

# 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)
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**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
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- 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.

If I/we don't file a protest within 30 days of the date the IRS notifies me/us of the right to protest the decision, I/we waive the right to a hearing before the Appeals Office about the Offer in Compromise.

(l) If I/we fail to meet any of the terms and conditions of the offer and the offer defaults, the IRS may:

- immediately file suit to collect the entire unpaid balance of the offer;
- immediately file suit to collect an amount equal to the original amount of the liability, minus any payment already received under the terms of this offer;
- disregard the amount of the offer and apply all amounts already paid under the offer against the original amount of the liability; and/or
- file suit or levy to collect 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 the offer is defaulted until I/we completely satisfy the amount owed.

(m) The IRS generally files a Notice of Federal Tax Lien to protect the Government's interest on offers with deferred payments. Also, the IRS may file a Notice of Federal Tax Lien during the offer investigation. This tax lien will be released when the payment terms of the offer agreement have been satisfied.

*(n) I/We understand that IRS employees may contact third parties in order to respond to this request and I/we authorize the IRS to make such contacts. Further, by authorizing the IRS to contact third parties, I/we understand that I/we will not receive notice, pursuant to section 7602(c) of the Internal Revenue Code, of third parties contacted in connection with this request.*

*(o) I/We are offering to compromise all the liabilities assessed against me/us as of the date of this offer and under the taxpayer identification numbers listed in Section II above. I/We authorize the IRS to amend Section II, above, to include any assessed liabilities we failed to list on Form 656.*

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**Section VI      Explanation of Circumstances**

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I am requesting an Offer in Compromise for the reason(s) listed below:

**Note:** *If you believe you have special circumstances affecting your ability to fully pay the amount due, explain your situation. You may attach additional sheets if necessary. Please include your name and SSN or EIN on all additional sheets or supporting documentation.*

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**Section VII      Source of Funds**

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I / We shall obtain the funds to make this offer from the following source(s):

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**Section VIII Mandatory Signatures**

<b>Taxpayer Attestation</b>	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](http://www.irs.gov).**