerk, United States Tax Court"; or, if applicable, the fee waiver form.

For further important information, see the Court's Web site at www.ustaxcourt.gov or the "Information for Persons Representing Themselves Before the U.S. Tax Court" booklet available from the Tax Court.

Tax Court Petition (page 2 of 5)

UNITED STATES TAX COURT

www.ustaxcourt.gov

These forms can be filled-in and printed directly from Adobe Reader. However, please be aware that the information you enter on a form cannot be saved to disk unless you are using the full Adobe Acrobat software suite.

To begin, move your mouse pointer over the Petitioner(s) name field. Your pointer will turn into a vertical beam, indicating that you are over an editable field. Simply click once and begin typing. Use the Tab key to move forward through the form fields (Shift+Tab to move backwards).

(FIRST) (MIDDLE) (LAST)

(PLEASE TYPE OR PRINT) Petitioner(s)

v.

COMMISSIONER OF INTERNAL REVENUE,

Respondent

}
Docket No.

PETITION

1. Please check the appropriate box(es) to show which IRS ACTION(S) you dispute:

- | | |
|---|--|
| <input type="checkbox"/> Notice of Deficiency | <input type="checkbox"/> Notice of Determination Concerning Relief From Joint and Several Liability Under Section 6015 (or Failure of IRS to Make Determination Within 6 Months After Election or Request for Relief)* |
| <input type="checkbox"/> Notice of Determination Concerning Collection Action | <input type="checkbox"/> Notice of Certification of Your Seriously Delinquent Federal Tax Debt to the Department of State |
| <input type="checkbox"/> Notice of Final Determination for [Full/Partial] Disallowance of Interest Abatement Claim (or Failure of IRS to Make Final Determination Within 180 Days After Claim for Abatement)* | <input type="checkbox"/> Notice of Determination Under Section 7623 Concerning Whistleblower Action* |
| <input type="checkbox"/> Notice of Determination of Worker Classification* | |

*For additional information, please see "Taxpayer Information: Starting a Case" at www.ustaxcourt.gov (accessible by hyperlink from asterisks above, or in the Court's information booklet).

2. If applicable, provide the date(s) the IRS issued the NOTICE(S) checked above and the city and State of the IRS office(s) issuing the NOTICE(S): _____

3. Provide the year(s) or period(s) for which the NOTICE(S) was/were issued: _____

4. SELECT ONE OF THE FOLLOWING (unless your case is a whistleblower or a certification action):

- If you want your case conducted under small tax case procedures, check here: **(CHECK ONE BOX)**
 If you want your case conducted under regular tax case procedures, check here: **(CHECK ONE BOX)**

NOTE: A decision in a "small tax case" cannot be appealed to a Court of Appeals by the taxpayer or the IRS. If you do not check either box, the Court will file your case as a regular tax case.

5. Explain why you disagree with the IRS determination in this case (please list each point separately):

Tax Court Petition (page 3 of 5)

6. State the facts upon which you rely (please list each point separately):

You may use additional pages to explain why you disagree with the IRS determination or to state additional facts. Please do not submit tax forms, receipts, or other types of evidence with this petition.

ENCLOSURES:

Please check the appropriate boxes to show that you have enclosed the following items with this petition:

- A copy of any NOTICE(S) the IRS issued to you
- Statement of Taxpayer Identification Number (Form 4) (See PRIVACY NOTICE below)
- The Request for Place of Trial (Form 5) The filing fee

PRIVACY NOTICE: Form 4 (Statement of Taxpayer Identification Number) will not be part of the Court's public files. All other documents filed with the Court, including this Petition, and any IRS Notice that you enclose with this Petition, will become part of the Court's public files. To protect your privacy, you are strongly encouraged to omit or remove from this Petition, from any enclosed IRS Notice, and from any other document (other than Form 4) your taxpayer identification number (e.g., your Social Security number) and certain other confidential information as specified in the Tax Court's "Notice Regarding Privacy and Public Access to Case Files", available at www.ustaxcourt.gov.

<hr/> <p style="text-align: center;">SIGNATURE OF PETITIONER DATE</p>	<hr/> <p style="text-align: center;">(AREA CODE) TELEPHONE NO.</p>
<hr/> <p style="text-align: center;">MAILING ADDRESS</p>	<hr/> <p style="text-align: center;">CITY, STATE, ZIP CODE</p>
State of legal residence (if different from the mailing address): _____ E-mail address (if any): _____	
<hr/> <p style="text-align: center;">SIGNATURE OF ADDITIONAL PETITIONER (e.g., SPOUSE) DATE</p>	<hr/> <p style="text-align: center;">(AREA CODE) TELEPHONE NO.</p>
<hr/> <p style="text-align: center;">MAILING ADDRESS</p>	<hr/> <p style="text-align: center;">CITY, STATE, ZIP CODE</p>
State of legal residence (if different from the mailing address): _____ E-mail address (if any): _____	
<hr/> <p style="text-align: center;">SIGNATURE OF COUNSEL, IF RETAINED BY PETITIONER(S)</p>	<hr/> <p style="text-align: center;">NAME OF COUNSEL DATE</p>
<hr/> <p style="text-align: center;">TAX COURT BAR NO.</p>	<hr/> <p style="text-align: center;">MAILING ADDRESS, CITY, STATE, ZIP CODE</p>
<hr/> <p style="text-align: center;">E-MAIL ADDRESS</p>	<hr/> <p style="text-align: center;">(AREA CODE) TELEPHONE NO.</p>

Tax Court Petition

(page 4 of 5)

UNITED STATES TAX COURT
www.ustaxcourt.gov

Petitioner(s)

v.

COMMISSIONER OF INTERNAL REVENUE,
Respondent

} Docket No.

STATEMENT OF TAXPAYER IDENTIFICATION NUMBER (E.g., Social Security number(s), employer identification number(s))

Name of Petitioner _____
Petitioner's Taxpayer Identification Number _____
Name of Additional Petitioner _____
Additional Petitioner's Taxpayer Identification Number _____

If either petitioner is seeking relief from joint and several liability on a joint return pursuant to Section 6015, I.R.C. 1986, and Rules 320 through 325, name of the other individual with whom petitioner filed a joint return:

Taxpayer Identification Number of the other individual, if available:

SIGNATURE OF PETITIONER OR COUNSEL

DATE

SIGNATURE OF ADDITIONAL PETITIONER

DATE

Tax Court Petition

(page 5 of 5)

UNITED STATES TAX COURT

www.ustaxcourt.gov

Petitioner(s)	}	Docket No.
v.		
COMMISSIONER OF INTERNAL REVENUE, Respondent		

REQUEST FOR PLACE OF TRIAL

PLACE AN "X" IN ONLY ONE BOX TO REQUEST THE PLACE OF TRIAL. IF PETITIONER(S) ELECTED TO HAVE THE CASE CONDUCTED AS A SMALL TAX CASE, REQUEST ANY CITY LISTED BELOW; OTHERWISE, REQUEST ANY CITY NOT MARKED WITH AN ASTERISK (*).

- | | | |
|--|--|---|
| <p>ALABAMA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Birmingham <input type="checkbox"/> Mobile <p>ALASKA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Anchorage <p>ARIZONA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Phoenix <p>ARKANSAS</p> <ul style="list-style-type: none"> <input type="checkbox"/> Little Rock <p>CALIFORNIA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Fresno* <input type="checkbox"/> Los Angeles <input type="checkbox"/> San Diego <input type="checkbox"/> San Francisco <p>COLORADO</p> <ul style="list-style-type: none"> <input type="checkbox"/> Denver <p>CONNECTICUT</p> <ul style="list-style-type: none"> <input type="checkbox"/> Hartford <p>DISTRICT OF COLUMBIA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Washington <p>FLORIDA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Jacksonville <input type="checkbox"/> Miami <input type="checkbox"/> Tallahassee* <input type="checkbox"/> Tampa <p>GEORGIA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Atlanta <p>HAWAII</p> <ul style="list-style-type: none"> <input type="checkbox"/> Honolulu <p>IDAHO</p> <ul style="list-style-type: none"> <input type="checkbox"/> Boise <input type="checkbox"/> Pocatello* <p>ILLINOIS</p> <ul style="list-style-type: none"> <input type="checkbox"/> Chicago <input type="checkbox"/> Peoria* <p>INDIANA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Indianapolis <p>IOWA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Des Moines | <p>KANSAS</p> <ul style="list-style-type: none"> <input type="checkbox"/> Wichita* <p>KENTUCKY</p> <ul style="list-style-type: none"> <input type="checkbox"/> Louisville <p>LOUISIANA</p> <ul style="list-style-type: none"> <input type="checkbox"/> New Orleans <input type="checkbox"/> Shreveport* <p>MAINE</p> <ul style="list-style-type: none"> <input type="checkbox"/> Portland* <p>MARYLAND</p> <ul style="list-style-type: none"> <input type="checkbox"/> Baltimore <p>MASSACHUSETTS</p> <ul style="list-style-type: none"> <input type="checkbox"/> Boston <p>MICHIGAN</p> <ul style="list-style-type: none"> <input type="checkbox"/> Detroit <p>MINNESOTA</p> <ul style="list-style-type: none"> <input type="checkbox"/> St. Paul <p>MISSISSIPPI</p> <ul style="list-style-type: none"> <input type="checkbox"/> Jackson <p>MISSOURI</p> <ul style="list-style-type: none"> <input type="checkbox"/> Kansas City <input type="checkbox"/> St. Louis <p>MONTANA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Billings* <input type="checkbox"/> Helena <p>NEBRASKA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Omaha <p>NEVADA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Las Vegas <input type="checkbox"/> Reno <p>NEW MEXICO</p> <ul style="list-style-type: none"> <input type="checkbox"/> Albuquerque <p>NEW YORK</p> <ul style="list-style-type: none"> <input type="checkbox"/> Albany* <input type="checkbox"/> Buffalo <input type="checkbox"/> New York City <input type="checkbox"/> Syracuse* <p>NORTH CAROLINA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Winston-Salem <p>NORTH DAKOTA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Bismarck* | <p>OHIO</p> <ul style="list-style-type: none"> <input type="checkbox"/> Cincinnati <input type="checkbox"/> Cleveland <input type="checkbox"/> Columbus <p>OKLAHOMA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Oklahoma City <p>OREGON</p> <ul style="list-style-type: none"> <input type="checkbox"/> Portland <p>PENNSYLVANIA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Philadelphia <input type="checkbox"/> Pittsburgh <p>SOUTH CAROLINA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Columbia <p>SOUTH DAKOTA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Aberdeen* <p>TENNESSEE</p> <ul style="list-style-type: none"> <input type="checkbox"/> Knoxville <input type="checkbox"/> Memphis <input type="checkbox"/> Nashville <p>TEXAS</p> <ul style="list-style-type: none"> <input type="checkbox"/> Dallas <input type="checkbox"/> El Paso <input type="checkbox"/> Houston <input type="checkbox"/> Lubbock <input type="checkbox"/> San Antonio <p>UTAH</p> <ul style="list-style-type: none"> <input type="checkbox"/> Salt Lake City <p>VERMONT</p> <ul style="list-style-type: none"> <input type="checkbox"/> Burlington* <p>VIRGINIA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Richmond <input type="checkbox"/> Roanoke* <p>WASHINGTON</p> <ul style="list-style-type: none"> <input type="checkbox"/> Seattle <input type="checkbox"/> Spokane <p>WEST VIRGINIA</p> <ul style="list-style-type: none"> <input type="checkbox"/> Charleston <p>WISCONSIN</p> <ul style="list-style-type: none"> <input type="checkbox"/> Milwaukee <p>WYOMING</p> <ul style="list-style-type: none"> <input type="checkbox"/> Cheyenne* |
|--|--|---|

Signature of Petitioner(s) or Counsel

Date

Tax Court

**Who can
file a
petition?**

**Any person who has received a
notice of deficiency**

**Any person who has received a
notice of determination**

**In some instances a petition may be
filed for relief from joint and several
liability (innocent spouse relief)**

Tax Court

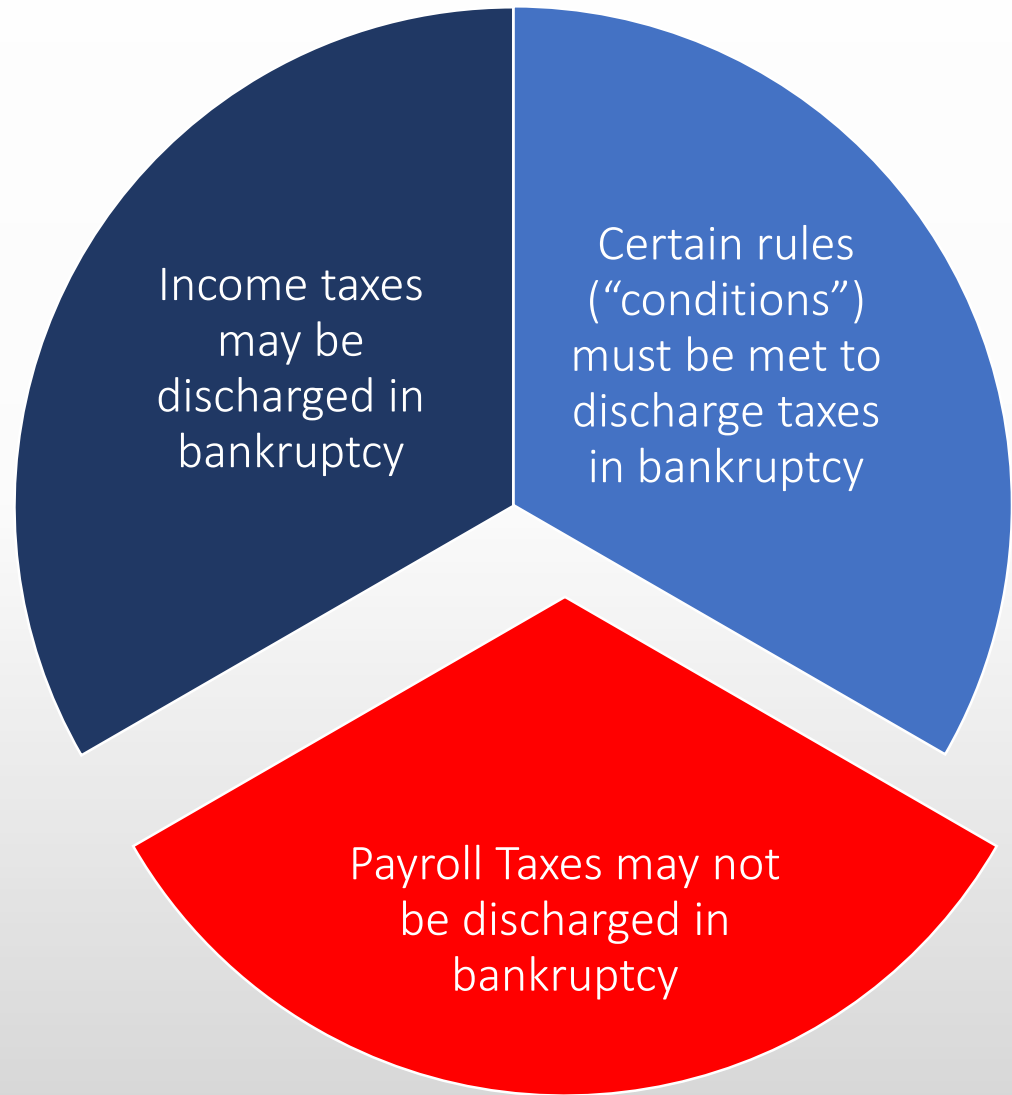
Who can appear in tax court?

- A private attorney
- A non-attorney admitted to practice in tax court
- A taxpayer without representation



The background features a series of concentric circles, some solid and some dashed, in a light gray color. A large, solid blue speech bubble is centered on the page, pointing downwards. The text "Taxes and Bankruptcy" is written in white, sans-serif font inside the speech bubble.

Taxes and Bankruptcy



Are Taxes Dischargeable in Bankruptcy?



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

Rules for Discharging Taxes in Bankruptcy

Examples of Tolling Events

The following events toll the statute of limitations

Number of days each offer in compromise for the applicable tax had been pending plus 30 days

The number of days each prior bankruptcy proceeding had been pending after the related tax return due date with valid extensions; plus six months for each applicable bankruptcy proceeding

The period of time taxpayer spends living outside the country

Number of days request for an installment agreement is pending

Tax Dischargeability Analysis

Taxes Discharged in Bankruptcy

IRS Amount Owed: \$612,201



This Product Contains Sensitive Taxpayer Data

Account Transcript

Request Date: 11-30-2017
Response Date: 11-30-2017
Tracking Number: [REDACTED]

FORM NUMBER: 1040
TAX PERIOD: Dec. 31, 2012

TAXPAYER IDENTIFICATION NUMBER: [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

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

--- ANY MINUS SIGN SHOWN BELOW SIGNIFIES A CREDIT

ACCOUNT BALANCE: [REDACTED]
ACCRUED INTEREST: [REDACTED] AS OF: Dec. 11, 2017
ACCRUED PENALTY: [REDACTED] AS OF: Dec. 11, 2017

ACCOUNT BALANCE PLUS [REDACTED]
(this is not a [REDACTED]) 0.00

FROM THE RETURN OR AS ADJUSTED **

STATUS: [REDACTED] Head of Household

1 015 040 00

\$612,201 DISCHARGED

Offers, Appeals, and Dischargeability of Taxes

Questions and Answers



Summary of Topics Covered



Offers in
Compromise



Offer in Compromise
Appeals



General Appeal
Process



Discharging Taxes in
Bankruptcy



If you want to learn more...

- ▶ **Join us on November 14th** for our 8th Annual Tax and Tax Resolution Forum!
- ▶ 8 Hours of CPE/CE
- ▶ Learn:
 - ▶ How to Solve EVERY Tax Collection Problem
 - ▶ How to Discharge Taxes in Bankruptcy
 - ▶ 14 Ways to NOT Pay Capital Gains Tax
 - ▶ How to grow your practice every year

Call our office at (818) 704-1443 or go to taxresolutioninstitute.org to learn more!

I'm Peter Stephan....

...and this is

TRI