

## Offer In Compromise (OIC)



### What is an Offer in Compromise?

An offer in compromise is an offer submitted to the IRS to resolve your tax liability for less than the amount owed. The IRS may accept an OIC based on one of the following reasons:

1. Doubt as to Liability- You do not believe you owe the tax, or you do not believe the amount of the tax owed is correct.
2. Doubt as to Collectability- You do not have enough income or assets to pay your balance in full.
3. Effective Tax Administration: You can pay the balance due, but doing so would create an economic hardship, or would be unfair or inequitable.



### How do I submit an OIC?

To submit an OIC, you must complete an application and financial statement. The IRS has created an OIC packet which may be found at <https://www.irs.gov/pub/irs-pdf/f656b.pdf>.

In addition, you will need to gather information about your financial situation, including cash, investments, available credit, assets, income, and debt. Further, you will need information about your household's gross monthly income and average expenses. The entire household includes all those in addition to yourself who contribute money to pay expenses relating to the household such as rent, utilities, insurance, groceries, etc.



### Is there a cost to submit an OIC?

Yes, there is a fee to submit an OIC. After you have calculated your offer amount using the application above, you must submit a \$205.00 application fee, and your initial payment (either 20% of the total offer, or periodic payment as calculated in the offer.)

**If you meet the Low Income Certification Guidelines, you DO NOT need to send the application fee or initial payment.**



## What documents do I need to include with my offer?

In addition to the application, financial statement, and payment of all fees, if necessary, you will need to include the following documents:

- Copies of the most recent pay stub, earnings statement, etc.
- Copies of the most recent statement for each investment and retirement account.
- Copies of the most recent statement from all other sources of income such as pensions, Social Security, rental income, interest and dividends, court ordered child support, alimony, royalties, and rent subsidies.
- Copies of individual complete bank statements for the three most recent months. If you operate a business, copies of the six most recent complete statements.
- Copies of the most recent statement from lender(s) on loans such as mortgages, second mortgages, vehicles, etc., showing monthly payments, loan payoffs, and balances.
- List of Account Receivable or Notes Receivable, if applicable.
- Verification of delinquent State/Local tax liability showing total delinquent state/local taxes and amount of monthly payments, if applicable.
- Copies of court orders for child support/alimony payments claimed in monthly expense section.

Additional documents may be necessary depending on your situation.



## What happens while my offer is pending?

While your offer is being evaluated, collection activities are suspended on your account. A Notice of Federal Tax Lien may be filed to put other creditors on notice of your tax debt. The collection period the IRS has to collect the debt is extended by the amount of time your offer is pending. For example, if the offer is pending for seven months, the seven months will be added to the collection period.



## Your Offer was Accepted, What Next?

If your offer is accepted by the IRS, you must comply with all the Offer Terms listed in Section 7 of the application, including filing all tax returns, if required, and making all payments. Any refund due within the calendar year will be applied to your tax debt, unless a refund bypass is requested. If a federal tax lien was filed, it will be released once the terms of the offer are satisfied.



## My Offer was Rejected, Can I Appeal?

Yes, if your offer is rejected, you may submit an appeal within thirty (30) days after you receive the denial. The Form to file the appeal can be found at <https://www.irs.gov/pub/irs-pdf/f13711.pdf>.

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**How to contact SEOLS:**  
**[www.seols.org](http://www.seols.org) or call 844-302-1800**

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