



Form 656 Booklet

Offer in Compromise

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IRS contact information

If you have questions regarding qualifications for an offer in compromise, please call our toll-free number at 1-800-829-1040. You can get forms and publications by calling 1-800-TAX-FORM (1-800-829-3676), or by visiting your local IRS office or our website at www.irs.gov.

Taxpayer resources

You may also seek assistance from a professional tax assistant at a Low Income Taxpayer Clinic, if you qualify. These clinics provide help to qualified taxpayers at little or no charge. IRS Publication 4134, Low Income Taxpayer Clinic List, provides information on clinics in your area and is available through the IRS website at www.irs.gov, by phone at 1-800-TAX-FORM (1-800-829-3676), or at your local IRS office.

WHAT YOU NEED TO KNOW

What is an offer?

An offer in compromise (offer) is an agreement between you (the taxpayer) and the IRS that settles a tax debt for less than the full amount owed. The offer program provides eligible taxpayers with a path toward paying off their debt and getting a “fresh start.” The ultimate goal is a compromise that suits the best interest of both the taxpayer and the IRS. To be considered, generally you must make an appropriate offer based on what the IRS considers your true ability to pay.

Submitting an offer application does not ensure that the IRS will accept your offer. It begins a process of evaluation and verification by the IRS, taking into consideration any special circumstances that might affect your ability to pay. Generally, the IRS will not accept an offer if you can pay your tax debt in full via an installment agreement or a lump sum.

This booklet will lead you through a series of steps to help you calculate an appropriate offer based on your assets, income, expenses, and future earning potential. The application requires you to describe your financial situation in detail, so before you begin, make sure you have the necessary information and documentation.

Are you eligible?

Before you submit your offer, you must (1) file all tax returns you are legally required to file, (2) make all required estimated tax payments for the current year, and (3) make all required federal tax deposits for the current quarter if you are a business owner with employees.

Bankruptcy

If you or your business is currently in an open bankruptcy proceeding, you are not eligible to apply for an offer. Any resolution of your outstanding tax debts generally must take place within the context of your bankruptcy proceeding.

If you are not sure of your bankruptcy status, contact the Centralized Insolvency Operation at 1-800-973-0424. Be prepared to provide your bankruptcy case number and/or Taxpayer Identification Number.

Doubt as to Liability

If you have a legitimate doubt that you owe part or all of the tax debt, you will need to complete a **Form 656-L Offer in Compromise (Doubt as to Liability)**. The Form 656-L is not included as part of this package. To submit a Doubt as to Liability offer, you may request a form by calling the toll free number 1-800-829-1040, by visiting a local IRS office, or at www.irs.gov.

Other important facts

Penalties and interest will continue to accrue during the offer evaluation process.

You cannot submit an offer that is only for a tax year or tax period that has not been assessed.

The law requires the IRS to make certain information from accepted offers available for public inspection and review. These public inspection files are located in designated IRS Area Offices.

A Notice of Federal Tax Lien (lien) gives the IRS a legal claim to your property as security for payment of your tax debt. The IRS may file a Notice of Federal Tax Lien during the offer investigation. However, unless a jeopardy situation exists, a request for a Notice of Federal Tax Lien will usually not be made until a final determination has been made on the offer.

If your business owes trust fund taxes, and responsible individuals may be held liable for the trust fund portion of the tax, you are not eligible to submit

an offer unless the trust fund portion of the tax is paid **or** the Trust Fund Recovery Penalty determinations have been made on all potentially responsible individual(s). Trust fund taxes are the money withheld from an employee's wages, such as income tax, Social Security, and Medicare taxes.

The IRS will keep any refund, including interest, for tax periods extending through the calendar year that the IRS accepts the offer. For example, if your offer is accepted in 2012 and you file your 2012 Form 1040 showing a refund, IRS will apply your refund to your tax debt.

The IRS may keep any proceeds from a levy served prior to you submitting an offer. The IRS may levy your assets up to the time that the IRS official signs and accepts your offer as pending. If your assets are levied after your offer is pending, immediately contact the IRS person whose name and phone number is listed on the levy.

If you currently have an approved installment agreement with IRS and are making installment payments, then you may stop making those installment agreement payments when you submit an offer. If your offer is returned for any reason, your installment agreement with IRS will be reinstated with no additional fee.

PAYING FOR YOUR OFFER

Application fee

Offers require a \$150 application fee.

EXCEPTION: If you are submitting an individual offer and meet the Low Income Certification guidelines (see page 2 of Form 656, Offer in Compromise), you will not be required to send the application fee.

Payment options

Submitting an offer requires the selection of a payment option as well as sending an initial payment with your application. The amount of the initial payment and subsequent payments will depend on the total amount of your offer and which of the following payment options you choose.

Lump Sum Cash: This option requires 20% of the total offer amount to be paid with the offer and the remaining balance paid in five or fewer payments within 24 months of the date your offer is accepted.

Periodic Payment: This option requires the first payment with the offer and the remaining balance paid, within 24 months, in accordance with your proposed offer terms. Under this option, **you must continue to make all subsequent payments while the IRS is evaluating your offer. Failure to make these payments will cause your offer to be returned.**

The length of the payment option you choose may affect the amount of the offer we will accept. Generally, an offer paid within five months of acceptance will require a lesser amount. In all cases, your offer amount must be paid within 24 months of the date the offer is accepted. Your offer amount cannot include a refund we owe you.

If you meet the Low Income Certification guidelines, you will not be required to send the initial payment, or make the monthly payments during the evaluation of your offer but you will still need to choose one of the payment options.

If your offer is returned or not accepted, any required payment(s) made with the filing of your offer and thereafter, will not be refunded. Your payment(s) will be applied to your tax debt.

If you do not have sufficient cash to pay for your offer, you may need to consider borrowing money from a bank, friends, and/or family. Other options may include borrowing against or selling other assets. NOTE: If retirement savings from an IRA or 401k plan are cashed out, there will be future tax liabilities owed as a result. Contact the IRS or your tax advisor before taking this action.

Future tax obligations

If your offer is accepted, you must continue to file and pay your tax obligations that become due in the future. If you fail to file and pay any tax obligations that become due within the five years after your offer is accepted, your offer may be defaulted. If your offer is defaulted, all compromised tax debts, including penalties and interest, will be reinstated.

HOW TO APPLY

Application process

The application involves **sending**:

- Form 656 (Offer in Compromise)
- **Completed** Form 433-A (OIC), Collection Information Statement for Wages Earners and Self-Employed Individuals, if applicable
- **Completed** Form 433-B(OIC), Collection Information Statement for Businesses, if applicable
- **\$150** application fee, unless **you meet** low income certification
- Initial offer payment, unless **you meet** low income certification

If you and your spouse owe joint and separate tax debts

If you have joint tax debt(s) with your spouse and also have an individual tax debt(s), you and your spouse will send in one Form 656 with all of the joint tax debt(s) and a second Form 656 with your individual tax debt(s), for a total of two Forms 656.

If you and your spouse have joint tax debt(s) and you are also each responsible for an individual tax debt(s), you will each need to send in a separate Form 656. You will complete one Form 656 for yourself listing all your joint and separate tax debts and your spouse will complete one Form 656 listing all his or her joint and individual tax debts, for a total of two Forms 656.

If you and your spouse/ex-spouse have a joint tax debt and your spouse/ex-spouse does not want to submit a Form 656, you on your own may submit a Form 656 to compromise your responsibility for the joint debt.

Each Form 656 will require the \$150 application fee and initial down payment unless your household meets the Low Income Certification guidelines (See page 2 of Form 656, Offer in Compromise).

COMPLETING THE APPLICATION PACKAGE

Step 1 – Gather your information

To calculate an offer amount, you will need to gather information about your financial situation, including cash, investments, available credit, assets, income, and debt.

You will also need to gather information about your average gross monthly household income and expenses. The entire household includes spouse, significant other, children, and others that reside in the household. This is necessary for the IRS to accurately evaluate your offer. **In general, the IRS will not accept expenses for tuition for private schools, college expenses, charitable contributions, and other unsecured debt payments as part of the expenses calculation.**

Step 2 – Fill out the Form 433-A (OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals

Fill out the Form 433-A(OIC) if you are an individual wage earner and/or a self-employed individual. This will be used to calculate an appropriate offer amount based on your assets, income, expenses, and future earning potential. You will have the opportunity to provide a written explanation of any special circumstances that affect your financial situation.

Step 3 – Fill out Form 433-B(OIC), Collection Information Statement for Businesses

Fill out the Form 433-B(OIC) if your business is a Corporation, Partnership, Limited Liability Company (LLC) classified as a corporation, single member LLC, or other multi-owner/multi-member LLC. This will be used to calculate an appropriate offer amount based on your business assets, income, expenses, and future earning potential. If you have assets that are used to produce income (for example, a tow truck used in your business for towing vehicles), you may be allowed to exclude equity in these assets.

Step 4 – Attach required documentation

You will need to attach supporting documentation with Form(s) 433-A(OIC) and 433-B(OIC). A list of the documents required will be found at the end of each form. Include copies of all required attachments, as needed. Do not send original documents.

Note: A completed Form 433-A(OIC) and/or Form 433-B(OIC) must be included with the Form 656 application.

Step 5 – Fill out Form 656, Offer in Compromise

Fill out Form 656. The Form 656 identifies the tax years and type of tax you would like to compromise. It also identifies your offer amount and the payment terms.

The Low Income Certification guidelines are included on Form 656. If you are an individual and meet the guidelines, check the Low Income Certification box in Section 4, on Form 656.

Step 6 – Include initial payment and \$150 application fee

Include a check, cashier's check, or money order for your initial payment based on the payment option you selected (20% of offer amount or first month's installment).

Include a separate check, cashier's check, or money order for the application fee (\$150).

Make both payments payable to the "United States Treasury." All payments must be made in U.S. dollars.

If you meet the Low Income Certification guidelines, the initial payment and application fee are not required.

Make a copy of your application package and keep it for your records.

Step 7 – Mail the application package

Mail the application package to the appropriate IRS facility. See page 23, Application Checklist, for details.

IMPORTANT INFORMATION

After you mail your application, continue to:

File all federal tax returns you are legally required to file.

Make all required federal estimated tax payments and tax deposits that are due for current taxes, and make all required periodic offer payments.

Reply to IRS requests for additional information within the timeframe specified. Failure to reply timely to requests for additional information could result in the return of your offer without appeal rights.

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 personally responsible for a partnership liability
- An individual who is self-employed or has self-employment income. You are considered to be self-employed if you are in business for yourself, or carry on a trade or business.

Wage earners Complete sections 1, 3, 4 (Box 1), 6, and 7 including signature line on page 7.**Self-employed individuals** Complete all sections and signature line on page 7**Note: Include attachments if additional space is needed to respond completely to any question.****Section 1 Personal and Household Information**

Last Name		First Name		Date of Birth (mm/dd/yyyy)	Social Security Number - -
Marital status <input type="checkbox"/> Married <input type="checkbox"/> Unmarried	Home Address (Street, City, State, ZIP Code)			Do you: <input 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		Primary Phone () -		Mailing Address (if different from above or Post Office Box number)	
Secondary Phone () -		Fax Number () -			
Employer's Name				Employer's Address (Street, City, State, ZIP Code)	
Occupation		How Long?			

Provide information about your spouse.

Spouse's Last Name		First Name		Date of Birth (mm/dd/yyyy)	Social Security Number - -
Occupation				Employer's Address (Street, City, State, ZIP Code)	
Employer's Name					

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

Section 2 Self-employed Information**If you or your spouse is self-employed, complete this section.**

Is your business a sole proprietorship (filing Schedule C)? <input type="checkbox"/> Yes <input type="checkbox"/> No		Address of Business (if other than personal residence)			
Name of Business					
Business Telephone Number () -	Employer Identification Number	Business Website		Trade Name or dba	
Description of Business	Total Number of Employees	Frequency of Tax Deposits	Average Gross Monthly Payroll \$		

Section 2 (Continued)**Self-employed Information**

Do you or your spouse have any other business interests? <input type="checkbox"/> Yes (Percentage of ownership: _____) <input type="checkbox"/> No		Business Address (Street, City, State, ZIP code)
Business Name		
Business Telephone Number () -	Business Identification Number	
Type of business (Select one) <input type="checkbox"/> Partnership <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input type="checkbox"/> Other		

Section 3**Personal Asset Information****Cash and Investments (domestic and foreign)**

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

If any line item is zero or less, enter "0". Do not enter negative numbers on this form.

<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		(1a) \$
Bank Name	Account Number	
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		(1b) \$
Bank Name	Account Number	
Total value of bank accounts from attachment		(1c) \$
Add lines (1a) through (1c) =		(1) \$
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value		(2a) \$
Less Loan Balance		
\$ _____ X .8 = \$ _____ - \$ _____ =		(2a) \$
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value		(2b) \$
Less Loan Balance		
\$ _____ X .8 = \$ _____ - \$ _____ =		(2b) \$
Total of investment accounts from attachment. [current market value X.8 less loan balance(s)]		(2c) \$
Add lines (2a) through (2c) =		(2) \$
Retirement Account: <input type="checkbox"/> 401k <input type="checkbox"/> IRA <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value		(3a) \$
Less Loan Balance		
\$ _____ X .7 = \$ _____ - \$ _____ =		(3a) \$
Retirement Account: <input type="checkbox"/> 401k <input type="checkbox"/> IRA <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value		(3b) \$
Less Loan Balance		
\$ _____ X .7 = \$ _____ - \$ _____ =		(3b) \$
Total of investment accounts from attachment. [current market value X .7 less loan balance(s)]		(3c) \$
Add lines (3a) through (3c) =		(3) \$

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

Cash value of life insurance policies			
Name of Insurance Company	Policy Number		
Current Cash Value	Less Loan Balance		
\$ _____	– \$ _____	=	(4a) \$
Total of life insurance policies from attachment.	Less Any Loan Balance(s)		
\$ _____	– \$ _____	=	(4b) \$
Add lines (4a) through (4b) =			(4) \$

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

Property Address (Street Address, City, State, ZIP Code)	Primary Residence <input type="checkbox"/> Yes <input type="checkbox"/> No	Date Purchased _____	
		County and Country	
How is property titled? (joint tenancy, etc.)?	Description of Property		
Current Market Value	Less Loan Balance (Mortgages, etc.)		
\$ _____ X .8 = \$ _____	– \$ _____	Total Value of Real Estate =	
		(5a) \$	
Property Address (Street Address, City, State, ZIP Code)	Primary Residence <input type="checkbox"/> Yes <input type="checkbox"/> No	Date Purchased _____	
		County and Country	
How is property titled? (joint tenancy, etc.)?	Description of Property		
Current Market Value	Less Loan Balance (Mortgages, etc.)		
\$ _____ X .8 = \$ _____	– \$ _____	Total Value of Real Estate =	
		(5b) \$	
Property Address (Street Address, City, State, ZIP Code)	Primary Residence <input type="checkbox"/> Yes <input type="checkbox"/> No	Date Purchased _____	
		County and Country	
How is property titled? (joint tenancy, etc.)?	Description of Property		
Current Market Value	Less Loan Balance (Mortgages, etc.)		
\$ _____ X .8 = \$ _____	– \$ _____	Total Value of Real Estate =	
		(5c) \$	
Total value of property(s) from attachment [current market value X .8 less any loan balance(s)]			(5d) \$
Add lines (5a) through (5d) =			(5) \$

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

Vehicle Make & Model	Year	Date Purchased	Mileage	<input type="checkbox"/> Lease <input type="checkbox"/> Loan	Monthly Lease/Loan Amount \$	
Current Market Value			Less Loan Balance		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =	
\$ _____ X .8 = \$ _____			– \$ _____		(6a) \$	
Vehicle Make & Model	Year	Date Purchased	Mileage	<input type="checkbox"/> Lease <input type="checkbox"/> Loan	Monthly Lease/Loan Amount \$	
Current Market Value			Less Loan Balance		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =	
\$ _____ X .8 = \$ _____			– \$ _____		(6b) \$	
Vehicle Make & Model	Year	Date Purchased	Mileage	<input type="checkbox"/> Lease <input type="checkbox"/> Loan	Monthly Lease/Loan Amount \$	
Current Market Value			Less Loan Balance		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =	
\$ _____ X .8 = \$ _____			– \$ _____		(6c) \$	

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

Total value of vehicles listed from attachment [current market value X .8 less any loan balance(s)]	(6d) \$
Add lines (6a) through (6d) =	(6) \$
Other valuable items (artwork, collections, jewelry, items of value in safe deposit boxes, etc).	
Description of asset:	
Current Market Value	Less Loan Balance
\$ _____ X .8 = \$ _____ - \$ _____ =	(7a) \$
Description of asset:	
Current Market Value	Less Loan Balance
\$ _____ X .8 = \$ _____ - \$ _____ =	(7b) \$
Total value of valuable items listed from attachment [current market value X .8 less any loan balance(s)]	(7c) \$
Add lines (7a) through (7c) =	(7) \$

Section 4**Business Asset Information (for Self-Employed)**

List business assets such as bank accounts, tools, books, machinery, equipment, business vehicles and real property that is owned/leased/rented. If additional space is needed, attach a list of items. Do not enter a number less than zero.

<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(8a) \$
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(8b) \$
Total value of bank accounts from attachment		(8c) \$
Add lines (8a) through (8c) for total bank account(s) =		(8) \$
Description of asset:		
Current Market Value	Less Loan Balance	
\$ _____ X .8 = \$ _____ - \$ _____ =		(9a) \$
Description of asset:		
Current Market Value	Less Loan Balance	
\$ _____ X .8 = \$ _____ - \$ _____ =		(9b) \$
Total value of assets listed from attachment [current market value X .8 less any loan balance(s)]		(9c) \$
Add lines (9a) through (9c) =		(9) \$
IRS allowed deduction for professional books and tools of trade –		(10) \$ [4,290]
Enter the value of line (9) minus line (10). If less than zero enter zero. =		(11) \$
Notes Receivable		
Do you have notes receivable? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If yes, attach current listing which includes name and amount of note(s) receivable.		
Accounts Receivable		
Do you have accounts receivable? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If yes, you may be asked to provide a list of the Account(s) Receivable.		
Do not include amount on the lines with a letter beside the number.		
Add lines (1) through (8), and line (11) and enter the amount in Box 1 =		Box 1 Available Equity in Assets \$

Section 5 Business Income and Expense Information (for Self-Employed)

Note: If you provide a current profit and loss (P&L) statement for the information below, enter the total gross monthly income on line 18 and your monthly expenses on line 30 below. Do not complete lines (13) - (17) and (19) - (29). 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.

Business Income (You may average 6-12 months income/receipts to determine your Gross monthly income/receipts.)

Gross receipts	(13) \$
Gross rental income	(14) \$
Interest income	(15) \$
Dividends	(16) \$
Other income	(17) \$
Gross Monthly Business Income - Add lines (13) through (17) =	(18) \$

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)	(19) \$
Inventory purchased (e.g., goods bought for resale)	(20) \$
Gross wages and salaries	(21) \$
Rent	(22) \$
Supplies (items used to conduct business and used up within one year, e.g., books, office supplies, professional equipment, etc.)	(23) \$
Utilities/telephones	(24) \$
Vehicle costs (gas, oil, repairs, maintenance)	(25) \$
Business Insurance	(26) \$
Current Business Taxes (e.g., Real estate, excise, franchise, occupational, personal property, sales and employer's portion of employment taxes)	(27) \$
Other secured debts (not credit cards)	(28) \$
Other business expenses (include a list)	(29) \$
Total Monthly Business Expenses - Add lines (19) through (29) =	(30) \$
Subtract line (30) from line (18) and enter the amount in Box 2 =	Box 2 Net Business Income \$

Section 6 Monthly Household Income and Expense Information

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

Monthly household income

Primary taxpayer					
Wages	Social Security	Pension(s)		Total primary taxpayer income	(31) \$
\$ _____	+ \$ _____	+ \$ _____	=		
Spouse					
Wages	Social Security	Pension(s)		Total spouse income	(32) \$
\$ _____	+ \$ _____	+ \$ _____	=		
Interest and dividends					(33) \$
Distributions (such as, income from partnerships, sub-S Corporations, etc.)					(34) \$
Net rental income					(35) \$
Net business income from Box 2					(36) \$
Child support received					(37) \$
Alimony received					(38) \$
Add lines (31) through (38) and enter the amount in Box 3 =	Box 3 Total Household Income \$				

Are there additional sources of income used to support the household, e.g. non-lie spouse, roommate, etc. ☐ Yes ☐ No

Section 6 - (Continued)**Monthly Household Income and Expense Information****Monthly Household Expenses**

Enter your average monthly expenses.

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

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.	(41) \$
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).	(42) \$
Vehicle loan and/or lease payment(s)	(43) \$
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.	(44) \$
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.	(45) \$
Health insurance premiums	(46) \$
Out-of-pocket health care costs (e.g. average monthly cost of prescription drugs, medical services, and medical supplies like eyeglasses, hearing aids, etc.)	(47) \$
Court-ordered payments (e.g., monthly cost of any alimony, child support, etc.)	(48) \$
Child/dependent care payments (e.g., daycare, etc.)	(49) \$
Life insurance premiums	(50) \$
Current taxes (e.g., monthly cost of federal, state, and local tax, personal property tax, etc.)	(51) \$
Other secured debts (e.g., any loan where you pledged an asset as collateral not previously listed, government guaranteed Student Loan).	(52) \$
Delinquent State and Local Taxes	(53) \$
Add lines (41) through (53) and enter the amount in Box 4 =	Box 4 Household Expenses \$
Subtract Box 4 from Box 3 and enter the amount in Box 5 =	Box 5 Remaining Monthly Income \$

Section 7**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.

If you will pay your offer in 5 months or less, multiply "Remaining Monthly Income" (Box 5) by 12 to get "Future Remaining Income" (Box 6).

Enter the total from Box 5 here \$	X 12 =	Box 6 Future Remaining Income \$
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If you will pay your offer in more than 5 months, multiply "Remaining Monthly Income" (Box 5) by 24 to get "Future Remaining Income" (Box 7).

Enter the total from Box 5 here \$	X 24 =	Box 7 Future Remaining Income \$
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Determine your minimum offer amount by adding the total available assets from Box 1 to amount in either Box 6 or Box 7.

Enter the amount from Box 1 here Do Not Enter a Number Less Than Zero \$	+	Enter the amount from either Box 6 or Box 7 \$	=	Offer Amount Must be more than zero \$
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If you have special circumstances that would hinder you from paying this amount, explain them on Form 656, Offer in Compromise, page 2, "Explanation of Circumstances."

Section 8**Other Information**

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

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

☐ Yes ☐ No

Are you currently in bankruptcy?

☐ Yes ☐ No

Have you filed bankruptcy in the past 10 years?

☐ Yes ☐ No

Discharge/Dismissal Date (mm/dd/yyyy)

Location Filed

Are you or have you been party to a lawsuit?

☐ Yes ☐ No

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

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

☐ Yes ☐ No

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

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

☐ Yes ☐ No

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

☐ Yes ☐ No **If yes**, how much \$ _____ Where: _____

Section 9**Signatures**

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

Signature of Taxpayer

Date (mm/dd/yyyy)

Signature of Taxpayer

Date (mm/dd/yyyy)

Remember to include all applicable attachments listed below.

- ☐ Copies of the most recent pay stub, earnings statement, etc., from each employer
- ☐ Copies of bank statements for the three most recent months
- ☐ Copies of the most recent statement, etc., from all other sources of income such as pensions, Social Security, rental income, interest and dividends, court order for child support, alimony, and rent subsidies
- ☐ Copies of the most recent statement for each investment and retirement 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 State/Local Tax Liability, if applicable
- ☐ Documentation to support any special circumstances described in the "Explain special circumstances" section on page 2 of 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.

Privacy Act Statement

The information requested on this Form is covered under Privacy Act and Paperwork Reduction Act Notices which have already been provided to the taxpayer.

Collection Information Statement for Businesses

Complete this form if your business is a

- Corporation
- Partnership
- Limited Liability Company (LLC) classified as a corporation
- Other multi-owner/multi-member LLC
- Single member LLC

If your business is a sole proprietorship (filing Schedule C), do not use this form. Instead, complete Form 433-A (OIC) Collection Information Statement for Wage Earners and Self-Employed Individuals.

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

Section 1

Business Information

Business Name		Employer Identification Number
Business address (<i>street, city, state, zip code</i>)		County of Business Location
		Description of Business and dba or "Trade Name"
Primary Phone () -	Secondary Phone () -	Mailing address (<i>if different from above or Post Office Box number</i>)
Business website address		
Fax Number () -		Does the business outsource its payroll processing and tax return preparation for a fee? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, list provider name and address in box below (<i>Street, City, State, ZIP Code</i>)
Federal Contractor <input type="checkbox"/> Yes <input type="checkbox"/> No	Total Number of Employees	
Frequency of tax deposits	Average gross monthly payroll \$	

Provide information about all partners, officers, LLC members, major shareholders (foreign and domestic), etc., associated with the business. Include attachments if additional space is needed.

Last Name	First Name	Title
Percent of Ownership and annual salary	Social Security Number - -	Home address (<i>Street, City, State, ZIP Code</i>)
Primary Phone () -	Secondary Phone () -	
Last Name	First Name	Title
Percent of Ownership and annual salary	Social Security Number - -	Home address (<i>Street, City, State, ZIP Code</i>)
Primary Phone () -	Secondary Phone () -	
Last Name	First Name	Title
Percent of Ownership and annual salary	Social Security Number - -	Home address (<i>Street, City, State, ZIP Code</i>)
Primary Phone () -	Secondary Phone () -	

Section 2**Business Asset Information**

Gather the **most current** statement from banks, lenders on loans, mortgages (*including second mortgages*), monthly payments, loan balances, and accountant's depreciation schedules, if applicable. Also, include make/model/year/mileage of vehicles and current value of business assets. To estimate the current value, you may consult resources like Kelley Blue Book (www.kbb.com), NADA (www.nada.com), local real estate postings of properties similar to yours, and any other websites or publications that show what the business assets would be worth if you were to sell them. Asset value is subject to adjustment by IRS. Enter the total amount available for each of the following (*if additional space is needed, please include attachments*).

If any line item is zero or less, enter "0". Do not enter negative numbers on this form.

<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(1a) \$
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(1b) \$
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(1c) \$
Total value of bank accounts from attachment		(1d) \$
Add lines (1a) through (1d) =		(1) \$
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Less Loan Balance	
\$ _____ X .8 = \$ _____	– \$ _____ =	(2a) \$
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Less Loan Balance	
\$ _____ X .8 = \$ _____	– \$ _____ =	(2b) \$
Total of investment accounts from attachment. [current market value X.8 less loan balance(s)]		(2c) \$
Add lines (2a) through (2c) =		(2) \$
Notes receivable Do you have notes receivable? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes , attach current listing which includes name and amount of note(s) receivable.		
Accounts Receivable Do you have accounts receivable? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes , you may be asked to provide a list of name and amount of the Account(s) Receivable.		

Section 2 (Continued)**Business Asset Information**

If the business owns more properties, vehicles, or equipment than shown in this form, please list on an attachment.

Real Estate (Buildings, Lots, Commercial Property, etc.)**Do not use negative numbers.**

Property Address (Street Address, City, State, ZIP Code)	Property Description	Date Purchased	
	County and Country		
Current Market Value		Less Loan Balance (Mortgages, etc.)	
\$ _____ X .8 = \$ _____ - \$ _____		Total Value of Real Estate =	
		(3a) \$	
Property Address (Street Address, City, State, ZIP Code)	Property Description	Date Purchased	
	County and Country		
Current Market Value		Less Loan Balance (Mortgages, etc.)	
\$ _____ X .8 = \$ _____ - \$ _____		Total Value of Real Estate =	
		(3b) \$	
Total value of property(s) listed from attachment [current market value X .8 less any loan balance(s)]			(3c) \$
Add lines (3a) through (3c) =			(3) \$

Business Vehicles (cars, boats, motorcycles, trailers, etc.). If additional space is needed, list on an attachment.

Vehicle Make & Model	Year	Date Purchased	Mileage or Use Hours	
<input type="checkbox"/> Lease <input type="checkbox"/> Loan	Monthly Lease/Loan Amount \$ _____			
Current Market Value		Less Loan Balance		
\$ _____ X .8 = \$ _____ - \$ _____		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =		
				(4a) \$
Vehicle Make & Model	Year	Date Purchased	Mileage or Use Hours	
<input type="checkbox"/> Lease <input type="checkbox"/> Loan	Monthly Lease/Loan Amount \$ _____			
Current Market Value		Less Loan Balance		
\$ _____ X .8 = \$ _____ - \$ _____		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =		
				(4b) \$
Vehicle Make & Model	Year	Date Purchased	Mileage or Use Hours	
<input type="checkbox"/> Lease <input type="checkbox"/> Loan	Monthly Lease/Loan Amount \$ _____			
Current Market Value		Less Loan Balance		
\$ _____ X .8 = \$ _____ - \$ _____		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =		
				(4c) \$
Total value of vehicles listed from attachment [current market value X .8 less any loan balance(s)]				(4d) \$
Add lines (4a) through (4d) =				(4) \$

Other Business Equipment

Current Market Value	Less Loan Balance	Total value of equipment	
\$ _____ X .8 = \$ _____ - \$ _____	(if leased, enter 0 as the total value) =		
			(5a) \$
Total value of equipment listed from attachment [current market value X .8 less any loan balance(s)]			(5b) \$
IRS allowed exemption for professional books and tools of trade -			(5c) \$ [4,290]
Total value of all business equipment =			(5) \$
Add lines (5a) and (5b) minus line (5c), if number is less than zero, enter zero =			
Do not include the amount on lines with a letter beside the number. Add lines (1) through (5) and enter the amount in Box 1 =			Box 1 Available Equity in Assets \$

Section 3**Business Income Information**

Enter the **average** gross monthly income of your business. To determine your gross monthly income use the most recent 6-12 months documentation of commissions, invoices, gross receipts from sales/services, etc.; most recent 6-12 months earnings statements, etc., from every other source of income (such as rental income, interest and dividends, or subsidies); or you may use a most recent 6-12 months Profit and Loss (P&L) to provide the information of income and expenses.

Note: If you provide a current profit and loss statement for the information below, enter the total gross monthly income in Box 2 below. Do not complete lines (6) - (10).

Gross receipts	(6) \$
Gross rental income	(7) \$
Interest income	(8) \$
Dividends	(9) \$
Other income (<i>Specify on attachment</i>)	(10) \$
Add lines (6) through (10) and enter the amount in Box 2 =	
	Box 2 Total Business Income \$

Section 4**Business Expense Information**

Enter the average gross monthly expenses for your business using your most recent 6-12 months statements, bills, receipts, or other documents showing monthly recurring expenses.

Note: If you provide a current profit and loss statement for the information below, enter the total monthly expenses in Box 3 below. Do not complete lines (11) - (20).

Materials purchased (<i>e.g., items directly related to the production of a product or service</i>)	(11) \$
Inventory purchased (<i>e.g., goods bought for resale</i>)	(12) \$
Gross wages and salaries	(13) \$
Rent	(14) \$
Supplies (<i>items used to conduct business and used up within one year, e.g., books, office supplies, professional equipment, etc.</i>)	(15) \$
Utilities/telephones	(16) \$
Vehicle costs (<i>gas, oil, repairs, maintenance</i>)	(17) \$
Insurance (<i>other than life</i>)	(18) \$
Current taxes (<i>e.g., real estate, state, and local income tax, excise franchise, occupational, personal property, sales and employer's portion of employment taxes, etc.</i>)	(19) \$
Other expenses (<i>e.g., secured debt payments. Specify on attachment. Do not include credit card payments</i>)	(20) \$
Add lines (11) through (20) and enter the amount in Box 3 =	
	Box 3 Total Business Expenses \$
Subtract Box 3 from Box 2 and enter the amount in Box 4 = If number is less than zero, enter zero.	
	Box 4 Remaining Monthly Income \$

Section 5**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.

If you will pay your offer in 5 months or less, multiply "Remaining Monthly Income" (Box 4) by 12 to get "Future Remaining Income."

Enter the amount from Box 4 here \$ _____	X 12 =	Box 5 Future Remaining Income \$ _____
---	---------------	--

If you will pay your offer in more than 5 months, multiply "Remaining Monthly Income" (from Box 4) by 24 to get "Future Remaining Income."

Enter the amount from Box 4 here \$ _____	X 24 =	Box 6 Future Remaining Income \$ _____
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Determine your minimum offer amount by adding the total available assets from Box 1 to amount in either Box 5 or Box 6.

Enter the amount from Box 1 here* Do not enter a number less than zero \$ _____	+	Enter the amount from either Box 5 or Box 6 \$ _____	=	<div style="text-align: center;"> Offer Amount Must be more than zero \$ _____ </div>
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If you have special circumstances that would hinder you from paying this amount, explain them on Form 656, Offer in Compromise, Page 2, "Explanation of Circumstances."

*You may exclude any equity in income producing assets shown in Section 2 of this form.

Section 6**Other Information**

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

Is the business currently in bankruptcy?

☐ Yes ☐ No

Has the business ever filed bankruptcy?

☐ Yes ☐ No

If yes, provide:

Date Filed (mm/dd/yyyy) _____ Date Dismissed or Discharged (mm/dd/yyyy) _____

Petition No. _____ Location Filed _____

Does this business have other business affiliations (e.g., subsidiary or parent companies)?

☐ Yes ☐ No

If yes, list the Name and Employer Identification Number:

Do any related parties (e.g., partners, officers, employees) owe money to the business?

☐ Yes ☐ No

Is the business currently, or in the past, a party to a lawsuit?

☐ Yes ☐ No **If applicable**, date the lawsuit was resolved: _____

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

☐ Yes ☐ No **If applicable**, provide date and type of asset transferred: _____

Has the business been located outside the U.S. for 6 months or longer in the past 10 years?

☐ Yes ☐ No

Does the business have any funds being held in trust by a third party?

☐ Yes ☐ No **If yes**, how much \$ _____ Where: _____

Does the business have any lines of credit?

☐ Yes ☐ No **If yes**, credit limit \$ _____ Amount owed \$ _____

What property secures the line of credit? _____

Section 7**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	Title	Date (mm/dd/yyyy)
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Remember to include all applicable attachments from list below.

- ☐ A current Profit and Loss statement covering at least the most recent 6-12 month period, if appropriate.
- ☐ Copies of the most recent statement for each bank, investment, and retirement account.
- ☐ If an asset is used as collateral on a loan, include copies of the most recent statement from lender(s) on loans, monthly payments, loan payoffs, and balances.
- ☐ Copies of the most recent statement of outstanding notes receivable.
- ☐ Copies of the most recent statements from lenders on loans, mortgages (including second mortgages), monthly payments, loan payoffs, and balances.
- ☐ Copies of relevant supporting documentation of the special circumstances described in the "Explain special circumstances" section on page 2 of 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.

Privacy Act Statement

The information requested on this Form is covered under Privacy Act and Paperwork Reduction Act Notices which have already been provided to the taxpayer.

Offer in Compromise

Attach Application Fee and Payment (check or money order) here.

IRS Received Date

Section 1 Your Contact Information

Your First Name, Middle Initial, Last Name

If a Joint Offer, Spouse's First Name, Middle Initial, Last Name

Your Physical Home Address (Street, City, State, ZIP Code)

Mailing Address (if different from above or Post Office Box number)

Business Name

Your Business Address (Street, City, State, ZIP Code)

Social Security Number (SSN)
(Primary)

(Secondary)

Employer Identification Number
(EIN)

(EIN not included in offer)

Section 2

Tax Periods

To: Commissioner of Internal Revenue Service

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

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

☐ 1040 Income Tax-Year(s) _____

☐ 1120 Income Tax-Year(s) _____

☐ 941 Employer's Quarterly Federal Tax Return - Quarterly period(s) _____

☐ 940 Employer's Annual Federal Unemployment (FUTA) Tax Return - Year(s) _____

☐ Trust Fund Recovery Penalty as a responsible person of (enter corporation name) _____
for failure to pay withholding and Federal Insurance Contributions Act taxes (Social Security taxes), for period(s) ending _____

☐ Other Federal Tax(es) [specify type(s) and period(s)] _____

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

Section 3

Reason for Offer

☐ **Doubt as to Collectibility** - I have insufficient assets and income to pay the full amount.

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

Section 3 (Continued)**Reason for Offer****Explanation of Circumstances (Add additional pages, if needed)**

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

Section 4**Low Income Certification (Individuals Only)**

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

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

Size of family unit	48 contiguous states and D.C.	Hawaii	Alaska
1	\$2,327	\$2,679	\$2,910
2	\$3,152	\$3,627	\$3,942
3	\$3,997	\$4,575	\$4,973
4	\$4,802	\$5,523	\$6,004
5	\$5,627	\$6,471	\$7,035
6	\$6,452	\$7,419	\$8,067
7	\$7,277	\$8,367	\$9,098
8	\$8,102	\$9,315	\$10,129
For each additional person, add	\$825	\$948	\$1,031

Section 5**Payment Terms**

↓ Check one of the payment options below to indicate how long it will take you to pay your offer in full ↓

Lump Sum Cash

Enter the amount of your offer \$ _____

☐ Check here if you will pay your offer in five or fewer payments:

Enclose a check for 20% of the offer amount (waived if you are an individual and met the requirements for Low-Income certification) and fill in the amount(s) and date(s) of your future payment(s). Your offer must be fully paid 24 months from the date your offer is accepted.

Total Offer Amount	-	20% Initial Payment	=	Remaining Balance
\$ _____	-	\$ _____	=	\$ _____

You may pay the remaining balance in one payment after acceptance of the offer or up to five payments.

- 1) \$ _____ paid on the _____ (day), _____ month(s) after acceptance.
- 2) \$ _____ paid on the _____ (day), _____ month(s) after acceptance.
- 3) \$ _____ paid on the _____ (day), _____ month(s) after acceptance.
- 4) \$ _____ paid on the _____ (day), _____ month(s) after acceptance.
- 5) \$ _____ paid on the _____ (day), _____ month(s) after acceptance.

Periodic Payment

Enter the amount of your offer \$ _____

☐ Check here if you will pay your offer in full in more than five monthly installments.

Enclose a check for one month's installment (waived if you are an individual and met the requirements for Low-Income certification)

\$ _____ is being submitted with the Form 656 and then \$ _____ on the _____ (day) of each month thereafter for a total of _____ months (may not exceed 23). Total payments must equal the total Offer Amount.

You must continue to make these monthly payments while the IRS is considering the offer. Failure to make regular monthly payments will cause your offer to be returned.

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

If you want your payment to be applied to a specific tax year and a specific tax debt, please tell us the tax form _____ and Tax Year/Quarter _____. If you do not designate a preference, we will apply any money you send in to the governments best interest.

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

☐ I am making a deposit of \$ _____ with this offer.

Section 7**Source of Funds and Making Your Payment**

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

Include separate checks for the payment and application fee.

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

Section 8**Offer Terms**

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

Terms, Conditions, and Legal Agreement

a) I request that the IRS accept the offer amount listed in this offer application as payment of my outstanding tax debt (including interest, penalties, and any additional amounts required by law) as of the date listed on this form. I authorize the IRS to amend Section 2 on page 1 in the event I failed to list any of my assessed tax debt. 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.

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

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

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

d) The IRS will keep any monies it has collected prior to this offer and any payments that I make relating to this offer that I did not designate as a deposit. Only amounts that exceed the mandatory payments can be treated as a deposit. Such a deposit will be refundable if the offer is rejected or returned by the IRS or is withdrawn. I understand that the IRS will not pay interest on any deposit. The IRS may seize ("levy") my assets up to the time that the IRS official signs and accepts my offer as pending.

Pending status of an offer and right to appeal

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

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

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

g) I will file tax returns and pay required taxes for the five year period beginning with the date of acceptance of this 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.

h) The IRS will not remove the original amount of my tax debt from its records until I have met all 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 are fully met, any claim the IRS files in the bankruptcy proceedings will be a tax claim.

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

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

j) If I fail to meet any of the terms of this offer, the IRS may levy or sue me to collect any amount ranging from the unpaid balance of the offer to the original amount of the tax debt without further notice of any kind. The IRS will continue to add interest, as Section 6601 of the Internal Revenue Code requires, on the amount the IRS determines is due after default. The IRS will add interest from the date I default until I completely satisfy the amount owed.

I agree to waive time limits provided by law.

k) To have my offer considered, I agree to the extension of the time limit provided by law to assess my tax debt (statutory period of assessment). I agree that the date by which the IRS must assess my tax debt will now be the date by which my debt must currently be assessed plus the period of time my offer is pending plus one additional year if the IRS rejects, returns, or terminates my offer or I withdraw it. (Paragraph (e) of this section

Section 8 - (Continued)**Offer Terms**

defines pending and withdrawal). I understand that I have the right not to waive the statutory period of assessment or to limit the waiver to a certain length or certain periods or issues. I understand, however, that the IRS may not consider my offer if I refuse to waive the statutory period of assessment or if I provide only a limited waiver. I also understand that the statutory period for collecting my tax debt will be suspended during the time my offer is pending with the IRS, for 30 days after any rejection of my offer by the IRS, and during the time that any rejection of my offer is being considered by the Appeals Office.

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

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

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

m) By authorizing the IRS to contact third parties including credit bureaus, I understand that I will not be notified of which third parties the IRS contacts as part of the offer application process, as stated in section 7602(c) of the Internal Revenue Code.

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

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

Section 9**Signatures**

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

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

Section 10**Paid Preparer Use Only**

Signature of Preparer	Phone Number	Date (mm/dd/yyyy)
Name of Paid Preparer	Preparer's CAF no. or PTIN	
Firm's Name, Address, and ZIP Code		

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

Section 11**Third Party Designee**

Do you want to allow another person to discuss this offer with the IRS?

☐ Yes

☐ No

If yes, provide designee's name

Telephone Number
()

IRS Use Only

I accept the waiver of the statutory period of limitations on assessment for the Internal Revenue Service, as described in Section 8 (k).

Signature of Authorized Internal Revenue Service Official	Title	Date (mm/dd/yyyy)
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Privacy Act Statement

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

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

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

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

APPLICATION CHECKLIST

Review the entire application and verify that it is complete.

Forms 433-A (OIC), 433-B (OIC), and 656

- ☐ Did you complete all fields and sign all forms?
- ☐ Did you make an offer amount that is equal to the offer amount calculated on the Form 433-A (OIC) or Form 433-B (OIC)? If not, did you describe the special circumstances that are leading you to offer less than the minimum in the "Explanation of Circumstances" Section 3 of Form 656, and did you provide supporting documentation of the special circumstances?
- ☐ Did you select a payment option on Form 656?
- ☐ If you want to allow the IRS to discuss your offer with another person, did you complete the "Third-Party Designee" section on the Form 656?
- ☐ If someone other than you completed the Form 656, did they sign it?
- ☐ Did you sign and attach the Form 433-A (OIC) if applicable?
- ☐ Did you sign and attach the Form 433-B (OIC) if applicable?
- ☐ Did you sign and attach the Form 656?

Supporting documentation and additional forms

- ☐ Did you include photocopies of all required supporting documentation?
- ☐ If you want a third party to represent you during the offer process, did you include a Form 2848 or Form 8821 unless one is already on file?

Payment

- ☐ Did you include a check or money order made payable to the "United States Treasury" for the initial payment? (Waived if you meet Low Income Certification guidelines—see Form 656.)
- ☐ Did you include a separate check or money order made payable to the "United States Treasury" for the \$150 application fee? (Waived if you meet Low Income Certification guidelines—see Form 656.)

Mail your application package to the appropriate IRS facility

Mail the Form 656, 433-A (OIC) and/or 433-B (OIC), and related financial document(s) to the appropriate IRS processing office for your state. You may wish to send it by Certified Mail so you have a record of the date it was mailed.

If you reside in:

AK, AL, AR, AZ, CO, FL, GA, HI, ID, KY, LA, MS, MT, NC,
NM, NV, OK, OR, SC, TN, TX, UT, WA, WI, WY

CA, CT, DE, IA, IL, IN, KS, MA, MD, ME, MI, MN, MO, ND,
NE, NH, NJ, NY, OH, PA, RI, SD, VT, VA, WV; DC, PR, or
a foreign address

Mail your application to:

Memphis IRS Center COIC Unit
P.O. Box 30803, AMC
Memphis, TN 38130-0803
1-866-790-7117

Brookhaven IRS Center COIC Unit
P.O. Box 9007
Holtsville, NY 11742-9007
1-866-611-6191

