

Instructions on how to apply for

Certificate of Discharge From Federal Tax Lien



A Certificate of Discharge under Internal Revenue Code Section 6325(b) removes the United States' lien from the property named in the certificate. Discharge of property under Internal Revenue Code Section 6325(c) subject to an Estate Tax Lien is not covered in this publication. For Estate Tax Lien discharges see instead the application and instructions found in [Form 4422](#)

1. Complete Form 14135, *Application for Certificate of Discharge of Federal Tax Lien* attached with this publication.
2. Mail the completed Form 14135 and the appropriate attachments to:
IRS, Attn: Advisory Group Manager
(Refer to **Publication 4235 *Collection Advisory Group Addresses*** for the correct address. The correct address is the office assigned to the location where the property is located.)

If you have any questions, contact the applicable Advisory Office.

If you want to know how much you owe in order to pay the lien(s) in full, call 1-800-913-6050, visit the nearest Taxpayer Assistance Center, or contact the revenue officer assigned to your case.

Important!

Please submit your application at least 45 days before the transaction date that the certificate of discharge is needed. Doing so will allow sufficient time for review, determination, notification and the furnishing of any applicable documents by the transaction date.

Information Required on the Application

Section 1 - Taxpayer Information

1. Enter the name and address of the individual(s) or business as it appears on the Notice of Federal Tax Lien (NFTL). A second name line is provided if needed.
2. Enter, if known, the last 4 digits of the social security number (SSN) or full employer identification number as it appears on the NFTL.
3. Enter, if known and if applicable, the last 4 digits of any spousal SSN (secondary SSN) associated with the tax debt listed on the NFTL.
4. Provide a daytime phone number and a fax number.

Section 2 - Applicant Information

1. Check the box on the first line of Section 2 if you are both the taxpayer and the applicant. If you are not the taxpayer, attach a copy of the lien.
2. If you have checked the box indicating that you are the taxpayer **and** your information is the same as listed on the lien, enter "same as taxpayer" on the name line.
3. If you are **not** the taxpayer **or** you are the taxpayer but your information is no longer the same as the information on the Notice of Federal Tax Lien, enter your name (include any name changes), current address, daytime phone number and fax number.

4. If you are **not** the taxpayer, enter in the box next to "Name" your relationship to the taxpayer (e.g. parent, uncle, sister, no relation, etc).

Section 3 - Purchaser/Transferee/New Owner

1. Check the box on the first line of Section 3 if you are both the property owner and the applicant.
2. Enter the name of the property owner. **Or** enter "NA" if you have checked the box indicating you are both the applicant and the property owner, enter, "same as applicant".
3. Enter the property owner's relationship to the taxpayer (e.g. taxpayer, parent, no relation, etc.).

Section 4 - Attorney/Representative Information

This section is used to list the taxpayer's representative or a representative of a party other than the taxpayer, such as the lender, needing to receive information from the IRS. However, you do not need a representative to request discharge of the federal tax lien.

1. Check the box on the first line of Section 4 if you are attaching a Form 8821 (Tax Information Authority) or Form 2848 (Power of Attorney) with your application. If you are attaching one of these forms, please make sure it is completely filled out, signed, and dated. You must provide one of these forms if the representative represents an interest other than the taxpayer.
2. Enter the name, address, phone number, and fax number of your representative in this action. The IRS will work with you and your representative to process your application. **Or** enter "NA" on the name line if you are not using a representative.
3. Enter whose interest the representative represents (e.g. taxpayer, lender, title company, etc.). This allows the IRS to determine what information can be shared with the representative.

Section 5 - Lender/Finance Company Information (*Settlement/Escrow Company for Section 6325(b)(3) only*)

Enter the company name, contact name, and phone number for the title or escrow company that will be used at settlement.

Section 6 - Monetary Information

1. Provide the proposed property sale amount
2. Provide the amount of proceeds the IRS can expect for application to the tax liability.
3. Enter NA for the amount of proceeds the IRS can expect, if you anticipate there will be no proceeds.

Section 7 - Basis for Discharge

Discharge of property from the federal tax lien may be granted under several Internal Revenue Code (IRC) provisions. After reviewing the discharge sections, explanations, and examples below, select the discharge section that best applies to your application. If the IRS does not agree with your selection after its review, an explanation of the decision will be provided.

1. **6325(b)(1)** – a discharge may be issued under this provision if the value of the taxpayer’s remaining property encumbered by the federal tax lien is equal to at least twice the amount of the federal tax liability secured by the lien and any encumbrance entered into before the IRS filed its public notice of the lien. If there are mortgages, state and/ or local taxes, mechanics liens, etc., the amount of these debts would be added to the amount of the tax liability and multiplied by 2.

Example

Tax liability	\$15,500
Other Debts +	23,334
	38,834
X	2
	\$77,668

The property remaining subject to the lien must be at least \$77,668.

2. **6325(b)(2)(A)** – a discharge may be issued under this provision when the tax liability is partially satisfied with an amount paid that is not less than the value of the United States’ interest in the property being discharged. **For example**, the IRS has a lien totaling \$203,000 and with the ...

- Property selling for: \$215,000
- Minus encumbrances senior to IRS lien: \$135,000
- Minus proposed settlement costs: \$ 15,000
- The IRS lien interest equals: \$ 65,000

After the IRS receives and applies the \$65,000 in partial satisfaction of the tax liability, there remains an outstanding tax debt of \$138,000.

In the case of Tenancy by Entireties property, the United States is generally paid one-half of the proceeds in partial satisfaction of the liability secured by the tax lien.

3. **6325(b)(2)(B)** - a discharge may be issued under this provision when it is determined that the government’s interest in the property has no value. The debts senior to the federal tax lien are greater than the fair market value of the property or greater than the sale value of the property. Submit a copy of the proposed escrow agreement as part of the application.
4. **6325(b)(3)** – a discharge may be issued under this provision if an agreement is reached with the IRS allowing the property to be sold. Per an escrow agreement the sale proceeds must be held in a fund subject to the claims of the United States in the same manner and priority the claims had prior to the property being discharged. **For example**, there are two mortgages senior to the IRS tax lien totaling \$32,000 and \$5,000. The government’s interest in the property is \$40,000 and there are liens on the property junior to the IRS lien in the amount of \$3,000, \$12,000 and \$2,990. The proceeds from the sale would be dispensed by paying the debts in the following sequence.
 - a. \$32,000
 - b. \$5,000
 - c. \$40,000
 - d. \$3,000
 - e. 12,000
 - f. \$2,990

Submit a copy of the proposed escrow agreement.

5. **6325(b)(4)** – a discharge will be issued under this provision to a third party who owns the property if a deposit is made or an acceptable bond provided equal to the government’s interest in the property. **In the case of Tenancy by**

Entireties property, a deposit or an acceptable bond totaling one-half the government’s interest in the property must be made. If you are the property owner (but not the taxpayer, i.e., you are not responsible for the tax liability) and you make a deposit or post an acceptable bond to obtain a discharge under this section, you have 120 days to file an action in federal district court, under section 7426(a)(4), challenging the IRS’ determination of the government’s lien interest. **This is the exclusive remedy available to the third party for the return of the deposit or accepted bond or a portion thereof.** An administrative request for refund and a refund suit in district court is not available. The *Circular 570*, available at <http://fms.treas.gov/c570/index.html> contains a list of companies certified by the Secretary of the Treasury as providers of acceptable securities.

6. **6325(c)** – a discharge of property subject to an Estate Tax Lien is not covered in this publication. Please refer to [Form 4422](#).

Section 8 - Description of Property

1. Enter a detailed description of the property to be discharged from the federal tax lien.
2. When the property is real estate include the type of property, for example, 3-bedroom house; etc. When the property is personal property include serial or vehicle numbers, as appropriate, for example, 2002 Cessna twin engine airplane, serial number AT919000000000X00; etc.
3. Provide the physical address if real estate or physical location address if personal property.
4. Check the appropriate box to indicate whether you attached a copy of the title or deed to the property.
5. If you are applying under 6325(b)(1) check the “Attached” box **and** attach copies of the titles or deeds for property remaining subject to the lien. If you are not applying under 6325(b)(1) check the “NA” box.

Section 9 - Appraisal and Valuations

1. Check the “Attached” box after “Required Appraisal” indicate whether you have attached the required appraisal by a disinterested third party. This is typically a professional appraisal providing neighborhood analysis; description of the site; description of the improvements; cost approach; comparable sales; definition of market value; certification; contingent and limiting conditions; interior and exterior photos of the property; exterior photos of comparable sales used; comparable sales location map; sketch of subject property showing room layout; flood map and qualifications of the appraiser.
2. Check the appropriate box under the “**Plus** One of the Following Additional Valuations” section to indicate which other type of property value verification is attached with your application.

Note: For applications under IRC 6325(b)(1), valuation information described above must also be provided for property remaining subject to lien.

Note: For property being sold at public auction, provide the date and place of the sale, the proposed amount for which the property will be sold, and a statement that the United States will be paid in the proper priority from the proceeds.

Section 10 - Federal Tax Liens

This section is important when the applicant and the taxpayer are different. If the applicant and the taxpayer are the same, this section may be skipped.

1. Check the “attached” box if you have attached copies of the liens with your application.
2. If you checked the “no” box list the System Lien Identification Number (SLID) found in the top right hand box of the lien document, if available. If you do not have the number(s) enter “unknown” in the first box.

Section 11 - Sales Contract/Purchase Agreement

1. Check the box indicating whether the proposed sales contract or purchase agreement is attached.
2. If you checked the “no” box, describe how the taxpayer named on the lien will be divested of their interest in the property or why they have no interest in the property.

Section 12 - Title Report

1. Check the box indicating whether the title report is attached.
2. If you checked the “no” box, use the space provided to list any encumbrances (liens or claims) against the property that came into existence before the United States’ lien interest or which have priority over the lien. Include name and address of holder; description of encumbrance, e.g., mortgage, state lien, etc.; date of agreement; original amount and interest rate; amount due at time of application; and family relationship of the holder, if applicable.
3. Attach a separate sheet with the information in item # 2 above if there is not enough space provided on the form.

Section 13 - Closing Statement

1. Check the box indicating whether the proposed closing statement is attached. This statement is often referred to as a HUD-1.
2. If you checked the “no” box, use the space provided to itemize all proposed costs, commissions, and expenses of any transfer or sale associated with property.
3. Attach a separate sheet with the information in item # 2 above if there is not enough space provided on the form.

Section 14 - Additional Information

1. Check the box indicating whether you are attaching other documents relevant to the discharge application. This could include affidavits or court documents.
2. Check the “no” box if you do not have any additional documentation.

Section 15 - Escrow Agreement

1. Check the box indicating whether you are attaching a draft escrow agreement. This is only applicable if you are applying under 6325(b)(3).
2. An escrow agreement must specify type of account, name and depository for account, conditions under which payment will be made, cost of escrow, and the name and address of any party identified as part of the escrow agreement.

Section 16 - Waiver

This section applies only if you are:

- The property owner, but
- Not liable for the tax debt (*i.e. not named on the lien*), and
- Applying under 6325(b)(2)(A).

By checking the “Waive” box you are waiving the option to have the payment treated as a deposit under section 6325(b)(4) which has the accompanying right to request a return of funds and to bring an action under section 7426(a)(4).

If you check the “no” box, your application will automatically be considered under 6325(b)(4) which provides for return of deposited funds and a court challenge under 7426(b)(4).

Section 17 - Declaration

The applicant or their authorized Power of Attorney signs the application form. You must sign your application under penalties of perjury attesting to having examined the application, accompanying schedules or documents, exhibits, affidavits, and statements and declaring to the best of your knowledge and belief that it is true, correct and complete.

Frequently Asked Questions

Q1: When do I make a payment?

The Internal Revenue Code section under which the certificate of discharge will be issued or granted determines the details regarding making a payment.

- Discharge under **6325(b)(1)** or **6325(b)(2)(B)** does not require a payment.
- Discharge under **6325(b)(2)(A)** requires a payment, but do not send a payment with the application. The Advisory Group Manager will notify you, after determining the amount due, when to send payment.

NOTE: If a **mortgage foreclosure** is anticipated, the application is made under section 6325(b)(2)(A) or 6325(b)(2)(B). A determination will be made that either an amount is required for discharge or the United States’ interest is valueless.

In the case of foreclosure you will receive, within 30 days of the receipt of a complete and approved application, a conditional commitment letter for a certificate of discharge.

NOTE: Relocation Expenses - If a discharge under 6325(b)(2)(A) or 6325(b)(2)(B) is issued and if the sale is of the principal residence, the *taxpayer* may be eligible for a relocation expense allowance because of an inability to pay. The relocation expense allowance is subject to limitations. To apply for the allowance complete and submit [Form 12451](#), “Request for Relocation Expense Allowance” with the application for discharge.

- Discharge under **6325(b)(3)** requires a payment, but do not send a payment with the application. First, the draft escrow agreement must be submitted.

Second, the Advisory Group Manager approves the escrow agent selected by the applicant; any reasonable expenses submitted as incurred in connection with the sale of the property; the claim amounts and priorities, and the distribution timing of the fund.

Third, the agreement is finalized and contains signatures of all parties involved including Advisory Group Manager prior to the discharge being issued.

Note: The escrow account must be funded before payment of any claim or lien through money paid by the applicant or from the sale proceeds.

- Discharge under **6325(b)(4)** requires a bond or deposit but do not send one with the application. The Advisory Group manager must first determine the amount of bond or deposit needed for the discharge and determine that the bond company, if applicable, is from the approved list.

Q2: What is an acceptable form of payment?

Make payments in cash or by the following types of checks: certified; cashiers; or treasurer's check. The check must be drawn on any bank or trust company incorporated under the laws of the United States, or of any state, or possession of the United States. Payment can also be made using a United States postal, bank, express or telegraph money order.

Important! If you pay by personal check, issuance of the certificate of discharge will be delayed until the bank honors the check.

Q3: Who makes the decision to issue a Certificate of Discharge?

In all cases Advisory staff will review and verify the information provided, determine whether a certificate of discharge should be issued, and contact you with any questions. Advisory may contact you, your representative, or any person relative to the transaction for additional information.

The Advisory Group Manager has the responsibility to review and approve the determination and let you know the outcome. If approved, you will receive a conditional commitment letter.

Q4: When will I receive the Certificate of Discharge?

The Internal Revenue Code under which the certificate of discharge will be issued or granted and the time at which you are divested of your interest in the property determines when you will receive the certificate.

- Under **6325(b)(1)** you will receive the certificate when it is determined the remaining property meets the criteria of the provision.
- Under **6325(b)(2)(A)** you will receive the certificate after IRS receives payment of the agreed upon amount in partial satisfaction of the tax liability, proof that the taxpayer has been divested of title, and receipt of a copy of the final settlement statement.
- Under **6325(b)(2)(B)** you will receive the certificate when it is determined that the government's interest in the property is valueless, the IRS has received proof that the taxpayer has been divested of title, and a copy of the final settlement statement.

NOTE: Under provisions **6325(b)(2)(A)** and **6325(b)(2)(B)** at the conclusion of a mortgage foreclosure the certificate will be issued in accordance with the terms of the conditional

commitment letter. Also see, [Publication 487, How to Prepare an Application Requesting the United States to Release Its Right to Redeem Property Secured by a Federal Tax Lien](#).

- Under **6325(b)(3)** you will receive the certificate when the amount of the government's interest in the property has been placed in the approved escrow account.
- Under **6325(b)(4)** you will receive the certificate when the amount equal to the government's interest in the property is received or an approved bond has posted.

Q5: What happens if my application is denied?

If your application is denied, you will receive [Form 9423, Collection Appeal Request](#) and [Publication 1660, Collection Appeal Rights](#), with an explanation of why your application was denied.

Privacy and Paperwork Reduction Act Notice

The Privacy act of 1974 says that when we ask you for information about yourself, we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if you do not provide it and whether or not you must respond under the law.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. This information requested on this form is needed to process your application and to determine whether the federal tax lien can be discharged. You are not required to apply for discharge; however, if you want the federal tax lien to be discharged, you are required to provide the information requested on this form. Section 6109 requires you to provide the requested identification numbers. Failure to provide this information may delay or prevent processing your application; providing any false information may subject you to penalties.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individuals filing this form is approved under OMB control number 1545-2174. The estimated burden for those who file this form is shown below.

- Recordkeeping 2 hr., 45 min.
- Learning about the law or the form 2 hr.
- Preparing the form 1 hr., 30 min.
- Copying, assembling, and sending the form to the IRS 85 min.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and United States commonwealths and possessions for use in administering their tax laws. Advisory may contact you, your representative, or any person relative to the transaction for additional information. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

Application for Certificate of Discharge of Property from Federal Tax Lien

Complete the entire application. Enter NA (*not applicable*), when appropriate. Attachments and exhibits should be included as necessary. Additional information may be requested of you or a third party to clarify the details of the transaction(s).

1. Taxpayer Information (*Individual or Business named on the notice of lien*):

Name (<i>Individual First, Middle Initial, Last</i>) or (<i>Business</i>) as it appears on lien		Primary Social Security Number <i>(last 4 digits only)</i>
Name Continuation (<i>Individual First, Middle Initial, Last</i>) or (<i>Business d/b/a</i>)		Secondary Social Security Number <i>(last 4 digits only)</i>
Address (<i>Number, Street, P.O. Box</i>)		Employer Identification Number
City	State	ZIP Code
Telephone Number (<i>with area code</i>)		Fax Number (<i>with area code</i>)

2. Applicant Information: Check if also the Taxpayer (*If not the taxpayer, attach copy of lien. See Sec. 10*)

Name (<i>First, Middle Initial, Last</i>)	Relationship to taxpayer	
Address (<i>Number, Street, P.O. Box</i>)		
City	State	ZIP Code
Telephone Number (<i>with area code</i>)		Fax Number (<i>with area code</i>)

3. Purchase/Transferee/New Owner Check if also the Applicant

	Relationship to taxpayer
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4. Attorney/Representative Information **Attached:** Form 8821 or Power of Attorney Form 2848 Yes No

Name (<i>First, Middle Initial, Last</i>)	Interest Represented (<i>e.g. taxpayer, lender, etc.</i>)	
Address (<i>Number, Street, P.O. Box</i>)		
City	State	ZIP Code
Telephone Number (<i>with area code</i>)		Fax Number (<i>with area code</i>)

5. Lender/Finance Company Information - or (Settlement/Escrow Company for applications under Section 6325(b)(3) only)

Company Name	Contact Name	Contact Phone Number
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6. Monetary Information

Proposed sales price	
Expected proceeds to be paid to the United States in exchange for the certificate of discharge <i>(Enter NA if no proceeds are anticipated)</i>	

7. Basis for Discharge: Check the box below that best addresses what you would like the United States to consider in your application for discharge. *(Publication 783 has additional descriptions of the Internal Revenue Code sections listed below.)*

- 6325(b)(1) Value of property remaining attached by the lien(s) is at least double the liability of the federal tax lien(s) plus other encumbrances senior to the lien(s)
- 6325(b)(2)(A) The United States receives an amount not less than the value of the United States' interest.
(Note: If you are applying under 6325(b)(2)(A) and are the property owner but not the taxpayer, see also section 16.)
- 6325(b)(2)(B) Interest of the United States in the property to be discharged has no value.
- 6325(b)(3) Proceeds from property sale held in escrow subject to the liens and claims of the United States.
- 6325(b)(4) Deposit made or bond furnished in an amount equal to the value of the United States' interest.
(Note: This selection provides a remedy under 7426(a)(4) for return of deposit but is exclusively for a property owner not named as the taxpayer on the lien)

8. Description of property *(for example, 3 bedroom rental house; 2002 Cessna twin engine airplane, serial number AT91900000000X00; etc.):*

Address of real property <i>(If this is personal property, list the address where the property is located):</i>		
Address <i>(Number, Street, P.O. Box)</i>		
City	State	ZIP Code
FOR REAL ESTATE: a legible copy of the deed or title showing the legal description is required		
		<input type="checkbox"/> Attached <input type="checkbox"/> NA
FOR Discharge Requests under Section 6325(b)(1): copy of deed(s) or title(s) for property remaining subject to the Federal Tax Lien is required		
		<input type="checkbox"/> Attached <input type="checkbox"/> NA

9. Appraisal and Valuations

REQUIRED APPRAISAL Professional appraisal completed by a disinterested third party	<input type="checkbox"/> Attached
PLUS ONE OF THE FOLLOWING ADDITIONAL VALUATIONS:	
County valuation of property <i>(real property)</i>	<input type="checkbox"/> Attached
Informal valuation of property by disinterested third party	<input type="checkbox"/> Attached
Proposed selling price <i>(for property being sold at auction)</i>	<input type="checkbox"/> Attached
Other: _____	<input type="checkbox"/> Attached

AND for applications under Section 6325(b)(1), valuation information (of the type described above in this section) must also be provided for property remaining subject to the lien.

10. Copy of Federal Tax Lien(s) *(Complete if applicant and taxpayer differ)* Attached No

OR list the lien number(s) found near the top right corner on the lien document(s) *(if known)*

11. Copy of the sales contract/purchase agreement *(if available)* Attached No

OR

Describe how and when the taxpayer will be divested of his/her interest in the property:

12. Copy of a current title report Attached No

OR

List encumbrances senior to the Federal Tax Lien. Include name and address of holder; description of encumbrance, e.g., mortgage, state lien, etc.; date of agreement; original loan amount and interest rate; amount due at time of application; and family relationship, if applicable **(Attach additional sheets as needed)**:

13. Copy of proposed closing statement (aka HUD-1) Attached No

OR

Itemize all proposed costs, commissions, and expenses of any transfer or sale associated with property **(Attach additional sheets as needed)**:

14. Additional information that may have a bearing on this request, such as pending litigation, explanations of unusual situations, etc., is attached for consideration Attached No

15. Escrow Agreement *(For applications under IRC 6325(b)(3))* Attached No

Escrow agreement must specify type of account, name and depository for account, conditions under which payment will be made, cost of escrow, name and address of any party identified as part of escrow agreement, and signatures of all parties involved including Advisory Group Manager. Terms for agreement must be reached before discharge approved.

16. WAIVER *(For applications made by third parties under IRC 6325(b)(2))*

If you are applying as an owner of the property and you are not the taxpayer, to have this application considered under section 6325(b)(2), you must waive the rights that would be available if the application were made under section 6325(b)(4). If you choose not to waive these rights, the application will be treated as one made under 6325(b)(4) and any payment will be treated like a deposit under that section. Please check the appropriate box.

I understand that an application and payment made under section 6325(b)(2) does not provide the judicial remedy available under section 7426(a)(4). In making such an application / payment, I waive the option to have the payment treated as a deposit under section 6325(b)(4) and the right to request a return of funds and to bring an action under section 7426(a)(4).

Waive No

17. Declaration

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

Signature/Title

Date

Signature/Title

Date