

Appendix

Phone Screener

“We are conducting a research study for the IRS to determine the effectiveness of some of its forms and instructions. The study is voluntary and your identity will remain anonymous. The forms will take about 90 minutes to complete. It involves reading and filling in forms and attending a focus group the following week to discuss the forms completion process.

What is your gender?

- Male
- Female

What is your age?

- 18–29
- 30–39
- 40–49
- 50–59
- 60+

What is your marital status?

- Married
- Single
- Divorced/Separated
- Widowed

Which of the following categories includes your annual household income?

- Under \$25,000
- \$25,000–\$34,999
- \$35,000–\$49,999
- \$50,000–\$75,000
- \$100,000–\$149,000
- \$150,000 or more
- Prefer not to say

Are you of Hispanic or Latino origin?

- Yes
- No

What is your race? Please select one or more.

- White
- Black or African American
- Asian
- Native Hawaiian or other Pacific Islander
- American Indian or Alaska Native

In which state is your primary residence?
(Please select)

We have a few preliminary questions to further determine your eligibility:

Are you at least 18–years–old?

Have you paid federal taxes in the past 5 years?"

The Paperwork Reduction Act requires that the IRS display an OMB control number on all public information requests. The OMB Control Number for this study is 1545-1349. Also, if you have any comments regarding the time estimates associated with this study or suggestions on making this process simpler, please write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224.

Phone Follow-Up Script:

"This is from Savitz Field and Focus we're calling to confirm that you've received the packet of IRS materials sent to you, answer any questions you have about the forms and find out if you will still be participating in the upcoming focus group."

"Thank you for your time and participation."

Testing Instructions Letter

September x, 2009

Dear Jane Doe,

As we discussed in our recent phone conversation, you agreed participate in a research study about the forms and instructions used in the IRS Offer in Compromise program. Thank you for taking the time to contribute to this research. Your feedback will help us revise the forms and improve taxpayers' application experience.

This research study has two key parts: the Offer in Compromise application packet, which you will complete on your own time, and a focus group discussion, which will be held on _____ at _____ (see attached sheet for address and contact information).

You will use the information provided in the enclosed documents to fill out the Offer in Compromise application. You are not expected to fill out the forms based on your own financial situation; you'll use information about the Wilsons, a hypothetical family described in the enclosed documents. The application process may take some time, and you don't need to do it all in one sitting. As you do this research activity, please keep in mind that we are not evaluating you or your ability to complete the forms— we are evaluating the forms themselves.

The focus group will consist of 8-10 other individuals who also completed the application. The group moderator will lead you and the participants through a discussion about the process of filling out the forms, what you found confusing or helpful, etc. Please remember to bring your completed application with you and be prepared to share your thoughts. We are very interested in your opinion.

Your feedback is private and will be used for research purposes only. You will not be asked to provide personal financial information, nor will we disclose your name or other identifying information. As discussed, you will receive \$_____ as compensation for participating in this study, paid to you upon completion of the focus group.

Thank you again for participating. If you have any questions about the study, feel free to contact _____ at _____.

[Recruiter info]

Documents enclosed:

- Offer in Compromise application packet (forms and instructions)
- A written scenario (story) about the Wilsons, a hypothetical family who would like to apply for an Offer in Compromise
- A list detailing the Wilsons' financial background information, including assets, income, expenses, and other information
- Stickers to indicate areas you find confusing
- A scorecard to evaluate the packet when you're done

Offer in Compromise research study

When filling out this application, please take the approach you normally would take in a real-life situation. For example, some people prefer to complete forms all at once, others do it in bits and pieces; some read instructions carefully, others jump straight to the form, etc. If you would normally ask friends or family members for help, or would search the Internet for more information, go ahead. The only thing you may not do is call the IRS for help. (If you have questions about this research study, feel free to contact us.)

To complete the Offer in Compromise application, please do the following:

Review the instructions and forms.

To begin, familiarize yourself with the Offer in Compromise Booklet. The booklet introduces the Offer in Compromise program and includes the instructions and forms you will need to complete this research activity.

Read the scenario, and imagine you are in Pamela and David Wilson's shoes.

You will be filling out the application using the information provided about the Wilsons, a hypothetical family. Learn about the Wilson's situation by reading the scenario and reviewing the list of background information.

Complete the application form as if you were a Wilson.

Fill out the application using information provided about the Wilsons in the scenario and the list. Do the best you can; if you think a particular field is not applicable write "N/A." (Remember, do not include your own personal information on the forms.)

Place stickers on the application forms and instructions.

This package includes a set of red stickers. As you move through the documents, place a sticker on any areas you find confusing.

Complete the scorecard.

When you finish the application, complete the scorecard provided. Remember, there are no right or wrong answers; we simply want to know your opinion of the forms.

Bring the completed application form with you to the focus group.

Don't forget to bring the application with you! You'll need to turn it in to us in order to get your compensation check.

Focus group information

The focus group will be held at [time] on [date]. Please arrive ___ minutes early and call us at _____ if anything comes up.

The address of the focus group facility is:

(To be inserted once the location is confirmed)

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Wage Earner Scenario

Imagine that you are part of a couple: Pamela Wilson, a 36-year-old lab technician at the Beeler Medical Center, and David Wilson, a 38-year-old sales manager formerly employed at a car dealership who now works in the stockroom at Big-Save. You live with your two children in a two-story house in Pittsburgh, PA. After falling behind on your taxes in 2005 and 2006 and incurring a \$22,342 tax liability, you've been paying your IRS debt through a monthly installment plan. However, your family's employment and cash flow situation has changed, and you can no longer afford the payments. You heard that the IRS has a program called "Offer in Compromise" which allows some taxpayers to pay off their debt for less than the full amount owed.

Since the car dealership closed last November, your family has been struggling to make ends meet on a single, full-time salary and part-time hourly wages from Big-Save. You've already cashed in your IRAs, gone through most of your savings, and now rely on credit cards to cover your monthly expenses. What's more, you anticipate that cash flow to get even tighter next month when the Beeler Medical Center implements a salary cut that will reduce all lab technicians' salaries by 10%.

You've experienced other circumstances that hinder your ability to pay your tax debt. Two years ago an elderly relative needed nursing home care, and you've been helping to pay the costs. You've also had significant home repair costs of late. A bad thunderstorm damaged the roof and flooded your basement in 2006, and you took out an adjustable-rate second mortgage to pay the \$12,000 in repairs not covered by the insurance company. The mortgage payments have skyrocketed even as the value of your home has fallen, and though you would love to refinance your loans, you can't find a bank willing to work with you due to the credit crisis. You've even considered selling your home, but this wouldn't help your finances much since the amount you owe is higher than the value of the house. Even if selling made sense, chances of finding a buyer are slim: Your neighbor's house has been on the market for 9 months.

You've tried to find creative ways to make some extra money and cut back on expenses. For the past four months you've rented the second floor of your house to a nursing student, an arrangement that brings in some extra income but also adds to your utility bills. You've also started taking public transportation to work to save money, but since the lab technician job requires driving to an off-site lab twice a week, you still have work-related gas and vehicle maintenance costs.

Paying the full amount you owe the IRS within the 60 months remaining in the statute of

limitations is not feasible, given your family's circumstances. A family friend has agreed to lend you some money to help settle your tax debt; you hope that this money, in addition to anything you else you can muster up, will be enough to make a reasonable offer.

To calculate an offer amount, complete the attached forms as instructed.

Scorecard

After you're finished with the Offer in Compromise packet, please evaluate the forms and instructions. Remember to bring this scorecard with you to the focus group.

Circle one for each question.	strongly agree	somewhat agree	undecided	somewhat disagree	strongly disagree
The packet is well organized	●	●	●	●	●
It is easy for me to understand the content and wording in the packet	●	●	●	●	●
The packet is visually clear	●	●	●	●	●
The packet helps me understand what I need to do to apply for an Offer in Compromise	●	●	●	●	●
The tone of the packet is better than I expected	●	●	●	●	●
The packet looks better than I expected	●	●	●	●	●
The packet is straightforward	●	●	●	●	●
The packet explains what the IRS expects applicants to do before, during and after the application process	●	●	●	●	●
The typeface and type size are easy to read	●	●	●	●	●
The packet helps me understand what actions I can take next	●	●	●	●	●
The packet helps me understand what resources are available to me if I need help	●	●	●	●	●
The packet provides me factual information on which to base my decision to apply for an Offer in Compromise	●	●	●	●	●
The packet makes me feel that IRS wants me to be well informed	●	●	●	●	●

Wage Earner Scenario

Imagine that you are part of a couple: Pamela Wilson, a 36-year-old lab technician at the Beeler Medical Center, and David Wilson, a 38-year-old sales manager formerly employed at a car dealership who now works in the stockroom at Big-Save. You live with your two children in a two-story house in Pittsburgh, PA. After falling behind on your taxes in 2005 and 2006 and incurring a \$22,342 tax liability, you've been paying your IRS debt through a monthly installment plan. However, your family's employment and cash flow situation has changed, and you can no longer afford the payments. You heard that the IRS has a program called "Offer in Compromise" which allows some taxpayers to pay off their debt for less than the full amount owed.

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You've tried to find creative ways to make some extra money and cut back on expenses. For the past four months you've rented the second floor of your house to a nursing student, an arrangement that brings in some extra income but also adds to your utility bills. You've also started taking public transportation to work to save money, but since the lab technician job requires driving to an off-site lab twice a week, you still have work-related gas and vehicle maintenance costs.

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limitations is not feasible, given your family's circumstances. A family friend has agreed to lend you some money to help settle your tax debt; you hope that this money, in addition to anything you else you can muster up, will be enough to make a reasonable offer.

To calculate an offer amount, complete the attached forms as instructed.

Wage Earner scenario draft							
Joint tax liability: 22342							
Personal information							
Primary Taxpayer: Pamela Wilson spouse: David Wilson							
Home address: 334 E. Carson Street Pittsburgh, Primary phone: 412-555-2387							
Secondary phone: 412-555-9736							
Dependents: Jonathan Wilson, Age 10, son Stacy Wilson, Age 8, daughter							
Primary taxpayer stats: SSN-704-190-9092 DOB 1/14/1973 Driver's license PA 235729							
Spouse stats: SSN-753-631-3715 DOB 9/10/1971 Driver's license PA 2876213							
Employment information							
Employer's name: Beeler Medical Center Employer address: 5520 Forbes Ave, Pittsburgh PA 15210							
Work phone: 412-834-2387 Employer allows calls at work 3 years 6 months with this employer							
Occupation: Lab technician Paid biweekly							
Employer's name: Big-Save Employer address: 486 Summit Park Drive, Washington, PA 15124 Work phone: 412-823-0962 Employer does not allow calls at work 5 months with this employer							
Occupation: Stockroom assistant Paid weekly							
Other financial information							
Is the individual a party to a lawsuit? No.							
Ever filed for bankruptcy? No.							
Anticipated increase/decrease in income? Yes. you anticipate that cash flow to get even tighter next month when the Beeler Medical Center implements a salary cut that will reduce all lab technicians' salaries by 10%.							
Is the individual the beneficiary of a trust, life insurance, etc.? No.							
In the past 10 years, lived outside US for more than 6 months? No.							
Personal asset information							
	<i>Fair market amount (FMV)</i>					<i>Amount available (as of July 15)</i>	
Cash not in banking account	150					150	
Personal bank accounts							
Savings account BSG Bank	2,540					2,540	
Checking account BSG Bank	1,565					1,565	
Safe deposit box BSG Bank - value of contents	500					400	
Investments							
IRA - N/A	0					0	
Available credit							
Credit card: Chase MasterCard							
Account number: 3123-3355-7298							

Credit limit:	4000					
Amount owed:	2456					
Available amount:	1544					
Credit card: BSG Bank Visa						
Account number: 8773-4123-9922						
Credit limit:	12000					
Amount owed:	8821					
Available amount:	3179					
Life insurance						
N/A						
Real estate						
	<i>Fair market amount (FMV)</i>			<i>Encumbrance (amount owed on loan)</i>	<i>IRS allowed deduction?</i>	<i>Amount available (as of July 15)</i>
Real estate: 334 E. Carson Street home	210,000			215,620		
Vehicles						
2002 Honda motorcycle Mileage: 40,764 Purchase date: 12/20/2004 (bought cash) Current FMV: \$5000 Current loan balance: 0 Date of final payment: 12/20/2004	5,000			0		4,000
2006 Toyota Camry Lender address: Pittsburgh Toyota, 630 Baum Blvd, Pittsburgh, PA 15230 Lender phone: 412-622-1460 Loan start date: 9/15/2007 Loan end date: 9/15/2011	8,800			5,460		1,580
Personal assets						
Valuable items: Stamp collection	475	0.80	380	0	0	380
Furniture and personal effects	9,600	0.80	7,680	0	8,230	0
Available income						
Primary taxpayer (Pamela)						2,859
Spouse (David)						1,120
Interest/Dividends						0
Net business income						0
Net rental income						500
Distributions						0
Pensions/social security (taxpayer)						0
Pensions/social security (spouse)						0
Child support						0
Alimony						0
Other						0
Average monthly expenses						
	<i>IRS allowed expense amounts</i>					<i>Actual gross monthly expenses</i>
Food, clothing, miscellaneous	1,370	<i>national</i>				1,140
Housing and utilities	1,572	<i>Allegheny county</i>				1,620
Vehicle ownership	489	<i>national</i>				250
Vehicle operating	186	<i>Midwest region -Cleveland</i>				335
Public transportation	60					60
Health insurance	0					125
Out-of-pocket health	240					385
Court-ordered payments	0					0
Childcare	0					125
Life insurance	0					0
Taxes	0					720
Other	0					140
Funds you can borrow from friend (Joanna Stevens)						5,000
Joint tax liability:						22,342



Department of the Treasury
Internal Revenue Service

www.irs.gov

Form 656-B (03-2009)
Catalog Number 52133W

Form 656-B

Offer in Compromise Booklet

IMPORTANT! THIS BOOKLET CONTAINS INFORMATION AND FORMS THAT YOU NEED IN ORDER TO PREPARE A COMPLETE AND ACCURATE OFFER IN COMPROMISE. PLEASE READ THESE INSTRUCTIONS CAREFULLY BEFORE ATTEMPTING TO COMPLETE THE ENCLOSED FORMS.

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Note: If you have any questions, please call our toll-free number at 1-800-829-1040. You can get forms and publications by calling toll free at 1-800-829-3676 (1-800-TAX-FORM), or by visiting your local Internal Revenue Service (IRS) office or our web site at www.irs.gov.

Funding Your Offer

If you do not have the cash to pay your offer amount immediately, you should begin the process of exploring options to finance your offer amount. Options you may want to consider include liquidating assets, obtaining a loan from a lending institution, borrowing on your home equity through a second mortgage or reverse mortgage, or borrowing funds from family members or friends.

NOTE: If your offer is returned or not accepted, any required payment made with the filing of your offer will not be refunded. Your payment will be applied to your outstanding tax liabilities.

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What is an Offer in Compromise?

An Offer in Compromise (OIC) is an agreement between the taxpayer and the government that settles a tax liability for payment of less than the full amount owed.

The IRS will generally accept an Offer in Compromise when it is unlikely that the tax liability can be collected in full and the amount offered reasonably reflects collection potential. An OIC is a legitimate alternative to declaring a case currently not collectible or to a protracted installment agreement. The goal is to achieve collection of what is potentially collectible at the earliest possible time and at the least cost to the government.

The success of the Offer in Compromise program will be assured only if taxpayers make adequate compromise proposals consistent with their ability to pay and the Service makes prompt and reasonable decisions. Taxpayers are expected to provide reasonable documentation to verify their ability to pay. The ultimate goal is a compromise which is in the best interest of both the taxpayer and the Service. Acceptance of an adequate offer will also result in creating a fresh start for the taxpayer and an expectation of compliance with all future filing and payment requirements.

- **Doubt as to Collectibility.** This means that doubt exists that the taxpayer could ever pay the full amount of tax liability owed within the remainder of the statutory period for collection. The IRS will consider a doubt as to collectibility offer when the taxpayer is unable to pay the taxes in full either by liquidating assets or through current installment agreement guidelines. The taxpayer **must** submit the appropriate collection information statement along with all required supporting documents.
- **Doubt as to Liability.** This means that a legitimate doubt exists that the taxpayer owes part or all of the

assessed tax liability. To submit a Doubt as to Liability OIC, the taxpayer must submit Form 656-L, which can be obtained by calling the toll free number 1-800-829-1040, by visiting the local IRS office or our web site at www.irs.gov.

- **Effective Tax Administration (ETA).** This means that the taxpayer **does not have any doubt** that the tax is correct and there is potential to collect the full amount of the tax owed, but an exceptional circumstance exists that would allow the Service to consider an offer. To be eligible for compromise on this basis, a taxpayer must demonstrate that collection of the tax would create an economic hardship or would be unfair and inequitable. For an ETA offer, a taxpayer must submit:
 1. A collection information statement with all appropriate attachments, and
 2. A written narrative explaining the taxpayer's special circumstances and why paying the tax liability in full would create an economic hardship or would be unfair and inequitable.

The taxpayer **must** also attach appropriate documentation that will support their request for an ETA offer such as proof of unusual expenses that would cause an economic hardship if the taxes were collected in full.

Note: An important factor in determining the type of offer to submit is the potential ability to pay the liability in full. If the taxpayer cannot pay their liability in full, then they should submit a Doubt as to Collectibility offer. If special circumstances exist, see Page 6 for additional information. However, if potential exists to pay their liability in full, but the collection of the tax would create an economic hardship or would be unfair or inequitable, then they should submit an Effective Tax Administration (ETA) offer.



PLEASE DO NOT GO ANY FURTHER WITHOUT FIRST DETERMINING WHETHER OR NOT YOU ARE ELIGIBLE TO HAVE YOUR OFFER IN COMPROMISE PROCESSED AT THIS TIME.

Step One:

Please answer the three questions below to determine if you are eligible to have your Offer in Compromise processed.

- | | YES | NO |
|---|--------------------------|--------------------------|
| <p>1. Do you currently have an open bankruptcy proceeding? You should contact your Bankruptcy Attorney if you are not certain. If you are involved in an open bankruptcy proceeding, contact your local IRS Insolvency office. If you do not know the location of your local IRS Insolvency office, then you may call 1-800-829-1040. They will be able to provide you with the local number. Any resolution of your outstanding tax liabilities generally must take place within the context of your bankruptcy proceeding. If you answered YES to this question, then stop here. You are not eligible to have your offer considered or processed at this time.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>2. Offer in Compromise Application Fee — Your offer must include the \$150 application fee or a completed Form 656-A, <i>Income Certification for Offer in Compromise Application Fee and Payment</i>, if you are requesting an exception of the fee because of your income. Offers received without the \$150 fee or a completed Form 656-A will not be accepted for processing. Please see Step Four on Page 12 of this package for more information on the application fee and to determine if you qualify for the exception.</p> <p>Have you attached the \$150 application fee or the Form 656-A, whichever is applicable, to the Form 656? If you answered NO to this question, Stop Here. You are not eligible to have your offer considered or processed at this time.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>3. Cash Payment and Periodic Payment Offers — Your offer must include your 20% payment for Lump Sum Cash payment offers, or your first installment payment of your Periodic Payment offer (Short Term or Deferred). If you are requesting an exception to the 20% down payment or your initial periodic payment because of your income level, then you must complete Form 656-A, <i>Certification of Offer in Compromise Application Fee and Payment</i>. Offers received without one of these will not be accepted for processing. Please see Step Four on Page 12 of this package for more information on the Cash Payment and Periodic Payment Offer.</p> <p>Have you attached either the 20% payment for Lump Sum Cash payment offers or your first installment payment for a Periodic Payment Offer, or, the Form 656-A? If you answered NO to this question, Stop Here. You are not eligible to have your offer considered or processed at this time.</p> | <input type="checkbox"/> | <input type="checkbox"/> |

NOTE: If you currently have an approved installment agreement with IRS and are currently making installment payments to IRS, then you may stop making those installment agreement payments when you submit a Periodic Payment offer. This will allow you to make your payments required under the Periodic Payment guidelines. You do not have to make both installment agreement payments and periodic payments at the same time.

However this procedure does not apply to Lump Sum Cash Offers. If you submit a Lump Sum Cash offer and you are currently making installment agreement payments, then you must continue to make your installment agreement payments until your offer is accepted.

Step Two: What We Need to Fully Evaluate Your Offer

1. You must file all tax returns that you were legally required to file prior to submitting an Offer in Compromise. If you have not filed all required tax returns, you will be asked to do so before we begin to evaluate your offer.

This includes but is not limited to:

- All Income Tax, Employment Tax, and Excise Tax returns, along with all returns required to be filed by Partnerships, Limited Liability Companies, or closely held Sub-Chapter S Corporations.

If you did not file a return for a specific year prior to submitting your OIC because you were not legally required to file the return, then you **must** include a detailed explanation of your circumstances with your OIC.

If you used an employee leasing company for all or part of the time during the past three years, then please provide a detailed explanation of your circumstances with your offer by providing the exact dates you used the employee leasing company, the name and address of the leasing company, and EIN of the leasing company, and whether or not you are still using them.

2. If you are a business with employees, then you must have made all required federal tax deposits for the current quarter. If you have not made all the required deposits, you will be asked to do so before we begin to evaluate your offer. In addition, you must remain current on all filing and deposit requirements while your offer is being investigated.

3. Estimated tax payments must be up to date for the current year — We will not process your offer to completion if we determine that your estimated tax payments for the current year's income tax liability are not paid up to date. If we determine

this to be the case, you will have one opportunity to make the required payments before we return your offer.

NOTE: If you fail to comply with items 1, 2, or 3, then your offer will be returned to you and we will keep your \$150 application fee as well as any payments you made with your offer, such as the 20% payment or your first installment. Any money not returned will be applied to your tax liability.

4. Complete an accurate Form 656 — Complete all applicable items on Form 656, **which is the official compromise agreement.** You **must** sign Form 656. If someone else prepared the offer package, then please see the instructions in Step Eight, Section IX and X, found on Page 21 of this package. If your Form 656 was prepared by an authorized representative, you **must** include a completed Form 2848, *Power of Attorney and Declaration of Representative*, with your offer, unless a copy is already on file with the IRS

Detailed instructions for the completion of Form 656 are found on Pages 20 – 22 of this package.

Common errors to avoid in completing Form 656:

- The taxpayer's name is missing.
- The street address is missing or incomplete.
- The social security number (SSN) or employer identification number (EIN) is missing, incomplete, or incorrect.
- The preprinted terms and conditions listed on the Form 656 have been altered or deleted.
- An offer amount is missing.
- Payment terms are missing or terms do not equal the offer amount.
- A required signature is missing.

5. Complete an accurate collection information statement (Form 433-A and/or Form 433-B) —

You **must** provide financial information when you submit offers based on doubt as to collectibility and effective tax administration. You **must** send us current information that reflects your financial situation for the **three months** immediately prior to the date you submitted your Offer in Compromise. Collection information statements **must** show all assets and income. The offer investigator needs this information to evaluate your offer and may ask you to update it or verify certain financial information. These forms **must** be filled in completely. We may return offer packages that are incomplete. Annotate items that do not apply to you with “N/A.”

Provide all the information required to support your financial condition.

Required items of documentation are clearly indicated on the collection information statements under the signature blocks. Photo copies of these support documents are acceptable. If you mail your original documents to the IRS, they will not be returned to you unless you specifically request it.

When only one spouse has a tax liability but both have incomes, only the spouse responsible for the tax debt is required to sign the necessary collection information statements. The responsible spouse should include **only** his/her assets and liabilities on his/her collection information statements. However, the income and expenses of the entire household is required on the responsible spouse’s collection information statements. The entire household includes spouse, domestic partner, significant other, children, and others that contribute to the household. This is necessary for the IRS to evaluate the income

and expenses allocable to the liable taxpayer.

When both spouses have tax liabilities included in the offer, whether jointly or separately, and they maintain a household together, both spouses are required to sign the collection information statement and include income and expenses of the entire household.

In states with community property laws, we require collection information statements from both spouses. We may also require financial information on the non-liable spouse, or cohabitant(s), for offer verification purposes, even when community property laws do not apply.

- 6. Respond promptly to requests for additional information —** While we are evaluating your offer, we may contact you for any information that is missing or requires clarification. You must respond within the time frame given to you by IRS or, we will not give your offer any further consideration. **Your offer will be returned to you and we will keep your \$150 application fee as well as any payments you made with your offer such as the 20% payment or your first installment. Any money not returned will be applied to your tax liability.**

- 7. We will not consider offers where liabilities have not been assessed —** You cannot submit an offer that is solely for a tax year or tax period that has not been assessed. Your offer will be returned if you submit an offer that is solely for an unassessed tax year or tax period and you will forfeit your application fee. Any money not returned will be applied to your tax liability.

- 8. Trust fund taxes -** Offers, from businesses seeking to compromise unpaid trust fund taxes that are

subject to assertion of the trust fund recovery penalty, will not be evaluated until the trust fund portion of the liability is either fully paid or the trust fund recovery penalty has been assessed against the responsible persons.

9. Make copies of removable forms and documents — This is a reminder that you should make copies of all the removable forms and documents that you send to the IRS. You should keep these copies with your records.

Step Three: Determining the Amount of Your Offer

Doubt as to Collectibility

Your offer amount must equal or exceed your reasonable collection potential amount. The information provided on the collection information statements (*Form 433-A and Form 433-B*) assists us in determining the reasonable collection potential (*RCP*). The RCP equals the net equity of your assets plus the amount we could collect from your future income. **If our financial analysis indicates that you have the ability to fully pay the tax liability, either immediately or through an installment agreement, your offer will be rejected. Exception: special circumstances. Please see below for more information on special circumstances. You must offer an amount greater than or equal to the RCP amount. All offer amounts must exceed zero.**

If special circumstances cause you to offer an amount less than the RCP, you **must** complete Section VI, "Explanation of Circumstances," on Form 656, explaining your situation. You **must** also attach to Form 656 any supporting documents to help support your special circumstances. Special circumstances

may include factors such as advanced age, serious illness from which recovery is unlikely, or any other factors that have an impact upon your ability to pay the total RCP and continue to provide for the necessary living expenses for you and your family.

If you are a wage earner or self-employed individual, completion of the worksheet on Pages 9 - 11 will give you a good estimate of what an acceptable offer amount may be. You will use the information on your Form 433-A to complete the worksheet.

Effective Tax Administration (ETA)

Complete Form 433-A or Form 433-B, as appropriate, and attach to Form 656. You **must** complete Section VI, "Explanation of Circumstances," on Form 656, explaining your exceptional circumstances and why requiring payment of the tax liability in full would either create an economic hardship or would be unfair and inequitable. You **must** also attach to Form 656 any documents to help support your exceptional circumstances.

Determine Your Payment Terms

There are three payment plans you and the IRS may agree to:

- **Lump Sum Cash Offer** – This option requires the offer amount to be paid **in five** or fewer installments, upon written notice of acceptance. Twenty percent of the total amount of the offer must be paid when you submit the Form 656.

If these installments will be paid in five months or less, you should offer the realizable value of your assets plus the total amount we could collect over 48 months of payments (or the remainder of the statutory period for collection, whichever is less).

If these installments will be paid in more than five months, but less than 24 months you should offer the realizable value of your assets plus the total amount we could collect over 60 months of payments.

If these installments will be paid in more than 24 months, you should offer the realizable value of our assets plus the number of months remaining on the statutory period for collection.

- **Short Term Periodic Payment Offer** – This option requires the offer amount to be paid within 24 months from the date IRS received the offer. The first payment **must** be submitted with your Form 656. You **must** continue to make regular payments during your offer investigation. Failure to make regular payments during your offer investigation will cause your offer to be withdrawn.

The offer must include the realizable value of your assets plus any amount we could collect over 60 months of payments (or the remainder of the statutory period of collection, whichever is less.)

NOTE: Generally the collection statute is 10 years from the date that your liability was assessed. If

you need assistance in calculating the remaining time on your collections statute, call 1-800-829-1040.

- **Deferred Periodic Payment Offer** – This option requires you to pay the offer amount over the remaining statutory period for collecting the tax. This offer option must include the realizable value of your assets plus the amount we could collect through monthly payments during the remaining life of the collection statute. As with the Short Term Periodic Payment above, the first payment must be submitted with your Form 656. You must make regular payments during your offer investigation. Failure to make regular payments during your offer investigation will cause your offer to be withdrawn.

Use the worksheet on pages 9 - 11, and use the amount in Box P as the basis for your offer amount in Section IV of Form 656.

- **Notice of Federal Tax Lien** – We may file a Notice of Federal Tax Lien with any of the above payment options.
- **How to Calculate an Offer Amount** – The worksheet on pages 9 - 11 instructs wage earners and self-employed individuals how to figure the appropriate amount of Lump Sum Cash, Short Term Periodic Payment and Deferred Periodic Payment Offers.
- **Exception to Application Fee and Payments** – If you believe that you qualify for the exception to the \$150 application fee and payments due to your low income, then please complete the Offer in Compromise Application Fee and Payment Worksheet. If you meet the qualifications, then you are not required to make any payments while we investigate your offer. Complete Form 656-A, *Income Certification for Offer in Compromise Application Fee and Payment*, and submit it with Form 656.

Worksheet to Calculate an Offer Amount

For use by Wage Earners and Self-Employed Individuals

Keep this worksheet for your records.
Do not send to the IRS.

Use this Worksheet to calculate an offer amount using information from the 433-A

1. Enter total Cash balances from lines 11 and 56

A

2. Enter total Personal and Business account balances from lines 12c and 57c

B

If less than 0, enter 0

3. Enter total investments from line 13d

C

4. Enter total life insurance cash value from line 15g

D

5. Enter total accounts/notes receivable from line 58e

E

Subtotal: Add boxes A through E =

F

6. Real Property Owned

	Enter Fair Market Value (FMV) for each asset	Enter loan balance for each asset	Individual asset value (if less than 0, enter 0)
From line 17a	\$ _____ x .8 = \$ _____	- \$ _____ =	_____
From line 17b	\$ _____ x .8 = \$ _____	- \$ _____ =	_____
Amount from any attachments	\$ _____ x .8 = \$ _____	- \$ _____ =	_____
		Subtotal =	G

7. Purchased Personal Vehicles and Other Licensed Assets

	Enter FMV for each asset	Enter loan balance for each asset	Individual asset value (if less than 0, enter 0)
From line 18a	\$ _____ x .8 = \$ _____	- \$ _____ =	_____
From line 18b	\$ _____ x .8 = \$ _____	- \$ _____ =	_____
Amount from any attachments	\$ _____ x .8 = \$ _____	- \$ _____ =	_____
		Subtotal =	H

8. Personal Assets Except Furniture and Personal Effects

	Enter FMV for each asset	Enter loan balance for each asset	Individual asset value (if less than 0, enter 0)
From line 19a	\$ _____ x .8 = \$ _____	- \$ _____ =	_____
From line 19b	\$ _____ x .8 = \$ _____	- \$ _____ =	_____
Amount from any attachments	\$ _____ x .8 = \$ _____	- \$ _____ =	_____
		Subtotal =	I

9. Furniture and Personal Effects

\$ _____ x .8 = \$ _____ - \$ _____ = _____

Allowable Exemption (subtract) – \$7900.00

Subtotal =
Cannot be less than 0

J

10. Business Assets Except Books and Tools

Enter current value
for each asset

Enter loan balance
for each asset

Individual asset
value (if less
than 0, enter 0)

From line 59a \$ _____ x .8 = \$ _____ - \$ _____ = _____

From line 59b \$ _____ x .8 = \$ _____ - \$ _____ = _____

Amounts from any attachments
\$ _____ x .8 = \$ _____ - \$ _____ = _____

Subtotal =

K

11. Books and Tools

\$ _____ x .8 = \$ _____ - \$ _____ = _____

Allowable Exemption (subtract) – \$3950.00

Subtotal =
Cannot be less than 0

L

12. Add amounts in Boxes F through L to obtain your total equity and assets =

M

13. Enter amount from line 32

\$ _____

Enter amount from line 45 and subtract –

\$ _____

Net Difference =
This amount would be available
to pay monthly on your tax liability.

N

If Box N is 0 or less,
STOP. Use the amount
from Box M to base
your offer amount in
Section IV of Form 656.
**Your offer amount
must equal or exceed
the amount shown in
Box M.**

14. Select the payment term below that you have chosen for your offer. For more information on payment terms, please see page 7 of this booklet.

A. Lump Sum Cash paid 5 installments within 5 months or less (or the remainder of the statutory period for collection, whichever is less)	Amount from Box N X 48 =	\$ _____
B. Lump Sum Cash paid 5 installments in more than 5 months but less than 24 months (or the remainder of the statutory period for collection, whichever is less)	Amount from Box N X 60 =	\$ _____
C. Lump Sum Cash paid 5 installments in more than 24 months	Amount from Box N X The number of months remaining on the statutory period for collection _____ =	\$ _____
D. Short Term Periodic Payment paid within 6 – 24 months	Amount from Box N X 60 =	\$ _____
E. Deferred Periodic Payment paid within the remainder of the statutory period for collection.	Amount from Box N X The number of months remaining on the statutory period for collection _____ =	\$ _____
Insert in Box O the amount from the payment terms you chose above.	O \$ _____	
Add Boxes M \$ _____ + O \$ _____ =	P \$ _____	

Enter the amount in **Box P** as your minimum offer amount in Section IV on the Form 656

Note: If you are submitting an offer under effective tax administration or doubt as to collectibility with special circumstances considerations then refer to page 6 of this booklet.

By law, the IRS has the authority to collect outstanding federal taxes for ten years from the date your liability is assessed. There may be circumstances that extend the ten year collection statute such as when a taxpayer files bankruptcy or an Offer in Compromise.

The IRS may adjust the Reasonable Collection Potential (RCP) during the investigation to a higher or lower amount, depending upon the facts and circumstances of your individual case. Occasionally, the IRS updates the amounts allowed for exempt property (i.e., Line 9, Furniture and Personal Effects, and Item 11, Books and Tools). Please use the amounts listed on page 10 (\$7900 and \$3950, respectively) until this booklet is revised again, or you can call our toll-free number (1-800-829-1040) to confirm the current amounts.

You can call the toll free number 1-800-829-1040 for assistance in calculating the remaining time on your collection statute.

Step Four: Offer in Compromise Application Fee and Payments

	One person is liable	Two people are liable for one joint liability	Two people have joint liabilities but want to file separate offers	Two people have joint liabilities and one has joint and separate liabilities	Corporation has a liability	Partnership has a liability	Individual and Corporate or Partnership liabilities
Number of Forms 656 required	1	1	2 Each will show the joint liabilities	2 One with the joint and the 2nd with the joint and separate liabilities	1	1	2
Number of fees to be sent with the Form 656*	1 - \$150 fee	1 - \$150	2 - \$150	2 - \$150	1 - \$150	1 - \$150	2 - \$150
Lump Sum Cash Offer amount to be sent with the Form 656	20% of the amount offered	20% of the amount offered	20% for each offered amount	20% for each offered amount	20% of the amount offered	20% of the amount offered	20% for each offered amount
Amount to be sent with the Short Term or Deferred Periodic Payment Offer	First payment amount shown in Section IV of the Form 656	First payment amount shown in Section IV of the Form 656	First payment for each offer that is shown in Section IV of the Form 656	First payment for each offer that is shown in Section IV of the Form 656	First payment amount shown in Section IV of the Form 656	First payment amount shown in Section IV of the Form 656	First payment for each offer that is shown in Section IV of the Form 656

A. The application fee and payment are due on all offers at the time you submit your offer. Please staple **both** the application fee **and** payment to the front of your Form 656. Any offer submitted without the application and payment will be returned to you without further consideration.

* **EXCEPTION:** If you certify that your total monthly household income is at or below levels based on the IRS OIC Low Income Guidelines, then you may be exempt from the application fee and the payments (20% of the amount offered, the initial payment, and required payments while your offer is being investigated) as described above. The exception for taxpayers with incomes below these levels only applies to individuals. It does not apply to other entities such as corporations, partnerships, and LLC's.

To determine if you qualify for the exemption, please complete the attached Offer in Compromise Application Fee and Payment Worksheet. If you do qualify, then you must complete and sign Form 656-A.

B. **Do not send cash.** Please make all checks or money orders payable to the "United States Treasury".

C. The application fee can only be returned to you if the IRS determines that your offer is not processable. If your offer is determined to be not processable (see Page 2 for the 3 processable requirements), the IRS will return your application fee.

However if your offer is determined to be not processable and you have made either the 20% initial payment for Lump Sum Cash offer, or the first initial installment for the Short Term Periodic Payment Offer or Deferred Periodic Payment Offer, these payments will not be refunded to you. They will be applied to your outstanding tax liability and your offer will be returned to you as not processable.

- D. If your offer is determined to be processable and later in the investigation, the offer is returned, rejected, or withdrawn, the application fee and payments will be applied to your outstanding tax liability.
- E. If you have any additional questions about your Offer in Compromise, application fee or payments, please call toll free at 1-800-829-1040, visit our web site at www.irs.gov or visit your nearest IRS office. You will find the exact address in your local phone book under U.S. Government.

Step Five: Where You Need to Send Your Offer

Where to File

IF YOU RESIDE IN

Alaska, Alabama, Arizona, California, Colorado, Hawaii, Idaho, Kentucky, Louisiana, Mississippi, Montana, Nevada, New Mexico, Oregon, Tennessee, Texas, Utah, Washington, Wisconsin or Wyoming,

AND

You are a wage earner, retiree, or a self-employed individual without employees,

THEN MAIL

Form 656 and attachments to:

Memphis Internal Revenue Service
Center COIC Unit
PO Box 30803, AMC
Memphis, TN 38130-0803

AND

You are **OTHER** than a wage earner, retiree, or a self-employed individual without employees,

THEN MAIL

Form 656 and attachments to:

Memphis Internal Revenue Service
Center COIC Unit
PO Box 30804, AMC
Memphis, TN 38130-0804

IF YOU RESIDE IN

Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Vermont, Virginia, West Virginia or have a foreign address,

AND

You are a wage earner, retiree, or a self-employed individual without employees,

THEN MAIL

Form 656 and attachments to:

Brookhaven Internal Revenue Service
Center COIC Unit
PO Box 9007
Holtsville, NY 11742-9007

AND

You are **OTHER** than a wage earner, retiree, or a self-employed individual without employees,

THEN MAIL

Form 656 and attachments to:

Brookhaven Internal Revenue Service
Center COIC Unit
PO Box 9008
Holtsville, NY 11742-9008

Step Six: What to Expect After the IRS Receives Your Offer

How We Consider Your Offer	An offer examiner will evaluate your offer and may request additional documentation from you to verify financial or other information you provide. The examiner will then make a recommendation to accept or reject the offer. The examiner may also	return your offer if you do not provide the requested information. The examiner may decide that a larger offer amount is necessary to justify acceptance. You will have the opportunity to amend your offer.
Additional Agreements	When you submit certain offers, we may also request that you sign an additional agreement requiring you to:	<ul style="list-style-type: none">■ Pay a percentage of your future earnings.■ Waive certain present or future tax benefits.
Withholding Collection Activities	There are certain circumstances where we will withhold collection activities while we consider your offer. We will not act to collect the tax liability: <ul style="list-style-type: none">■ While we investigate and evaluate your offer.■ For 30 days after we reject an offer.	<ul style="list-style-type: none">■ While you appeal an offer rejection. <p>The above do not apply if we find any indication that you submitted your offer to delay collection or cause a delay which will jeopardize our ability to collect the tax.</p> <ul style="list-style-type: none">■ A Notice of Federal Tax Lien may be filed at any time while your offer is being considered
Periodic Payments Requirements	If you choose one of the Periodic Payment options, then you are required to continue to make payments while your offer is being investigated. The removable Form 656-PPV is to be used to make these periodic payments. The instructions to complete Form 656-PPV are contained on the form as well as the proper address to mail your payments to. It is important to note that	the address where you send your periodic payments is different from the address where you submit your offer form. Be sure you send your periodic payment and Form 656-PPV to the address listed on the Form 656-PPV, as it applies to where you originally filed your offer.

NOTE: Step Six continues on Page 16.

If We Accept Your Offer

If we accept your offer, we will notify you by mail. When you receive your acceptance letter, you must:

- Promptly pay any unpaid amounts that become due under the terms of the offer agreement. You must comply with the payment terms specified in the agreement in a timely manner or your offer and agreement will be in default.
- Comply with all the terms and conditions of the offer, along with those of any additional agreement.
- Promptly notify us of any change of address until you meet the conditions of your offer. Your acceptance letter will indicate the IRS office to contact if your address changes. Your notification allows us to contact you immediately regarding the status of your offer.

We will release all Notices of Federal Tax Lien when you satisfy the payment terms of the offered amount. For an immediate release of a lien, you can submit certified funds with a request letter to the address on the acceptance letter.

Once your offer is accepted, not filing returns or paying taxes when due could result in the default of an accepted offer (see Section V (d) of Form 656 for the

future compliance provision). If you default your agreement, we will reinstate the unpaid amount of the original tax liability, file a Notice of Federal Tax Lien on any tax liability without a filed notice, and resume collection activities. The future compliance provision applies to all offers based on **Doubt as to Collectibility and Effective Tax Administration offers**.

We will not default your offer agreement when you have filed a joint offer with your spouse or ex-spouse as long as you have kept or are keeping all the terms of the agreement, even if your spouse or ex-spouse violates the future compliance provision.

The offer agreement requires you to forego certain refunds, and to return those refunds to us if they are issued to you by mistake. These conditions are also listed on Form 656, Sections V (f) and (g). For example, if your offer was accepted by the IRS in the tax year 2008, the IRS would keep the refund due to you with respect to the tax year 2008, which you would normally receive in calendar year 2009 (*because the due date for filing the tax year 2008 is April 15, 2009*).

If We Reject Your Offer

We will notify you by mail if we reject your offer. In our letter, we will explain our reason for the rejection. We will also keep your \$150 application fee and payments. If your offer is rejected, you have the right to:

- Appeal our decision to the Office of Appeals within thirty days from the date of our letter. The letter will include detailed instructions on how to appeal the rejection.

- Information about appeals, including an online self-help tool to assist you in deciding whether to appeal the rejection of your offer, is available at www.irs.gov, using key word "appeals".

Step Seven: Offer in Compromise Summary Checklist

Below is a checklist of items that you should review and complete prior to submitting your Form 656, *Offer in Compromise*. This checklist is solely for your benefit, so do not submit with your offer.

- Did you answer YES to question one on Page 2? If you did, then please do not submit Form 656 because you are not eligible to have your offer considered at this time.
- Did you answer NO to questions two or three on Page 2? If you did, then please do not submit Form 656 because you are not eligible to have your offer considered at this time.
- Have you properly completed Form 656, *Offer in Compromise*, by following the instructions on Pages 20 - 22?
- Are the preprinted terms and conditions listed on Form 656 unaltered?
- Are you using the most current versions of Form 656, Form 433-A, and Form 433-B as instructed on Page 4?
- Did you include your name (or names, if joint)?
- Have you included your social security number (SSN) (both SSNs are required if filing a joint offer) and/or employer identification number (EIN) and is it accurate?
- Have you included an offer amount (the amount must be greater than **zero**) and payment terms as instructed on Page 11, Box P?
- Have you signed the Form 656? If this is a joint Form 656, have both spouses signed Form 656?
- Have you included complete financial information (Form 433-A or Form 433-B, or both) and all attachments as instructed on Page 4?
- Have you either attached the application fee in the designated area on the Form 656 or attached the Form 656-A certification, whichever is applicable?**
- Have you attached to Form 656 either the 20% payment for the Lump Sum Cash offer, or the first installment payment for either the Short Term Periodic Payment or Deferred Periodic Payment, OR attached Form 656-A certification, whichever is applicable?
- Have you signed in all required places on Form 433-A and/or Form 433-B?
- Is your offer amount greater than or equal to the reasonable collection potential (RCP) as described on Page 6 and calculated on Page 11, unless your offer is based on Effective Tax Administration and/or special circumstances exist?
- If applicable, are Sections IX and XI, on Form 656 completed?
- If applicable, is Section X on Form 656 completed and **signed**?
- Have you properly identified where to mail your Form 656 from the instructions on Page 14?
- If applicable, did you attach Form 2848 as required in Section XI, Page 22?

If you have any questions, please call our toll-free number at 1-800-829-1040. You can get forms and publications by calling toll free at 1-800-829-3676 (1-800-TAX-FORM), or by visiting your local Internal Revenue Service (IRS) office or our website at www.irs.gov.

Important Information Regarding the Offer in Compromise

Statute of Limitations for Assessment and Collection is Suspended — The statute of limitations for assessment and collection of a tax debt is suspended while an OIC is “pending,” or being reviewed. The Offer in Compromise is pending starting with the date an authorized IRS employee determines the Form 656 can be processed and signs the Form 656. The OIC remains pending until an authorized IRS employee accepts, rejects, returns, or acknowledges withdrawal of the offer in writing. If a taxpayer appeals an OIC that was rejected, the IRS will continue to treat the OIC as pending until the Appeals Office accepts or rejects the OIC in writing.

Taxpayers Must File and Pay Taxes — In order to avoid defaulting an OIC once it is accepted by the IRS, taxpayers must remain in compliance in the filing and payment of all required taxes for a period of five years, or until the offered amount is paid in full, whichever is longer. Failure to comply with these conditions will result in the default of the OIC and the reinstatement of the full tax liability.

Federal Tax Liens Are Not Released — If there is a Notice of Federal Tax Lien on record prior to the OIC being submitted, the lien is not released until the terms of the offer in compromise are satisfied, or until the liability is paid, whichever comes first.

The IRS generally files a Notice of Federal Tax Lien to protect the Government’s interest on all payment offers. This tax lien will be released when the payment terms of the offer agreement have been satisfied.

Effect of the Offer on the Taxpayer’s Refund — The IRS will keep any refund, including interest due to the taxpayer because of overpayment of any tax or other liability, for tax periods extending through the calendar year that the IRS accepts the offer. The taxpayer may not designate an overpayment ordinarily subject to refund, to which the IRS is entitled, to be applied to estimated tax payments for the following year.

Effect of the Offer on Levies — The IRS will keep all payments and credits made, received or applied to the total original

tax liability before submission of this offer. The IRS may keep any proceeds from a levy served prior to submission of the offer, but not received at the time the offer is submitted. If a levy has been served prior to submission of the offer, or if a levy was served after the offer was filed, then immediately contact the IRS person or function whose name and phone number appear on the levy as the contact person.

Public Inspection Files for Accepted Offer in Compromise Files — The law requires IRS to make certain information from accepted Offers in Compromise available for public inspection and review. These public inspection files are located in designated IRS Area Offices. It is important to know that certain information regarding your accepted Offer in Compromise will be publicly known.

Taxpayer Advocate Service — The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. If you believe you are eligible for TAS assistance, you can reach TAS by calling toll free 1-877-777-4778, or TTY/TTD 1-800-829-4059.

Low Income Taxpayer Clinic (LITC) — Low Income Taxpayer Clinics are independent organizations that provide low income taxpayers with representation in Federal tax controversies with the IRS for free or for a nominal charge. The clinics also provide tax education and outreach for taxpayers with limited English proficiency or who speak English as a second language. 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.

Penalties and Interest — Penalties and interest will continue to accrue on your unpaid balance of assessment(s) while your offer is being considered.

Terms and Definitions

An understanding of the following terms and conditions will help you to prepare offers based upon **doubt as to collectibility or effective tax administration**.

Current Value — The amount you could reasonably expect from the sale of an asset today. Provide an accurate valuation of each asset. Determine value from realtors, used car dealers, publications, furniture dealers, or other experts on specific types of assets. Please include a copy of any written estimate with your Collection Information Statement.

Expenses Not Generally Allowed — We typically do not allow you to claim tuition for private schools, public or private college expenses, charitable contributions, voluntary retirement contributions, payments on unsecured debts such as credit card bills, cable television charges and other similar expenses as necessary living expenses. However, we may allow these expenses when you can prove that they are necessary for the health and welfare of you or your family or for the production of income.

Future Income — We generally determine the amount we could collect from your future income by subtracting necessary living expenses from your monthly income over a set number of months. For a lump sum cash offer paid in five months or less, you must offer what you could pay in monthly payments over forty-eight months (*or the remainder of the ten-year statutory period for collection, whichever is less*). For a Lump Sum Cash Offer paid in more than five months or a Short Term Periodic Payment Offer, you must offer what you could pay in monthly payments over 60 months (*or the remainder of the statutory period for collection, whichever is less*). For a deferred periodic payment offer, you must offer what you could pay in monthly payments during the remaining time we could legally receive payments.

Necessary Expenses — Necessary expenses are the allowable payments you make to support you and your family's health and welfare and/or the production of income. These expenses do not apply to businesses. See our website at www.irs.gov for an explanation of National Standard Expenses and the amounts that are allowed. We derive these amounts from the Bureau of Labor Statistics Consumer Expenditure Survey. We also use information from the Bureau of the Census to determine local expenses for housing, utilities, and transportation.

NOTE:

If the IRS determines that the facts and circumstances of your situation indicate that using the scheduled allowance of necessary expenses is inadequate, we will allow you an adequate means for providing basic living expenses. However you must provide documentation that using national and local expense standards leaves you an inadequate means of providing for basic living expenses.

Quick Sale Value (QSV) — The amount you could reasonably expect from the sale of an asset if you sold it quickly, typically in ninety days or less. This amount generally is less than current value, but may be equal to current value, based on local circumstances.

Realizable Value — The quick sale value amount minus what you owe to a secured creditor. The creditor must have priority over a filed Notice of Federal Tax Lien before we allow a subtraction from the asset's value.

Reasonable Collection Potential (RCP) — The total realizable value of your assets plus your future income. The total is generally your minimum offer amount.

Step Eight: Completing Form 656, Offer in Compromise

Note: If you have any questions about completing this form, you may call toll free at 1-800-829-1040 or visit your local IRS office or our website at www.irs.gov. We may return your offer if you fail to follow these instructions.

Section I:

Enter your name and home and business street address. Show **both names** on a joint offer for joint liabilities. You also should include a mailing address if it is different from your street address.

If you owe a liability —

Jointly with another person and **both of you agree** to submit an offer, send only **one** Form 656, *Offer in Compromise*, and **one** \$150 application fee (or Form 656-A, if applicable) and one payment (20% of the amount offered or first initial payment).

By yourself (such as employment taxes), and other liabilities with another person (such as income taxes), but **only you** are submitting an offer, then list **all** tax liabilities on **one** Form 656 and submit **one** \$150 application fee (or Form 656-A, if applicable) and one payment (20% of amount offered or first initial payment).

By yourself and another one jointly, and **both of you** submit an offer, then you must show **all** tax liabilities on

your Form 656 and submit **one** \$150 application fee (or Form 656-A, if applicable) and payment (20% of offer amount or first initial payment). **The other person** should show **only** the joint tax liability on their Form 656 and submit **one** \$150 application fee (or Form 656-A, if applicable) and payment (20% of amount offered or first initial payment)

Please see the matrix in Step 4, Page 12, for further instructions and examples.

Enter the social security number(s) for the person(s) submitting the offer. For example, enter the social security number of both spouses when submitting a joint offer for a joint tax liability. However, when only one spouse submits an offer, enter only that spouse's social security number

Enter the employer identification number for offers from businesses.

Show the employer identification numbers for all other businesses that you own or in which you have an ownership interest, even if they are not included in the offer.

Section II:

Identify the type of tax liability you owe and enter the tax year or period. Letters and notices from us and Notices of

Federal Tax Lien show the tax periods for trust fund recovery penalties.

Section III:	Check the appropriate box(es) describing the basis for your offer.	Effective Tax Administration offers require you to complete a Form 433-A, <i>Collection Information Statement for Wage Earners and Self-Employed Individuals</i> , if you are an individual taxpayer, or a Form 433-B, <i>Collection Information Statement for Businesses</i> , if you are a corporation or other business taxpayer. Complete Section VI, "Explanation of Circumstances."
	Doubt as to Collectibility offers require you to complete a Form 433-A, <i>Collection Information Statement for Wage Earners and Self-Employed Individuals</i> , if you are an individual taxpayer, or a Form 433-B, <i>Collection Information Statement for Businesses</i> , if you are a corporation or other business taxpayer.	
	Note: Attach to the upper left corner of Form 656 the six (6) pages of the collection information statement(s) and all related documents before you send it to us.	
Section IV:	Enter the total amount of your offer (see Page 6, Step Three, "Determining the Amount of Your Offer"). Your offer amount cannot include a refund we owe you or amounts you have already paid.	Check the appropriate payment box (<i>Lump Sum Cash Offer, Short Term Periodic Payment Offer, or Deferred Periodic Payment Offer</i> — see Page 7, "Determine Your Payment Terms") and describe your payment plan in the spaces provided.
Section V:	It is important that you understand the requirements listed in this section. Pay particular attention to Items (d), (f)	and (g), as they address the future compliance provision and refunds.
Section VI:	Explain your reason(s) for submitting your offer in the "Explanation of Circumstances." You may attach	additional sheets if necessary. Include your name and SSN or EIN on all attachments. If you believe you have special circumstances affecting your ability to fully pay the amount due, thoroughly explain your situation.
Section VII:	Explain where you will get the funds to pay the amount you are offering.	
Section VIII:	All persons submitting the offer must sign and date Form 656. Include titles of authorized corporate officers,	executors, trustees, Powers of Attorney, etc., where applicable.
Section IX:	If someone other than the taxpayer prepared this Offer in Compromise, the	taxpayer should insert the name and address of the preparer (<i>if known</i>) in Section IX.
Section X:	Paid Preparer Use Only.	Please see the "Privacy Act Notice" in Form 656.

Section XI:

If you want to allow the IRS to discuss your Offer in Compromise with a friend, family member, or any other person, including an individual you paid to prepare this form, check the “Yes” box in Section XI, “Third Party Designee,” on your Form 656. Also enter the designee’s name and phone number. Checking the “Yes” box allows the IRS to contact another person and discuss with that person any additional information the IRS needs to process your offer.

This additional information may include information about tax liabilities you failed to list in Section II on your Form 656 or returns you have failed to file. If your contact person is an attorney, CPA, or enrolled agent and you wish to have them represent you regarding this offer, a Form 2848, *Power of Attorney and Declaration of Representative*, should be completed and submitted with your offer.

Note: Staple Form 2848, Power of Attorney and Declaration of Representative, to the upper left corner of Form 656 before you send it to us.

Offer in Compromise

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

IRS RECEIVED DATE

Section I Taxpayer Contact Information

Taxpayer's First Name and Middle Initial		Last Name	
If a joint offer, spouse's First Name and Middle Initial		Last Name	
Business Name			
Taxpayer's Address (Home and Business) (number, street, and room or suite no., city, state, ZIP code)			
Mailing Address (if different from above) (number, street, and room or suite no., city, state, ZIP code)			

DATE RETURNED

Social Security Number (SSN) (Primary)		(Secondary)	Employer Identification Number (EIN) (EIN included in offer)		(EIN not included in offer)
-	-	-	-	-	-

Section II To: Commissioner of Internal Revenue Service

I/We (includes all types of taxpayers) submit this offer to compromise the tax liabilities plus any interest, penalties, additions to tax, and additional amounts required by law (tax liability) for the tax type and period marked below: (Please mark an "X" in the box for the correct description and fill-in the correct tax period(s), adding additional periods if needed).

- 1040/1120 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 a separate sheet of paper and title it "Attachment to Form 656 Dated _____." Sign and date the attachment following the listing of the tax periods.

Section III Reason for Offer in Compromise

I/We submit this offer for the reason(s) checked below:

- Doubt as to Collectibility — "I have insufficient assets and income to pay the full amount." You must include a complete Collection Information Statement, Form 433-A and/or Form 433-B.
- 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." You must include a complete Collection Information Statement, Form 433-A and/or Form 433-B and complete Section VI.

Section IV Offer in Compromise Terms

I/We offer to pay \$ _____ (must be more than zero). Complete Section VII to explain where you will obtain the funds to make this offer.

Check **only** one of the following:

- Lump sum cash offer** — 20% of the amount of the offer \$ _____ must be sent with Form 656. Upon written acceptance of the offer, the balance must be paid in 5 or fewer installments.

\$ _____ payable within _____ months after acceptance
 \$ _____ payable within _____ months after acceptance
 \$ _____ payable within _____ months after acceptance
 \$ _____ payable within _____ months after acceptance
 \$ _____ payable within _____ months after acceptance

- Short Term Periodic Payment Offer** - Offer amount is paid within 24 months from the date IRS received your offer. The first payment **must** be submitted with your Form 656. You **must** make regular payments during your offer investigation. Complete the following:

\$ _____ will be submitted with the Form 656. Beginning in the month after the offer is submitted (insert month _____), on the _____ day of each month, \$ _____ will be sent in for a total of _____ months. (Cannot extend more than 24 months from the date the offer was submitted.)

Section IV Cont.

Deferred Periodic Payment Offer – Offer amount will be paid over the remaining life of the collection statute. The first payment **must** be submitted with your Form 656. You must make regular payments during your offer investigation. Complete the following:

\$ _____ will be submitted with the Form 656. Beginning in the month after the offer is submitted (*insert month* _____), on the _____ day of each month, \$ _____ will be sent in for a total of _____ months.

Optional - Designation of Required Payment under IRC 7122(c)

You have the option to designate the required payment you made under Section IV above. If you choose not to designate your required payment, then the IRS will apply your payment in the best interest of the government. If the required payment is not paid, the offer will be returned even if you make a payment you designated as a deposit. Please complete the following if you choose to designate your payment:

\$ _____ paid under IRC 7122 (c) is to be applied to my _____ Tax Year/Quarter(s) (*whichever is applicable*) for my/our tax form _____.

If you pay more than the required payment when you submit your offer and want any part of that additional payment treated as a deposit, check the box below and insert the amount. It is not required that you designate any portion of your payment as a deposit.

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

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

(a) I/We voluntarily submit all tax payments made on this offer, including the mandatory payments of tax required under section 7122(c). These tax payments are not refundable even if I/we withdraw the offer prior to acceptance or the IRS returns or rejects the offer. If the offer is accepted, the IRS will apply payments made after acceptance in the best interest of the government.

(b) Any payments made in connection with this offer will be applied to the tax liability unless I have specified that they be treated 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/we understand that the IRS will not pay interest on any deposit.

(c) The application fee for this offer will be kept by the IRS unless the offer was not accepted for processing.

(d) I/We will comply with all provisions of the Internal Revenue Code relating to filing my/our returns and paying my/our required taxes for 5 years or until the offered amount is paid in full, whichever is longer. In the case of a jointly submitted Offer in Compromise of joint liabilities, I/we understand that default with respect to the compliance provisions described in this paragraph by one party to this agreement will not result in the default of the entire agreement. The default provisions described in Section V(i) of this agreement will be applied only to the party failing to comply with the requirements of this paragraph.

(e) I/We waive and agree to the suspension of any statutory periods of limitation (time limits provided by law) for the IRS assessment of the liability for the periods identified in Section II. I/We understand that I/we have the right not to waive these statutory periods or to limit the waiver to a certain length or to certain periods. I/we understand, however, that the IRS may not consider this offer if I/we refuse to waive the statutory periods for assessment or if we provide only a limited waiver. The amount of any Federal tax due for the periods described in Section II may be assessed at any time prior to the acceptance of this offer or within one year of the rejection of this offer. I/We understand that the statute of limitations for collection will be suspended during the period an offer is considered pending by the IRS (paragraph (k) of this section defines pending).

(f) The IRS will keep all payments and credits made, received or applied to the total original liability before submission of this offer and all payments required under section 7122(c). The IRS will also keep all payments in excess of those required by section 7122(c) that are received in connection with the offer and that are not designated as deposits in Section IV. The IRS may keep any proceeds from a levy served prior to submission of the offer, but not received at the time the offer is submitted. As additional consideration beyond the amount of my/our offer, the IRS will keep any refund, including interest, due to me/us because of overpayment of any tax or other liability, for tax periods extending through the calendar year in which the IRS accepts the offer. The date of acceptance is the date on the written notice of acceptance issued by the IRS to me/us or to my/our representative. I/We may not designate an overpayment ordinarily subject to refund, to which the IRS is entitled, to be applied to estimated tax payments for the following year.

(g) I/We will return to the IRS any refund identified in paragraph (f) received after submission of this offer.

(h) The IRS cannot collect more than the full amount of the liability under this offer.

(i) I/We understand that I/we remain responsible for the full amount of the liabilities, unless and until the IRS accepts the offer in writing and I/we have met all the terms and conditions of the offer. The IRS will not remove the original amount of the liabilities from its records until I/we have met all the terms and conditions of the offer. I/we understand that the liabilities I/we offer to compromise are and will remain liabilities until I/we meet all the terms and conditions of this offer. If I/we file for bankruptcy before the terms and conditions of this offer are completed, any claim the IRS files in the bankruptcy proceedings will be a tax claim.

(j) Once the IRS accepts the offer in writing, I/we have no right to contest, in court or otherwise, the amount of the liability.

(k) The offer is pending starting with the date an authorized IRS official signs the form. The offer remains pending until an authorized IRS official accepts, rejects, returns or acknowledges withdrawal of the offer in writing. If I/we appeal an IRS rejection decision on the offer, the IRS will continue to treat the offer as pending until the Appeals Office accepts or rejects the offer in writing.

Section VIII Mandatory Signatures

Taxpayer Attestation	If I / we submit this offer on a substitute form, I / we affirm that this form is a verbatim duplicate of the official Form 656, and I/we agree to be bound by all the terms and conditions set forth in the official Form 656.		
	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	Daytime Telephone Number ()	Date (mmddyyyy)
	Signature of Taxpayer		Date (mmddyyyy)

Official Use Only

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

Signature of Authorized Internal Revenue Service Official	Title	Date (mmddyyyy)
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Section IX Application Prepared by Someone Other than the Taxpayer

If this application was prepared by someone other than the taxpayer, please fill in that person's name and address below.

Name
Address (if known) (Street, City, State, ZIP code)

Section X Paid Preparer Use Only

Name of Preparer			
Signature of Preparer	Date (mmddyyyy)	Check if self-employed <input type="checkbox"/>	Preparer's CAF no. or PTIN
Firm's name (or yours if self-employed), address, and ZIP code			

Section XI Third Party Designee

Do you want to allow another person to discuss this offer with the IRS?	<input type="checkbox"/> Yes. Complete the information below.	<input type="checkbox"/> No
Designee's Name	Telephone Number ()	

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 in Compromise. You are not required to make an Offer in Compromise; 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 X 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.

Attention:

Instructions and pertaining forms for completing an accurate Offer in Compromise are available in the Form 656-B, Offer in Compromise Booklet. The Form 656-B is available through the IRS website www.irs.gov.

Offer in Compromise Application Fee and Payment Worksheet

This worksheet should only be completed if you are requesting an exception to the \$150 application fee and payment(s) because of your income.

It is important that you use the current version Form 656 (Rev. 03-2009), *Offer in Compromise*, and the (Rev. 1-2008) versions of Forms 433-A, *Collection Information Statement for Wage Earners and Self-Employed Individuals*, that are included in this package.

Individuals whose income falls at or below levels based on IRS Offer in Compromise Low Income Guidelines are not required to pay the application fee or the required initial payments. This exception only applies to individuals; it does not apply to other entities such as corporations or partnerships. You should use the worksheet below to determine if you meet the eligibility requirements.

If you are an individual, follow the steps below to determine if you must pay the application fee and any 20% payment or first initial installment with your Form 656, Offer in Compromise.

- Family Unit Size** _____. Enter the total number of dependants (including yourself and your spouse) listed in Section 1 of Form 433-A, *Collection Information Statement for Wage Earners and Self-Employed individuals*. Transfer this number to Form 656-A, Item 5.
- Total Household Monthly Income** _____. Enter the amount of your total household monthly income from Section 4, Line 32, "Total Income", of the Form 433A, *Collection Information Statement for Wage Earners and Self-Employed Individuals*. Please see Page 4 under Step Two, item 5, for a definition of total household income. Transfer this number to Form 656-A, Item 6.

If you are self-employed you must comply to footnote number 6 instructions regarding business deductions and treatment of depreciation before you compute the Net Business Income amount for line 82, and carry it over to Form 433A, section 4, line 23 to Form 656-A, Item 6.

- Compare the information you entered in items 1 and 2, above, to the IRS OIC Low Income Guidelines table below. Find the "Family Unit Size" equal to the number you entered in item 1. Next, find the column which represents where you reside (48 Contiguous states, DC ..., Hawaii or Alaska). Compare the "Total Household Income" you entered in item 2 to the number in the row and column that corresponds to your family unit size and residence. *For example, if you reside in one of the 48 contiguous states, and your family unit size from item 1 above is 4, and your total household monthly income from item 2 above is \$3000, then you are exempt from the application fee and payment because your income is less than the \$4,594 guideline amount.*

IRS OIC Low Income Guidelines

Size of Family Unit	48 Contiguous States and D.C.	Hawaii	Alaska
1	\$2,256	\$2,596	\$2,819
2	\$3,035	\$3,492	\$3,794
3	\$3,815	\$4,388	\$4,769
4	\$4,594	\$5,283	\$5,744
5	\$5,373	\$6,179	\$6,719
6	\$6,152	\$7,075	\$7,694
7	\$6,931	\$7,971	\$8,669
8	\$7,710	\$8,867	\$9,644
For each additional person, add	\$779	\$896	\$975

- If the total household monthly income you entered in item 2 is **more** than the amount shown for your family unit size and residence in the monthly IRS OIC Low Income Guidelines table above, **you must send the \$150 application fee and any 20% payment or first initial installment with each OIC you submit.**

Your check or money order should be made payable to the "**United States Treasury**" and attached to the front of your Form 656, *Offer In Compromise*. **Do Not Send Cash.** Send a separate application fee with each OIC; do not combine it with any other tax payments as this may delay processing of your OIC. Your OIC will be returned to you without further consideration if the application fee and the required payments are not properly remitted, or if your check is returned for insufficient funds.

- If the total income you entered in item 2 is **equal to or less than** the amount shown for your family unit size and residence in the table above, do not send the application fee or the required payments. Sign and date Form 656-A, *Income Certification for Offer in Compromise Application Fee and Payment*. **Attach the certification to the front of your Form 656.**

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**Income Certification for Offer in Compromise
Application Fee and Payment**
(For Individual Taxpayers Only)

If you are not required to submit the fee or payments based on your income level, you must complete this form and attach it to the front of your Form 656. You do not need to attach the Offer in Compromise Application Fee and Payment Worksheet to the Form 656.

1. Your Name <i>(Last, First, Middle initial) (Please Print)</i>	2. Social Security Number (SSN) or Taxpayer Identification Number (TIN)
3. Spouse's Name <i>(Last, First, Middle initial) (Please Print)</i>	4. Social Security Number (SSN) or Taxpayer Identification Number (TIN)
5. Family Unit Size <i>(This number is transferred over from your Offer in Compromise Application Fee and Payment Worksheet)</i>	
6. Total Household Monthly Income <i>(This amount is transferred over from your Offer in Compromise Application Fee and Payment Worksheet)</i> \$	

Certification: Under the penalty of perjury, I certify that I am not required to submit an Offer in Compromise application fee or payment, based on family unit size and income.

Your Signature	Date
Spouse's Signature <i>(if submitting a joint Offer in Compromise)</i>	Date

Offer in Compromise - Periodic Payment Voucher

If you filed an offer in compromise and the offered amount is to be paid in 24 months or fewer (*Short Term Periodic Payment Offer*) or monthly installments paid within the statutory period (*Deferred Periodic Payment Offer*) in accordance with the **Tax Increase Prevention and Reconciliation Act of 2005**, you must continue to make the payments during the investigation of the offer until you receive a decision letter (*accepted, rejected, returned, or withdrawn*). Mail this voucher with your check or money order payable to the "United States Treasury." Write your social security number or employer identification number on the check or money order. Do not send cash. You may designate a specific tax liability to apply the payments. If you choose to do this, please write it in the "Apply to" section of the **Form 656-PPV**.

Enclose your payment with this voucher and mail to:

For those offers originally sent to Holtsville, NY, please send payments to: P.O. Box 9011, Holtsville, NY 11742
 For those offers originally sent to Memphis, TN, please send payments to: AMC-Stop 880, PO Box 30834, Memphis, TN 38130-0834

(Please Print or Type)

Taxpayer's First Name and Initial	Taxpayer's Last Name	Your Social Security Number (SSN) or Employer Identification Number (EIN)				
Taxpayer's Address <i>(number, street, and room or suite no., city, state, ZIP code)</i>		<p>Amount of Your Payment</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; text-align: center;"><i>(Dollars)</i></td> <td style="width: 20%; text-align: center;"><i>(Cents)</i></td> </tr> <tr> <td style="text-align: center; vertical-align: middle;">\$</td> <td style="text-align: center; vertical-align: middle;"> </td> </tr> </table>	<i>(Dollars)</i>	<i>(Cents)</i>	\$	
<i>(Dollars)</i>	<i>(Cents)</i>					
\$						
Offer Number <i>(If you are submitting a payment (as described above) and this Form 656-PPV with your offer, then please leave this section blank. An offer number will be assigned and sent to you once your offer is processed.)</i>		<p>Apply Payment to: <i>(optional)</i></p> <p>Form _____</p> <p>Period _____</p>				

Collection Information Statement for Wage Earners and Self-Employed Individuals

Wage Earners Complete Sections 1, 2, 3, and 4, including signature line on page 4. *Answer all questions or write N/A.*
Self-Employed Individuals Complete Sections 1, 2, 3, 4, 5 and 6 and signature line on page 4. *Answer all questions or write N/A.*
For Additional Information, refer to Publication 1854, "How To Prepare a Collection Information Statement"
Include attachments if additional space is needed to respond completely to any question.

Name on Internal Revenue Service (IRS) Account	Social Security Number SSN on IRS Account	Employer Identification Number EIN
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Section 1: Personal Information

1a Full Name of Taxpayer and Spouse (if applicable)		1c Home Phone () ()	1d Cell Phone () ()
1b Address (Street, City, State, ZIP code) (County of Residence)		1e Business Phone () ()	1f Business Cell Phone () ()
		2b Name, Age, and Relationship of dependent(s)	
2a Marital Status: <input type="checkbox"/> Married <input type="checkbox"/> Unmarried (Single, Divorced, Widowed)			
3a Taxpayer	Social Security No. (SSN)	Date of Birth (mmddyyyy)	Driver's License Number and State
3b Spouse			

Section 2: Employment Information

If the taxpayer or spouse is self-employed or has self-employment income, also complete Business Information in Sections 5 and 6.

Taxpayer		Spouse	
4a Taxpayer's Employer Name		5a Spouse's Employer Name	
4b Address (Street, City, State, ZIP code)		5b Address (Street, City, State, ZIP code)	
4c Work Telephone Number () ()	4d Does employer allow contact at work <input type="checkbox"/> Yes <input type="checkbox"/> No	5c Work Telephone Number () ()	5d Does employer allow contact at work <input type="checkbox"/> Yes <input type="checkbox"/> No
4e How long with this employer (years) (months)	4f Occupation	5e How long with this employer (years) (months)	5f Occupation
4g Number of exemptions claimed on Form W-4	4h Pay Period: <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Other	5g Number of exemptions claimed on Form W-4	5h Pay Period: <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Other

Section 3: Other Financial Information (Attach copies of applicable documentation.)

6 Is the individual or sole proprietorship party to a lawsuit (If yes, answer the following) Yes <input type="checkbox"/> No <input type="checkbox"/>			
<input type="checkbox"/> Plaintiff <input type="checkbox"/> Defendant	Location of Filing	Represented by	Docket/Case No.
Amount of Suit \$	Possible Completion Date (mmddyyyy)	Subject of Suit	
7 Has the individual or sole proprietorship ever filed bankruptcy (If yes, answer the following) Yes <input type="checkbox"/> No <input type="checkbox"/>			
Date Filed (mmddyyyy)	Date Dismissed or Discharged (mmddyyyy)	Petition No.	Location
8 Any increase/decrease in income anticipated (business or personal) (If yes, answer the following) Yes <input type="checkbox"/> No <input type="checkbox"/>			
Explain. (Use attachment if needed)	How much will it increase/decrease \$	When will it increase/decrease	
9 Is the individual or sole proprietorship a beneficiary of a trust, estate, or life insurance policy (If yes, answer the following) Yes <input type="checkbox"/> No <input type="checkbox"/>			
Place where recorded:		EIN: ;	
Name of the trust, estate, or policy	Anticipated amount to be received \$	When will the amount be received	
10 In the past 10 years, has the individual resided outside of the United States for periods of 6 months or longer (If yes, answer the following) Yes <input type="checkbox"/> No <input type="checkbox"/>			
Dates lived abroad: from (mmddyyyy)		To (mmddyyyy)	

Section 4: Personal Asset Information for All Individuals

11 Cash on Hand. Include cash that is not in a bank. **Total Cash on Hand** \$

Personal Bank Accounts. Include all checking, online bank accounts, money market accounts, savings accounts, stored value cards (e.g., payroll cards, government benefit cards, etc.) List safe deposit boxes including location and contents.

Type of Account	Full Name & Address (Street, City, State, ZIP code) of Bank, Savings & Loan, Credit Union, or Financial Institution.	Account Number	Account Balance As of _____ mmddyyyy
12a			\$
12b			\$

12c Total Cash (Add lines 12a, 12b, and amounts from any attachments) \$

Investments. Include stocks, bonds, mutual funds, stock options, certificates of deposit, and retirement assets such as IRAs, Keogh, and 401(k) plans. **Include all corporations, partnerships, limited liability companies or other business entities in which the individual is an officer, director, owner, member, or otherwise has a financial interest.**

Type of Investment or Financial Interest	Full Name & Address (Street, City, State, ZIP code) of Company	Current Value	Loan Balance (if applicable) As of _____ mmddyyyy	Equity Value Minus Loan
13a				
	Phone	\$	\$	\$
13b				
	Phone	\$	\$	\$
13c				
	Phone	\$	\$	\$

13d Total Equity (Add lines 13a through 13c and amounts from any attachments) \$

Available Credit. List bank issued credit cards with available credit.
Full Name & Address (Street, City, State, ZIP code) of Credit Institution

	Credit Limit	Amount Owed As of _____ mmddyyyy	Available Credit As of _____ mmddyyyy
14a			
Acct No.:	\$	\$	\$
14b			
Acct No.:	\$	\$	\$

14c Total Available Credit (Add lines 14a, 14b and amounts from any attachments) \$

15a Life Insurance. Does the individual have life insurance with a cash value (Term Life insurance does not have a cash value.)
 Yes No If Yes complete blocks 15b through 15f for each policy:

15b Name and Address of Insurance Company(ies):			
15c Policy Number(s)			
15d Owner of Policy			
15e Current Cash Value	\$	\$	\$
15f Outstanding Loan Balance	\$	\$	\$

15g Total Available Cash. (Subtract amounts on line 15f from line 15e and include amounts from any attachments) \$

16 In the past 10 years, have any assets been transferred by the individual for less than full value
(If yes, answer the following. If no, skip to 17a)

Yes No

List Asset	Value at Time of Transfer \$	Date Transferred (mmddyyyy)	To Whom or Where was it Transferred
------------	---------------------------------	-----------------------------	-------------------------------------

Real Property Owned, Rented, and Leased. Include all real property and land contracts.

	Purchase/Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
17a Property Description		\$	\$	\$		\$

Location (Street, City, State, ZIP code) and County

Lender/Lessor/Landlord Name, Address, (Street, City, State, ZIP code) and Phone

17b Property Description		\$	\$	\$		\$
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Location (Street, City, State, ZIP code) and County

Lender/Lessor/Landlord Name, Address, (Street, City, State, ZIP code) and Phone

17c Total Equity (Add lines 17a, 17b and amounts from any attachments) \$

Personal Vehicles Leased and Purchased. Include boats, RVs, motorcycles, trailers, etc.

Description (Year, Mileage, Make, Model)		Purchase/Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
18a Year	Mileage		\$	\$	\$		\$

Make Model Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone

18b Year	Mileage		\$	\$	\$		\$
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Make Model Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone

18c Total Equity (Add lines 18a, 18b and amounts from any attachments) \$

Personal Assets. Include all furniture, personal effects, artwork, jewelry, collections (coins, guns, etc.), antiques or other assets.

	Purchase/Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
19a Property Description		\$	\$	\$		\$

Location (Street, City, State, ZIP code) and County

Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone

19b Property Description		\$	\$	\$		\$
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Location (Street, City, State, ZIP code) and County

Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone

19c Total Equity (Add lines 19a, 19b and amounts from any attachments) \$

If the taxpayer is self-employed, sections 5 and 6 must be completed before continuing.

Monthly Income/Expense Statement (For additional information, refer to Publication 1854.)

Total Income		Total Living Expenses			IRS USE ONLY
Source	Gross Monthly	Expense Items ⁵		Actual Monthly	Allowable Expenses
20 Wages (Taxpayer) ¹	\$	33 Food, Clothing, and Misc. ⁶		\$	
21 Wages (Spouse) ¹	\$	34 Housing and Utilities ⁷		\$	
22 Interest - Dividends	\$	35 Vehicle Ownership Costs ⁸		\$	
23 Net Business Income ²	\$	36 Vehicle Operating Costs ⁹		\$	
24 Net Rental Income ³	\$	37 Public Transportation ¹⁰		\$	
25 Distributions ⁴	\$	38 Health Insurance		\$	
26 Pension/Social Security (Taxpayer)	\$	39 Out of Pocket Health Care Costs ¹¹		\$	
27 Pension/Social Security (Spouse)	\$	40 Court Ordered Payments		\$	
28 Child Support	\$	41 Child/Dependent Care		\$	
29 Alimony	\$	42 Life insurance		\$	
30 Other (Rent subsidy, Oil credit, etc.)	\$	43 Taxes (Income and FICA)		\$	
31 Other	\$	44 Other Secured Debts (Attach list)		\$	
32 Total Income (add lines 20-31)	\$	45 Total Living Expenses (add lines 33-44)		\$	

- 1 Wages, salaries, pensions, and social security:** Enter gross monthly wages and/or salaries. Do not deduct withholding or allotments taken out of pay, such as insurance payments, credit union deductions, car payments, etc. To calculate the gross monthly wages and/or salaries:
If paid weekly - multiply weekly gross wages by 4.3. Example: \$425.89 x 4.3 = \$1,831.33
If paid biweekly (every 2 weeks) - multiply biweekly gross wages by 2.17. Example: \$972.45 x 2.17 = \$2,110.22
If paid semimonthly (twice each month) - multiply semimonthly gross wages by 2. Example: \$856.23 x 2 = \$1,712.46
- 2 Net Income from Business:** Enter monthly net business income. This is the amount earned after ordinary and necessary monthly business expenses are paid. **This figure is the amount from page 6, line 82.** If the net business income is a loss, enter "0". Do not enter a negative number. If this amount is more or less than previous years, attach an explanation.
- 3 Net Rental Income:** Enter monthly net rental income. This is the amount earned after ordinary and necessary monthly rental expenses are paid. Do not include deductions for depreciation or depletion. If the net rental income is a loss, enter "0". Do not enter a negative number.
- 4 Distributions:** Enter the total distributions from partnerships and subchapter S corporations reported on Schedule K-1, and from limited liability companies reported on Form 1040, Schedule C, D or E.
- 5 Expenses not generally allowed:** We generally do not allow tuition for private schools, public or private college expenses, charitable contributions, voluntary retirement contributions, payments on unsecured debts such as credit card bills, cable television and other similar expenses. However, we may allow these expenses if it is proven that they are necessary for the health and welfare of the individual or family or for the production of income.
- 6 Food, Clothing, and Misc.:** Total of clothing, food, housekeeping supplies, and personal care products for one month.
- 7 Housing and Utilities:** For principal residence: Total of rent or mortgage payment. Add the average monthly expenses for the following: property taxes, home owner's or renter's insurance, maintenance, dues, fees, and utilities. Utilities include gas, electricity, water, fuel, oil, other fuels, trash collection, telephone, and cell phone.
- 8 Vehicle Ownership Costs:** Total of monthly lease or purchase/loan payments.
- 9 Vehicle Operating Costs:** Total of maintenance, repairs, insurance, fuel, registrations, licenses, inspections, parking, and tolls for one month.
- 10 Public Transportation:** Total of monthly fares for mass transit (e.g., bus, train, ferry, taxi, etc.)
- 11 Out of Pocket Health Care Costs:** Monthly total of medical services, prescription drugs and medical supplies (e.g., eyeglasses, hearing aids, etc.)

Certification: Under penalties of perjury, I declare that to the best of my knowledge and belief this statement of assets, liabilities, and other information is true, correct, and complete.

Taxpayer's Signature	Spouse's Signature	Date
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Attachments Required for Wage Earners and Self-Employed Individuals:

Copies of the following items for the last 3 months from the date this form is submitted (check all attached items):

- Income - Earnings statements, pay stubs, etc. from each employer, pension/social security/other income, self employment income (commissions, invoices, sales records, etc.).
- Banks, Investments, and Life Insurance - Statements for all money market, brokerage, checking and savings accounts, certificates of deposit, IRA, stocks/bonds, and life insurance policies with a cash value.
- Assets - Statements from lenders on loans, monthly payments, payoffs, and balances for all personal and business assets. Include copies of UCC financing statements and accountant's depreciation schedules.
- Expenses - Bills or statements for monthly recurring expenses of utilities, rent, insurance, property taxes, phone and cell phone, insurance premiums, court orders requiring payments (child support, alimony, etc.), other out of pocket expenses.
- Other - credit card statements, profit and loss statements, all loan payoffs, etc.
- A copy of last year's Form 1040 with all attachments. Include all Schedules K-1 from Form 1120S or Form 1065, as applicable.

Sections 5 and 6 must be completed only if the taxpayer is SELF-EMPLOYED.

Section 5: Business Information

46 Is the business a sole proprietorship (filing Schedule C) Yes, Continue with Sections 5 and 6. No, Complete Form 433-B. All other business entities, including limited liability companies, partnerships or corporations, must complete Form 433-B.

47 Business Name	48 Employer Identification Number	49 Type of Business Federal Contractor <input type="checkbox"/> Yes <input type="checkbox"/> No
50 Business Website	51 Total Number of Employees	52a Average Gross Monthly Payroll 52b Frequency of Tax Deposits

53 Does the business engage in e-Commerce (Internet sales) **Yes** **No**

Payment Processor (e.g., PayPal, Authorize.net, Google Checkout, etc.) Name & Address (<i>Street, City, State, ZIP code</i>)	Payment Processor Account Number
54a	
54b	

Credit Cards Accepted by the Business.

Credit Card	Merchant Account Number	Merchant Account Provider, Name & Address (<i>Street, City, State, ZIP code</i>)
55a		
55b		
55c		

56 Business Cash on Hand. Include cash that is not in a bank. **Total Cash on Hand** \$

Business Bank Accounts. Include checking accounts, online bank accounts, money market accounts, savings accounts, and stored value cards (e.g. payroll cards, government benefit cards, etc.) *Report Personal Accounts in Section 4.*

Type of Account	Full name & Address (<i>Street, City, State, ZIP code</i>) of Bank, Savings & Loan, Credit Union or Financial Institution.	Account Number	Account Balance As of <u> </u> mmddyyyy
57a			\$
57b			\$
57c Total Cash in Banks (<i>Add lines 57a, 57b and amounts from any attachments</i>)			\$

Accounts/Notes Receivable. Include e-payment accounts receivable and factoring companies, and any bartering or online auction accounts. (*List all contracts separately, including contracts awarded, but not started.*) **Include Federal Government Contracts.**

Accounts/Notes Receivable & Address (<i>Street, City, State, ZIP code</i>)	Status (<i>e.g., age, factored, other</i>)	Date Due (<i>mmddyyyy</i>)	Invoice Number or Federal Government Contract Number	Amount Due
58a				\$
58b				\$
58c				\$
58d				\$
58e Total Outstanding Balance (<i>Add lines 58a through 58d and amounts from any attachments</i>)				\$

Business Assets. Include all tools, books, machinery, equipment, inventory or other assets used in trade or business. Include Uniform Commercial Code (UCC) filings. Include Vehicles and Real Property owned/leased/rented by the business, if not shown in Section 4.

	Purchase/Lease/Rental Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
59a Property Description		\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County			Lender/Lessor/Landlord Name, Address (Street, City, State, ZIP code) and Phone			
59b Property Description		\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County			Lender/Lessor/Landlord Name, Address (Street, City, State, ZIP code) and Phone			
59c Total Equity (Add lines 59a, 59b and amounts from any attachments)						\$

Section 6 should be completed only if the taxpayer is SELF-EMPLOYED

Section 6: Sole Proprietorship Information (lines 60 through 81 should reconcile with business Profit and Loss Statement)

Accounting Method Used: Cash Accrual

Income and Expenses during the period (mmddyyyy)

to (mmddyyyy)

Total Monthly Business Income		Total Monthly Business Expenses (Use attachments as needed.)	
Source	Gross Monthly	Expense Items	Actual Monthly
60 Gross Receipts	\$	70 Materials Purchased ¹	\$
61 Gross Rental Income	\$	71 Inventory Purchased ²	\$
62 Interest	\$	72 Gross Wages & Salaries	\$
63 Dividends	\$	73 Rent	\$
64 Cash	\$	74 Supplies ³	\$
Other Income (Specify below)		75 Utilities/Telephone ⁴	\$
65	\$	76 Vehicle Gasoline/Oil	\$
66	\$	77 Repairs & Maintenance	\$
67	\$	78 Insurance	\$
68	\$	79 Current Taxes ⁵	\$
		80 Other Expenses, including installment payments (Specify)	\$
69 Total Income (Add lines 60 through 68)	\$	81 Total Expenses (Add lines 70 through 80)	\$
		82 Net Business Income (Line 69 minus 81) ⁶	\$

Enter the amount from line 82 on line 23, section 4. If line 82 is a loss, enter "0" on line 23, section 4.

Self-employed taxpayers must return to page 4 to sign the certification and include all applicable attachments.

¹ **Materials Purchased:** Materials are items directly related to the production of a product or service.

² **Inventory Purchased:** Goods bought for resale.

³ **Supplies:** Supplies are items used in the business that are consumed or used up within one year. This could be the cost of books, office supplies, professional equipment, etc.

⁴ **Utilities/Telephone:** Utilities include gas, electricity, water, oil, other fuels, trash collection, telephone and cell phone.

⁵ **Current Taxes:** Real estate, excise, franchise, occupational, personal property, sales and employer's portion of employment taxes.

⁶ **Net Business Income:** Net profit from Form 1040, Schedule C may be used if duplicated deductions are eliminated (e.g., expenses for business use of home already included in housing and utility expenses on page 4). Deductions for depreciation and depletion on Schedule C are not cash expenses and must be added back to the net income figure. In addition, interest cannot be deducted if it is already included in any other installment payments allowed.

FINANCIAL ANALYSIS OF COLLECTION POTENTIAL FOR INDIVIDUAL WAGE EARNERS AND SELF-EMPLOYED INDIVIDUALS		(IRS USE ONLY)
Cash Available (Lines 11, 12c, 13d, 14c, 15g, 56, 57c and 58e)	Total Cash	\$
Distrainable Asset Summary (Lines 17c, 18c, 19c, and 59c)	Total Equity	\$
Monthly Total Positive Income minus Expenses (Line 32 minus Line 45)	Monthly Available Cash	\$

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

Section 3: Other Financial Information (Attach copies of all applicable documentation.)

8 Does the business use a Payroll Service Provider or Reporting Agent (If yes, answer the following) Yes No

Name and Address (Street, City, State, ZIP code)	Effective dates (mmddyyyy)
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9 Is the business a party to a lawsuit (If yes, answer the following) Yes No

<input type="checkbox"/> Plaintiff <input type="checkbox"/> Defendant	Location of Filing	Represented by	Docket/Case No.
Amount of Suit \$	Possible Completion Date (mmddyyyy)	Subject of Suit	

10 Has the business ever filed bankruptcy (If yes, answer the following) Yes No

Date Filed (mmddyyyy)	Date Dismissed or Discharged (mmddyyyy)	Petition No.	Location
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11 Do any related parties (e.g., officers, partners, employees) **have outstanding amounts owed to the business** (If yes, answer the following) Yes No

Name and Address (Street, City, State, ZIP code)	Date of Loan	Current Balance As of _____ mmddyyyy	Payment Date	Payment Amount
		\$		\$

12 Have any assets been transferred, in the last 10 years, from this business for less than full value (If yes, answer the following) Yes No

List Asset	Value at Time of Transfer \$	Date Transferred (mmddyyyy)	To Whom or Where Transferred
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13 Does this business have other business affiliations (e.g., subsidiary or parent companies) (If yes, answer the following) Yes No

Related Business Name and Address (Street, City, State, ZIP code)	Related Business EIN:
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14 Any increase/decrease in income anticipated (If yes, answer the following) Yes No

Explain (use attachment if needed)	How much will it increase/decrease \$	When will it increase/decrease
------------------------------------	--	--------------------------------

Section 4: Business Asset and Liability Information

15 Cash on Hand. Include cash that is not in the bank **Total Cash on Hand** \$

Business Bank Accounts. Include online bank accounts, money market accounts, savings accounts, checking accounts, and stored value cards (e.g., payroll cards, government benefit cards, etc.)
List safe deposit boxes including location and contents.

Type of Account	Full Name and Address (Street, City, State, ZIP code) of Bank, Savings & Loan, Credit Union or Financial Institution.	Account Number	Account Balance As of _____ mmddyyyy
16a			\$
16b			\$
16c			\$

16d Total Cash in Banks (Add lines 16a through 16c and amounts from any attachments) \$

Accounts/Notes Receivable. Include e-payment accounts receivable and factoring companies, and any bartering or online auction accounts. (List all contracts separately, including contracts awarded, but not started.)

17 Is the business a Federal Government Contractor **Yes** **No** (Include Federal Government contracts below)

Accounts/Notes Receivable & Address (Street, City, State, ZIP code)	Status (e.g., age, factored, other)	Date Due (mmddyyyy)	Invoice Number or Federal Government Contract Number	Amount Due
18a				
Contact Name: Phone:				\$
18b				
Contact Name: Phone:				\$
18c				
Contact Name: Phone:				\$
18d				
Contact Name: Phone:				\$
18e				
Contact Name: Phone:				\$
18f Outstanding Balance (Add lines 18a through 18e and amounts from any attachments)				\$

Investments. List all investment assets below. Include stocks, bonds, mutual funds, stock options, and certificates of deposit.

Name of Company & Address (Street, City, State, ZIP code)	Used as collateral on loan	Current Value	Loan Balance	Equity Value Minus Loan
19a	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Phone:		\$	\$	\$
19b	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Phone:		\$	\$	\$
19c Total Investments (Add lines 19a, 19b, and amounts from any attachments)				\$

Available Credit. Include all lines of credit and credit cards. Full Name & Address (Street, City, State, ZIP code) of Credit Institution	Credit Limit	Amount Owed As of _____ mmddyyyy	Available Credit As of _____ mmddyyyy
20a			
Account No.	\$	\$	\$
20b			
Account No.	\$	\$	\$
20c Total Credit Available (Add lines 20a, 20b, and amounts from any attachments)			\$

Real Property. Include all real property and land contracts the business owns/leases/rents.

		Purchase/Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
21a Property Description			\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County				Lender/Lessor/Landlord Name, Address (Street, City, State, ZIP code), and Phone			
21b Property Description			\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County				Lender/Lessor/Landlord Name, Address (Street, City, State, ZIP code), and Phone			
21c Property Description			\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County				Lender/Lessor/Landlord Name, Address (Street, City, State, ZIP code), and Phone			
21d Property Description			\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County				Lender/Lessor/Landlord Name, Address (Street, City, State, ZIP code), and Phone			
21e Total Equity (Add lines 21a through 21d and amounts from any attachments)							\$

Vehicles, Leased and Purchased. Include boats, RVs, motorcycles, trailers, mobile homes, etc.

		Purchase/Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
22a Year	Mileage		\$	\$	\$		\$
Make	Model	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone					
22b Year	Mileage		\$	\$	\$		\$
Make	Model	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone					
22c Year	Mileage		\$	\$	\$		\$
Make	Model	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone					
22d Year	Mileage		\$	\$	\$		\$
Make	Model	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone					
22e Total Equity (Add lines 22a through 22d and amounts from any attachments)							\$

Business Equipment. Include all machinery, equipment, merchandise inventory, and/or other assets. Include Uniform Commercial Code (UCC) filings.

	Purchase/Lease Date (mmddyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmddyyyy)	Equity FMV Minus Loan
23a Asset Description		\$	\$	\$		\$
Location of asset (Street, City, State, ZIP code) and County			Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone			
23b Asset Description		\$	\$	\$		\$
Location of asset (Street, City, State, ZIP code) and County			Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone			
23c Asset Description		\$	\$	\$		\$
Location of asset (Street, City, State, ZIP code) and County			Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone			
23d Asset Description		\$	\$	\$		\$
Location of asset (Street, City, State, ZIP code) and County			Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone			

23e Total Equity (Add lines 23a through 23d and amounts from any attachments) \$

Business Liabilities. Include notes and judgments below.

Business Liabilities	Secured/ Unsecured	Date Pledged (mmddyyyy)	Balance Owed	Date of Final Payment (mmddyyyy)	Payment Amount
24a Description:	<input type="checkbox"/> Secured <input type="checkbox"/> Unsecured		\$		\$
Name _____ Street Address _____ City/State/ZIP code _____ Phone: _____					
24b Description:	<input type="checkbox"/> Secured <input type="checkbox"/> Unsecured		\$		\$
Name _____ Street Address _____ City/State/ZIP code _____ Phone: _____					
24c Description:	<input type="checkbox"/> Secured <input type="checkbox"/> Unsecured		\$		\$
Name _____ Street Address _____ City/State/ZIP code _____ Phone: _____					

24d Total Payments (Add lines 24a through 24c and amounts from any attachments) \$

Section 5: Monthly Income/Expense Statement for Business

Accounting Method Used: Cash Accrual

Income and Expenses during the period (mmdyyy) to (mmdyyy)

Total Monthly Business Income		Total Monthly Business Expenses	
Source	Gross Monthly	Expense Items	Actual Monthly
25 Gross Receipts from Sales/Services	\$	36 Materials Purchased ¹	\$
26 Gross Rental Income	\$	37 Inventory Purchased ²	\$
27 Interest Income	\$	38 Gross Wages & Salaries	\$
28 Dividends	\$	39 Rent	\$
29 Cash	\$	40 Supplies ³	\$
Other Income (Specify below)		41 Utilities/Telephone ⁴	\$
30	\$	42 Vehicle Gasoline/Oil	\$
31	\$	43 Repairs & Maintenance	\$
32	\$	44 Insurance	\$
33	\$	45 Current Taxes ⁵	\$
34	\$	46 Other Expenses (Specify)	\$
35 Total Income (Add lines 25 through 34)	\$	47 IRS Use Only Allowable Installment Payments	\$
		48 Total Expenses (Add lines 36 through 47)	\$

- 1 Materials Purchased:** Materials are items directly related to the production of a product or service.
- 2 Inventory Purchased:** Goods bought for resale.
- 3 Supplies:** Supplies are items used to conduct business and are consumed or used up within one year. This could be the cost of books, office supplies, professional equipment, etc.

- 4 Utilities/Telephone:** Utilities include gas, electricity, water, oil, other fuels, trash collection, telephone and cell phone.
- 5 Current Taxes:** Real estate, state, and local income tax, excise, franchise, occupational, personal property, sales and the employer's portion of employment taxes.

Certification: Under penalties of perjury, I declare that to the best of my knowledge and belief this statement of assets, liabilities, and other information is true, correct, and complete.

Signature	Title	Date

Print Name of Officer, Partner or LLC Member

Attachments Required: Copies of the following items for the last 3 months from the date this form is submitted (check all attached items):

- Banks and Investments - Statements for all money market, brokerage, checking/savings accounts, certificates of deposit, stocks/bonds.
- Assets - Statements from lenders on loans, monthly payments, payoffs, and balances, for all assets. Include copies of UCC financing statements and accountant's depreciation schedules.
- Expenses - Bills or statements for monthly recurring expenses of utilities, rent, insurance, property taxes, telephone and cell phone, insurance premiums, court orders requiring payments, other expenses.
- Other - credit card statements, profit and loss statements, all loan payoffs, etc.
- Copy of the last income tax return filed; Form 1120, 1120S, 1065, 1040, 990, etc.

Additional information or proof may be subsequently requested.

FINANCIAL ANALYSIS OF COLLECTION POTENTIAL FOR BUSINESSES		(IRS USE ONLY)
Cash Available (Lines 15, 16d, 18f, 19c, and 20c)	Total Cash	\$
Distainable Asset Summary (Lines 21e, 22e, and 23e)	Total Equity	\$
Monthly Income Minus Expenses (Line 35 Minus Line 48)	Monthly Available Cash	\$

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



Instructions for Form 656

Wage Earners and Self-Employed Individuals

Request to Settle Tax Debt

IRS contact information

If you have questions, please call our toll-free number at 1-800-829-1040. You can get forms and publications by calling 1-800-829-3676 (1-800-TAX-FORM), 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 a Request to Settle?

A Request to Settle is an agreement between you (the taxpayer) and the IRS that settles a tax debt for less than the full amount owed. The 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, you must make an appropriate offer based on what the IRS considers your true ability to pay. The offer is not a negotiation; it is a calculation based on your assets, income, expenses, and future earning potential. The offer amount will depend on what the calculations on Form 656 show you can afford to pay within the statute of limitations. The statute is the time frame the IRS has to collect your unpaid taxes from the date of assessment (usually 10 years). In most cases, the IRS won't accept your offer amount unless it is equal to or greater than the minimum offer amount calculated on Form 656, though you may still apply if you can prove that you have special circumstances that hinder your ability to pay the minimum amount. It's important to note that you are not a good candidate for the program if the calculations show you have sufficient income and/or assets to pay the full amount of your tax debt (for example, through a traditional IRS installment plan), and there are no serious special circumstances preventing you from paying your tax debt.

Application process

The application process is time-intensive and will require you to provide a significant amount of information about your finances, so make sure you meet all eligibility criteria before you start. The Request to Settle application requires filling out the appropriate forms and attaching an initial down payment, \$150 application fee (waived if you meet low-income guidelines), and photocopies of supporting documentation. Form 656 will lead you through a series of steps to help you calculate a reasonable offer and tell us about your assets, income, and expenses. You will have the opportunity to include a narrative explanation of any special circumstances that impact your financial situation (for example, advanced age, serious illness from which recovery is unlikely, anticipated change in income, etc.). You must fill out all forms completely and include the required supporting documentation.

Paying for your offer

Submitting an offer requires sending an initial down payment with your application, which the IRS will apply to your tax debt (note that the IRS will keep your down payment regardless of whether your application is returned, accepted, or rejected). The amount of this down payment and subsequent payments will depend on your total offer amount and which of the two following payment options you choose.

Payment option 1: Include 20% of the total offer amount as a down payment and pay the remaining balance in five payments or fewer within the statute of limitations.

Payment option 2: Pay in 24 monthly installments and include the first month's installment as the down payment. (An extended payment period may also be available.)

What you need to know—**continued**

Other important facts

- The Request to Settle is not an “amnesty” program. If accepted, you are expected to pay the IRS the amount the calculation on Form 656 says you can afford. It’s likely that you will have to obtain the funds by borrowing money from a bank or from friends or family members, cashing out your retirement savings, liquidating other assets.
- Not every taxpayer is a good candidate for this program.
- Submitting a Request to Settle is a time-intensive process.
- If accepted, the IRS will keep your next tax refund.
- Penalties and interest will continue to accrue during the application process.
- A Notice of Federal Tax Lien may be filed at any time while your offer is being considered. Federal Tax Liens will not be released until you finish paying the offer amount.
- If you are applying for a Request for Settle, you must complete all the returns you were legally required to file to be officially accepted to the program. (If you did not file a return for a specific year because you were not legally required to file the return, then you must provide an explanation.)
Types of returns you may need to file:
 - Income Tax
 - Employment Tax
 - Excise Tax returns
 - Returns filed by single-owner Limited Liability Companies if you do not elect to treat the LLC as a corporation
 - Closely held corporations and partnerships
- You must continue to file tax returns and comply with your tax obligations for 5 years after the offer is accepted, or the agreement is void and you will be responsible for the full amount you owe.

Eligibility

Are you currently in an open bankruptcy proceeding?

- Yes.** If you are currently in a bankruptcy proceeding, you are not eligible to apply for a Request to Settle. Any resolution of your outstanding tax liabilities generally must take place within the context of your bankruptcy proceeding.
- No.** You are eligible to apply. Continue to learn more about the application process. If you are not sure, call your local IRS insolvency office or the IRS toll-free number (1-800-829-1040).

How to apply

Gather documentation

To calculate an offer amount, you will need to gather information about your financial situation, including cash and investments, assets, income, and expenses. Note that you can calculate the offer using your most recent account information, but you will be required to attach 3 months of statements/bills and other supporting documents. If you are filing jointly with your spouse, you will need to provide assets and income information for both of you. This is also the case if you have a domestic partner and live in a state with communal property laws (Arizona, California, Idaho, Louisiana, New Mexico, Nevada, Texas, Washington, and Wisconsin).



Look for the paperclip icons to see what documentation you need to attach to your application.

Cash and investments

Gather the information below for each type of account/asset, such as checking, savings, money market and online accounts, stored value cards (payroll or benefits cards), 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.



- Past 3 months' statements/bills for each account/asset
- If an asset is used as collateral on a loan: most recent statement from lenders on loans, monthly payments, loan payoffs, and balances
- Fair Market Value valuation of contents of safe deposit boxes



Assets

Gather the information below for assets you own, such as real estate (houses, condos, co-ops, etc.), vehicles (cars, boats, motorcycles, etc.), furniture and personal effects (jewelry, clothing, accessories, etc.), collections (coins, guns, stamps, etc.), and any other items of value (artwork, antiques, etc.).



- Most recent statement from lenders on loans, mortgages (including second mortgages), monthly payments, loan payoffs, and balances
- Universal Commercial Code (UCC) financing statements and accountant's depreciation schedules, if applicable
- Fair Market Value valuations of your assets
- Make/Model/Year/Mileage of your vehicles



Income

Gather the information below for yourself, your spouse, and anyone else who contributes to your household's income.



- Past 3 months' pay stubs, earnings statements, etc., from each employer
- If self-employed: past 3 months' documentation of commissions, invoices, sales records, etc.
- Past 3 months' earnings statements, etc., from every other source of income (such as pensions, Social Security, rental income, interest and dividends, child support, alimony, rent subsidies, and other government or charitable financial assistance other than Food Stamps)



How to apply—**continued**

Gather documentation—**continued**

Expenses

Gather the information below about your average monthly expenses. The IRS limits the type of expenses you can claim to those necessary to support your family's health and welfare, and the production of income. Expenses generally not allowed include tuition for private schools, college expenses, charitable contributions, cable television, and credit card payments and other unsecured debt payments.

The IRS determines monthly expense guidelines for certain categories of monthly expenses. Some of these amounts are based on national standards (e.g., food, clothing, and out-of-pocket healthcare), while some are specific to your area (e.g., housing and utilities, vehicle ownership/lease, and vehicle operating costs).

If you list expenses that are higher than the IRS guideline amounts, you may be required to provide supporting documentation such as statements, bills, receipts, or other proof of payment.

Gather information about your average monthly expenses in the categories below:

- Housing (e.g., rent or mortgage payment, property taxes, home insurance, maintenance, dues, and fees)
- Utilities (e.g., gas, electricity, water, fuel, oil, other fuels, trash collection, telephone, and cell phone)
- Public transportation, vehicle ownership/lease, vehicle operating costs (e.g., loan payments, maintenance, repairs, insurance, fuel, registrations, licenses, inspections, parking, and tolls)
- Food, clothing, and miscellaneous
- Health insurance costs, out-of-pocket healthcare costs
- Child/Dependent care, court-ordered payments (child support, alimony, etc.)
- Life insurance premiums, taxes, other secured debts

Other information

On the Request to Settle form, you will also need to tell us whether you:

- Have had a previous bankruptcy filing, and if so, the date it was discharged
- Are a beneficiary of any trusts, estates, or life insurance policies
- Have transferred assets for less than their full value in the past 10 years

Complete application package

1. Fill out forms

Fill out Form 656, Request to Settle. This form will lead you through a series of steps to arrive at a reasonable offer consistent with your true ability to pay. In addition to describing your assets, income, and expenses, you will include a narrative explanation of any special circumstances.








Additional forms that may apply to you:

- Form 2848, Power of Attorney, if you would like your attorney, CPA, or enrolled agent to represent you and discuss the offer with the IRS
- Form 656-PPV, Periodic Payment Voucher, if you are choosing the monthly payment option

2. Attach required documentation

Compile photocopies of all required attachments and include them in your application package.

Asset

-  • Past 3 months' statements/bills for each account/asset
-  • If asset is used as collateral on a loan: most recent statement from lenders on loans, monthly payments, loan payoffs, and balances
-  • Most recent statement from lenders on loans, mortgages (including second mortgages), monthly payments, loan payoffs, and balances
-  • Universal Commercial Code (UCC) financing statements and accountant's depreciation schedules, if applicable
-  • Past 3 months' pay stubs, earnings statements, etc., from each employer
-  • Past 3 months' earnings statements, etc., from every other source of income (such as pensions, Social Security, rental income, interest and dividends, child support, alimony, rent subsidies, and other government or charitable financial assistance other than Food Stamps)
-  • If self-employed: past 3 months' documentation of commissions, invoices, sales records, etc.

3. Include initial down payment (waived if you qualify for Low Income Guidelines on pg. 4 of the form)

Write a check or money order for the initial down payment, based on the payment option you selected (20% of offer amount or first month's installment). Make the check or money order payable to "United States Treasury."

4. Include a check for the \$150 application fee (waived if you qualify for Low Income Guidelines on pg. 4 of the form)

Write a check or money order for the application fee (\$150) or, if you meet the Low Income Guidelines, complete Low Income Certification section on pg. 4 of the form. Make the check or money order payable to "United States Treasury."

How to apply—continued

5. Submit application package

Mail application package to the appropriate IRS facility

- Make a copy of your complete application package and keep for your records
- Mail the application package via Certified Mail to the appropriate IRS processing office for your state. The IRS will acknowledge receipt once your package arrives.

If your state of residence is:

AK, AL, AZ, CA, CO, HI, ID, KY, LA, MS,
MO, NV, NM, OR, TN, TX, UT, WA, WI, WY

Mail your application to:

Memphis IRS Center COTS Unit
P.O. Box 30803, AMC
Memphis, TN 38130-0803

AR, CT, DE, DC, FL, GA, IL, IN, IA, KS, ME,
MD, MA, MI, MN, MO, NE, NH, NJ, NY,
NC, ND, OH, OK, PA, PR, RI, SC, SD, VT,
VA, WV, or a foreign address

Brookhaven IRS Center COTS Unit
P.O. Box 9007
Holtsville, NY 11742-9007

After you submit, remember to:

- Continue making payments on your existing IRS installment plan or partial payment offer, if applicable
- File all tax returns you are legally required to file
- Reply to IRS requests for additional information within the timeframe specified
- Save copies of all bills, statements, pay stubs, etc., for all your assets, income, and expenses in case you need them later

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 a Request to Settle. You are not required to make a Request to Settle; however, if you choose to do so, you must provide all the taxpayer information requested. Failure to provide all 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 Paid Preparer section on pg. 6 of 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. Here are some things to look for:

Form 656

- Did you complete all fields and sign the application? If a field doesn't apply to you, write "N/A."
- Did you complete the "Explain your financial situation" section on pg. 2 of the form?
- Did you make an offer amount that is greater than or equal to the minimum offer calculated on pg. 3 of the form? If not, did you describe why you are offering less than the minimum in the "Explain your financial situation" section and provide supporting documentation proving this is the most you can afford?
- Did you select a payment option on pg. 4 of the form?
- If filing jointly with your spouse or if you live in a state with communal property laws, did you provide documentation of assets for both spouses? Did both spouses sign the form and provide correct Social Security numbers?
- If you want to allow the IRS to discuss your Request to Settle with a friend, family member, or anyone else, did you complete the "Third-Party Designee" section on pg. 4 of the form?
- If a paid preparer completed the form, did they sign on pg. 8 of the form?

Supporting documentation and additional forms

- Did you include photocopies of all required supporting documentation?
- Did you attach Form 2848, Power of Attorney (if applicable)?
- Did you attach 656-PPV, Periodic Payment Voucher (if applicable)?

Payment

- Did you include a check or money order for the initial down payment?
(Waived for Low-Income Certification—see pg. 4 of the form.)
- Did you include a check or money order for the \$150 application fee?
(Waived for Low-Income Certification—see pg. 4 of the form.)



Form 656
For Wage Earners and Self-Employed Individuals

Request to Settle Tax Debt

By submitting a Request to Settle, you (the taxpayer) ask the IRS to consider accepting less than the full amount you owe. This form will lead you through a series of steps to calculate an offer based on your assets, income, expenses, and future earning potential. You will have the opportunity to explain any special circumstances that affect your financial situation.

This form requires a significant amount of information about your finances, so before you begin, make sure you gather the necessary documentation (see instruction booklet). Please note: If you are currently in a bankruptcy proceeding, you are not eligible to apply for a Request to Settle. If you have questions, please call our toll-free number at 1-800-829-1040.

Submitting this application does not ensure that the IRS will accept your offer. It begins a process of evaluation and verification during which the IRS will follow established calculations to determine your ability to pay.



Keep in mind that to complete the application package, you'll need to attach supporting documentation including account statements, pay stubs, monthly bills, etc.

Personal and Household Information

Last name _____ First name _____
 Date of birth _____ Social Security number _____ Marital status Married Unmarried
 Home address (street, city, state, ZIP code) _____
 Primary phone _____ Secondary phone _____ Best time to call _____ am pm
 Mailing address (if different) _____
 Employer's name _____ Occupation _____
 Address (street, city, state, ZIP code) _____

Provide information about your spouse

Spouse's last name _____ First name _____
 Date of birth _____ Social Security number _____
 Employer's name _____ Occupation _____
 Address (street, city, state, ZIP code) _____

Provide information for all dependents in the household

Name	Age	Relationship to taxpayer	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

Your Tax Debt

Years for which you owe taxes, penalties, and interest _____ Amount you owe \$ _____

Optional. Tell us if you want to apply your initial down payment to a specific tax year. For example, you may want to apply your down payment to the oldest debt or the debt with highest interest. You can also choose to send in more than the 20% initial down payment and apply the overage to a specific tax year. If you do not designate a preference, we will apply any money you send to your oldest debt first.

I want to apply my down payment to my debt from year _____

I am sending more than the required down payment, and want the overage applied to my debt from year _____

Your Financial Situation

Calculate your minimum offer below. If a total results in a negative number, enter "0."

Cash and Investments

- List the amount available in each of the following:
 - Bank accounts (checking, savings, money markets, online accounts) \$ _____
 - Payroll or benefit cards + \$ _____
 - Cash on hand and value of safe deposit items + \$ _____
 - Investment accounts (stocks, bonds, etc.) + \$ _____
 - Retirement accounts (401ks, IRAs, etc.)
(The IRS is aware that you may be charged penalties and income tax when you withdraw funds from certain types of accounts based on your age and other factors) + \$ _____
 - Cash value of life insurance policies + \$ _____
 - If self-employed: cash and investments from business (see pg. 6) + \$ _____
 - Total Cash and Investments** = \$ _____

Assets

- Real estate (houses, condos, co-ops)
 - Fair market value \$ _____ x .8 \$ _____
 - Total loan balance (mortgages, etc.) - \$ _____
 - Total value of real estate** = \$ _____
 - Vehicles (cars, boats, motorcycles)
 - Fair market value \$ _____ x .8 \$ _____
 - Loan balance - \$ _____
 - Total value of vehicles** = \$ _____
 - Personal effects (furniture, jewelry, clothing, accessories)
 - Fair market value \$ _____ x .8 \$ _____
 - Loan balance - \$ _____
 - IRS allowed deduction - **\$8,320**
 - Total value of personal effects** = \$ _____
 - Valuable items (artwork, collections)
 - Fair market value \$ _____ x .8 \$ _____
 - Loan balance - \$ _____
 - Total of valuable items** = \$ _____
 - If self-employed: business assets, books, and tools
 - Cash and investments from business (see pg. 6) \$ _____
 - Fair market value \$ _____ x .8 \$ _____
 - Loan balance - \$ _____
 - IRS allowed deduction - **\$6,000**
 - Total of business assets** = \$ _____
- Add up the totals of 2–6.**
Total Value of Assets = \$ _____

Add Total Cash and Investments to Total Value of Assets to get Total Available Funds.

Total Available Funds \$ _____

Available Monthly Income

- Enter your household's average monthly income
 - Primary taxpayer \$ _____
 Check if this includes pension or Social Security income
 - Spouse \$ _____
 Check if this includes pension or Social Security income
 - Interest and dividends + \$ _____
 - Rental income generated by your real estate properties + \$ _____
 - Child support you receive + \$ _____
 - Alimony you receive + \$ _____
 - Rent subsidies, other financial support (not food stamps) + \$ _____
 - Additional household income + \$ _____
 - If self-employed: Net Income from business (see pg. 6) + \$ _____
 - Total Available Monthly Income** = \$ _____

Monthly Expenses

- Enter your monthly expenses. Please note the IRS has standardized guidelines for lines a–f that you may use if you don't have proof of expenses in these categories (see pg. 6). Note that if you list expenses that are higher than the IRS guideline amounts, you may be required to provide supporting documentation.
 - a. Food, clothing, and miscellaneous \$ _____
 - b. Housing and utilities + \$ _____
 - c. Vehicle ownership/lease costs + \$ _____
 - d. Vehicle operating costs + \$ _____
 - e. Public transportation + \$ _____
 - f. Out-of-pocket healthcare costs + \$ _____
 - g. Health insurance + \$ _____
 - h. Court-ordered payments + \$ _____
 - i. Child/Dependent care + \$ _____
 - j. Life insurance premiums + \$ _____
 - k. Taxes + \$ _____
 - l. Other secured debts (not mortgage, credit card, or car payments) + \$ _____
 - Total Average Monthly Expenses** = \$ _____

Subtract Total Average Monthly Expenses from Total Available Monthly Income to get Remaining Monthly Income.

Remaining Monthly Income \$ _____

Multiply Remaining Monthly Income by 48 months to get Future Remaining Income.

..... x **48 months**
Future Remaining Income \$ _____

Minimum Offer Amount \$ _____

The result is the least amount of money that you can offer the IRS to settle your debt. This can be paid over time; continue to the next page to select a payment option.

Low-Income Certification

Do you qualify for Low-Income Certification? You qualify if your monthly income is less than or equal to the amount indicated in the chart below based on your family size and where you live. If you qualify, you are not required to submit an application fee or initial down payment, though you must still demonstrate that you will be able to pay the offer amount using one of the payment options.

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	\$2,256	\$2,596	\$2,819
2	\$3,035	\$3,492	\$3,794
3	\$3,815	\$4,388	\$4,769
4	\$4,594	\$5,283	\$5,744
5	\$5,373	\$6,179	\$6,719
6	\$6,152	\$7,075	\$7,694
7	\$6,931	\$7,971	\$8,669
8	\$7,710	\$8,867	\$9,644
For each additional person, add	\$798	\$896	\$975

Payment Options

Will you pay for the offer in five or fewer payments (Option 1) or in monthly installments (Option 2)?

In general, paying over a shorter period of time is good for you, as you'll pay less in interest charges.

Payment Option 1

Check here if you will:

- Pay in 5 or fewer payments
- Enclose a check for at least 20% of the offer amount as a down payment (waived for Low-Income Certification)

Fill in the amount of your 20% down payment (waived for Low-Income Certification) and the amounts and dates when you plan on paying your future payments.

Amount of down payment \$ _____
(Waived for Low-Income Certification)

Amount of payment 1 \$ _____ Date _____
 Amount of payment 2 \$ _____ Date _____
 Amount of payment 3 \$ _____ Date _____
 Amount of payment 4 \$ _____ Date _____
 Amount of payment 5 \$ _____ Date _____

Minimum offer amount \$ _____

Payment Option 2

Check here if you will:

- Pay in monthly installments within 24 months (or the number of months remaining on the statute of limitations)
- Enclose a check for one month's installment as a down payment based on the payment time frame below (waived for Low-Income Certification)

Divide the Minimum Offer Amount by 24 months to calculate your monthly installment amount. This will also be the amount of your down payment (waived for Low-Income Certification).

Minimum offer amount \$ _____
÷ 24 months
 Amount of monthly installment = \$ _____

If you absolutely cannot pay off the minimum offer amount within 24 months, you may propose monthly installments based on the number of months remaining on the statute of limitations for your debt. Call the IRS at 1-800-829-1040 to determine how much collection time remains under the statute.

Minimum offer amount \$ _____
 Months remaining on statute ÷ _____
 Amount of monthly installment = \$ _____

Source of funds

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

Name _____ Relationship to you _____ Amount \$ _____

Additional Financial Information the IRS Needs to Consider Your Offer

1. Have you ever filed for bankruptcy? Yes No
If yes, date bankruptcy was discharged: _____
2. Are you the beneficiary of a trust, estate, or life insurance policy? Yes No
3. Have you been party to a lawsuit? Yes No
4. In the past 10 years, have you transferred any assets for less than their full value? Yes No
5. Have you lived outside the U.S. for 6 months or longer in the past 10 years? Yes No

Asset Details

Provide details for the assets you own and reported on page 2 (be complete).

Real estate 1

Location (street, city, state, ZIP, county) _____

Property description _____

This is my primary residence Yes No If you are a landlord, monthly rent you charge \$ _____

Real estate 2

Location (street, city, state, ZIP, county) _____

Property description _____

This is my primary residence Yes No If you are a landlord, monthly rent you charge \$ _____

Provide the information requested for all personal vehicles you own, including cars, boats, motorcycles, etc. Indicate the vehicles your household relies on for your monthly income (i.e., if you can't get to and from work by other means, or you use it to perform your job).

Vehicle 1

Location (street, city, state, ZIP, county) _____

Lease or loan start date _____ Lease or loan end date _____

My household relies on this vehicle for income Yes No Monthly lease or loan amount \$ _____

Vehicle 2

Location (street, city, state, ZIP, county) _____

Leaseholder, address, phone _____

Lease or loan start date _____ Lease or loan end date _____

My household relies on this vehicle for income Yes No Monthly lease or loan amount \$ _____

About Federal Tax Liens. The IRS may file a Notice of Federal Tax Lien against your assets until the tax liabilities are paid. If we file a Tax Lien, we have a legal claim to your assets and have the right to take ownership of them. If the Tax Lien is in place, you will not be able to sell or borrow against your property. Tax Liens are released once the tax liabilities are paid.

IRS Monthly Expense Guidelines

The IRS determines guidelines for certain categories of monthly expenses. Some of these guidelines are based on national standards (e.g., food, clothing, and out-of-pocket healthcare), while some are specific to your area (e.g., housing and utilities, vehicle ownership/lease, and vehicle operating costs).

Enter the IRS guideline amounts for lines a–f, based on your family size. For lines a and f, consult the tables provided; for lines b–e, visit www.irs.gov/financial_standards to get guidelines for your area.

Once you've filled in lines a–f, transfer the amounts to the calculations on page 3.

Description	IRS guideline amount
a. Food, clothing, and miscellaneous	\$ _____
b. Housing and utilities	\$ _____
c. Vehicle ownership/Lease costs	\$ _____
d. Vehicle operating costs	\$ _____
e. Public transportation	\$ _____
f. Out-of-pocket healthcare costs	\$ _____

IRS monthly expense guidelines for food, clothing, and miscellaneous

	One person	Two people	Three people	Four people
Expenses	\$517	\$985	\$1,152	\$1,370

For each additional person add \$262 to the total amount.

IRS monthly expense guidelines for out-of-pocket healthcare costs

	Each person
Under 65	\$60
65 and older	\$144

Self-Employed Information

Complete this section if you or your spouse is self-employed.

Is your business a sole proprietorship (filing Schedule C)? If Yes, continue. If No, complete Form 656-B (Offer to Settle Business Tax Debt).

Name of business _____

Address of business _____

Business website _____ Employer Identification Number _____

Type of business _____ Federal contractor Yes No

Total number of employees _____ Frequency of tax deposits _____

Average gross monthly payroll \$ _____ Accounting method cash accrual

Internet sales

Payment processor (PayPal, etc.) _____ Processor account number _____

Payment processor (PayPal, etc.) _____ Processor account number _____

Credit cards your business accepts

Name _____ Merchant account number _____

Name _____ Merchant account number _____

Name _____ Merchant account number _____

Self-Employed Financial Information

Cash and Investments from Business

1. List the amount available in each of the following:
- | | |
|---|------------|
| Bank accounts | \$ _____ |
| Business cash on hand | + \$ _____ |
| Total Cash and Investments
from Business | = \$ _____ |

Transfer Total Cash and Investments from Business to page 2.

Do you have accounts/notes receivable? If yes, attach a separate sheet of paper listing each account separately, including contracts awarded but not yet started. Include e-payment accounts receivable and factoring companies and any bartering or online auction accounts. Include Federal Government Accounts. For each, provide:

Name _____
 Address _____
 Amount due \$ _____ Date due _____
 Age of account 0–30 days 30–60 days 60–90 days over 90 days

Monthly Income from Business

2. List monthly income from the following sources:
- | | |
|---|------------|
| Gross receipts | \$ _____ |
| Gross rental income | + \$ _____ |
| Interest | + \$ _____ |
| Dividends | + \$ _____ |
| Cash | + \$ _____ |
| Other | + \$ _____ |
| Total Average Monthly Income | = \$ _____ |

Monthly Expenses from Business

3. List your average monthly expenses:
- | | |
|---|------------|
| Materials and inventory purchased | \$ _____ |
| Gross wages and salaries | + \$ _____ |
| Rent | + \$ _____ |
| Supplies | + \$ _____ |
| Utilities/Telephone | + \$ _____ |
| Vehicle (gasoline, oil, repairs, maintenance) | + \$ _____ |
| Insurance | + \$ _____ |
| Current taxes | + \$ _____ |
| Other | + \$ _____ |
| Total Average Monthly Expenses | = \$ _____ |

Subtract your Total Monthly Expenses from your Total Monthly Income to get your Net Income from Business.

Net Income from Business = \$ _____

The amount you earn after you pay monthly business expenses. If it is a loss, enter "0," not a negative number.

Transfer Net Income from Business to page 2.

Terms, Conditions, and Legal Agreement

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 request that the IRS accept a compromise offer as payment of outstanding tax liabilities (including interest, penalties, and any additional amounts required by law). I agree to the following conditions:

IRS keeps payments, fees, and some refunds. 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 the offer.

Unless you designate how the required payment should be applied, the IRS will apply your payment in the best interest of the government, choosing which tax years and tax liabilities to pay off. The IRS will also keep your application fee unless the offer is not accepted for processing.

The IRS will keep any future refund, including interest, that I might be due for tax periods extending through the calendar year in which the IRS accepts my compromise offer. I also cannot designate that the refund be applied to estimated tax payments for the following year. If I receive a refund after I submit this offer and while it is being processed, I will return the refund to the IRS.

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. If the IRS puts a levy against my assets prior to my submitting this offer and receives money based on the levy while this offer is pending, the IRS will keep that money.

Pending status of an offer and right to appeal. Once an authorized IRS official signs this form, my offer is considered pending as of that signature date and remains so until it is officially accepted, rejected, returned, or I withdraw the offer in writing. If the IRS rejects my offer, I have 30 days to request a hearing before the Appeals Office. If I appeal the offer, the offer remains pending until the Appeals Office rules.

Terms, Conditions, and Legal Agreement—continued

Future obligations. I must remain in compliance in the future and I remain liable for the full tax liability until all terms and conditions of this offer have been met. I will file tax returns and pay required taxes for the next 5 years or until my offer is paid in full, whichever is longer. If this is an offer being submitted for joint liabilities, and one of us does not comply with future obligations, only the non-compliant taxpayer will be in default of this agreement.

The IRS will not remove the original amount of my tax liability from its records until I have met all the terms and conditions of this offer. If I file for bankruptcy before the terms of the offer are fully met, any claim the IRS files in the bankruptcy proceedings will be a tax claim.

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


Failing to meet terms of the offer (defaulting). If I fail to meet any of the terms of this offer, the IRS may immediately file suit to collect any amount ranging from the unpaid balance of the offer to the original amount of the liability 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 on the offer until I completely satisfy the amount owed.

Agreeing to waive time limits provided by law. To have my offer considered, I understand that I agree to suspend the time limit provided by law for the IRS to collect my tax liability (called a statutory period of limitation).


[INSERT TERMS L,M,N,O FROM 656]

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 _____
Signature of taxpayer _____ Date _____

Write separate checks for the down payment and application fee (waived for Low-Income Certification)

 Make payable to the "United States Treasury" and attach to the front of your Form 656, Offer to Settle Tax Debt. **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.

Application Prepared by Someone Other than the Taxpayer. If this application was prepared by someone other than the taxpayer, please fill in that person's name and address below. Check box, sign, and provide an ID number if the person is a paid preparer.

Signature of preparer _____
Name of preparer _____ Date _____
Address (street, city, state, ZIP code) _____

Check if paid preparer
Paid preparer's CAF or PTIN number _____ Self-employed? Yes No

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 _____ Phone _____

IRS Use Only

I accept the waiver of the statutory period of limitations on assessment for the Internal Revenue Service.

Signature of Authorized IRS Official _____
Title _____ Date _____

INTRO TO GROUPS –10 MINUTES

(0:00-0:10)

SET GROUP EXPECTATIONS

- + Ask if anyone has participated in focus groups before
- + Explain there is a two way mirror and clients are watching, taking notes, etc.
- + Tell them that they are being recorded
- + Explain that what they say in the room will not be used anywhere other than for client reporting purposes
- + State how long the groups will last

FOCUS GROUP GROUND RULES

- + Turn off cell phones
- + Give everyone a chance to participate
- + Speak one at a time
- + Stress that there are no wrong answers...that we are conducting the groups to evaluate the forms and not the individual
- + Encourage them to ask questions if they don't understand something
- + We're interested in their opinions, not what anyone else might think (not their mother, daughter, friends, etc.)

GROUP INTRODUCTIONS/WARM-UP

Ask people to take a few minutes and write down a few words or phrases that they would use to describe their perception of the OIC form.

- + Name
- + Where from
- + Read aloud words/phrases

OIC FORM PROCESS–15 MINUTES

(0:10-0:25)

How did you go about completing these forms? (PROBE)

- + Did you seek help?
- + Did you do it alone?
- + Did you do it over several days or in one sitting?

How long did it take to complete the forms? (PROBE)

- + Why were some people able to complete it faster than others?
- + Were people distracted?
- + Did they give it an honest attempt and get frustrated?

In a real-world situation, if you had to fill out these forms, would you do it yourself or would you pay for professional help? (PROBE)

OIC PROBLEM AREAS—20 MINUTES

(0:25-0:45)

As part of the take-home exercise, we have asked respondents to place stickers on their OIC forms to indicate areas that were especially confusing or difficult to complete.

As part of the group exercise, we will ask participants to review their forms, focusing on areas where they have placed stickers.

Each person will be given the opportunity to introduce and discuss one or two problem areas and together, we will make suggestions for improvement.

COMPLETING THE OIC FORMS—30 MINUTES

(0:45-1:15)

In the next 30 minutes we will be reviewing the OIC forms that you completed. Once again, remember that we are not evaluating you or your ability to complete these forms, but rather the forms themselves.

For each section we will look at the following:

- + Did the person get the right answer?
- + Was it easy to complete or difficult?
- + How long did it take to complete the section?
- + What would have made each section easier for you?

SIMPLICITY ELEMENTS—15 MINUTES

(1:15-1:30)

(OPTIONAL—IF NECESSARY)

I would like to take the next few minutes to review your simplicity score sheets that filled out at home.

Proceed through each simplicity element. Read each one aloud. Ask respondents to raise their hand if they rated an element as a 1 or 2, indicating that the form did not communicate the element.

Tally responses on an easel or computer. After we have reviewed all simplicity elements, we will discuss those elements that seemed to be worse than others.

- + Why did the respondents feel the way they did?
- + What suggestions do they have for improvement?

EVALUATING ALTERNATE FORM—25 MINUTES (1:30-1:55)

Finally, I would like to get your impressions on an alternate form. Please take the next 10 minutes to review this form, and I will return to discuss this with you and wrap things up.

Pass out new form and ask respondents to write down initial impressions on piece of paper.

- + Go around the room and have respondents read aloud their initial impressions of alternate form
- + Do you think this form is better or worse than the one you filled out at home?
- + What exactly made it better or worse?
- + Would you be more or less likely to complete this form on your own or seek professional help?
- + Quick vote on simplicity elements by a show of hands.

WRAP-UP—5 MINUTES (1:55-2:00)

- + Q&A. Thank and close