

**DEPARTMENT OF THE TREASURY**

**ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

**OFFER IN COMPROMISE**

of liability incurred under the provisions of Title 26 U.S.C. enforced and administered by the Alcohol and Tobacco Tax and Trade Bureau

**IMPORTANT:  
SEE PAGE 3 FOR  
TERMS AND CONDITIONS**

<b>TO: ADMINISTRATOR, TTB</b>		<b>FOR TTB USE ONLY</b>	
1. NAME AND ADDRESS OF PROPONENT	OFFER IS (CHECK APPL. BOXES) <input type="checkbox"/> CASH <input type="checkbox"/> CHECK <input type="checkbox"/> PAYMENT AGREEMENT	DATE	CONTROL NUMBER
		AMOUNT SUBMITTED WITH THIS FORM \$	

3. THIS OFFER IS SUBMITTED BY THE UNDERSIGNED TO COMPROMISE A LIABILITY RESULTING FROM ALLEGED VIOLATIONS OF LAW OR FAILURE TO PAY TAX AS FOLLOWS (state specifically the nature of the alleged violation; the sections of law and regulations alleged to have been violated; the kind and amount of unpaid tax liability; and for each violation, the period involved. If necessary, use a separate sheet.)

4. OFFERS COMPROMISING AN OUTSTANDING TAX LIABILITY. If you are submitting this offer to compromise an outstanding tax liability, please indicate the reason(s) you are submitting the offer:

- a.  DOUBT AS TO COLLECTIBILITY (Unable to pay)                      b.  DOUBT AS TO LIABILITY (Disagree about liability or the amount of the liability)

5. THE FOLLOWING FACTS ARE SUBMITTED AS REASONS FOR THIS OFFER

**(If space is insufficient, please attach a separate continuation sheet.)**

6. THE TOTAL SUM OF THE OFFER IS \$ \_\_\_\_\_.  
IF PAYMENT IN FULL IS NOT SUBMITTED WITH THIS OFFER, DESCRIBE BELOW THE AMOUNT OF EACH PAYMENT AND WHEN THE PAYMENT(S) WILL BE MADE.

As required by section 6621 of the Internal Revenue Code, the Alcohol and Tobacco Tax and Trade Bureau (TTB) will add interest to the unpaid balance of any portion of the offered amount related to tax from the date the offer is accepted until the date you completely pay the full amount of the offer. TTB compounds interest daily, as required by section 6622 of the Internal Revenue Code.

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. I have read all terms and conditions discussed on page 3 of this form, and I understand and agree to all of these terms and conditions.		<b>FOR TTB USE ONLY</b>	
		8. I accept waiver of the statutory period of limitations for the Alcohol and Tobacco Tax and Trade Bureau	
7a. SIGNATURE AND TITLE OF TAXPAYER-PROPONENT	7b. DATE	SIGNATURE OF AUTHORIZED TTB OFFICIAL	
7c. SIGNATURE AND TITLE OF TAXPAYER-PROPONENT	7d. DATE	TITLE	DATE

## BACKGROUND

Section 7122 of the Internal Revenue Code (IRC) allows delegated Alcohol and Tobacco Tax and Trade Bureau (TTB) officials to compromise any civil or criminal case.

## TTB ASSISTANCE

TTB will discuss the offer process with you, will assist you in determining a reasonable offer amount, based on the issues of the case and your ability to pay, and will provide other appropriate assistance, as necessary.

## POLICY

**Tax Related Offer in Compromise.** TTB will compromise a tax liability when there is doubt as to liability (i.e., there is doubt as to whether the taxpayer actually owes the amounts TTB has determined are due) or doubt as to collectibility (i.e., there is doubt that the taxpayer will be able to pay the full amount due immediately or in the future). You might submit an offer based on doubt as to collectibility when you feel you cannot pay the full amount due. You might submit an offer based on doubt as to liability when you believe that you do not owe the tax in question. In some cases, both doubt as to liability and doubt as to collectibility may apply to the same case. In cases in which an offer is inappropriate, TTB will discuss other options which may be used in resolving your liability, such as full payment, payment agreements, or other methods.

**Non-Tax Related Offer in Compromise.** TTB will compromise violation of laws and regulations when (a) the proponent has taken corrective action needed to prevent reoccurrence of the violations and (b) the nature of the violations, compliance history of the proponent, and other evidence associated with the case indicate that acceptance of the offer is the best means available to ensure future compliance. Offers of this nature are usually considered when an investigation discloses violations that are not strong enough to warrant criminal prosecution or permit action (if applicable).

## INSTRUCTIONS

Item No.

1. Enter your full name and address.
2. Enter your employer identification number (EIN), or if you have no EIN, your social security number (SSN).
3. This item should clearly state what you wish to compromise. Indicate which sections of the law and regulations you wish to compromise and the date(s) and period(s) of violations. If you are making an offer to compromise a tax liability, the type(s) of tax(es) and the amount of the liability, including a breakdown showing how much of the liability is tax, penalty and interest, as applicable, and the tax period(s) involved. The description of the liability must be specific and complete so there will be no misunderstanding concerning the liability or liabilities and/or section(s) of the law and regulations which will be compromised.
4. FOR TAX LIABILITY OFFERS -- TTB can compromise the amount owed for any of the following reasons:
  - a. doubt as to collectibility, i.e., doubt as to the amount of your resources from which TTB may be able to collect the full amount owed (refer to "FINANCIAL STATEMENT" below).
  - b. doubt as to liability, i.e., doubt as to whether you owe the amount. Please check one or both reasons for the offer.
5. Provide a thorough discussion of the facts and reasons for submitting the offer along with a justification why TTB should accept this offer.
6. Enter the total amount of your offer, whether you are submitting full payment at the time you submit the offer or not. If you are requesting a deferred payment agreement, also indicate:
  - a. how much you are submitting at the time you submit your offer along with a statement explaining why this is the largest amount you can pay at this time; and
  - b. when (specific dates) you will make future payments and how much each payment will be.
7. For offer forms submitted by individuals or a sole proprietorship, each individual who intends to be covered by the offer in compromise should sign and date the form. For a corporation or partnership, the form should be signed and dated by a person who has previously filed a Power of Attorney, TTB F 5000.8, with TTB or submits such form along with this offer form.
8. FOR TTB USE ONLY

This section will be signed by an authorized TTB official once the offer is correctly and sufficiently submitted.

## REMITTANCE WITH OFFER

Once page 1 of this form has been completed (excluding those items to be completed by TTB), forward the form along with a remittance payable to the Alcohol and Tobacco Tax and Trade Bureau. If this offer is paid in full at the time it is filed, indicate in item 6 the total sum of the offer. If this is a deferred payment offer (payment agreement offer), indicate in item 6 the amount submitted at the time of filing this offer and the amount of each payment and the date each payment will be made.

"WHERE TO FILE YOUR OFFER" on page 4 of this form will provide the address for filing your offer with TTB. For your records you may photocopy pages 1 and 2 of this form prior to filing with TTB.

## FINANCIAL STATEMENT

If you submit your offer on the basis of doubt as to collectibility and TTB has not previously requested a current financial statement, you must attach to the offer a completed TTB F 5600.17, Collection Information Statement for Individuals, and/or TTB F 5600.18, Collection Information Statement for Businesses.

## TERMS AND CONDITIONS OF THE OFFER

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

1. I/we voluntarily submit all payments made on this offer.
2. I/we understand that if I/we am/are requesting deferred payment on the offer, a portion of the offer amount must be submitted with the offer form before TTB will consider the offer. The amount submitted must be a sufficiently large percentage of the total offer amount, given my/our financial condition at the time the offer is submitted.
3. I/we understand that the terms "tax" and "taxes" refer to any principal tax liability plus any additions to the principal including, but not limited to, penalties and interest. I/we understand that interest and penalties continue to apply and accrue to any unpaid tax liability described in item 3 (on page 1 of this form).
4. It is agreed that payments made under the terms of this offer will be applied first to any tax liability and penalty, in that order, due for the earliest taxable period, then to tax and penalty, in that order, for each succeeding period with no amount to be allocated to interest until the liabilities for all taxable periods sought to be compromised have been satisfied. In the event of a defaulted offer, the application of the payment, as stated above, also will apply.
5. In making this offer the proponent expressly understands and agrees that the acceptance of the offer will not in any way affect any other liability (civil, forfeiture, or criminal) which he/she may have incurred by reason of violation of Federal laws other than those specified in item 3 (on page 1 of this form), or regulation issued pursuant thereto, whether or not connected with the violations herein sought to be compromised.
6. I/we will comply with all requirements of the Internal Revenue Code and timely will pay all taxes due and will file all applicable returns and reports when due for a period of 5 years after acceptance of this offer.
7. If TTB rejects the offer, TTB will contact me/us and will return any amount paid with the offer. If I/we withdraw the offer, TTB will return any amount paid with the offer or, if I/we agree in writing, TTB will apply the amount paid with the offer to the amount owed. If I/we agree to apply the payment, the date the offer is rejected or withdrawn will be considered the date of payment. I/we understand that TTB will not pay interest on any amount I/we have submitted.
8. TTB will keep all payments and credits made, received, or applied to the amount being compromised before this offer was submitted. TTB also will keep any payments made under the terms of an installment agreement while this offer is pending.
9. If TTB accepts the offer based on my/our inability to pay the full amount of the liability ("doubt as to collectibility"), I/we understand and agree that TTB will keep any refund, including interest, due to me/us because of an overpayment of any tax or other liability, for a period of one year from the date TTB accepts this offer. I/we will return to TTB any such refund received from TTB during this one year period.
10. If the offer I/we submit is based on my/our inability to pay the full amount of the liability ("doubt as to collectibility"), I/we understand and agree to promptly advise TTB of any change in my/our financial condition which occurs prior to TTB taking final action on this offer.
11. I/we understand and agree that TTB may conduct an investigation into the information submitted in connection with this offer and that I/we will provide additional relevant information, as requested, and will provide authorization to TTB to examine documents and receive information from banks, companies with which I/we do business, and other businesses and individuals who may be able to provide relevant information.
12. I/we understand that I/we remain responsible for the full amount of the tax liability unless and until TTB accepts the offer in writing and I/we have met all the terms and conditions of the offer. TTB will not remove the original amount of the tax liability from its records until I/we have met all the terms and conditions of the offer. TTB may take action on violations of laws and regulations until and unless the offer is accepted and all terms and conditions are met.
13. For those offers relating to only principal tax liability (plus any additions to the principal including interest and penalty), the total amount that TTB can collect under the terms and conditions of this offer cannot be more than the full amount of the tax liability being compromised.
14. Once TTB accepts the offer in writing, I/we have no right to contest, in court or otherwise, the amount of any tax liability, violations, or other issues addressed by the offer.
15. The offer is pending starting with the date an authorized TTB official signs this form and accepts my/our waiver of the statutory period of limitation. The offer remains pending until an authorized TTB official accepts or rejects the offer or I/we withdraw the offer in writing.
16. I/we waive and agree to the suspension of any statutory periods of limitations (time limits provided by law) for TTB assessment and collection of the tax liability for the tax periods covered by this offer and for administrative or judicial action under the statutes and regulations administered by TTB. The waiver and suspension of any statutory periods of limitations for assessment and collection of the amount of the tax liability and/or violations of the law and regulations described in item 3 (on page 1 of this form) continue to apply:
  - a. while the offer is pending;
  - b. during the time I/we have not paid all of the amount offered;
  - c. during the time I/we have not completed all terms and conditions of the offer;
  - d. for one additional year beyond the time periods identified in a, b, and c above.

17. If I/we fail to meet any of the terms and conditions of the offer, the offer is in default, and TTB may:
- a. immediately proceed with collection of the unpaid balance of the tax liability;
  - b. disregard the amount of the offer and apply all amounts already paid under the offer against the original amount of tax liability;
  - c. levy and/or file a tax lien to collect the original amount of the tax liability;
  - d. take action on any violations of law or regulations which were subject to this offer.

#### **RETURNING YOUR OFFER**

We will return your offer to you for clarification if we cannot process it because it is incomplete or inaccurate. Among the reasons which will lead to return are:

1. you have not adequately identified yourself or your company;
2. the liabilities to be compromised are not identified;
3. the laws and regulations violated are not correctly identified;
4. no amount is offered; and/or
5. appropriate signatures are not submitted.

#### **SUSPENDING COLLECTION**

If you are submitting an offer to compromise an outstanding liability, the offer does not automatically suspend our collection activity. If there is any indication that you filed the offer only to delay collection of the tax, or that delay would interfere with our ability to collect the tax, we will continue collection efforts. If you agreed to make installment payments before you submitted your offer, you should continue making those payments.

#### **WHERE TO FILE YOUR OFFER**

**If you have been contacted by TTB's National Revenue Center regarding your case, please file your offer with:**

National Revenue Center  
550 Main St  
Ste 8002  
Cincinnati, OH 45202-5215

## PAPERWORK REDUCTION ACT

This request is in accordance with the Paperwork Reduction Act of 1995. The purpose of this information collection is for respondents to complete when they are found to have committed a violation of the IRC statutes and seek, through an offer in compromise, to settle the case.

The estimated average burden associated with this collection is 2 hours per respondent or recordkeeper, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Paperwork Reduction Act Officer, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW., Box 12, Washington, D.C. 20005 (please do NOT send completed forms to this address).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a current, valid OMB control number.

## PUBLIC DISCLOSURE

Please note that Federal law (26 U.S.C. 6103(k)) requires that all accepted offers in compromise be available for review by the general public. Therefore, it is possible that the details of this offer may become publicly known.

This information is used to ensure compliance by taxpayers with P.L. 100-203, Revenue Act of 1987, P.L. 100-647, Technical Corrections Act of 1988, and the Internal Revenue laws of the United States. TTB uses the information to determine and collect the right amount of tax.

## PRIVACY ACT INFORMATION

The following information is provided pursuant to Section 3 of the Privacy Act of 1974 (5 U.S.C. 552a(e)(3)):

- 1. AUTHORITY.** Solicitation of this information is made pursuant to 26 U.S.C. 7122(a). Disclosure of this information by the proponent is voluntary.
- 2. PURPOSE.** To enable TTB to evaluate and act upon the proponent's proposal for an offer in compromise.
- 3. ROUTINE USES.** The information will be used by TTB to make the determination set forth in paragraph 2. In addition, the information may be disclosed to other Federal, State, foreign, and local law enforcement and regulatory agency personnel to verify information on the form where such a disclosure is not prohibited by law. The information may further be disclosed to the Justice Department if it appears that the furnishing of false information may constitute a violation of Federal law. Finally, the information may be disclosed to members of the public when authorized by statute or regulations.
- 4. EFFECT OF NOT SUPPLYING INFORMATION REQUESTED.** Failure to supply complete information may prevent TTB from making an informed judgement regarding the consideration of the proposed offer.

Disclosure of the individual's social security number is voluntary. Under 26 U.S.C. 7122, TTB has the authority to solicit this information. The social security number may be used to verify the individual's identity.