



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), by visiting your local IRS office, or at www.irs.gov.

If you want to see if you qualify for an offer before filling out the paperwork, you may use the Offer in Compromise Pre-Qualifier tool. The questionnaire format assists in gathering the information needed and provides instant feedback as to your eligibility based on the information you provided. The tool will also assist you in determining a preliminary offer amount for consideration of an acceptable offer. The Pre-Qualifier tool is located on our website at www.irs.gov (keyword "offer").

Taxpayer resources

You may also be able to get assistance from a Low Income Taxpayer Clinic (LITC). LITCs are independent from the IRS. Some serve individuals whose income is below a certain level and who need to resolve a tax problem. These clinics provide professional representation before the IRS or in court on audits, appeals, tax collection disputes, and other issues for free or for a small fee. Some clinics provide information about taxpayer rights and responsibilities in many different languages for individuals who speak English as a second language. To get more information or find a clinic near you, check the LITC page at www.irs.gov/uac/Low-Income-Taxpayer-Clinics or IRS Publication 4134, Low Income Taxpayer Clinic List. You can also get this publication at your local IRS office or by calling 1-800-829-3676.

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 tax 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 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.

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.

Can you full pay?

Generally, the IRS will not accept an offer if you can pay your tax debt in full through an installment agreement or a lump sum.

Your Future Tax Refunds

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 2013 and you file your 2013 Form 1040 on April 15, 2014 showing a refund, IRS will apply your refund to your tax debt. The refund is not considered as a payment toward your offer.

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-TAX-FORM (1-800-829-3676), 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.

After you file your offer, you must continue to file and pay all required tax returns, estimated tax payments, and federal tax payments through the final decision and, if accepted, through the fifth year of compliance (including any extensions).

You cannot submit an offer that is only for a tax year or tax period that has not been assessed. Do not send in an offer until you have received at least one bill for your tax debt(s).

You cannot submit an offer if the IRS has referred your case to the Department of Justice (DOJ), and the DOJ case includes any of the tax periods you want to compromise.

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 lien during the offer investigation. However, unless a jeopardy situation exists, a lien will usually not be requested until a final determination has been made on the offer.

If your business owes trust fund taxes, 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 may levy your assets up to the time that the IRS official signs and acknowledges your offer as pending. In addition, the IRS may keep any proceeds received from the levy. 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 the IRS and are making installment payments, then you may stop making the payments when you submit an offer. If your offer is not accepted, your installment agreement with IRS will be reinstated with no additional fee.

PAYING FOR YOUR OFFER

Application fee

Offers require a \$186 application fee.

EXCEPTION: If you are an individual or are operating as a sole proprietorship and your household income meets the Low Income Certification guidelines, you will not be required to send the application fee.

Payment options

You must select a payment option and include the payment with your offer. 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 5 or fewer payments within 5 or fewer 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 monthly payments while the IRS is evaluating your offer. Failure to make these payments will cause your offer to be returned. There is no appeal. Total payments must equal the total Offer Amount.**

EXCEPTION: If you are an individual or are operating as a sole proprietorship and your household income meets 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.

If your offer is not accepted, any required payment(s) made with 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 you are planning to use your retirement savings from an IRA or 401k plan, you may have future tax liabilities owed as a result. Contact the IRS or your tax advisor before taking this action.

HOW TO APPLY

Application process

The application **must include:**

- **Form 656**, Offer in Compromise
- **Completed Form 433-A (OIC)**, Collection Information Statement for Wage Earners and Self-Employed Individuals, if applicable
- **Completed Form 433-B (OIC)**, Collection Information Statement for Businesses, if applicable
- **\$186 application fee**, unless you meet Low Income Certification
- **Initial offer payment**, unless you meet Low Income Certification

Note: Your offer cannot be considered without the collection information statement(s), Form 433-A (OIC) and/or 433-B (OIC).

If you and your spouse owe joint and separate tax debts

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

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

Each Form 656 will require the \$186 application fee and initial down payment unless you are an individual or are operating as a sole proprietorship and meet the Low Income Certification guidelines.

If you owe individual and business tax debt

If you have individual and business tax debt that you wish to compromise, you will need to send in two Forms 656. Complete one Form 656 for your individual tax debts and one Form 656 for your business tax debts. Each Form 656 will require the \$186 application fee and initial down payment.

Note: A business is defined as a corporation, partnership, or any business that is operated as other than a sole-proprietorship.

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 anyone in addition to yourself that contributes money to pay expenses relating to the household; for example, rent, utilities, insurance, groceries, etc. This is necessary for the IRS to accurately evaluate your offer.
- In general, the IRS will not consider expenses for tuition for private schools, college expenses, charitable contributions, and other unsecured debt payments as part of the expense calculation.**
- Step 2 – Fill out Form 433-A (OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals** Fill out Form 433-A (OIC) if you are an individual wage earner and/or operate as a sole proprietorship. 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.
- Note: Sole Proprietors may include business related taxes incurred under an Employer Identification Number, e.g., Forms 941 and 940, on the same Form 656 used to request compromise of individual income taxes (Form 1040).**
- Step 3 – Fill out Form 433-B (OIC), Collection Information Statement for Businesses** Fill out 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. **Do not send any original documents.**
- 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.
- Step 6 – Include initial payment and \$186 application fee** Include a personal 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).
- Note: Future refunds cannot be applied as part or all of the offered amount.**
- Include a separate personal check, cashier's check, or money order for the application fee (\$186).
- 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.

Step 7 – Mail the application package

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

Mail the application package to the appropriate IRS facility. See page 27, Application Checklist, for details.

If you are working with an IRS employee, let him or her know you are sending or have sent an offer to compromise your tax debt(s).

IMPORTANT INFORMATION

After you mail your application, continue to:

Promptly reply to any requests for additional information within the timeframe specified. **If you selected the option to make monthly payments, you must continue to make the payments during the evaluation of your offer, unless you qualify for the Low Income Certification. Failure to reply timely or make monthly payments may result in the return of your offer without appeal rights.**

If your offer is accepted, you must continue to timely 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 (including any extensions) your offer may be defaulted. If your offer is defaulted, you will be liable for the original tax liability, less payments made, and all accrued interest and penalties. An offer does not stop the accrual of interest and penalties.

Section 3 Personal Asset Information

Cash and Investments (domestic and foreign)

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

Round to the nearest whole dollar.

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

<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(1a) \$
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(1b) \$
Total of bank accounts from attachment		(1c) \$
<i>Do not enter a negative number.</i> Add lines (1a) through (1c) less (\$1,000) =		(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) \$
Retirement Account: <input type="checkbox"/> 401K <input type="checkbox"/> IRA <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Less Loan Balance	
\$ _____ X .7 = \$ _____	- \$ _____ =	(3a) \$
Retirement Account: <input type="checkbox"/> 401K <input type="checkbox"/> IRA <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Less Loan Balance	
\$ _____ X .7 = \$ _____	- \$ _____ =	(3b) \$
Total of investment accounts from attachment. [current market value X .7 less loan balance(s)]		(3c) \$
Add lines (3a) through (3c) =		(3) \$
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 Loan Balance(s)	
\$ _____	- \$ _____ =	(4b) \$
Add lines (4a) through (4b) =		(4) \$

Section 3 (Continued)

Personal Asset Information

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

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

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	Name of Creditor	Date of Final Payment	Monthly Lease/Loan Amount \$	
Current Market Value \$ _____ X .8 = \$ _____	Less Loan Balance – \$ _____	Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =		(6a) \$
Vehicle Make & Model	Year	Date Purchased	Mileage	
<input type="checkbox"/> Lease <input type="checkbox"/> Loan	Name of Creditor	Date of Final Payment	Monthly Lease/Loan Amount \$	
Current Market Value \$ _____ X .8 = \$ _____	Less Loan Balance – \$ _____	Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =		(6b) \$
Total value of vehicles listed from attachment [current market value X .8 less any loan balance(s)]				(6c) \$
Enter the allowance of \$3,450 or \$6,900, whichever is applicable. See Note below.				(6d) \$
Add lines (6a) through (6d) =				(6) \$

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

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:		
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) \$
Do not include amount on the lines with a letter beside the number. Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0". Add lines (1) through (7) and enter the amount in Box A =		Box A Available Individual Equity in Assets \$ _____

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

Section 4 Self-Employed Information

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

Is your business a sole proprietorship? <input type="checkbox"/> Yes <input 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 \$
Do you or your spouse have any other business interests? Include any interest in an LLC, LLP, corporation, partnership, etc. <input type="checkbox"/> Yes (Percentage of ownership:) Title: <input type="checkbox"/> No		Business Address (Street, City, State, ZIP code)	
Business Name	Business Telephone Number () -	Employer Identification Number	
Type of business (Select one) <input type="checkbox"/> Partnership <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____			

Section 5 Business Asset Information (for Self-Employed)

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

Round to the nearest whole dollar.

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

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

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

Description of asset:

Current Market Value \$ _____ X .8 = \$ _____	Less Loan Balance - \$ _____	<i>(if leased or used in the production of income, enter 0 as the total value)</i>	=	(9a) \$
Description of asset:				
Current Market Value \$ _____ X .8 = \$ _____	Less Loan Balance - \$ _____	<i>(if leased or used in the production of income, enter 0 as the total value)</i>	=	(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) \$ [4,470]
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, including e-payment, factoring companies, and any bartering or online auction accounts? <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. Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0". Add lines (8) and (11) and enter the amount in Box B =				Box B Available Business Equity in Assets \$ _____

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

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

Round to the nearest whole dollar.

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

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

Section 7 Monthly Household Income and Expense Information

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

Monthly Household Income

Round to the nearest whole dollar.

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

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

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

Monthly Household Expenses

Enter your average monthly expenses.

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

Round to the nearest whole dollar.

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

Section 7 Monthly Household Income and Expense Information (Continued)

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

Section 8 Calculate Your Minimum Offer Amount

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

Round to the nearest whole dollar.

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

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

Enter the total from Box F \$	X 24 =	Box H Future Remaining Income \$
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Determine your minimum offer amount by adding the total available assets from Box A and Box B (if applicable) to the amount in either Box G or Box H.

Enter the amount from Box A plus Box B (if applicable) \$	+	Enter the amount from either Box G or Box H \$	=	Offer Amount Your offer must be more than zero (\$0). Do not leave blank. Use whole dollars only. \$
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If you cannot pay the Offer Amount shown above due to special circumstances, explain on the Form 656, Offer in Compromise, Section 3. You must offer an amount more than \$0.

Section 9 Other Information

<p>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.</p>	Are you the beneficiary of a trust, estate, or life insurance policy? <input type="checkbox"/> Yes <input type="checkbox"/> No	
	Are you currently in bankruptcy? <input type="checkbox"/> Yes <input type="checkbox"/> No	Have you filed bankruptcy in the past 10 years? <input type="checkbox"/> Yes <input type="checkbox"/> No
	Discharge/Dismissal Date (mm/dd/yyyy)	Location Filed
	Are you or have you been party to a lawsuit? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, date the lawsuit was resolved: (mm/dd/yyyy)	
	In the past 10 years, have you transferred any assets for less than their full value? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, date the asset was transferred: (mm/dd/yyyy)	
	Have you lived outside the U.S. for 6 months or longer in the past 10 years? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Do you have any funds being held in trust by a third party? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, how much \$ _____ Where: _____		

Section 10**Signatures**

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

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

Remember to include all applicable attachments listed below.

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

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, D, E, F, etc.), 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).

Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	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, age, and amount of note(s) receivable.		
Accounts Receivable		
Do you have accounts receivable, including e-payment, factoring companies, and any bartering or online auction accounts? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If yes , you may be asked to provide a list of name, age, 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.)

Property Address (Street Address, City, State, ZIP Code)	Property Description	Date Purchased	
	Name of Creditor	Date of Final Payment	
	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	
	Name of Creditor	Date of Final Payment	
	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 \$	Name of Creditor	Date of Final Payment	
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 \$	Name of Creditor	Date of Final Payment	
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 \$	Name of Creditor	Date of Final Payment	
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) \$

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

[If you have more than one piece of equipment, please list on a separate attachment and put the total of all equipment in box (5b)]

Type of equipment	
Current Market Value	Less Loan Balance
\$ _____ X .8 = \$ _____	– \$ _____
Total value of equipment <i>(if leased or used in the production of income enter 0 as the total value) =</i>	
	(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) \$ [4,470]
Total value of all business equipment =	
Add lines (5a) and (5b) minus line (5c), if number is less than zero, enter zero =	
	(5) \$ _____
Do not include amount on the lines with a letter beside the number. Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0". Add lines (1) through (5) and enter the amount in Box A =	
	Box A 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 the 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 B 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) \$ _____
Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0". Add lines (6) through (10) and enter the amount in Box B =	
	Box B 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 C 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) \$ _____
Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0". Add lines (11) through (20) and enter the amount in Box C =	
	Box C Total Business Expenses \$ _____
Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0". Subtract Box C from Box B and enter the amount in Box D =	
	Box D 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 D) by 12 to get "Future Remaining Income." Do not enter a number less than zero.

Round to the nearest whole dollar.

Enter the amount from Box D \$ _____	X 12 =	Box E Future Remaining Income \$ _____
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If you will pay your offer in more than 5 months, multiply "Remaining Monthly Income" (from Box D) by 24 to get "Future Remaining Income." Do not enter a number less than zero.

Enter the amount from Box D \$ _____	X 24 =	Box F Future Remaining Income \$ _____
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Determine your minimum offer amount by adding the total available assets from Box A to amount in either Box E or Box F. Your offer amount must be more than zero.

Enter the amount from Box A* \$ _____	+	Enter the amount from either Box E or Box F \$ _____	=	Offer Amount Your offer must be more than zero (\$0). Do not leave blank. Use whole dollars only. \$ _____
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If you cannot pay the offer amount due to special circumstances, explain on the Form 656, Offer in Compromise, Section 3. You must offer something.

*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? <input type="checkbox"/> Yes <input type="checkbox"/> No
Has the business ever filed bankruptcy? <input type="checkbox"/> Yes <input type="checkbox"/> 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)? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, list the Name and Employer Identification Number:
Do any related parties (e.g., partners, officers, employees) owe money to the business? <input type="checkbox"/> Yes <input type="checkbox"/> No
Is the business currently, or in the past, a party to a lawsuit? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, date the lawsuit was resolved:
In the past 10 years, has the business transferred any assets for less than their full value? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, 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? <input type="checkbox"/> Yes <input type="checkbox"/> No
Does the business have any funds being held in trust by a third party? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, how much \$ _____ Where: _____
Does the business have any lines of credit? <input type="checkbox"/> Yes <input type="checkbox"/> 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 three most recent statements 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 "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.

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

Offer in Compromise

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

Yes No

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

Section 1 Your Contact Information

Your First Name, Middle Initial, Last Name	Social Security Number (SSN) - -	IRS Received Date
If a Joint Offer, Spouse's First Name, Middle Initial, Last Name	Social Security Number (SSN) - -	
Your Physical Home Address (Street, City, State, ZIP Code)		
Mailing Address (if different from above or Post Office Box number)		
Business Name (If included in the offer)		
Business Address (Street, City, State, ZIP Code)		
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.

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 and Sole Proprietors Only)**

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

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

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

Section 5**Payment Terms**

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

Lump Sum Cash

Enter the amount of your offer \$ _____

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

Enclose a check for 20% of the offer amount (waived if you are an individual or sole proprietorship and met the requirements for Low Income Certification) and fill in the amount(s) and date(s) of your future payment(s).

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

Periodic Payment

Enter the amount of your offer \$ _____

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

Enclose a check for one month's installment

\$ _____ is being submitted with the Form 656 and then \$ _____ on the _____ (day) of each month thereafter for a total of _____ months (may not exceed a total of 24 payments, including any payment submitted with this offer). Total payments must equal the total offer amount.

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

IRS Use Only

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

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

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

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

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

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

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

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

Include separate checks for the payment and application fee.

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

Section 8**Offer Terms**

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

Terms, Conditions, and Legal Agreement

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

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

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

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

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

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

Pending status of an offer and right to appeal

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

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

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

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

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

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

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

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

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

I agree to waive time limits provided by law.

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

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

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

Correction Agreement

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

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

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

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

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

Section 9**Signatures**

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

Signature of Taxpayer/Corporation Name	Phone Number	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 ()
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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 \$186 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

