

Eric L. Green

The
Accountant's
Guide to

IRS Collection



A Step-By-Step Guide to
Resolving Your Client's
Tax Debt

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About the Author

Eric L. Green is a partner with the law firm of Green & Sklarz in Connecticut and New York. The focus of Green's practice is taxpayer representation before the Internal Revenue Service (IRS), the U.S. Department of Justice Tax Division, and the Connecticut Department of Revenue Services, as well as the handling of tax and estate planning for individuals and closely held businesses.



Green is a frequent lecturer on tax topics, including civil and criminal tax controversies. He is the creator, author, and lecturer for CCH's Certificate Program in IRS Representation, which trains other tax professionals to handle IRS matters on behalf of clients.

The course is available at CCH's website. Green has also been quoted in *The Wall Street Journal*, *USA Today*, *CreditCard.com*, and *Consumer Reports Financial News*, and he is an advisor and columnist for CCH's *Journal of Tax Practice & Procedure*.

Green also is a past chair of the American Bar Association's Closely Held Businesses Committee, and he has served as the chair of the subcommittees on Business Succession Planning and Estate Planning. Green is a past-chair of the Connecticut Bar Association's Tax Section Executive Committee. He is also a Fellow of the American College of Tax Counsel. The College's members, called "Fellows," are recognized for their extraordinary accomplishments and professional achievements and for their dedication to improving the practice of tax law.

Green has served as adjunct faculty at the *University of Connecticut School of Law*, where he taught law students to handle taxpayer representation matters in the low income taxpayer clinic. He also is the founder of the New England IRS Representation Conference, an annual conference that brings practitioners and IRS personnel together from all 50 states and several countries for a full day in IRS training and updates.

Green is admitted to practice in Connecticut, Massachusetts, and New York, and admitted to practice at the U.S. Tax Court, the U.S. Court of Federal Claims and the U.S. Court for the District of Connecticut. He is also a member of the Connecticut, New York and Massachusetts Bar Associations, as well as the American Bar Association. He holds a Bachelor of Business Administration degree in Accounting with a minor in International Business from Hofstra University and is an honors graduate of New England School of Law. He earned a Masters of Laws in Taxation from Boston University School of Law.

Why This Book?

I spend virtually every day of my life assisting taxpayers to resolve issues with the IRS: civil exam, criminal tax fraud issues, and outstanding tax liabilities. I have created an entire program for CCH, a Wolters Kluwer Company to teach tax professionals how to represent taxpayers before the IRS. I launched Tax Rep LLC to provide support to accountants launching their own IRS collection practices. I am also an advisor and columnist for The Journal of Tax Practice & Procedure, a national publication focused on taxpayer representation. My law partner and I created the New England IRS Representation Conference which brings together IRS personnel and tax practitioners from all over the world to review representation hot topics and share ideas. In addition, I speak for national organizations on civil and criminal taxpayer representation issues, including the National Association of Enrolled Agents, the American Society of Tax Problem Solvers, the New York State Society of CPAs and CCH, A Wolters Kluwer Company. I therefore believe that I am well situated to comment on what I see taxpayers and their representatives doing every day that make their already difficult financial situation even worse.

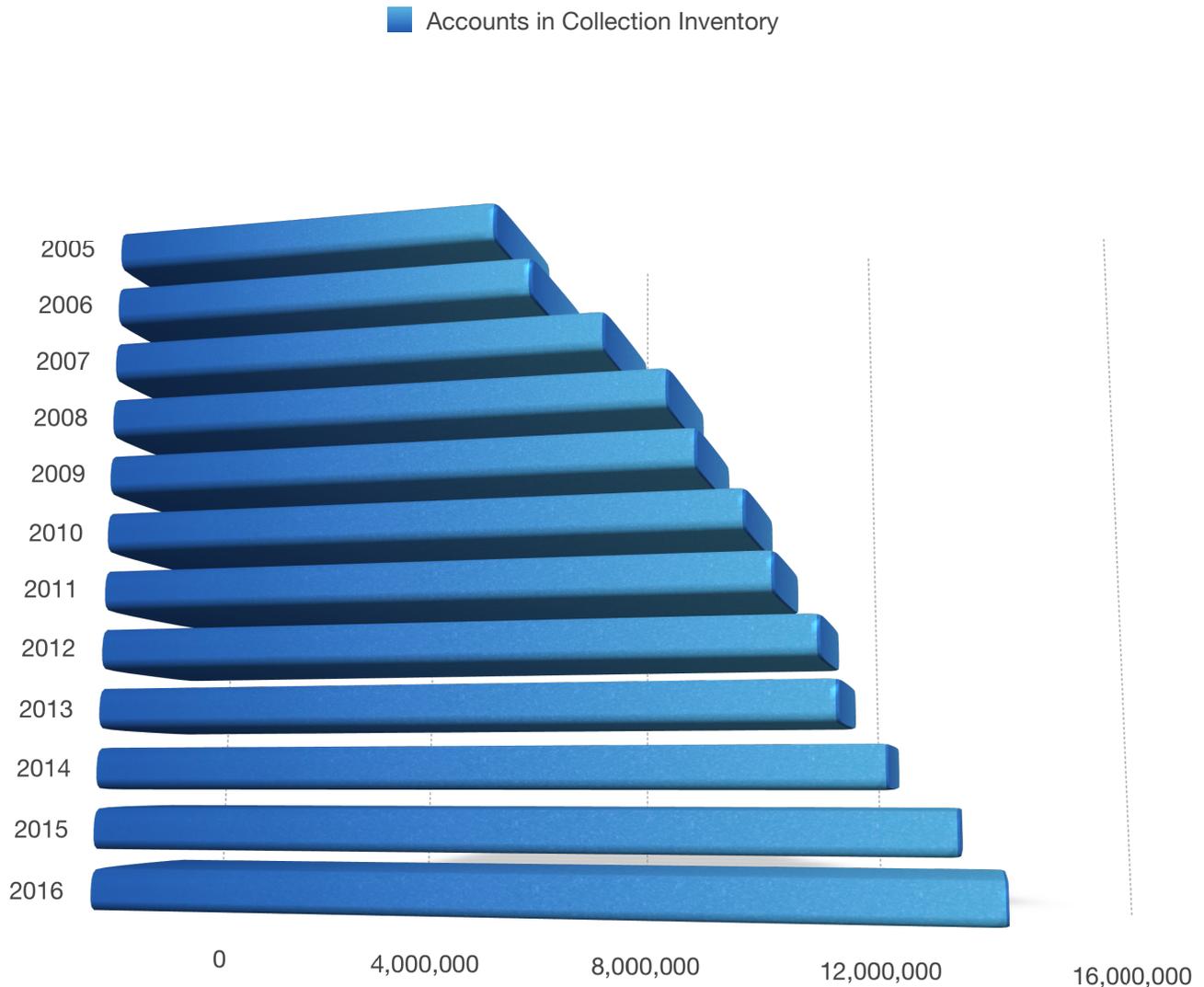
Recently, I was sitting in a hotel in Las Vegas talking to my very learned colleagues who were also invited to the conference to speak. As we enjoyed our after-dinner drinks I looked out the restaurant window and watched a young woman vomit all over the sidewalk outside the hotel while her equally drunk friends tried to hold her hair out of the way. As I sat there thinking about how wonderful it is to be young and stupid, it hit me: She is nothing more than a living, breathing metaphor for taxpayers in collection! She could easily have avoided this “fun” evening of splattering the sidewalk with her dinner and the next morning of horrible pain, but chose instead to ruin everyone’s evening and hope that what happens in Vegas really does stay in Vegas.

So many taxpayers who are in trouble could easily fix their situation by taking a few simple steps, but because they appear to enjoy being levied, liened, threatened, and beaten up by the IRS, they continue to pursue the same self-destructive behavior pattern. That means that it is up to us to knock some sense into them, and get them past their tax issue and on with their lives.

As practitioners, this area is a tremendous opportunity to expand your practice, make money at a much higher rate than you can charge for mere tax return preparation or bookkeeping, and help taxpayers who desperately need representation.

Want Proof?

The IRS tracks the taxpayer accounts in its Collection Division inventory and publishes them each year in its Data Book. The number of accounts in its Collection Division inventory, as reported by the IRS, are as follows:



Source: IRS

The need for good representation is exploding, and there are few practitioners who know how to handle these cases. At the end of 2016 there were more than **14 million taxpayer** accounts in the IRS Collection Division inventory!

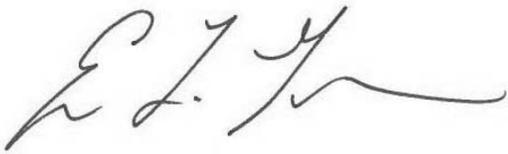
Why the Ever-Expanding Number of Cases?

The IRS has become much better at identifying non-filers, those who have neglected to file their tax returns. Between information matching and exchanging information with the various state departments of revenue, the IRS can now locate people who have not filed a return much more easily than ever before.

Once identified and pursued, most non-filers end up filing multiple returns at once. The liability, exacerbated by 25% failure-to-file penalties and 25% failure-to-pay penalties, generally make it inevitable that the taxpayers will end-up in collection.

This guide will walk you through the IRS collection process from start to finish so you can handle your individual tax cases like a pro. Included with each chapter are sample forms and letters, as well as a Collection Checklist for you to use with potential clients at the end of the book.

So read on and begin your journey into the burgeoning and profitable world of taxpayer representation!

A handwritten signature in black ink, appearing to read "E. J. Y." followed by a long horizontal flourish.

1

The IRS Collection Process

The Internal Revenue Service (IRS) is charged with collecting taxes owed to the U.S. government. The mission of the IRS Collection Division is to collect delinquent taxes and secure delinquent returns.

Though most taxpayers who deal with the Collection Division view it and its employees as little more than ruthless collection agents, the IRS does have guiding principles that its employees who are involved with collection are expected to follow. These are embodied in Policy Statement 5-2.

Policy Statement 5-2: Collecting Principles

1. *SERVICE AND ASSISTANCE* – All taxpayers are entitled to courteous, responsive, and effective service and assistance in all their dealings with the Service.
2. *TAXPAYER RIGHTS* – We will observe taxpayers’ rights, including their rights to privacy and to fair and courteous treatment.
3. *COMPLIANCE* – The public trust requires us to ensure that all taxpayers promptly file their returns and pay the proper amount of tax, regardless of the amount owed.
4. *CASE RESOLUTION* – While we will actively assist taxpayers to comply, we will also take appropriate enforcement actions when warranted to resolve the delinquency. To resolve a case, good judgment is needed to make sound decisions on the appropriate action needed.

How did the taxpayer get here?

The way that taxpayers fall into the Collection Division inventory is by either filing a tax return with a balance due, or by failing to file a return at all, thereby forcing the IRS Collection Division to either secure the missing return or create a return for the taxpayer, referred to as a “substitute for return” (SFR).

This chapter lays out for you how the IRS Collection Division operates and what you can do to avoid having it take enforced collection action against your clients (that is, tax liens and tax levies).

The collection process, step-by-step, is as follows:

The Collection Process	
STEP 1	The tax is assessed.
STEP 2	The billing notice is sent, and it goes unpaid.
STEP 3	A silent lien arises by statute, attaching to all the taxpayer's assets owned and later acquired.
STEP 4	Final notice of the IRS's intent to levy on the taxpayer's income and assets is sent, beginning the statutory 30-day window for the taxpayer to request a collection due process hearing.
STEP 5	IRS files a Notice of Federal Tax Lien in the public records if the taxpayer owes more than \$10,000, thus triggering an avalanche of marketing mail from national IRS help companies and destroying what was left of the taxpayer's credit score.
STEP 6	Assuming an appeal is not filed (roughly less than 3% of taxpayers take their appeal) the IRS begins seizing the taxpayer's assets, including garnishing wages, cleaning out their bank accounts, and going after clients who may owe the taxpayer money. If the taxpayers were not embarrassed before when the Notice of Federal Tax Lien was filed, they certainly will be now.
STEP 7	This process of enforced collection action continues until the taxpayers decide to abandon the "ostrich approach" to tax-debt resolution of sticking their heads in the sand and call a competent professional to sort out the issue and get it resolved.

File The Damn Returns!

We understand the thought process: *"If I don't file, the IRS won't know."*

I can assure you this is baloney. Not true. A vicious lie.

What failing to file a return does is set off a host of terrible things, including penalties, notices, and worse — the stress with which the taxpayer now lives, knowing that the IRS will find out one day.

And the IRS *will* find them.

It is these instances in which my mother's advice still rings true: *You're better off dealing with your problems directly than ignoring them and allowing them to grow and get worse.*

What happens if your clients don't file their tax returns?

Delinquent Returns

The IRS Collection Division first makes efforts to obtain the missing tax returns. A Letter CP-516 (see Exhibit 1-1) is mailed to the taxpayer requesting the missing tax returns. Once the returns are filed, the IRS assesses the tax liability. If the taxpayer owes money, a bill is sent, and if the bill is paid in short order, that is the end of the matter.

Often, however, the tax returns are not forthcoming. Many times taxpayers tell us that they thought that as long as the IRS doesn't have the tax return, it can't come after them. The problems with this approach include the following:

1. It's not true; the IRS can and will pursue the issue with vigor, and
2. By not filing the missing returns the taxpayers have just increased their bill by 25% with a Failure-to-File penalty. The penalty begins running at 5% on the due date and continues for five months or until the return is actually filed, whichever is sooner.

Hence, the taxpayers are actually not achieving anything by waiting and in fact are increasing their tax bill. The best solution is to file the return and deal with the collection issue quickly.

If the taxpayer fails to file the return, the IRS eventually puts a return together for them, called a substitute for return (SFR). This is almost never good for the taxpayer.

If the taxpayer receives a W-2 or 1099, the IRS creates a return with the income information it has on record. The IRS allows the taxpayer a standard deduction and a personal exemption, calculates the tax liability with penalty and interest, and sends the taxpayer a bill. Without any expense or itemized deduction information, almost inevitably the liability on the tax return created by the IRS is substantially greater than the correct one, had the return been filed. Taxpayers who find themselves in this position should immediately take the steps necessary to prepare and file the actual return.

- Client: “Mr. Green, the IRS wants \$150,000 from me! I only make \$40,000 a year. How can they say this?”
- Green: “I bet you didn’t file your tax returns.”
- Client: “Actually I haven’t. I have not filed the last three years. Why?”
- Green: “Get your tax returns completed and filed. The IRS picked up on income reported without cost basis or deductions. Once your returns are completed and filed that should bring the issue to a close.”

The other issue with an SFR created by the IRS is that once it is filed on behalf of the taxpayer by the IRS that tax year is *never* dischargeable in bankruptcy. The taxpayer can still file the actual return and correct the liability, but as far as claiming bankruptcy as a possible solution, that tax year is never dischargeable. Years ago the taxpayer could file the actual return later, wait two years, and then discharge the tax liability in bankruptcy. The bankruptcy law changes adopted by Congress a few years ago, however, changed the rule so that an SFR is never dischargeable, because the taxpayer failed to follow the tax laws. See Chapter 5 on Collection Alternatives.

True Client Story

The client and her husband would like to come in because the IRS is claiming they owe money when they know they have refunds due to them. Believing they had sufficient withholding, they chose not file their tax returns. Eventually, the IRS pursued the matter, and in 2010 the taxpayers filed eight back tax returns for the tax years 2002 to 2009. For tax years 2002 through 2006, the taxpayers had refunds worth a total of \$70,000. The taxpayers would have owed \$50,000 total for the three years 2007 through 2009, but because they carried their refunds forward they still had a \$20,000 refund due them.

Or so they thought.

The IRS denied the carry-forwards and claimed the taxpayers owed \$50,000 for tax years 2007 through 2009, plus penalties and interest.

Sadly we had to explain to the taxpayers that the IRS was correct: You can only file your return and claim a refund (either a refund of the balance or a carry-forward to future tax years) for three years, after which time it is lost. By delaying the filing of their tax returns, they had lost \$70,000 of refunds and now owed the IRS more than \$50,000. Ouch!

If the IRS doesn't have third-party information available to create an SFR (such as a W-2 or 1099), then the case is sent to the field to a Revenue Officer (RO), who is an IRS employee responsible for collecting back taxes and collecting unfiled tax returns. The RO contacts the taxpayer and request the missing tax returns. Failure to produce the returns in a timely fashion will result in the RO issuing a summons (see Exhibit 1-2) to the taxpayers to appear with their books and records. The reason the RO wants the books and records is that the RO is going to create the tax return for the taxpayer. The IRS can only issue a summons for what already

exists and can't use a summons to compel the taxpayer to create something. In other words, the IRS can summons the books and records that exist, but can't compel a taxpayer to create a return if that return doesn't exist at the time of the summons.

If the taxpayer receives a summons, the best option is to get the tax return completed and file it with the RO. This avoids the headache of having to sit in a government office while the IRS employee flips through the client's tax receipts. Worse, the taxpayers are paying me a lot of money per hour to sit and watch this process. It's sort of like having a root canal, only worse because the client gets no relief when it's done.

Tell the client to get their returns completed and filed. Trust me, it's not hard. They'll save themselves time, money, and heartache.

The IRS Collection Division

This is the official mission statement of the IRS Collection Division:

The mission of Field Collection is to provide SB/SE [Small Business/Self-Employed] taxpayers with top quality post-filing services by helping them understand and comply with all applicable tax laws and by applying the tax laws with integrity and fairness.

HOT TIP!

If your clients are owed a refund, they have only three years to file their return and claim it. After three years the refund is gone. If they file more than three years late, they can file the return and claim the credit against that year's tax, but they can neither carry any refund forward, nor seek to have it sent back to them. They effectively just made a donation to the government — another good reason for clients to always file their tax returns on time!

Our experience is that most clients don't find the IRS "post-filing services" to be either top quality or educational. They find them to be abusive, scary, and financially devastating. Clients often don't understand what is expected of them and how to work with collection division personnel, and the government employees of the Collection Division don't bother to explain the process to the taxpayer.

Once the tax is assessed, a billing notice is mailed to the taxpayer requesting payment (see Exhibit 1-3). If the tax is paid in full, including interest and penalties, then the issue for that year is closed.

If the tax continues to go unpaid, then additional notices are sent to the taxpayer. These include:

Additional Notices from the IRS	
CP-501	You have a balance due (money you owe the IRS) on one of your tax accounts.
CP-503	We have not heard from you, and you still have an unpaid balance on one of your tax accounts. (see Exhibit 1-4)
CP-504	Intent to Levy. You have an unpaid amount due on your account. If you do not pay the amount due immediately, the IRS will seize your assets in an attempt to pay the balance due. (see Exhibit 1-5)

After these notices have been sent, another notice will arrive: "Notice of Intent to Levy," Letter 11¹ (see Exhibit 1-6). With the Letter 11 also comes a blank Form 12153, "Request for a Collection Due Process or Equivalent Hearing," also referred to as "CDP." (see Exhibit 1-7). Letter 11 is a critical notice, because 30 days after the date of this notice, levy action may commence against the taxpayer. The way you stop the levy action is by requesting the hearing with the Form 12153. (See Chapter 4, The Federal Tax Levy.)

It is critical for the taxpayers to understand where they are in the process, because at any point the taxpayer can call collection, and start working out a deal. There is no reason why the taxpayer should be so remiss as to reach the point of receiving a Letter 11. Some critical points to consider:

- Get any missing returns filed as soon as possible.

¹ There is also a version Letter 1058, which is sent from IRS Field Collections. The Letter 11 comes from the Automated Collection Service area of Collections ("ACS").

- Open the mail! It is stunning to me, even after doing this for 15 years, how often taxpayers don't even open the mail and, therefore, have no idea what's going on. Opening the mail is critical to understanding the tax situation and knowing when to call the IRS, or more critical, when to seek professional tax help.
- Respond to IRS requests in a timely fashion.
- Every response should be sent in a way that the taxpayers can prove when they sent it: fax with a fax receipt, certified or registered mail, or overnight service that can be tracked. It may become critical for the taxpayers later to have to prove they sent in something by a particular date, so this is no time to get cheap! They should spend the extra money and send the filing by certified mail.

Collection Appeals

It is critical that the Form 12153 be filed within 30 days of the date on the Letter 11. In fact, with the exception of certain circumstances discussed later under the Statute of Limitations, it is (in the author's opinion) malpractice *not* to file the CDP request. By filing the CDP request, a number of things will happen in the taxpayer's case:

- The IRS ceases all collection action against the taxpayer for the tax periods in question;
- The taxpayer's case is forwarded to Appeals;
- The taxpayer has the right to go to the Tax Court if the taxpayer can't work out an arrangement with Appeals; and
- The taxpayer has additional time to prepare any missing returns and sort out the proposal for resolving the outstanding tax debt.

Unfortunately many taxpayers (and their equally clueless practitioners) don't realize the seriousness of the need to file the appeal. The National Taxpayer Advocate reports that only about 3% of taxpayers ever take advantage of their appeal rights!

What if the taxpayer misses the 30-day deadline to request the CDP hearing? On page 2 of Form 12153 there is a box, line item 7, that if the request is late, the taxpayer would like a hearing equivalent to a CDP hearing (see Exhibit 1-7). The taxpayer has up to one year to request an equivalent hearing in this manner, that is, by filing the Form 12153 and checking line item 7. This still gets the case to Appeals. However, by requesting an equivalent hearing

(having missed their 30-day CDP request deadline) the taxpayer has lost some significant rights:

1. Collection action does *not* stop for an equivalent hearing, so the taxpayers or their representative still have to continue dealing with the collection division while they await their appeal;
2. There is no right to go to the United States Tax Court, as anything the appeals officer decides at the equivalent hearing is final.

HOT TIP!

If the Letter 11 is received, the taxpayer *must file the CDP request!* It is critical for the taxpayers to file their request for a CDP within 30-days from the date on the letter. In doing so they stop any enforced collection action against them and preserve their right to go to Appeals and the Tax Court.

The IRS cannot extend more time to the taxpayer. The CDP right is statutory, created by Congress, and IRS personnel have no authority to grant the taxpayer more time. Many times taxpayers call the IRS, and the IRS tells the taxpayers they will give them more time to get information. This additional time is the IRS agreeing to voluntarily hold off on levy action. If later the IRS Collection Division and the taxpayer don't come to terms, the taxpayer has lost the right to a CDP hearing and an appeal to the Tax Court.

The Statute of Limitations

The IRS has 10 years from the date of assessment to collect a tax debt. That is all, 10 years. In most cases, after 10 years the debt becomes unenforceable. For example, if the 2004 tax return were filed on October 1, 2005, and the tax was assessed on October 5, 2005, the IRS would have until October 4, 2015, to collect that tax.

How does a practitioner know the date of assessment? Practitioners should obtain what are called "Account Transcripts" from the IRS that list everything that has occurred with that particular tax year for the taxpayer, including when the return was received, when the tax was assessed, the penalty and interest charged, and payments received. Even better, the practitioner should ask the IRS for the "Mod A," which will have an estimated CSED (Collection Statute Expiration Date). If you have never seen an Account Transcript there is one at the end of this chapter (see Exhibit 1-8).

The reason the statute of limitations is so important is that the amount of time remaining on the collection statute determines which solution the practitioner should select to resolve the client's tax liability.

The other key point about the statute of limitations is that certain actions on a client's part will toll, or freeze, the statute, preventing it from running. Such actions include the filing of an Offer-in-Compromise, filing a CDP request, requesting an installment agreement, and filing for bankruptcy.² These actions prevent the IRS from taking collection action, and therefore stop the 10-year collection statute from running. The rationale is that it would be unfair to allow the statute to run against the government while it is prevented from taking collection action. The time remaining on the collection statute is therefore critical for the practitioner to advise the client about which of the collection alternatives make the most sense to resolve the client's tax issue.

For instance, if the liability is recent and most of the 10-year limitations period remains, an Offer-in-Compromise may make the most sense, as clients don't want the liability and tax hanging over their head for years to come. If, however, the tax liability is already older and not much more time remains on the limitations period, perhaps having the liability deemed currently-not-collectable makes sense, as this would allow you to hold the IRS Collection Division at bay while the 10-year statute continues running on the old tax debt.

The tolling of the collection statute is why filing Offers-in-Compromise that have no chance of success accomplishes nothing but wasting the practitioner's valuable time and the client's limited resources.

Federal Tax Liens

Federal tax liens are covered in more detail in Chapter 3, however I want to mention them here because of the role they play in the collection process.

The federal tax lien arises automatically by law. The IRS doesn't have to file anything for the statutory lien to come into being. However, in an effort to put other potential creditors on notice, the IRS files a Notice of Federal Tax Lien (NFTL) if the taxpayer owes more than \$10,000 and fails to pay it upon demand (the billing notice). This filing is not only embarrassing, but it also ruins the client's credit and starts an avalanche of junk mail from those national tax-help companies. Why?

² The filing of a bankruptcy by statute not only tolls the statute from running but adds an additional six months. A bankruptcy filed on January 1 that was discharged on May 31 would add 11 months to the collection statute: the five for the bankruptcy plus the extra six-months by statute.

Those national tax-help companies that have not yet been put out of business for deceptive marketing purchase lists of new tax liens that are filed and send all sorts of mail to the taxpayer promising “pennies on the dollar” settlements. Sometimes it’s even worse. They send letters that are designed to look like formal IRS notices, misleading the taxpayer into calling and hiring them, believing they are actually dealing with the IRS.

Though the Notice of Federal Tax Lien filing can be upsetting to taxpayers, it generally is not the biggest concern. Tax levies have a far more destructive impact!

Federal Tax Levies

A tax levy is the seizing of a taxpayer’s assets to pay the back tax debt. This can include a garnishment of wages, a seizure of everything in the taxpayer’s bank account at a given moment in time, and a seizure of money owed to the taxpayer by third parties. Levies, unlike liens, can cause not only embarrassment but immediate economic devastation. I frequently get new clients after the IRS has issued levies. The conversation generally goes like this:

Client: “Attorney Green, I need to see you right away!”

Green: “Why?”

Client: “The IRS just cleaned out my bank account.”

Thankfully, the IRS has a process that it must follow before it gets to the point of issuing levies (see the notices listed previously). However, it is all too often that clients ignore the IRS notices and then seem shocked when the levies are served. Worse, now they have to borrow the money to hire the professional to help them!

The goal is to have the taxpayers take simple steps to help their situation (or at least mitigate the damage done) and get a real professional involved. This book walks tax professionals through those steps so they can help their clients avoid suffering needlessly. The situation is difficult enough without the client and professional making it even worse.

Once a levy has been issued there is an opportunity to have it released and the money put back if the taxpayer’s representative moves quickly (banks hold the money taken for 21 days before sending it to the IRS in case your client can get a release).

These steps include the following:

Process to Release IRS Levy	
STEP 1	Call the IRS.
STEP 2	Find out what the IRS is missing as far as returns.
STEP 3	Explain that the missing returns and collection documentation will be provided to them within 30 days.
STEP 4	Ask to have the levy released because it is causing an economic hardship. It's amazing how often this works, and the IRS releases the levy if it's the first time in contact with the taxpayer.

Think about what just happened: The professional contacted the IRS and told them the taxpayer will get into compliance and send paperwork with a proposed resolution for the back taxes. This is exactly what the IRS wanted to hear, and this is how to start the process of getting the client's issue resolved.

Of course, there is still the issue of the client to deal with!

2

The Collection Client

Collection clients are not like normal tax clients. With a normal tax client you can do the work and get paid at the end when you release the product (for example, a tax return) to them or file it with the government.

This approach doesn't work with tax collection clients. As a practitioner you need to remember who you're dealing with: clients who are financially not doing well and who don't mind sticking the government for their taxes. If they don't mind stiffing the government for their taxes do you think they will mind stiffing the practitioner for the fee?

Consultations

Personal injury lawyers give free consultations because each case is a potential windfall for them. We, however, do not.

I get asked this question almost every day. The phone will ring and the taxpayer with a problem on the other end of the phone will launch into the story and ask to meet. We always tell them the same thing. The conversation goes like this:

Green: "Please bring with you all the correspondence you have received from the IRS, bring the tax returns involved, and please bring a check."

(There is usually a momentary silence and then)

Client: "Why do I need to bring a check?"

Green: "Because we charge one hour of our time for consultations."

Client: "Don't you do free consultations?"

Green: "This call we are having right now...this is your free consultation. I have heard what is going on, and I believe we can help you. When you come in we're going to spend a lot of time together while I walk you through the process and what your options are given your current situation. If you actually bring everything I have asked for, you should be able to leave my office knowing what your options are and why. We will give you a lot of valuable information and for that we charge."

I believe that 90% to 95% of those people who call us ultimately come in and pay for the consultation. If you are a practitioner new to this area I would caution you about doing free consultations. What the practitioners find is that they encourage people to come in and waste time who are neither serious about doing something nor hiring a professional to help them.

Trust me: If a potential client is unwilling to pay for the consultation then you're better off without them as clients.

Getting Retained

For practitioners who represent taxpayers, it is critical that they spell out what they are doing for that client. Are they handling the IRS case only, or are they also handling the client's state income tax case? This is especially important if practitioners are doing the work on a flat-fee basis. After the IRS case is settled the taxpayer will then raise the issue of the state case. If the engagement was done on a flat fee and there is no agreement in writing, then there will be a fight about the fee for the state case.

"But you said you would represent us for \$2,500. That includes the IRS and the state!"

We have provided you with a sample retainer agreement (see Exhibit 2-1). Practitioners should make sure they explicitly outline what is being done for the fee stated.

Once retained (with a signed retainer letter and check in hand), the practitioner needs to get an IRS Power-of-Attorney (POA) Form, Form 2848 (see Exhibit 2-2). It's often best to have the clients sign the form while they are in the office so the professional can get started right away.

Once retained, with money and POA in hand, the next thing the practitioner has to deal with is whether the client is in "tax compliance" so they can work out an arrangement with the IRS.

Getting into Tax Compliance

What is "tax compliance?"

In order to work out any kind of a deal the taxpayer must be in tax compliance, meaning that all tax returns have been filed and they are making their current tax payments

properly. They need to understand that, if they do work out a deal with the IRS, a term of that deal is that they will maintain their tax compliance. Any failure to do so results in a default of the installment agreement or a voiding of the Offer-in-Compromise they worked so hard to get.

So often we fight to get a client's Offer-in-Compromise accepted only to have the client incur a new debt later and void the offer. Therefore, it is critical from the beginning that clients understand the need to get into tax compliance and maintain compliance going forward.

This means that:

- All tax returns due are filed when you begin trying to work out a deal with the IRS;
- If your client is an employee, that sufficient taxes are withheld to cover the tax bill at the end of the year;
- If the clients are self-employed that they are making estimated tax payments each quarter as required;
- If the client is a business, it is depositing its payroll taxes on time each period; and
- All future tax returns due are filed on time.

Clients need to understand that without their tax compliance there can be no deal reached with the IRS because lack of compliance automatically voids the deal the client just reached with the government. In essence, why should the IRS agree to anything for the future when the client can't even stay compliant now?

Tax compliance is something the client must take care of immediately. Get the old returns completed and filed, and have the clients adjust their ways so they can make the proper tax payments to avoid running up yet another debt.³

³ For purposes of collection, the IRS generally considers a taxpayer in compliance when they have filed the last 6 years.

Estimated Taxes

Green: “Mr. Smith, I will call the Revenue Officer and try to get the wage garnishment lifted so you can pay your rent. The Revenue Officer is going to ask about your current year taxes. Have you made your estimated tax payments for this year?”

Client: “What’s an estimated tax payment?”

It is unbelievable to me still that there are self-employed people wandering around unsupervised that don’t understand that they are expected to pay their taxes on a quarterly basis. Many Americans believe they can simply file their tax return at the end of the year and just pay the tax bill then. Unfortunately, that is not how our tax system works.

Our tax system requires taxes to be paid in to the government quarterly: Employers file and pay the taxes withheld from their employees quarterly, with a Form 941, and self-employed individuals are expected to file quarterly estimated tax payments with a Form 1040-ES (see Exhibit 2-3).

The quarterly deadlines for self-employed individuals are:

- April 15
- June 15
- September 15
- January 15

In most cases, your client must pay estimated taxes if both of the following apply:

1. They expect to owe at least \$1,000 in tax, after subtracting their withholding and refundable credits.
2. They expect their withholding and refundable credits to be less than the smaller of:
 - 90% of the tax to be shown on their current year’s tax return, or

- 100% of the tax shown on their prior year's tax return. If they earn more than \$150,000 per year, it is increased to 110% of the tax shown on the prior year's tax return.

Now, I know what the client is thinking. "I've done that for years, filed the return and sent a check. The IRS has never gone after me before."

And they would be correct: As long as they can pay the tax liability in full, plus penalty and interest at the end of the year, they won't be bothered by the IRS. Once a taxpayer ends up in collection, however, the rules change.

In order to work out a deal with the IRS to resolve back taxes, taxpayers need to prove that they won't create a new liability because they are now in tax compliance. Making current payments is part of that process.

Withholding Taxes

For wage earners, "tax compliance" means having the proper amount of tax withheld. Though this sounds obvious, it is amazing how frequently this issue arises when handling IRS cases.

The conversation usually goes something like this:

Client: "Every year I end up owing money to the government!"

Green: "How about increasing your withholding to make sure you cover the taxes due?"

Client: "Wow, that's a great idea!"

Green: "Thanks."

Or even better, taxpayers get their tax returns, freak out that they may be arrested at any moment, and call me at all hours of the day or night. What makes this particularly cute is the fact that our firm acquired a fancy Internet Protocol phone system that emails the voicemails to me, so I get to listen to them 24 hours a day, seven days a week, which makes it all so special!

Voicemail at 1:35 am: *"Mr. Green, I need to meet with you in the morning. I have a terrible tax problem, and may be arrested."*

Now, you should know that inside my head the right side of my brain is saying “Oh my that’s too bad” while the left side of my brain, which knows I have four children to put through college, is dancing the Conga and making those “cha-ching” cash register noises.

When I call the taxpayer, I get this:

Potential Client: “Mr. Green, I have a real problem!”

Green: “Okay, tell me what happened.”

Potential Client: “I just got my return back and I owe money to the IRS.”

Green: “Okay, how much do you owe?”

Potential Client: “\$3,000”

(Long pause as my hopes deflate like a punctured balloon and the Conga music inside my head stops.)

Green: “Really? \$3,000?”

No Longer A Potential Client: “Yes, please help me!”

Green: “Okay, can you pay the \$3,000?”

No-Longer A Potential Client: “Yes I can!”

Green: “Good. Now take out your check book, write the check out to the United States Treasury, put your Social Security number in the memo, and mail it in with the return.”

No Longer a Potential Client: “And then what?”

Green: “The IRS will send you a bill for interest and penalty. Pay it.”

No Longer a Potential Client: “And then...?”

Green: “See your company’s payroll people and fix your withholding.”

No Longer a Potential Client: “That’s it?”

Green: “Yep.”

No-Longer a Potential Client: “Should I come see you?”

Green: “Please don’t.”

Compliance is something the taxpayer needs to understand and maintain, because even after we solve the client’s problem, no matter how we solve the problem, blowing their compliance will undo all the good we have done and the money they spent. For instance:

- If an Offer-in-Compromise is accepted, the taxpayers must maintain compliance for five years or the offer is deemed to be void and the original liability (less whatever they paid in with the offer) is put back, and they get the fun of having the IRS chase them all over again. Sort of like a bizarre game of tag, except that this one costs the client tens of thousands of dollars.
- If the taxpayers have an installment agreement and they fail to file a return, pay a tax, or receive a penalty, it is in default of the agreement. By defaulting on their agreement, the terms of the old agreement cease and the taxpayer gets the pleasure of starting the process all over again.

Tell the clients to do themselves a favor and save themselves a lot of money: Get into compliance and stay in compliance. Their government and their wallet will thank them for it.

Open Your Freaking Mail!

If ignorance is bliss, why aren’t there more happy people?

- Author Unknown

We often get calls that start off with “I have a tax problem.”

In fact, there is a good chance people have a tax problem if they call our number: Solving tax issues is what we do.

However, it always amazes me that when we ask how much the taxpayers owe, or what the IRS has sent them, they have no idea. It becomes apparent why they don’t know when they arrive with a big bag of unopened letters from the IRS. Now they’re paying me \$400 an hour to have a letter opening party with them.

- Green: “Oh look, here is the billing notice. Here is the threat to levy. Here is the final notice and your right to a hearing. This gives you appeal rights...and they expired 3 weeks ago. Oh yes, and here is the copy of the levy they issued to your employer.”
- Client: “Yeah, did I tell you my boss said my wages got levied?”
- Green: “No kidding?”

In addition to the waste of my time and the client’s money, the client’s unwillingness to open up the mail seriously makes the case more difficult to resolve and costs a lot more money. For instance:

- If the clients receive a Letter 11, “Notice of Intent to Levy,” they have 30 days from the date of that letter to request an appeal. That appeal will stop enforced collection and give them breathing room to work out a deal with the government. It also grants them the right to take their case to the Tax Court if the IRS Office of Appeals doesn’t give them what they want. These are major legal rights that are lost if they can’t even be bothered to open the letter.
- A summons is an IRS administrative power that allows it to compel a taxpayer to provide it with information. If the taxpayers receive a summons and ignore it, a second letter goes out with a new date. If that is ignored, the government seeks to have it enforced in federal district court in front of a judge. It’s great fun to have to explain to a judge why the taxpayers could not be bothered to show up at either of the dates the IRS had set for them. Failure to honor a summons can lead to fines, jail time, or both. Unfortunately, being an idiot is not an acceptable defense.
- If the clients make a mistake and accidentally breach their installment agreement, the IRS sends them a letter giving them 30 days to contact the IRS and remedy the situation. This 30-day remedy period is a wonderful opportunity to rectify the mistake, but only if the taxpayers open the letter and call the IRS.

The clients need to open their mail. By reading the letters they’ll know what the IRS is doing, what the IRS is asking for, and when the client needs to seek help.

Talk to the IRS

I'm sure this is the last thing anyone who owes money to the IRS wants to do, but it is critical if your client wishes to avoid becoming a target of enforced collection activity (that is, liens and wage garnishments).

You don't want to call and start in with a sob-story. No offense, though I am sure your client's tale is simultaneously thrilling yet heart-wrenching, the reality is that the government wants to know when they're getting information and how you plan on resolving this issue.

The phone number for the IRS Automated Collection Service (ACS) is 1-800-829-3903. Given the recent bout of budget cuts, attempting to call the IRS today is going to be like participating in some sort of grudge match. Prepare for long, drawn out wait, followed by a conversation with an overworked, underpaid, bureaucrat. If the client has been contacted by a Revenue Officer (RO), contact the RO at the phone number on the correspondence sent to the taxpayer.

If a new client comes into a practitioner's office, the following should happen:

- Obtain a signed retainer agreement and your retainer (ie. money)
- Obtain a Power of Attorney.
- Call the IRS.
- Find out what documents the IRS is missing.
- Ask for a 30-day hold on collection so the IRS doesn't move against the client's assets or income before the IRS receives the documents.
- Tell the IRS that within 30 days you will file any missing returns.
- Tell the IRS that you will provide the collection information to it by the deadline
- Tell the IRS you will present a proposal to resolve the outstanding tax debt by the deadline

This is what the IRS wants: tax compliance and a proposal to resolve the outstanding tax debt.

It's possible that the IRS representative may *not* be willing to grant a 30-day hold, as so much time has elapsed since the IRS started trying to contact the client that it has lost

HOT TIP!

Don't be afraid to do this in stages. If the IRS only gives you 10 days for a hold, get as much information as you can, submit what you have and call back. Tell the IRS what you sent and that you need just another week or so to get the rest. As long as you're sending information and communicating with IRS it often will continue working with you (that is, extending the hold).

patience. Practitioners should do what they can. If the IRS will only give a 10-day hold, take the 10 days. Just work quickly and efficiently to get the IRS the information it seeks.

3

Federal Tax Liens

If taxpayers owe money to the IRS, there is already a tax lien against them and all of their assets, including those assets they acquire in the future.

It's true!

Referred to as the silent lien, it arises automatically by statute if a tax liability is assessed. If, after demand for payment is made by the IRS, the taxpayer fails to pay the balance in full, a lien arises in favor of the U.S. government.⁴ The IRS doesn't have to do anything further for that lien to attach.

There are three prerequisites to a valid federal tax lien:

1. The IRS has assessed the tax liability;
2. The IRS has given the taxpayer notice of the amount assessed and has demanded payment; and
3. The taxpayer has failed to pay the amount assessed within 10 days after notice and demand.

Despite the fact that the lien has been created and attached to the taxpayer's asset by statute, the IRS files a public notice to let all other creditors know that money will be paid to the IRS first⁵, and that other unsecured creditors will be behind the IRS in priority. This filing is referred to as a Notice of Federal Tax Lien (NFTL), which is a public document filed to alert third parties that the taxpayer owes the IRS money (see Exhibit 3-1). It is this filing of the NFTL that ruins your client's credit, and starts the deluge of marketing mail and calls from national companies seeking to help the clients resolve their tax problems. The client's name now appears on public lists for lien filings and is sold to these companies to market their services to these clients.

Unfortunately, if the clients owe \$10,000 or more, there is virtually nothing you can do to stop the filing of the NFTL against them. The best option is to contact the IRS and resolve the tax issue. Once the tax issue is resolved (meaning compromised, discharged, or paid off), the liens will be released, generally in 30 days. If the taxpayer is deemed uncollectable or is paying the debt back through an installment agreement, the liens will remain in place until the debt is paid, no different than if the clients had a loan out from a bank or other creditor. Considering how many taxpayers default on their installment agreements, the liens are left in place to protect the government's interest in the assets.

⁴ IRC § 6321

⁵ IRC § 6323(a)

Impact of the Federal Tax Lien

The federal tax lien is extremely powerful. The lien that arises attaches to all the assets owned by the taxpayer at that moment or that the taxpayer has a right to in the future (after-acquired). For instance, the U.S. Supreme Court has held that a lien attached at the moment a parent died and the son had a right to the property under the will.⁶

Many issues arise because of misinformation about tax liens. Though federal tax liens are often a superior lien to many creditors, a tax lien doesn't automatically trump other legitimate liens that are filed ahead of it against the taxpayer. The federal tax lien does not jump ahead of mortgages, Uniform Commercial Code (UCC) filings, and other legitimate liens filed ahead of it by other creditors of the taxpayer.⁷

Withdrawal of Liens at \$25,000 or Less

An exception was created recently that allows taxpayers who owe the IRS \$25,000 or less to enter into a direct-debit installment agreement. They agree to pay the IRS by allowing the IRS to withdraw the money from their bank account on a particular day every month (see Chapter 5). If taxpayers meet this exception, they may request that the NFTL be withdrawn after making three monthly installment payments. (see Exhibit 3-2) The IRS did this due to the concern that by leaving the NFTL in place it was ruining the credit of the taxpayer who was trying to pay the IRS the money it was owed, and for balances of \$25,000 or less there is minimum risk to the government. Other than this exception, NFTLs will remain in place while the taxpayer is repaying the tax debt.

HOT TIP!

If you owe less than \$25,000, or can pay off enough to reduce the amount owed below \$25,000, you should contact the IRS and enter into a direct-debit installment agreement. After your third payment you should complete IRS Form 12277 and file it to have the NFTL withdrawn, cleaning up your credit.

⁶ *Drye v. United States*, (98-1101) 528 U.S. 49 (1999).

⁷ A UCC security agreement filed against the assets of a taxpayer is ahead of the federal tax lien that arises after it's filed, but only for certain asset classes. Practitioners should consult the regulations and other treatises specifically dealing with federal tax liens to learn the nuances of these various asset classes, which is beyond the scope of this Guide.

Liens Are Self-Releasing

The NFTL includes a column that states that the lien will be deemed to have been released on the date noted unless it is refilled (see Exhibit 3-1).

NFTLs are self-releasing, which means that when the 10-year collection statute has expired, the lien is released. The IRS doesn't file lien releases because the IRS files nearly a million NFTLs every year, so filing releases on each one when they expire is not practical.

There is a mistaken belief among both taxpayers and practitioners that the IRS can file new tax liens as the old ones expire to give the IRS more time to collect. The IRS has no authority to merely file new liens extending its time to collect, unless the taxpayer has performed actions or activities that have extended the 10-year statute. The taxpayer may take actions that prevent the IRS from collecting, which stops the collection statute from running. These actions include the following:

- Bankruptcy
- Offers-in-Compromise
- A request for a Collection Due Process hearing
- A request for an installment agreement⁸

For instance, if the taxpayer filed an Offer-in-Compromise that was rejected 6 months after being filed, it would add 6 months to the collection statute. The IRS could file a new NFTL with a new date 6 months after the original one to continue protecting its interest. The IRS cannot, however, file new NFTLs merely because the IRS wants to extend its time to collect.

Tax liens are self-releasing. When you look at an NFTL you will note that it has an expiration date on it, after which it is considered released unless refilled (because the taxpayer did things that extended the IRS's time to collect). Due to the self-releasing aspect of the NFTL, the IRS won't file releases on old liens.

Explain *that* to the client's banker!

There are many reasons why I hate bankers, but one of the biggest ones is this nonsense about old tax liens. Inevitably, I receive a number of phone calls per year asking me to get involved and have old liens released because the clients want to refinance their property. The bank did a title search and found the old tax lien. It now insists that the

⁸ IRC § 6501

old tax lien be released before the bank moves forward with the refinance. I then call the loan officer to explain that the lien has self-released, but the loan officer persists in proclaiming that the bank's lawyers insist on obtaining a release.

It's because of stupid bankers, who neither understand nor care to understand about tax liens, that the IRS has changed its policy and now, under certain circumstances, *may* file a release for an old lien. You accomplish this by filing a written request to the IRS Lien unit (Form 12277) with attached documentation from the bank, insisting they need the lien withdrawn. (see Exhibit 3-2) The better alternative is to find a banker who can read.

Where NFTLs Are Filed

Generally, when the IRS files the NFTL, it will file it in three places:

- At the town hall of the jurisdiction in which the taxpayer resides
- With the secretary of the state of the taxpayer's state of residence
- In the land records at the address where the taxpayer resides

Why these places, and why all three?

The IRS files the NFTL in these locations, because these are the locations where creditors generally conduct a UCC search on the prospective borrower.

Note that the IRS files the NFTL in the land records where the taxpayer resides, even if the taxpayer doesn't own the home.

If the taxpayers own the property where they reside, then this will cloud their title, and the lien will have to be dealt with either prior to or at the time of a sale or refinance. But what if the taxpayer against whom the lien is filed is not the title owner of the home?

The title-holders should not care because the lien doesn't impact their title to the home at all. Unfortunately, there are many spouses who don't see it this way and become hysterical when the NFTL arrives in the mail. If the house was legitimately in

HOT TIP!

Tax liens only impact those homeowners whose names are also on the lien. If the homeowners are not the tax debtor, then the owners don't need to lose any sleep over the lien filing. The lien won't impair their title to the property.

the spouse's name before the lien was filed (meaning the house was not quickly transferred to avoid the lien), the NFTL should not affect the spouse at all.

This is the reason for many a call to our office, usually like this:

Home owner:	“My husband has ruined my title to my house.”
Green:	“How?”
Home Owner:	“The IRS filed a lien against the house, and his name is not even on the title. It’s always been my house!”
Green:	“Is the lien in his name and Social Security number or yours?”
Home Owner:	“His!”
Green:	“Then it doesn’t affect your title. It’s there to give notice to other creditors but it can’t attach to what he doesn’t own.”
Home Owner:	“Really?”
Green:	“Really Really.”

The Right to a Hearing – Letter 3172

HOT TIP!

There is a lot of misinformation about lien appeals. Taxpayers don't have to challenge the lien itself, but may rather work out a collection alternative. Many practitioners believe that because they're not going to fight about the amount owed or the lien itself, then the hearing is not worth requesting. This is a mistake.

The filing of an NFTL creates the right of the taxpayer to a hearing with a Settlement Officer. This affords the taxpayer the opportunity to meet with a Settlement Officer and not only discuss the filing of the NFTL, but also discuss collection alternatives (Uncollectable Status, Installment Agreements, or an Offer-in-Compromise). The request must be filed within 30 days of the date the NFTL is filed by using IRS Form 12153, “Request for Collection Due

Process Hearing.” Once the request is received, the taxpayer can address the filing of the NFTL, or move on to proposing a collection alternative (see Chapter 6, Collection Appeals).

Discharging Assets from a Tax Lien

For taxpayers who wish to sell their property, the issue of the tax lien always causes consternation. I have had numerous taxpayers tell me that they can't sell the house because of the tax lien. Nothing could be further from the truth.

The tax lien is like a blanket that lies over all the taxpayer's assets. As a professional, you need to understand that we're not discharging the lien, but rather discharging an asset out from under the lien, which still continues to sit on top of all the taxpayers' other assets after the property in question is discharged.

What you, the practitioner, also need to appreciate is that the IRS wants money, not the house. The IRS is more than happy to allow a sale to proceed. The goal for the IRS is to make sure that it receives whatever equity would otherwise have gone to the taxpayer (limited to what it is owed). The taxpayer's equity in the home is all the IRS can get.

The rules basically are the following:

- If there is equity in the house, and that sum fully pays the tax liability, the IRS will provide a payoff letter and, upon receiving a certified check (and make sure it is a certified check) it will issue the lien release.
- If there is equity in the home but not enough to fully pay the outstanding tax liability, the IRS will still issue a lien discharge so the buyer can take good title upon proof that the IRS is receiving all of the equity in the property. What sellers must do is provide the IRS with the real estate contract, the HUD [U.S. Department of Housing and Urban Development] statement showing the breakdown of where the sale's proceeds are going (proving the IRS will receive all of the taxpayer's equity in the home) and the bank's appraisal of the property. The IRS will issue its release of lien upon receipt of certified funds from the buyer.
- If there is no equity in the property (that is, a short sale) then the IRS will provide a lien release when the sellers prove they aren't receiving any equity from the sale. The seller provides the IRS with the real estate contract, the HUD statement showing the breakdown of where the sales

proceeds are going (proving none are going to the tax debtor), and the bank's appraisal of the property.

The tax lien is not meant as a punishment for the taxpayer. Rather, it's a tool to make sure the IRS protects its interest in the property, whatever that interest is. The goal of the IRS is to make sure it captures whatever equity is available to use to reduce the tax debt it is owed. So long as that is achieved, the IRS doesn't want to hold up the sale.

Practitioners should complete the Form 14135 (see Exhibit 3-3) and include with it the contract for sale, the appraisals and the HUD statement to prove that the sale is legitimate and the IRS is getting whatever equity the taxpayer has (up to what it is owed).

Subordinating a Tax Lien

What about a refinance? What do you do if you have another lender (or an existing one) who wishes to lend money, but is concerned about the IRS lien that is ahead of it?

If the loan either helps pay down the tax debt, creates equity to help secure the tax debt, or enables the taxpayer to increase the monthly payments to the IRS, then generally, the IRS agrees to subordinate its lien to the new creditor.

Again, at the heart of all of this is the IRS Collection Division's wish to collect money, and anything that improves collection is generally good in its book. What you need to do when seeking a subordination is to prove to the IRS that the subordination is in its best interest because it improves collection, for example:

- The third-party lender is lending money that will be used to pay down the IRS tax debt.
- The third-party lender is lending money that will be used to improve the property and, therefore, the value underpinning the IRS lien.
- The lender is refinancing the existing loan, reducing the mortgage payments so the taxpayer can, therefore, increase the monthly installment agreement payments to the IRS, thus paying off the tax debt faster.

The taxpayer would need to provide to the IRS the documents needed to support the contention that the loan improves collection, such as the bank appraisals, the loan documents, and the new monthly payment. When that's done, the IRS generally agrees to the subordination.

The critical thing practitioners need to do when requesting a subordination is to make sure to explain to the IRS how collection is improved by allowing the subordination, for instance, the IRS will receive cash, or the subordination will allow the taxpayer to increase monthly installment payments.

Foreclosure of a Federal Tax Lien

Taxpayers who fail to deal with their federal tax issue could face a potential foreclosure of their property by the government, in an attempt to recover the money owed.

The IRS can't decide to administratively seize a taxpayer's property. Since 1998 the IRS is required to sue in federal district court to bring its lien down to a judgment, then seek judicial approval to seize the property in an attempt to pay the judgment.

Taxpayers who own real estate that they would like to keep should work on resolving their tax liability with the IRS. If the taxpayers have equity in their home, and they fail to work on resolving the outstanding tax issue, it's certainly possible that the IRS may send the case to the U.S. Department of Justice Tax Division seeking for it to sue in federal district court. We have provided an exhibit of a federal court filing in which the Department of Justice (DOJ) has sought to sue and enforce federal tax liens against a property (see Exhibit 3-4).

When this happens, it's usually because the taxpayer has property and, as the 10-year collection statute begins to expire, the government sees no other way to collect the taxes owed. As a practical matter the government is going to be granted its judgment so long as it can show that the taxpayer owed the money. Hence, fighting the judgment is generally not a good way to spend the taxpayer's dollars. Moreover, if the government seizes the home and sells it at a government auction, then it is almost guaranteed that the taxpayer won't see anything from the sale, and probably the government may not be paid in full.

Often the best strategy is to negotiate with DOJ so that it gets the judgment, but agrees to allow the taxpayer time to list and sell the home privately, often a year with additional time to be granted by DOJ, at its discretion. DOJ understands a private sale is in everybody's best interest. Our experience is that, so long as the taxpayer is actively trying to sell the property (listing it, having it shown, and reducing the selling price as advised over time), that the DOJ will continue working with the taxpayer to effectuate a private sale.

Tax liens are viewed as a critical enforcement tool by the IRS to protect its interest in the taxes it is owed. Taxpayers should work with the IRS to come to an arrangement on the old taxes, and if the lien becomes an issue, then we as practitioners can work with the IRS to help taxpayers accomplish what they need to, while still protecting the government's interest.

Though most taxpayers voice dismay over the filing of the NFTL, it's the IRS levy that can be far more destructive.

4

The Federal Tax Levy

A tax levy is the actual seizure of a taxpayer's property by the government to use to resolve a back tax debt. Before the IRS can levy a taxpayer's assets the taxpayer must be given written notice and the right to a Collection Due Process hearing (usually done through either IRS Letter 11 or Letter 1058). Levies are issued after the IRS has issued notices to the taxpayer seeking payment and they have gone either unanswered or the taxpayer has failed to implement and stick with a payment plan. A Notice of Levy will be issued to the institution or person holding property of the taxpayer, with copies sent to the taxpayer. (see Exhibit 4-1)

There are two types of levies: regular and continuing.

The Regular Levy & The Continuing Levy

Regular Levy. A regular levy is a one that seizes what the taxpayer owns at that moment. (see Exhibit 4-1). For instance, assume that I have \$100 in the bank on Monday. On Monday at 4:00 p.m. my bank receives an IRS levy for \$10,000, which is what I owe the IRS (the levy always shows the total owed). On Tuesday, not having realized the account was levied on Monday afternoon, I deposit \$4,000. How much does the IRS get? \$100, \$4,000, \$4,100, or \$10,000?

The IRS would get \$100, which is what I had in the bank on Monday at 4:00 p.m. at the moment the levy was received. The levy would not reach money that was deposited after the fact on Tuesday morning.

HOT TIP!

Banks will hold the money for 21 days before sending it to the government. Hence, all is not lost if the account has been levied, because if you can move quickly you can probably have it released. Contact the IRS, get them what they need, and ask that the levy be released. More often than not the government will agree if it is the first time. Just make sure you do it quickly so the IRS has time before the 21 days to release the levy. After the 21-days has run the money is gone.

There are generally two common types of regular levies: those used to levy bank accounts and those sent to third parties that have paid the taxpayer in the past and reported those payments to the government, like a Form 1099.

HOT TIP!

An employer who fails to honor a levy received by the IRS is subject to a 50% penalty on the amount of money the IRS should have received but did not. If you represent an employer who receives a levy, make sure the employer complies: If the employer owes money to the person levied, the employer must send that money into the IRS 21 days after the Notice of Tax Levy is received.

It's common for taxpayers who work in construction to call us when the general contractor has received a levy from the IRS because the taxpayer owes back taxes to the government. Just as with the bank, the general contractor only has to pay over to the government the money that's due and owing to the subcontractor at the moment the levy is received. If the subcontractor has not fully earned the money yet, then the IRS gets nothing.

Continuing Levies. Unlike a regular levy that only reaches what the taxpayer owns at that moment, a continuing levy operates just as its name suggests. The continuing levy stays in place and continues to seize what the taxpayer earns until it's released by the IRS. Continuing levies are used on wages and routinely paid commissions.

I am sure you can see the reasoning behind continuing levies. For taxpayers that are paid frequently it would be a nightmare for the IRS to attempt to spit out levies every pay period to seize the money.

Continuing levies on wages and commissions create real economic hardship for taxpayers because they seize everything above the taxpayer's standard deduction and personal exemption amounts. The IRS would take the annual standard deduction and personal exemption amounts (for 2015 those amounts together were \$10,300) and divide it by the pay periods. If I were a monthly wage earner with a \$60,000 salary (\$5,000 per month), the IRS would allow me \$858.33 ($\$10,300/12$ months) and take everything else above that to pay my back tax debt. The levy would remain in place until either the IRS was full paid or the IRS released the levy.

The continuing tax levy hurts taxpayers because the continuing levy is designed to hurt.

The continuing levy is designed to make it economically painful so that it forces taxpayers to contact the IRS and deal with their issue. Remember that the taxpayer

could have contacted the IRS anytime from the first billing notice until now to begin working out an arrangement with the government on the back taxes. However, that taxpayer chose not to do so and has probably ignored at least four letters from the IRS, two of which were sent via Certified Mail. By the time the IRS has resorted to the issuance of levies five or six months have passed without the taxpayer dealing with the back tax issue.

The IRS has now waited long enough and is going to force the issue. A continuing levy taking most of a taxpayer's income is usually sufficient to get the taxpayer motivated to work out an arrangement.

Levy on Retirement Accounts

There is a common misconception that your qualified retirement accounts — individual retirement account (IRA), 401(k), or 403(b) — cannot be levied. “Don’t you know,” say the financial advisors who call, “that creditors can’t reach qualified money?”

I do know that third-party creditors can’t reach your qualified money through a lawsuit or other collection action. The anti-alienation provisions of ERISA⁹ were put in place by the government to protect people from having to go on public assistance.

However, I also know that the federal government is exempt from the provisions of ERISA, including its anti-alienation provision. Meaning, the federal government, including its agencies (that is, the IRS) may be able to reach a taxpayer’s retirement account assets.

I say “may” because the IRS is said to “step into the shoes of the taxpayer.” If the taxpayer can liquidate the account, even with an early withdrawal penalty, then the IRS can reach it by levy. If the taxpayer is unable to liquidate the account, then the IRS will not be able to reach it by levy.

Most self-directed IRAs can be levied, and 401(k) and 403(b) plans can be levied only if employees have the right under the plan to liquidate the asset themselves. If the plan doesn’t allow employees to do so while an employee, then the IRS cannot levy the account.

If you’re concerned about this, you need to review the plan document and see what right, if any, your client has to cash out the balance. It’s a good idea to get a copy of the plan document from the client’s employer and review its provisions regarding the

⁹ The Employee Retirement Income Security Act of 1974

employee's ability to access the retirement funds. A copy of the plan will also need to be submitted to the IRS collection division when working out an arrangement so it can review the document and confirm that the taxpayer has no right to the money.

Avoiding a Federal Tax Levy

The way to avoid a federal tax levy is simple: Respond to the government. When the government contacts you, respond and get the agents what they need. As long as you are providing returns and information to the IRS and working with the agents to resolve your back tax issue, there should be no need for the IRS to resort to levies.

The steps to avoiding a levy are simple and straight forward:

Steps to Avoid an IRS Levy	
STEP 1	Contact the IRS and see what it needs.
STEP 2	Get the taxpayer into compliance (file missing returns and begin making current tax payments).
STEP 3	Request a collection alternative based on the taxpayer's financial situation (such as an installment agreement, offer-in-compromise, or uncollectible status).
STEP 4	Provide the documentation needed by the IRS to confirm the taxpayer's financial situation.

These steps are all it takes to work out an arrangement and help the taxpayers move on with their lives. The problem arises when the client doesn't seem to share this view.

As a practitioner you need to know that the biggest obstacles to getting good outcomes for the taxpayers are the taxpayers themselves. We're often dealing with taxpayers who haven't taken their tax responsibilities seriously and now that they've hired you they believe that they can once again go on their merry way and not think about their taxes.

We need to correct that thinking. Make it clear to your clients that you can help guide them through this process and advocate for them but they need to work with you on this problem. The taxpayer needs to get you the information timely or this is not going to end well for them.

HOT TIP!

An IRS levy is generally the result of the taxpayer failing to engage with the IRS and come up with a solution. The best way to avoid a levy: Don't avoid the IRS but deal with the problem.

Though we have been in contact with the IRS and are talking to them, if we start missing deadlines to provide information to the IRS then enforcement is going to start, and the taxpayers won't be happy when their bank accounts are cleaned out and their wages garnished.

What if your client has already been levied?

If your client has already been levied you *still* have to do everything outlined previously, but now you have to do it more quickly because the IRS is seizing the taxpayer's assets. Not a wonderful position to be in, but we practitioners can deal with the situation.

Steps to Deal with an IRS Levy	
STEP 1	Contact the IRS, find out what they need and get it to them as soon as possible. Foot-dragging just leaves the levies in place, costing your client more money and causing more heartache.
STEP 2	Ask IRS to release the levy while you are talking to the agent. They won't do it unless you ask. Apologize for your client's delay, and tell them about all the troubles the clients have been having. If the IRS refuses to release the levy, ask for a partial release to cover certain bills, like the rent or mortgage. With some coaxing you will probably be able to get at least a partial release.
STEP 3	Quickly pull together a financial package and propose a collection alternative.

HOT TIP!

Remember that for regular levies you have 21 days before the company or bank levied sends the funds to the IRS. If you can move quickly you can probably have the levy released and get the money back!

If we move quickly enough and get the IRS what it needs we will certainly be able to avoid any future levies, but we may also be able to get the current levy released. If the IRS refuses to release the entire levy then it may be possible to have it release some of the funds to cover necessary expenses. The conversation with Automated Collection Services (ACS) often goes something like this:

Green: “Mr. ACS Officer, we will be sending in that missing return and the financial statement 433 by Monday. I believe it will show the taxpayer can pay \$500 a month, so we will be proposing that as an installment agreement.”

ACS: “Thank you Mr. Green, that’s fine. We will place a hold on the account for 14 days to allow that package and tax return to arrive. Please call back then if you don’t hear from us.”

Green: “Thank you. Can we please get the bank levy released? It’s causing significant hardship.”

ACS: “No sir. We have been chasing this taxpayer for some time, and we’re not going to release the levy at this point.”

Green: “Can we at least get \$2,000 released so he can pay his mortgage?”

ACS: “How much did the levy get?”

Green: “\$4,750.”

ACS: “Okay, I will send over a release of the \$2,000 so the taxpayer can pay the mortgage, but we will be keeping the rest. Please let the taxpayer know that if that return and 433 package does not arrive within the 14-day period we just gave him that we will continue taking collection action against the taxpayer and the accounts.”

Green: “I will sir, thank you.”

HOT TIP!

Find out how much money the IRS took via its levy before you start fighting with them! We once received a hysterical call from a client about a bank levy, stayed on the phone for more than an hour, and then argued with the IRS to release the levy only to find out the IRS had only taken the \$85 in the account! If the amount taken is too small to fight about, use it as an opportunity to educate the taxpayers about why they have to get you what you need before the IRS actually gets significant money.

The IRS won’t always agree to release some funds. The decision often turns on the taxpayer’s history of dealing with the IRS. Even though we can’t necessarily control the situation because of past damage the taxpayers did on their own, it’s an opportunity for us to help the taxpayers and recover some of the money before it vanishes into the IRS.

5

Collection Alternatives: Offers, Installment Agreements, Uncollectible Status & Bankruptcy

“Some debts are fun when you are acquiring them,
but none are fun when you set about retiring them.”

-Ogden Nash

In order for taxpayers to resolve their back tax issues, they need to propose a collection alternative: How does the client want to settle the tax debt?

There are four options for resolving a tax debt, three of which you can propose to the IRS:

- An Installment Agreement
- Uncollectible Status
- An Offer-in-Compromise

The fourth option is bankruptcy, which is not actually something you do with the IRS, but rather a legal maneuver done independently of the IRS. We touch on bankruptcy later on in this chapter, but the detailed scope and analysis for a taxpayer to make the decision to use bankruptcy to resolve the tax issue, and the many variables that must be considered when deciding, is beyond the scope of this Guide.

Installment Agreements

An installment agreement is an agreement between the IRS and a taxpayer to allow the taxpayer to pay the back tax debt in monthly payments. There are various forms of installment agreement, each of which has special rules.

There is something practitioners and taxpayers need to understand when setting out to negotiate an agreement with the IRS: The IRS knows that installment agreements historically default within 48 months, and therefore the IRS is told to collect as much as it can as fast as it can. This is an issue when taxpayers try to negotiate smaller payments for longer periods of time.

The IRS usually uses its financial guidelines for determining how much a taxpayer can pay, and the IRS wants as much paid as possible, as quickly as possible. This often comes as a shock to taxpayers who don't think it unreasonable to "get a little more time" or to pay "a little less."

Example: A taxpayer who owes \$125,000 to the IRS shows the ability to pay \$1,000 a month based on actual expenses but can pay \$2,000 a month based upon income less IRS allowable expenses. The taxpayer also has an IRA with \$50,000 and is under the age of 59-1/2. The IRS will want the IRA liquidated and paid (\$35,000 after taxes and early withdrawal penalty) and the balance paid at \$2,000 a month. "But" cries the client, "can't the IRS just allow me to keep the IRA and allow me to pay the debt over another two years?"

The IRS could allow more time, but it will not. The IRS believes the agreement will default in less than four years, and the Collection Division therefore is told to collect it all as quickly as possible. Hence, most taxpayers and their representatives will find the IRS to be a bit unyielding when it comes to the collection amount. There are a few limited exceptions, which we discuss later.

When it comes to installment agreements there are four variations:

- Automatic (if the taxpayer owes less than \$10,000)
- Streamlined (if the taxpayer owes less than \$50,000)
- Regular
- Partial Pay

Automatic Installment Agreement

An automatic installment agreement is available when the taxpayer owes less than \$10,000 in tax and:

- During the past five tax years the taxpayer has not owed any tax or had an installment agreement
- The taxpayer agrees to pay the full amount owed within three years.

The practitioner either goes online to the IRS's website or completes IRS Form 9465 and submits it to the IRS. (see Exhibit 5-1) There is no need for the taxpayer to provide any financial information. The IRS then sets up the payment plan, as well as charging a fee for the creation of the agreement.

HOT TIP!

The IRS charges for setting up installment agreements. The current fees for doing so are \$120 for an installment agreement, though this fee will be reduced to \$52 if the taxpayer agrees to set up the agreement as a direct-debit (the IRS drafts the amount each month automatically from the taxpayer's bank account). Taxpayers who meet the low-income threshold pay a reduced fee of \$43. There are two reasons why it is preferable for taxpayers to agree to a direct-debit agreement: the reduced fee and a smaller risk of defaulting on the agreement once it is set up by sending in their payment late.

Streamlined Installment Agreement

A streamlined installment agreement is similar to the automatic installment agreement. If taxpayers meet the following criteria, they can either make a phone call to the IRS and arrange an installment agreement or do so online through the IRS website:

- The taxpayer owes less than \$50,000.
- The taxpayer has not had a back tax debt or an installment agreement in the last five years.
- The taxpayer agrees to pay the liability in full within 72 months in equal, level payments.

Just like an automatic agreement, with a streamlined agreement the taxpayer doesn't have to provide any financial information. The taxpayer can create an agreement with just a phone call (or by going to the IRS website).

Regular Installment Agreement

When a taxpayer can't meet the requirements of a streamlined installment agreement either because they owe more than \$50,000 or because they're unable to repay the amount back at the rate required by a streamlined installment agreement (that is, within 72 months), then the taxpayer will be required to complete a Collection Information Statement (IRS Form 433). The field collection force prefers to use Form 433-A, (see Exhibit 5-2) while ACS utilizes Form 433-F. (see Exhibit 5-3) If the taxpayer owns a business entity then the entity information should be provided to the IRS on a Form 433-B (see Exhibit 5-4). The IRS reviews the taxpayer's gross monthly household income and reduces it by the allowable expenses. (see Exhibit 5-10 for sample allowable expenses). The IRS sets up an installment agreement for the monthly available cash remaining after the allowable expenses are deducted. If this monthly amount results in the IRS debt being repaid within the time remaining on the 10-year collection statute of limitations, then the agreement will be a regular installment agreement. The IRS will usually have the taxpayer complete a Form 433-D to establish the payment plan. (see Exhibit 5-5)

The benefit of a regular installment agreement is that, so long as the taxpayers remain in tax compliance, they won't have to revisit their payment plan. A default of the

agreement results in the IRS cancelling the payment plan and beginning the process all over again.

Partial-Pay Installment Agreements

A partial-pay installment agreement, known as a PPIA, is exactly the same as a regular installment agreement, with one exception. Here the taxpayer doesn't show the ability to pay the balance due in full over the time remaining on the statute. Just like the regular installment agreement, the IRS agrees to set up the payment plan based upon the taxpayer's ability to pay. Unlike the regular agreement, the IRS will revisit the taxpayer's ability to pay. Hence, taxpayers who enter into PPIAs can expect to be contacted by the IRS again to revisit their financial condition (usually within two years) and see whether the taxpayer can afford to increase their monthly payment.

Defaulted Installment Agreements

Taxpayers default on their installment agreement by doing any of the following:

- Incurring a new tax debt
- Failing to file a tax return timely
- Failing to make their installment payments

HOT TIP!

The IRS allows taxpayers negotiating for an installment agreement up to one year to use actual expenses rather than the IRS allowable expenses. The rationale for this "one-year rule" is to allow the taxpayers the one year to adjust their living expenses and bring them into line with the IRS allowable expenses. When you propose this to the IRS, the installment agreement proposal includes a number for 12 months (which can't be zero), increasing to the amount calculated based on the IRS allowable expenses. For instance, a taxpayer that is negative based on the actual expenses but should be able to pay \$500 a month using IRS limitations would make an installment agreement proposal for \$25 a month for 12 months, increasing to \$500 a month thereafter. This "one-year rule" is only available for taxpayers who can full-pay the liability. PPIAs are not eligible.

When taxpayers default on their installment agreement the IRS will send them a letter (CP 523) Intent to Terminate your Installment Agreement (see Exhibit 5-6). The taxpayer will have to either pay the balance due in full, request an Appeal under the Collection Appeal Process (see IRS Form 9423, Exhibit 5-7), or contact automated collections to begin renegotiating for a new installment agreement.

Uncollectible Status

What happens when taxpayers have no equity in available assets and their income is not sufficient to cover their IRS allowable expenses? The taxpayers would be deemed “uncollectible,” also referred to as “CNC.” (see Exhibit 5-8)

When taxpayers are deemed uncollectible, it means that the taxpayers’ accounts are coded so that the IRS doesn’t take any levy action against them. Being uncollectible doesn’t actually resolve the outstanding tax issue, but it does do a number of things for the taxpayer:

- The 10-year collection statute continues to run, and
- The IRS will not take enforcement action against either the taxpayer’s assets or income

The taxpayer technically still owes the money, so interest continues to run on the outstanding debt, and the IRS may still file a Notice of Federal Tax Lien to secure its interest in anything the taxpayer owns or after-acquires.

So if having a taxpayer deemed uncollectible doesn’t really resolve the issue, why consider this as a collection alternative?

There are times when it behooves a taxpayer to buy time. These may include the following situations:

- The 10-year collection statute will expire soon. If the collection statute expiration date (CSED) is approaching, then the last thing we want to do is stop the collection statute from running. By filing the documentation to have the taxpayer placed in CNC status, it allows the time remaining to continue to run;
- The taxpayer is not eligible for an Offer-in-Compromise due to a dissipated asset issue. Dissipated assets are covered in greater depth in the Offer-in-Compromise section of this chapter, but when a taxpayer has used assets to pay for unsecured debts instead of the IRS debt they owe, that money will be required to be added to any Offer-in-Compromise filed

for the next three years. The rationale is that the IRS should have received that money, so the taxpayers need to include it in their offer. This is usually the end to any offer by the taxpayer for three years. In these situations, making a taxpayer Uncollectible may be desirable to ride out the three-year wait before they can file an offer.

- The taxpayers have past compliance problems that they have been unable to fix. One of the situations that comes up often with low-income taxpayers (as well as other taxpayers) is a lack of records to get back returns filed. The general rule for IRS collection is that the taxpayer must be in compliance in order to obtain a collection alternative (such as an Installment Agreement, Offer-in-Compromise, or Uncollectible Status). However, there is a statutory exception for those taxpayers who are in economic hardship (that is, uncollectible). For taxpayers who are uncollectible the IRS is not to issue levies against them, even if they are not in compliance. Therefore, a taxpayer who has missing returns can still file a Collection Information Statement (IRS Form 433) with the IRS Collection Division, and that should stave off any levies against the taxpayer's bank accounts or wages. The taxpayer still has to get the back returns filed for at least the last six years, but otherwise no levy action should take place.

Uncollectible status can be used effectively to prevent the IRS from taking enforced collection action against the taxpayer for a period of time, which may be just what the taxpayer needs.

HOT TIP!

It's critical that you know how much time is remaining on your taxpayer's collection statute of limitations. If the debt is new and most of the 10-year collection statute remains, then an Offer-in-Compromise may be the way to go, rather than making your client uncollectible. If, however, the 10-year statute doesn't have much time remaining, then uncollectible status may be the best option, particularly if the taxpayer doesn't own any real property. You should make the client CNC and allow the 10 years to run on the debt, allowing the whole problem to just expire.

Offers-in-Compromise

One of the most popular yet misunderstood programs the IRS has for settling an outstanding tax debt is the Offer-in-Compromise, or OIC in practitioner speak.

An Offer-in-Compromise is a situation in which the IRS accepts less than the total owed by a taxpayer to settle the taxpayer's outstanding tax debt. What many taxpayers don't understand is that the OIC program, at its core, is a formula. Hence, many offers filed by taxpayers and practitioners are not accepted because they fail to consider the formula and make offers that stand no chance of success from the moment they are filed with the IRS.

Many of the myths circulating around the offer program we hear include the following:

1. You have to offer at least 30% (or pick whatever your favorite number is) or the IRS won't consider it;
2. You have to file the offer during tax season as the IRS is less likely to look closely at it, increasing the offer's chance of getting through and being accepted;
3. Don't bother filing an offer; the IRS never accepts them anyway.

The IRS does accept many offers, but they are the ones that meet the IRS's qualifying OIC calculations. In this section we review the Offer-in-Compromise program, discuss the various forms of offers that can be pursued, and review common issues that arise when you are preparing offers. Finally, we discuss appealing a denied offer, that is, how to prepare the appeal and file it.

When an Offer is filed it uses its own special financial forms: Form 433-A (OIC) for individual taxpayers, Form 433-B (OIC) for business entities, and the Offer-in-Compromise itself, Form 656. All of these forms are found in the IRS Offer Booklet, 656-B. (See Exhibit 5-9)

How does the IRS determine what a taxpayer should offer? It's called "Reasonable Collection Potential," or RCP. As long as the taxpayer's offer meets or exceeds the IRS calculated RCP, then the offer should be accepted.

The Offer-in-Compromise Program

The Offer-in-Compromise program allows taxpayers to settle their back tax debt for less than the amount owed under certain circumstances. In order for taxpayers to obtain an OIC the taxpayers must be in tax compliance, meaning that at least the last six years of tax returns must be on file, and they must have made their current tax payments.

There are two types of Offers-in-Compromise:

- **Doubt-as-to-Collectability Offer:** The taxpayers don't dispute the amount owed in back taxes, but they can't afford to pay the tax debt back in full. The taxpayers make an offer to the IRS based upon their particular financial circumstances and provide back-up documentation to support their proposal.
- **Doubt-as-to-Liability Offer:** The taxpayers offer to settle the debt based upon being able to show they don't actually owe all of the underlying tax. In many ways a Doubt-as-to-Liability Offer is similar to audit reconsideration. Here, the taxpayers provide documentation as to why they don't owe the money the IRS claims they do. We discuss this more in Chapter 7, "Challenging an Assessed Tax."

For doubt-as-to-collectability offers there are two forms the offer can take: lump sum and short-term deferred.

Lump-Sum Offers

A Lump-Sum Offer is one in which the taxpayer agrees to pay the offered amount in less than six months upon acceptance. Once the taxpayer and practitioner calculate the taxpayer's RCP, then the following steps occur:

1. The taxpayer files the offer based upon two components to calculate RCP:
 - a. Net Equity in Assets
 - b. 12 months of Future Income

2. The taxpayer sends in two checks that accompany the offer:
 - a. \$186 for the offer application fee¹⁰
 - b. One for 20% of the amount offered (for instance, if a taxpayer offered \$10,000 he would send in a check for 20% of the amount offered, or \$2,000)
3. Upon acceptance of the offer the taxpayer would have five months to pay the balance of the amount offered

Short-Term Deferred Offer

A short-term deferred offer is one in which the taxpayer begins making monthly payments while the offer is pending and pays the balance of the offer in more than six months but not more than 24 months. It operates exactly the same as a lump-sum offer, except that the taxpayer must begin making monthly payments and continue making the monthly payments while the offer is being considered, just like an installment agreement. The other difference is that the IRS calculates the RCP using 24 months of future income instead of 12 months.

¹⁰ Practitioners are warned to always check and make sure they have the latest fee schedule. The IRS does update the filing fees from time-to-time, and Offers filed with the wrong fee will be returned, the fee and deposit being kept. Clients in tough financial straits do not appreciate being told they just wasted money because you used the wrong application fee amount!

Here is a comparison of the two types of offers:

	Lump Sum	Short-Term Deferred
Application Fee	\$186	\$186
Deposit	20% of Offer	1st Monthly Payment
Monthly Payments	No	Yes
Length of Time to Pay	Up to 5 Months	6 - 24 Months
Future Income Included in RCP Calculation	12 Months	24 Months
Balloon Payment Allowed	Yes	Yes

How does the IRS calculate how much a taxpayer needs to offer? Let's discuss Reasonable Collection Potential as it pertains to Offers-in-Compromise.

Reasonable Collection Potential (RCP)

The IRS calculates the Reasonable Collection Potential based upon its financial guidelines: net equity in assets and future income.

For net equity in assets, the IRS seeks the equity in *all* assets. For an installment agreement the IRS generally does not seek the equity in a taxpayer's vehicle (unless it is a collectable or extremely expensive), though the client will be limited to just one vehicle. Other vehicles (viewed as unnecessary by the IRS), will be required to be sold and the equity paid over. With an offer the IRS adds in all the equity of all assets. The way we generally approach offers (and explain them to clients) is to think about what the IRS would get if it foreclosed its lien, sold everything at quicksale value (80%), paid off any loan ahead of its lien and took the net equity. That is the RCP from the assets the IRS would expect, and it's what has to be added into the taxpayer's OIC.

There are some exceptions to this rule, including the following:

Asset	Exception
Cash	Exemption of \$1,000 for personal bank accounts; however, the IRS does allow the taxpayer to keep up to one month of allowable expenses, so the practitioner should exempt up to one month of the taxpayer's allowable expenses.
Automobiles	There is currently a \$3,450 exemption for the equity in each vehicle.
Retirements Accounts	Use 70% of value instead of 80% quicksale value to account for the income taxes due and 10% early withdrawal penalty, if the taxpayer is younger than 59-1/2.
Professional Books & Tools of the Trade	There is a \$4,600 exemption for books and tools used in the taxpayer's trade or business.

The Future Income calculation is where most practitioners go wrong when trying to help their wayward taxpayers. When calculating a taxpayer's ability to pay, the IRS uses the taxpayer's gross monthly income and then allows certain expenses (allowable expenses).

The ability to pay for IRS purposes is not a taxable income analysis but rather a cash-flow analysis. The IRS is attempting to determine the taxpayer's free monthly cash to pay down the tax debt, so all sources of money are considered. The reason is that the analysis is a cash-flow analysis of ability to pay, not a taxable income test. Hence, all sources of income into the household – alimony, child-support, social security income, etc – are factored into income. The IRS wants to know the gross monthly amount of cash flow into the household and then deducts the monthly allowable expenses, as shown later.

On the expense side there are basically three types of expenses: actual, national standard, and local standard. We have created a chart indicating how the IRS limits each category of expense.

The key to mastering IRS collection is, aside from understanding the collection process, to be able to properly apply these rules to calculate the amount of income remaining for the IRS.

The expense categories are as follows:

- National Standard and Local Standard – The taxpayers are given whatever is on the IRS table regardless of what the taxpayers actually spend.
- Lesser of Actual or Local Standard – The taxpayers are allowed the lesser amount of what they are actually spending or what the IRS table indicates.
- Actual – The taxpayers are allowed whatever they can show they actually spend.

Expense	Actual or Allowable
Food, Clothing, & Misc	National Standard
Housing & Utilities	Lesser of Actual or Local Standard
Automobile - Ownership	Lesser of Actual or National Standard
Automobile - Operating	Local Standard
Public Transportation	National Standard
Health Insurance	Actual
Out-of-Pocket Health Care Costs	Higher of Actual or National Standard
Court-Ordered Payments	Actual
Child or Dependent Care Expenses	Actual (must be necessary)
Life Insurance	Actual (must be reasonable), and Term Insurance only (permanent insurance with cash-value is viewed as an asset and the cash value available for collection)
Current Year Taxes	Federal Income Tax, Social Security & Medicare (FICA) or Self-Employment Tax, State Taxes & Local Taxes
Secured Debts	Actual
Delinquent State Taxes	Percentage of State vs Federal Debt (the IRS allows a percentage of the state payment being made based upon the percentage of the state tax debt to the total of the tax debts the taxpayer owes)

Once the IRS calculates the taxpayer's RCP that will probably be the number the service looks for when considering compromising the tax debt. I say "probably" because there are a number of other issues the IRS looks at, including the taxpayers' past transfer of assets (dissipated assets), average income, and potential future income as well as whether the acceptance of the taxpayer's offer is even in the government's best interest.

Another wrinkle in the Offer analysis is that if a taxpayer's assets and income show that they can full-pay the tax liability over the time remaining on the collection statute, then they are not eligible to do an Offer, and will be required to get into an installment agreement and pay the tax back.

In short, though calculating the RCP for a taxpayer's offer is the critical first-step in the analysis, practitioners need to look at these other potential issues in making their determination to recommend the OIC filing.

Bankruptcy

There are many myths and rumors surrounding the issue of bankruptcy when it comes to tax debts. Most practitioners tell clients that taxes are not dischargeable in bankruptcy. Fortunately, they are only partially correct. The general rule is that taxes are not dischargeable unless they meet several exceptions. Thankfully, we often can use bankruptcy to great effect, and bankruptcy is one of the best ways to deal with tax and other debts. It's critical that practitioners understand when to use bankruptcy and what taxes may be dischargeable. Obviously, these decisions need to be made by a knowledgeable bankruptcy attorney, but it is useful to understand when bankruptcy should be considered as an option.

There are many benefits to using bankruptcy to resolve back tax issues. These include the automatic stay on collection activities, possibly the discharge of taxes, interest and penalties, challenging the underlying tax liability, and forcing the government to accept payment agreements it otherwise may not be interested in accepting.

The first thing to understand is the basics of the various forms of bankruptcy. In a Chapter 7 bankruptcy, the taxpayers seek to have their debts simply discharged. If a Chapter 7 bankruptcy is filed for a business, then it is done with the intent of a complete liquidation of the business.

Chapter 13 is a plan of reorganization for individuals who need to restructure their debts in order to pay back their creditors. There may be some discharged debts through

Chapter 13, but otherwise it is a forced plan of repayment to creditors, usually lasting no longer than 60 months, that is overseen by a bankruptcy trustee.

Chapter 11 is for reorganizing business debts, although some individuals do use Chapter 11 to reorganize their personal debts as well. Similar to Chapter 13, it allows the filer to discharge those debts that can be discharged, and then reorganizes the remaining debts into a plan of repayment that is overseen by a bankruptcy trustee. The payment plans generally must be completed within 60 months of filing, though creditors may agree to allow a longer repayment period.

With that as a quick overview of the various forms of bankruptcy, let's review the potential benefits of using the bankruptcy code to resolve our client's outstanding tax debts.

The Automatic Stay

Section 362 of the Bankruptcy Code provides that, with few exceptions, all collection activity by creditors must cease once the client files for bankruptcy.¹¹ This includes the IRS and its efforts to pursue collection of back taxes. So one of the immediate benefits of filing a bankruptcy is that it can put a stop to all IRS and state revenue departments' collection efforts against the taxpayers and their property. The bankruptcy effectively removes the case from the IRS Collection Division and moves it to the IRS's Insolvency Unit, which deals with bankruptcy cases. This can give a taxpayer immediate relief to work out a plan through a bankruptcy when the IRS may have otherwise been unwilling to work with the taxpayer.

Discharging Taxes

The issue of discharging taxes can be complicated. It depends upon a number of factors, including the type of tax, how old the tax year is, when it was filed, and what the taxpayer has done since filing the return. What we focus on here are the basics of discharge-ability, and when we should consider having the taxpayer talk to a bankruptcy attorney.

¹¹ 11 U.S.C. § 362.

There are 10 rules for discharge-ability of tax obligations in a Chapter 7 bankruptcy filing. The first six relate to income taxes. All 10 of the following rules must be satisfied in order to discharge a tax obligation.

1. *The three-year rule.*¹² The tax in question must be more than three years old, dated from the most recent date the tax return was due to be filed. The three-year period is computed from the most recent date the tax return is due for the tax year (typically April 15 of the year following the tax year) including any more recent due date resulting from a taxpayer's filed extension, or if April 15 falls on a weekend or holiday. The critical date for the three-year look back period to commence is when the return was last due, including extensions, not when the return was filed, which is immaterial.¹³
2. *The 240-day rule.*¹⁴ The tax in question must have been assessed more than 240 days prior to the bankruptcy (plus any period of time during which an offer in compromise was pending, plus 30 days). An amended return, an examination of a return, or an audit may trigger a new or second assessment showing an increase in the tax claim. If any of these events occur, the subsequent audit assessment triggers a new 240-day period applicable to the increase in the tax assessment. The original portion of the tax, if dischargeable prior to the audit, would still be dischargeable.
3. *The two-year rule.*¹⁵ A late-filed tax return must have actually been filed more than two years before the bankruptcy petition date. "[I]n order for a document to be considered a 'return,' under either the bankruptcy or the tax laws, it must (1) purport to be a return; (2) be executed under penalty of perjury; (3) contain sufficient data to allow calculation of tax; and (4) represent an honest and reasonable attempt to satisfy the requirements of the tax laws."¹⁶ Therefore, although a substitute for return (SFR) generally

¹² 11 U.S.C. § 507(a)(8)(A)(i).

¹³ *U.S. v. McDermott (In re McDermott)*, 286 B.R. 913 (M.D. Fla. 2002).

¹⁴ 11 U.S.C. § 523(a)(1)(B).

¹⁵ 11 U.S.C. § 523(a)(1)(B).

¹⁶ *Moroney v. US (In re Moroney)*, 352 F.3d 202 (4th Cir. 2003), *but see, Colsen v. United States*, 446 F.3d 836 (8th Cir. 2006) (SFRs are returns – minority rule).

doesn't count as a return,¹⁷ if the debtor signs the SFR it may constitute a return.¹⁸

4. *The non-fraudulent return rule.*¹⁹ The return for the tax year in question must have been non-fraudulent. Generally, the IRS must establish (1) a debtor's knowledge of the falsehood of the return, (2) an intent to evade taxes, and (3) an underpayment of taxes. The test is a fact-sensitive inquiry requiring culpability on the part of a debtor.²⁰
5. *The non-tax evasion rule.*²¹ A taxpayer must not have willfully attempted to evade or defeat taxes. There is both a conduct and mental state requirement under Section 523(a)(1)(C). Many courts have held that the government need only establish that the debtor (1) had a duty to pay the tax; (2) knew of that duty; and (3) voluntarily and intentionally violated that duty in order to prove that the debtor willfully attempted to evade or defeat a tax. Mere nonpayment of taxes has been held to be insufficient, but a debtor can't engage in affirmative acts to evade or defeat collection of taxes.²²
6. *Un-assessed income tax.*²³ Income tax must be assessed as of the petition date and must not be assessable post-petition.²⁴ For example, if the underlying tax is dischargeable, but the IRS can still audit the tax year in question (three years from when a return is filed or longer by agreement), any additional taxes assessed by an audit would then be non-dischargeable.
7. *Payroll, Withholding, and Other Trust Fund Taxes.*²⁵ A tax required to be collected or withheld and for which the debtor is liable in any capacity

¹⁷ *In re Payne*, 431 F.3d 1055 (7th Cir. 2005) (SFR's are not "returns" – majority rule).

¹⁸ See *Bergstrom v. United States (In re Bergstrom)*, 949 F.2d 341 (10th Cir. 1991).

¹⁹ 11 U.S.C. § 523(a)(1)(C).

²⁰ *Riley v. United States (In re Riley)*, 202 B.R. 169 (Bankr. M.D. Fla. 1996).

²¹ 11 U.S.C. § 523(a)(1)(C).

²² See *In re Griffith*, 206 F.3d 1389; *In re Haesloop*, 2000 Bankr. LEXIS 1104.

²³ 11 U.S.C. 507(a)(8)(A)(iii).

²⁴ *Pilya v. Commissioner (In re Pilya)*, 282 B.R. 640 (Bankr. S.D. Ohio 2002); *In re Williams*, 183 B.R. 43 (Bankr. E.D.N.Y. 1995).

²⁵ 11 U.S.C. § 507(a)(8)(C).

(that is, payroll taxes and sales taxes), regardless of when the tax claim was incurred, is a trust-fund tax and ordinarily not dischargeable.²⁶ This includes federal and state payroll withholding taxes and sales taxes.

8. *Property taxes.*²⁷ Property taxes assessed and payable without penalty more than one year before the petition date are dischargeable. Property taxes that are assessed and payable without penalty within one year of the petition date are non-dischargeable.
9. *Employment, excise taxes and custom duties.*²⁸ Certain employment and excise taxes imposed on transactions within three years of the petition date (including any extensions) and customs duties arising out of the importation of merchandise are non-dischargeable. Examples of excise taxes include gift, estate and highway use taxes.
10. *Gap Claims.*²⁹ A “Gap Claim” is a tax claim that arises after a taxpayer is forced by creditors into an involuntary bankruptcy but before a bankruptcy trustee is appointed or before the order for relief is granted (the “gap period”). Such tax claims would be non-dischargeable in bankruptcy.

To summarize the basic rules that impact most clients, a tax may be dischargeable if:

- The tax return was due (including extensions) more than three-years ago,
- If the return was filed late, and it’s been on file with the IRS for at least two years,
- Any additional assessments (from an exam or an amended return) are at least 240 days old,
- The taxpayer did not commit fraud or attempt to evade a tax, and
- It’s an income tax and not a “trust” tax that was collected on behalf of the government.

²⁶ DeChiaro v. New York State Tax Comm’n (In re DeChiaro), 760 F.2d 432 (2nd Cir. 1985).

²⁷ 11 U.S.C. § 507(c)(8)(B).

²⁸ 11 U.S.C. § 507(a)(8)(D), (E) and (F).

²⁹ 11 U.S.C. § 507(a)(2).

Example: Joe filed his 2008 to 2012 tax returns in October 2013 with the IRS. Joe would go on extension each year but then never got around to filing the actual return until the IRS pursued him. Joe came to see us in August 2016 about a bankruptcy due to vendors pursuing him for unpaid bills. Which of the tax years can he discharge in the bankruptcy?

The taxes are all income taxes. Assuming there has been no fraud or tax evasion, and that a bankruptcy attorney determines whether Joe meets the qualifications for a Chapter 7 bankruptcy (called the means test, which is beyond the scope of this Guide), Joe should be able to discharge the tax years 2008 – 2011 if he filed bankruptcy that day (August 2016). The 2012 tax year was due October 2013 on extension, so it won't meet the three-year rule until October of 2016. The other years are all more than three years old, and though being late filed, have been on file with the IRS for more than two years.

Note of Caution: It is critical that a qualified bankruptcy attorney review the IRS transcripts and make a determination on the “means test” and other issues. The critical issue here is that we as tax practitioners must be able to identify when a bankruptcy filing may be a useful tool for the taxpayers to resolve their tax (and non-tax) creditor issues. The client's case may be quite complicated, as the taxpayer may have extended the three-year rule by filing Offers-in-Compromises, CDP requests, and other actions with the IRS. In addition, depending on the federal circuit in which the taxpayer resides, some of the circuits have taken the position that late filed returns are never dischargeable. If you think you have a taxpayer who can benefit from a bankruptcy filing, please send them to a qualified bankruptcy attorney who understands the tax rules!

Non-Discharge-ability of Payments of a Non-Dischargeable Tax. If you pay a non-dischargeable tax with what would otherwise be a dischargeable method of payment (that is, a credit card), the credit card balance for the tax paid would also be non-dischargeable in bankruptcy. Taxpayers are not going to be permitted to turn otherwise non-dischargeable debts into a dischargeable one because they used a credit card to pay the debt. So no paying the Trust Fund taxes with a credit card and then trying to discharge the credit card debt!

Discharge-ability of Penalties. The rule is that penalties that are designed to repay the government are non-dischargeable in bankruptcy; however, penalties designed to punish the taxpayer may be dischargeable in bankruptcy. For income tax penalties (accuracy, failure-to-file, and failure-to-pay) the government is already collecting the tax and interest, so the penalty is purely to punish the taxpayer's behavior, and therefore may be discharged. The penalty is treated as a non-priority, unsecured debt (like a credit

card) and may be discharged through the bankruptcy.³⁰ The Trust Fund Recovery Penalty assessed against responsible individuals who failed to pay over the company's payroll taxes are non-dischargeable, as they relate to a non-dischargeable debt (a Trust Tax).

Discharge-ability of Interest. Interest on tax debts follows the underlying tax: If the tax is dischargeable then the interest is also dischargeable.³¹ If the tax is not dischargeable, then the interest will not be either. The government is entitled to interest on its money, and is allowed to collect the money owed and the interest that accumulates during the bankruptcy.

Payment Plans

One of the other major benefits of using a Chapter 11 or Chapter 13 bankruptcy filing is that the taxpayers can create an installment agreement with the government to repay their taxes over time (generally up to 60 months) whether the IRS likes it or not. We have used this in cases in which a taxpayer had a valuable business but just could not get out from under some old tax debt and the IRS would not work with the taxpayer any longer.

Example: Taxpayers had a childcare business with nearly 400 children that was fully committed and making very nice money. They owed \$275,000 in payroll taxes, plus \$30,000 in interest, and \$85,000 in penalties from several years back when the company owner became sick and the business faltered. The company had already defaulted on two installment agreements. The taxpayer came to us, and we offered the IRS \$7,500 a month through a new installment agreement to repay the debt based upon the company's current Collection Information Statements; however, the Revenue Officer felt the taxpayers had already had their opportunities and refused any agreement. The clients filed a Chapter 11 bankruptcy. All collection action by the IRS against the company stopped. We were able to discharge the penalties (\$85,000) and credit card debt (\$50,000) and create a monthly payment plan for the tax and interest of \$5,500, much better than the amount the 433 CIS statements showed when we gave them to the IRS! Guaranteed payment arrangement, \$135,000 in savings (credit cards and tax penalties). and a lower monthly payment plan.

³⁰ 11 U.S.C. § 523(a)(7). See *Roberts v. United States (In re Roberts)*, 906 F.2d 1440 (10th Cir. 1990); *Polston v. United States (In re Polston)*, 239 B.R. 277 (Bankr. M.D. Pa. 1999).

³¹ *Jones v. United States (In re Garcia)*, 955 F.2d 16 (5th Cir. 1992).

Tax Liens

It is often said that bankruptcy can't disturb liens and that security interests pass through bankruptcy. This is particularly important in the context of a federal tax lien because the federal tax lien passes through bankruptcy and attaches to the debtor's future interests. Thus, while the underlying tax debt may be sufficiently old to be discharged in bankruptcy, if the federal tax lien remains and the debtor owns or later acquires lien-able property (that is, real estate) the IRS is still able to execute on its tax lien.³²

The impact is that, when clients have a federal tax lien, they can use bankruptcy to discharge tax debts; however, those assets they have that the lien attached to are still subject to collection, and other resolution options may be considered for dealing with those, such as an Offer-in-Compromise.

HOT TIP!

Bankruptcy can be a wonderful tool for helping taxpayers clean up both tax and non-tax debts, make payment arrangements, and bring their financial nightmare to an end. However, it's critical that we as tax practitioners not make these decisions without the input of an experienced bankruptcy practitioner who understands the impact of the tax debts and what can and cannot be accomplished through the bankruptcy filing.

³² *IRS v. Orr (In re Orr)*, 180 F.3d 656 (5th Cir 1999).

6

Collection Appeals

Prior to 1998 taxpayers who owed the IRS money were at the mercy of the IRS Collections Division. Taxpayers had no appeal, no audit reconsideration, and no Tax Court rights. The Collection Division could seize assets whenever it deemed it necessary to get paid.

In 1998 Congress held hearings and deemed the IRS collection methods abusive. From the hearings came the 1998 IRS Restructuring & Reform Act. Embodied in the act are Collection Due Process (CDP) rights for every taxpayer, which each taxpayer must be advised of before enforced collection action can take place.

When taxpayers invoke their CDP rights a number of good things happen:

- Collection activity ceases.
- The case is forwarded to an Appeals Officer to review.
- The taxpayers ensure they have the right to take their case to the Tax Court.

Yet, according to the National Taxpayer Advocate less than 3% of taxpayers request a CDP hearing, despite all of the benefits available to the taxpayer. The failure to request a taxpayer's collection due process is in most cases a serious mistake made by practitioners and taxpayers who don't understand the process.

Collection Due Process

Taxpayers are provided the opportunity to invoke their CDP appeal rights whenever either a Notice of Federal Tax Lien (NFTL) is filed or when the IRS issues a final notice of threat to levy assets of the taxpayer (Letter 11). (see Exhibit 1-6) Upon receipt of either the NFTL or threat to levy, the taxpayer has 30 days to request the CDP hearing with an Appeals Officer, also referred to as a Settlement Officer. The request is made by filing IRS Form 12153, Request For Collection Due Process Hearing or Equivalent Hearing. (see Exhibit 1-7)

Once the IRS receives the formal request for a CDP hearing all collection activity stops as to the tax periods on the threat to levy. Collection may continue on older tax periods on which the CDP rights have expired

Example: Joe owes money to the IRS for tax years 2007 and 2008. He was in an installment agreement but defaulted when he filed his 2013 return with a new balance owed that he could not pay. He has received a Letter 11, Final Notice of Intent to Levy, for the new 2013 year and has filed his Form 12153 to request a CDP hearing. Collection will cease for 2013, but the IRS

Collection Division may continue taking action on the 2007 and 2008 years, which are not covered by the CDP request.

HOT TIP!

When you complete a Form 12153 for a taxpayer on Page 2 in Box 8 there are a list of collection alternatives. Practitioners must pick one: A request for a hearing without proposing a collection alternative in Box 8 means you have no proposal, and the hearing will be over before you ever meet with someone. Our recommendation is to select all three alternatives. The message to Appeals when the request is received with all three options selected is that the taxpayers are keeping their options open.

In cases like this example in which taxpayers owe for back years as well as newer tax periods that are covered by a CDP request, practitioners need to continue to deal with the Collection Division if they want to avoid levy action against the taxpayer's assets.

Example (continued): Joe's CPA, while waiting for the CDP hearing with an IRS Settlement Officer, puts together a Collection Information Statement (Form 433-A) and mails it into the IRS Collection Division with a new installment agreement proposal. The CPA also files it with the Appeals Division when the CPA later hears from the division. By providing the Collection Division with a request for an agreement, there should be no enforcement activity by the IRS against Joe for the older tax years. Joe's CPA can now see which division will provide the installment agreement: Collection or Appeals.

The Appeals Hearing

Once Appeals has the case it is assigned to a Settlement Officer (SO), who will mail a letter to the practitioner and the taxpayer informing them that the case has been received. The letter also tells the taxpayer and practitioner what they should expect from Appeals, when the hearing is scheduled, and what the Settlement Officer wants from the taxpayer in order for the SO to consider the taxpayer's case. (see Exhibit 6-3) Generally, Appeals requests that the following documentation be submitted from the taxpayer in advance of the scheduled hearing:

- Any unfiled tax returns must be filed prior to the hearing.
- Proof of the taxpayer's tax compliance regarding current tax payments.
- A Collection Information Statement (Form 433).
- A proposal from the taxpayer – what is it that the taxpayer wants?

The hearing with Appeals is generally done by phone, though if requested, the practitioner can go into the IRS Appeals Office for a face-to-face hearing.³³

The hearing is informal, usually held by phone or in a conference room where the Settlement Officer will tell you what the SO sees from the review, and you can have a discussion of the taxpayer's situation and your proposal. After the conference the Settlement Officer will issue a Notice of Determination (see Exhibit 6-4). If the taxpayers agree with the determination by Appeals then they are asked to sign a waiver form, waiving their right to pursue the case to the Tax Court (see Exhibit 6-4). This is routine, and it allows the IRS to set up the proposal agreed to without the risk of doing all the work to put the agreement in place just to have the taxpayers later file their case in the Tax Court anyway.

If the taxpayers disagree with the determination by the Settlement Officer, they have 30-days to file a case in the Tax Court. Collection cases that proceed to the Tax Court have to do so on what is called an "abuse of discretion" standard of review, which means that the taxpayers have to carry the burden of showing why the IRS abused its discretion in not giving the taxpayers whatever collection alternative they wanted.

The abuse of discretion standard is a difficult one for a taxpayer to meet. In essence, the taxpayer must show that the IRS Settlement Officer who heard the appeal either did not do the job or failed to consider information that the SO should have when making the decision. Given that it is such a difficult standard to meet, it's critical that taxpayers and practitioners take their CDP hearing seriously, work hard to provide all the information, and get the case settled with Appeals.

Equivalent Hearings

If the taxpayers miss the 30-day window to request the CDP hearing they still have up to one year to request an Equivalent Hearing, which is an appeals hearing equivalent to a CDP hearing, with two significant differences. The Equivalent Hearing request gets the case to a Settlement Officer in Appeals to consider, but it doesn't grant the taxpayers the right to proceed to the Tax Court if they disagree. Whatever the Settlement Officer decides is final.

³³ Due to staffing cuts at the IRS, a practitioner may request a face-to-face conference but the IRS is not required to grant it, and often now does not due to the closure of many offices and the lack of hiring in Appeals.

The other significant difference between a CDP hearing and an Equivalent Hearing is that with an Equivalent Hearing the IRS Collection Division does not need to cease its collection efforts. Practitioners need to be aware that when they request the equivalent hearing they must continue working with Collection to avoid a levy action against the taxpayer's income and assets.

The request for the Equivalent Hearing is done exactly the same as the request for a CDP hearing. Either the taxpayer or the practitioner files the Form 12153 to request the case be sent to Appeals. (see Exhibit 1-7) In order to obtain the Equivalent Hearing though, it must be filed within one year of the date on the letter, and Box 7 must be checked on page 2, specifically requesting the Equivalent Hearing. If Box 7 is not checked then the taxpayers are given nothing: They failed to file a timely CDP request (within 30 days), and failed to ask for the equivalent hearing (by not checking the box).

HOT TIP!

Many practitioners check Box 7 on page 2 of the Form 12153 every time they file the form just in case they have miscalculated the 30 days. Failure to do so means the taxpayers did not request an Equivalent Hearing and lost their opportunity to get to Appeals.

Collection Appeal Process (CAP)

The Collection Appeals Process (CAP) is an administrative means for taxpayers to challenge Collection activity. The taxpayer has the right to a CAP Appeal when the IRS threatens the following collection actions:

1. Filing of a Federal Tax Lien
2. Notice of Federal Tax Levy
3. Notice of Seizure
4. Denial or Termination of Installment Agreement

The goal in creating the CAP program after the 1998 congressional hearings was to allow taxpayers get to an appeals officer when the collection activity seems to have gone wrong.

For instance, one of the abuses that came out in the 1998 congressional hearings was that the IRS had filed Notices of Federal Tax Lien against the wrong taxpayer, and at the

time there was no appeal for the filing of an NFTL. The CAP process would allow that person to get to an Appeals Officer and get the NFTL rectified.

The taxpayer's representative must first call the collection group and explain why he or she disagrees with the threatened action. If that attempt is unsuccessful, then the representative needs to speak with the group manager. If the group manager also refuses to alter the threatened collection action, then the practitioner must state that they want to appeal the decision. The practitioner should complete and file Form 9423 with the Collection Group Manager within two-days. (see Exhibit 5-7)

A Settlement Officer will contact the representative within five days after the filing of the Form 9423 to discuss the threatened action and why the taxpayer disagrees. It is critical that the representative be able to explain why he or she disagrees and offer a solution. The phone call is the actual hearing, and being prepared is critical for successful use of the CAP program.

The CAP process is extremely useful when it comes to sorting out collection activity that appears improper given the taxpayer's situation, and it's a tool that every practitioner should be familiar with when dealing with the IRS Collection Division.

7

Challenging an Assessed Tax

Though this Guide is focused on IRS Collection, there are instances in which taxpayers end up in Collection for balances due that they really do not owe. Our firm has several taxpayers arrive each year who raise the issue of the underlying tax debt.

“I don’t think I really owe this.”

These balances often arise from the following situations:

1. The taxpayer was audited by the IRS and did not appeal the examination changes. This occurs with incredible frequency in automated under-reported exams. In these correspondence audits taxpayer responses are ignored and Notices of Deficiency are issued, which most taxpayers don’t understand so they never file their case in the Tax Court.
2. The IRS Collection Division created a substitute-for-return (SFR) for the taxpayer.

When the taxpayer arrives in a representative’s office after an SFR or a Notice of Deficiency has become final, it’s usually because the Collection Division has picked up the taxpayer’s case and is now attempting to collect a tax. Thankfully, there are means for the taxpayer to challenge the underlying tax.

There are four methods the taxpayer and the representative can use to challenge the underlying tax liability:

1. Request for Audit Reconsideration
2. Collection Due Process Hearing
3. Doubt-as-to-Liability Offer
4. Innocent Spouse Relief

Which of these options the representative chooses to pursue may depend upon where the taxpayer is in the collection process.

Audit Reconsideration

There is no special form to use when requesting audit reconsideration. The taxpayers write a letter to the last office they corresponded with and explain that they disagree with the amount the IRS claims they owe. The taxpayers need to identify specifically what it is they disagree with and provide documentation as to why they don’t owe the money.

A taxpayer may request audit reconsideration in any of the following situations:

- The taxpayer has new information about the audit.
- The taxpayer never appeared for the audit conference or sent the IRS any information.
- The taxpayer moved and never received the audit notice in the first place.

The taxpayer *cannot* request reconsideration if:

- The taxpayers have already paid the full amount they owe (in which case, the taxpayers must file a formal claim for refund with an Amended Return).
- The taxpayers previously agreed to pay the amount they owe by signing an agreement such as a Form 906, Closing Agreement; an Offer-in-Compromise agreement; or an agreement on Form 870-AD with the Office of Appeals.
- The Tax Court, or another court, has issued a final determination that the taxpayer owes the tax.

It is critical that the taxpayer provide new information. If it's the same information that the taxpayer has previously provided, the reconsideration will be denied, though the taxpayer will get the right to go to Appeals.

The taxpayers will receive a letter confirming the IRS has their information and is considering it. Either the taxpayers or their representative should contact the Collection Division and seek to have a hold placed on collection. After the IRS completes its review the IRS may do one of the following:

- Accept the information and abate (remove) the tax it previously assessed.
- Accept the taxpayer's information in part and partially reduce the tax.
- Find that the information didn't support the taxpayer's claim and the prior assessment stands. If the reconsideration is denied, the taxpayer is allowed to pursue the issues to Appeals.

If the clients agree with the results of the reconsideration, they should pay the remaining balance owed, if any. If they can't pay in full, the taxpayers can seek one of the collection alternatives: installment agreement, uncollectable status, or offer-in-compromise.

Collection Due Process (CDP)

If the taxpayers have a CDP hearing they are able to raise the underlying liability; however, they *must* do it at the first opportunity.³⁴ What this means is that the taxpayers must raise the issue of the liability when they are allowed their first CDP hearing, whether that notice is for the threat to levy or the filing of the NFTL.

The taxpayers can raise the issue when they file the Form 12153 by checking “Other” at the bottom of Box 8 and writing in the explanation that they don’t believe they owe the money the IRS believes they do. (see Exhibit 1-7) When the taxpayers do hear back from Appeals they should submit their documentation to the Settlement Officer for consideration and attempt to have the liability reduced.

Doubt-as-to-Liability Offer-in-Compromise (DATL-OIC)

With a Doubt-as-to-Liability Offer, or DATL-OIC, the taxpayers offer to settle the tax debt when there is a genuine dispute as to the existence or amount of the correct tax liability under the law. Doubt as to liability does not exist when the liability has been established by a final court decision or judgment concerning the existence or amount of the tax liability.³⁵

Grounds for compromise may exist when there is legitimate doubt from the viewpoint of the taxpayers and the taxpayers can provide evidence to support their claim. The IRS makes its determination as to the validity of the taxpayer’s claim by evaluating the supporting evidence and circumstances. The taxpayers are required to submit documentation or other evidence to support the DATL-OIC. The evidence available for both parties must be weighed in order to determine the extent of any “doubt.”³⁶

The tax practitioner prepares the DATL-OIC using IRS Form 656-L. The Form itself, which is shown in Exhibit 7-1, is straight-forward and easy to complete. The bulk of the work is in the preparation. The attachment or cover letter explaining why the taxpayer does not owe the money, and gathering the evidence to support the taxpayer’s claim is where the practitioner will spend the bulk of the time.

³⁴ IRC § 6330(c)(2)(B).

³⁵ IRM 4.18.2.2.1.

³⁶ IRM 4.18.2.2.2.

The critical thing for tax professionals to understand about DATL-OICs is that they are basically an examination and an Offer-in-Compromise. Hence, having the compromise either accepted or rejected will come down to the evidence and explanation provided to the IRS, and meanwhile the taxpayer must be in compliance and remain compliant throughout the process and for 5 years afterward. Off-hand comments or unsupported claims won't sway the IRS to agree to compromise an outstanding liability, and failure to maintain tax compliance will void the entire deal.

Finally, tax practitioners preparing their first DATL-OIC must know that they cannot offer the IRS nothing, even if they believe the taxpayer actually owes nothing. You must offer something, even if it's \$1. A DATL-OIC that is filed with nothing offered will be returned as non-processable.³⁷

Innocent Spouse Relief

Married taxpayers are allowed to file a joint tax return with their spouses, creating many ways the couple can save taxes. However, with a joint tax return comes joint-and-several liability. Both spouses are liable for any tax liability associated with the tax return, either from the filed return or from a subsequent examination by the IRS. It's not infrequent that a taxpayer arrives in a practitioner's office seeking relief from a tax liability that arose from a joint return filed with either the current spouse or former spouse.

In 1998, as part of the IRS Restructuring and Reform Act, Congress enacted Internal Revenue Code (IRC) Section 6015, which greatly expanded the form of innocent spouse relief available before. The new statute allows three forms of innocent spouse relief:

1. Innocent Spouse — IRC Section 6015(b)(1)
2. Separation of Liability — IRC Section 6015(c)(1)
3. Equitable Relief — IRC Section 6015(f)

Which form of relief the taxpayer chooses to pursue will depend upon the taxpayer's particular circumstances and which forms of relief are available. Before the representative can help the taxpayer consider the form of relief to pursue, the first issue is the joint return itself.

³⁷ See IRS Form 656-L.

Was a Joint Tax Return Filed?

The first issue addressed should be whether the taxpayer filed a joint return with the spouse or not. Though that may sound like a simple question, it often is not. Many a spouse has signed the other spouse's name to a return and filed it. It's therefore not uncommon for one spouse to never see the return in question. If the situation is that the other spouse signed the taxpayer's name to a return the spouse didn't see, did they file a joint tax return?

Maybe.

On the surface it would seem that the filing spouse has forged the other's name and therefore it is not a valid joint tax return. We have made this argument many times and often has received good results, in particular when we can show that the signature on the tax return is nothing like the innocent spouse's signature. There is an exception though, called the "tacit consent" doctrine.

This judicial doctrine states that the spouse who intends to file a joint tax return can tacitly consent to the other's filing it on her behalf. This exception aside, if a taxpayer believes a tax return was filed without the taxpayer's consent or knowledge then pursuing the issue is advised. One technique we use is to have a return prepared as "married filing separately" and to submit that, signed, claiming it is the original tax return, as the client never filed a return given that the one the IRS received was a forgery.

Erroneous Item vs. Underpayment

Assuming we determine that a joint return was indeed filed by the taxpayers and they believe that they should not be held responsible for the taxes due, we need to determine which of the three various forms of innocent spouse relief the client should pursue. What follows is a simple outline of the three various forms and requirements for each type of relief. Practitioners should know that all three types of relief may be available if there is an erroneous item on the tax return that gave rise to the tax liability. What that means is that there was something wrong on the return when it was filed and making the correction created the liability.

The other situation that does arise is referred to as "underpayment," and happens when the liability on the tax return is correct but the tax is due and owing. This can occur when either the return is filed showing tax payments that were never made or the return

showed a balance due. In the case of an innocent spouse claim due to underpayment, the spouse must use the equitable relief provisions of IRC Section 6015(f).

Innocent Spouse Relief – IRC Section 6015(b)

To meet the requirements for relief under IRC Section 6015(b), the taxpayer must meet the following requirements:

1. The liability is attributable to erroneous items of the non-requesting spouse;
2. The taxpayer did not know and had no reason to know of the item giving rise to the understatement;
3. Taking into account all the facts and circumstances, it is inequitable to hold the requesting spouse liable for the deficiency attributable to the understatement, and
4. The taxpayer must make the request for innocent spouse relief within two years of collection activity beginning.

If the client receives relief under IRC Section 6015(b) then the liability will be allocated to each spouse based upon the taxable items, with the erroneous items attributed to the non-requesting spouse. Hence, IRC Section 6015(b) may not give a taxpayer complete relief from the liability, but only the portion of the tax that should not have belonged to them.

Separation of Liability - IRC Section 6015(c)

Separation of liability relief is available when the IRS agrees to treat each spouse as having been married but filing separately. This form of relief re-characterizes the return so that each spouse is responsible only for their particular income items. In order to qualify for IRC Section 6015(c), the taxpayer must meet the following requirements:

1. The liability is attributable to erroneous items of the non-requesting spouse;
2. The taxpayer did not know and had no reason to know of the item giving rise to the understatement;
3. The spouses are either divorced or were legally separated at the time of the filing, or have not been members of the same household for at least 12 months at the time of the filing, and

4. The taxpayer must make the request for innocent spouse relief within two years of collection activity beginning.

For many taxpayers IRC Section 6015(c) will provide the greatest relief, as the spouse will only be responsible for the spouse's own income.

Equitable Relief – IRC Section 6015(f)

IRC Section 6015(f) is a provision that provides relief when it is determined to be inequitable to hold an individual liable for an unpaid tax or deficiency that is the responsibility of the non-requesting spouse.

Under Section 6015(f), relief may be granted for tax liabilities correctly reported on the return (underpayments of tax), unlike Section 6015(b) or Section 6015 (c) which grant relief only for understatements of tax. The IRS looks at many factors when deciding whether to grant equitable relief, including the following:

- The couple filed a joint return.
- Relief is not available under Section 6015(b) or Section 6015 (c).
- The non-requesting spouse did not transfer assets to the requesting spouse as part of a scheme to defraud the IRS.
- The income tax liability is attributable to an item of the other spouse.
- The requesting spouse had no knowledge or reason to know that the other spouse would not pay the tax.
- The requesting spouse will suffer economic hardship if relief is not granted.

It is worthy to note that there is no requirement to file a request under 6015(f) within two years of collection beginning. The IRS had previously taken the position that there was a two-year requirement, but changed its position several years ago.

In addition to the threshold conditions listed here, Revenue Procedure 2012-8 lists other factors that the IRS considers when making its determination to grant relief.

These include:

- Marital status
- Economic hardship

- Knowledge or reason to know
- Non-requesting spouse's legal obligation
- Significant benefit
- Compliance with income tax laws
- Physical or mental health
- Abuse and financial control by the other spouse
- Subsequent compliance

For taxpayers seeking relief it's critical to provide as much documentation to support the taxpayer's story. Such documents could include copies of forged signatures, medical documentation, and proof that the spouse didn't have access to the finances (for example, the spouse wasn't an authorized signer on the bank account). Practitioners should be creative in considering how best to support their client's story and what evidence can be produced. We have used affidavits signed under oath of family members and friends, as well as handwriting experts, to help sway the IRS to support the client's claim for innocent spouse relief.

Taxpayers use Form 8857, Request for Innocent Spouse Relief to make the request with the IRS. (see Exhibit 7-2) Practitioners should note that there is a financial information statement built into the form.

Practitioners should absolutely raise a requesting taxpayer's inability to pay (ie. uncollectible) as an issue. The message it sends to the IRS Collection Division and Appeals is that, even if the taxpayer is not provided innocent spouse relief, the debt can always be

compromised on collectability issues. It also shows that the requesting spouse did not benefit from the tax issue. The inability to pay is not the deciding factor, but the author has found it to be a significant factor when the IRS is considering the request.

HOT TIP!

If the client is otherwise uncollectible for IRS Collection purposes, practitioners should highlight a taxpayer's inability to pay when filing an Innocent Spouse claim. Doing so will help the IRS feel comfortable that the taxpayer did not enrich themselves through the process, and also sends a message to the IRS that its ability to collect is zero anyway.



Taxpayer Advocate Service

The Taxpayer Advocate Service, or “TAS,” is an independent organization within the IRS that acts as a voice for taxpayers. TAS helps both businesses and individuals when their IRS situations are causing financial hardship. TAS is willing to help when either the

taxpayer has tried all the normal channels within the IRS and gotten nowhere, or when the IRS system seems to not be working properly. Unlike tax professionals, TAS has the ability to get to the proper person inside the IRS to get things straightened out.

Taxpayers should make every effort to resolve their issue with the Collection Division first. These steps include:

1. Speak with the Collection Division;
2. Speak with the Group Manager;
3. Use any appeal rights the taxpayer has (CDP or Equivalent Hearing); and
4. Use the Collection Appeals Process (CAP).

If the practitioners have taken all these steps and still find themselves in the position of dealing with a case that appears to either be going nowhere or not following the standard IRS procedure, then TAS should be considered.

Contacting TAS

Taxpayers and practitioners who wish to seek TAS's help can do so by filing a Form 911, Request for Taxpayer Advocate Service Assistance. (see Exhibit 8-1) The form is completed and faxed to the taxpayer's local TAS office. A complete listing of these offices is available on the TAS website.³⁸

After filing the Form 911 with the local TAS office the practitioner will receive a phone call from a TAS representative within 48 hours to discuss the taxpayer's situation. TAS can be extremely helpful in helping clear up system and procedural issues within the IRS, and also with advice for the practitioner who has a messy issue to handle. Practitioners should be sure to make use of TAS whenever appropriate.

Low-Income Taxpayers & LITCs

Those taxpayers who earn below a certain income threshold may qualify to have their federal tax case handled for free. The IRS funds Low Income Taxpayer Clinics (LITCs) in

³⁸ www.irs.gov/advocate/local-taxpayer-advocate, last accessed Nov. 14, 2016.

every state that will assist taxpayers with their federal IRS case, including audits, appeals, collection, and other disputes with the IRS. The taxpayer advocate also argues for a taxpayer’s position within the IRS, and helps educate and counsel taxpayers about their tax responsibilities.

Which taxpayers can seek help from an LITC? The following table shows the income limits for a taxpayer’s household to qualify for LITC assistance.³⁹ Generally, the household income can’t exceed the amounts shown.

Income Ceiling (250% of Federal Poverty Guidelines)			
Size of Family	48 Contiguous States, Puerto Rico & DC	Alaska	Hawaii
1	\$29,700	\$37,100	\$34,175
2	\$40,500	\$50,500	\$46,075
3	\$50,400	\$63,000	\$57,975
4	\$60,750	\$75,950	\$69,875
5	\$71,100	\$88,900	\$81,775
6	\$81,450	\$101,850	\$93,675
7	\$91,825	\$114,800	\$105,575
8	\$102,225	\$127,800	\$117,525
Add for Each Additional Person	\$10,400	\$13,000	\$11,950

Practitioners who find taxpayers unable to pay their fee and who meet the income guidelines should refer the taxpayers to their local LITC. The entire list of LITCs can be found on the IRS Taxpayer Advocate’s website.

³⁹ This table (is found on the Taxpayer Advocate Service’s [website](#), and should be checked by practitioners to see if the income ranges have been adjusted. The amounts above are those as of November 2016.

HOT TIP!

The Taxpayer Advocate can be extremely helpful in sorting out where cases are and getting things moving when it seems that there is a system issue. Examples can include filings and requests that have never been responded to by the IRS. However, taxpayers are expected to attempt to resolve their issue first by working with the IRS. The Taxpayer Advocate isn't meant to be a surrogate IRS, replacing the normal administrative IRS procedures. It is simply a service inside the IRS that can help when things appear to have gone off course.

EX

Exhibits

Exhibit List

Exhibit Number	Exhibit
1-1	CP-516: Notice of Missing Return
1-2	Administrative Summons
1-3	CP-501: Billing Notice
1-4	CP-503: Reminder Notice
1-5	CP-504: Threat To levy
1-6	Letter 11: Final Notice of Intent to Levy & Taxpayer's Right to a Hearing
1-7	Form 12153: Request for a Collection Due Process or Equivalent Hearing
1-8	IRS Account Transcript
2-1	Sample retainer Agreement
2-2	IRS Form 2848 – Power of Attorney
2-3	IRS Form 1040-ES – Estimated Tax Payment Vouchers
3-1	IRS Letter 3172 – Notice of Federal Tax Lien
3-2	IRS Form 12277 – Application for Withdrawal of Filed Notice of Federal Tax Lien
3-3	IRS Form 14135 – Application for Certificate of Discharge of Property from Federal Tax Lien
3-4	Department of Justice Court Filing of Suit to Convert Federal Tax Lien to Judgment
4-1	IRS Form 668-A – Notice of Levy
5-1	IRS Form 9465 – Installment Agreement Request
5-2	IRS Form 433-A – Collection Information Statement for Wage Earners and Self-Employed Individuals (Field Collections)
5-3	IRS Form 433-F – Collection Information Statement (ACS Form)
5-4	IRS Form 433-B – Collection Information Statement for Business

Exhibit Number	Exhibit
5-5	IRS Form 433-D – Installment Agreement
5-6	IRS Letter CP-523 – Notice of Intent to Terminate Your Installment Agreement
5-7	IRS Form 9423 – Collection Appeal Request
5-8	IRS Letter 4223 – Case Closed as Currently Not Collectable
5-9	IRS Offer-in-Compromise Booklet
5-10	Sample IRS Allowable Standard Expenses for Collection
6-1	IRS Letter 4837 – Letter Confirming Appeals has Received the Taxpayer’s Case
6-2	IRS Form 12257 – Appeals Decision and United States Tax Court Waiver
7-1	IRS Form 656-L – Offer in Compromise (Doubt as to Liability) booklet
7-2	IRS Form 8857 – Request for Innocent Spouse Relief
8-1	IRS Form 911 – Request for Taxpayer Advocate Service Assistance



Department of Treasury
Internal Revenue Service

[REDACTED]

[REDACTED]

[REDACTED]

2D BARCODE	
Notice	CP[516] [REDACTED]
Tax Year	[REDACTED]
Notice date	March 2, 2016
[Social Security] number	[REDACTED]
To contact us	Phone 1-800-829-[REDACTED]
Your Caller ID: [REDACTED]	
Select code	
Page 1 of 5	
ADR barcode	

We still haven't received your [REDACTED] Form [REDACTED]

You must file your [REDACTED] tax return

We sent you previous notices asking that you file your tax return [Form [REDACTED] for [REDACTED]]. However, we still haven't received any response from you.

What you need to do immediately

If you agree that you still need to file your [REDACTED] tax return

- Complete and sign your return, include a payment for any tax due, and mail it to us using the envelope provided.
- If you can't pay the amount due, pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Visit www.irs.gov and search for keyword: "tax payment options" for more information about:
 - Installment and payment agreements—download required forms or save time and money by applying online using the Online Payment Agreement application if you qualify
 - Automatic payment deductions from your bank account
 - Payroll deductions
 - Credit card payments

Or, call us at [1-800-[REDACTED]] to discuss your options.

- You risk losing your refund if you don't file your return. If you are due a refund for withholding or estimated taxes, you must file your return to claim it by [return due date + 3 years + extensions of time to file]. The same rule applies to a right to claim tax credits such as the Earned Income Credit.

If you think we've made an error

Complete the Response form to explain whether you've already filed a return, or why you think you don't have to file one. Mail your completed Response form to us using the enclosed envelope.

If we don't hear from you

We may determine your tax for you. Penalty and interest charges may continue to accrue.

If you are owed a refund for the current tax year, or any prior year, it may be delayed because of this unfiled return.

2D BARCODE**Notice** CP[516][518]**Tax Year** [REDACTED]**Notice date** March 2, 2016**[Social Security] number** [REDACTED]**Select code** [REDACTED]**Page 2 of 5**

About your return

[We received information that you filed a State tax return for tax year [REDACTED]. However, we have not received your Federal Form 1040 for the same tax year. Our records show that you should file a [REDACTED] Federal tax return. Please send us a copy of your tax return and make sure that you sign and date it. We can't accept a copy of your signature. It is important that you attach this letter to the return and mail it to us at the address shown above.]

(pop up paragraphs D; E; F; G; H; I; J;K;5;SFRMI will be inserted here based on requirements)
SFRMI paragraph shown above in [].

(** print the standard paragraph below here if no pop in paragraphs are entered**)

We received income information regarding your [REDACTED] tax return.

Income reported by others

The IRS received income information about you from others (including your employers, banks, mortgage holders, etc.). This information indicates that you should file a tax return for the tax year shown above.

If you need Wage and Income information you can:

- Call the transcript toll-free line: 1-800-[REDACTED]
- Go to www.IRS.gov and enter "[Order a Transcript](#)" in the Search box.

Please keep in mind that all income you receive must be included on your yearly return, whether it was reported to us or not. That includes any cash transactions, self-employment or miscellaneous income you received from others. Please file your [2008] tax return and returns for any other tax years in which you did not file.

2D BARCODE

Notice CP[516][518]**Tax Year** [REDACTED]**Notice date** March 2, 2016**[Social Security]
number** [REDACTED]**Select code** [REDACTED]**Page 3 of 5****ADR BARCODE**

Additional Information

- Visit [www.irs.gov/CP\[516\]\[518\]](http://www.irs.gov/CP[516][518]).
- For tax forms, instructions and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- If you are outside the country and need assistance, please call [REDACTED] (not a toll-free number), or visit www.irs.gov.
- If you had mortgage debt reduced or discharged due to restructuring or foreclosure, you may qualify for tax relief under the Mortgage Forgiveness Debt Relief Act. For additional information, download Publication 4861, Canceled Debts, Foreclosures, Repossessions, and Abandonments, from www.irs.gov or call 1-800-829-3676 to request a copy.
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.

Low Income Taxpayer Clinics

Low Income Taxpayer Clinics (LITCs) are independent from the IRS. Some clinics serve individuals whose income is below a certain level and who need to resolve a tax problem. These clinics provide professional representation before the IRS or in court on audits, appeals, tax collection disputes, and other issues for free or for a small fee. Some clinics can provide information about taxpayer rights and responsibilities in many different languages for individuals who speak English as a second language. For more information and to find a clinic near you, see the LITC page on www.irs.gov/advocate or IRS Publication 4134, Low Income Taxpayer Clinic List. This publication is also available by calling 1-800-829-3676 or at your local IRS office.

Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS. We help taxpayers whose problems with the IRS are causing financial difficulties, who have tried but have not been able to resolve their problems with the IRS, and those who believe 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 the TAS toll-free number at 1-877-777-4778 or TTY/ TDD 1-800-829-4059. For more information, go to <http://www.irs.gov/advocate>.



Department of Treasury
Internal Revenue Service

[Redacted]

2D BARCODE

Notice CP[516][518]

Tax Year [Redacted]

Notice date March 2, 2016

Social Security number [Redacted]

Select code [Redacted]

Page 4 of 5

ADR barcode

[Redacted]

Fold here

Response form

If you've already filed your [Redacted] return, or don't think you had to file one, complete both sides of this form, and mail it to us using the enclosed envelope. Be sure our address shows through the window.

Provide your contact information

If your address has changed, please make the changes below.

[Redacted]

a.m.
 p.m.

a.m.
 p.m.

Primary phone

Best time to call

Secondary phone

Best time to call

1. Indicate which of the following circumstances apply to you

If you already filed a tax return

I already filed my tax return for [Redacted], and completed the information below. If it has been more than 8 weeks since you filed your return, please enclose a signed and dated copy of the return as verification.

Name(s) shown on return

Form(s) filed

Tax return year(s)

Tax return date(s)

Your Social Security number (SSN)

Spouse's Social Security number (SPSSN)

If the person addressed on this notice is deceased

Date of death: _____

I already filed a Form 1041, Income Tax Return for Estates and Trusts, instead of a Form 1040.

Name shown on tax return

Employer Identification number (EIN) listed on Form 1041

Tax return year(s)

2D BARCODE

Notice	CP[516][518]
Tax Year	████
Notice date	March 2, 2016
[Social Security] number	██████████
Select code	██
Page 5 of 5	

Indicate which of the following circumstances apply to you—continued

If you don't think you had to file a tax return for █████]

Explain why you don't think you are required to file a tax return for █████

Note: The answers to these questions apply to the [2008] tax year only.

My filing status was:

- Head of Household
- Married filing jointly
- Married filing separately
- Single
- Qualified widow(er) with dependent child

The following applied to me:

- I was 65 or older
- I am blind
- My spouse was 65 or older
- My spouse is blind
- I am not a U.S. citizen or permanent resident
- My work was performed in another country
- I could be claimed as a dependent on someone else's tax return.

My total income

Reason for not filing

If you have a refund from a prior year that you applied to your █████] taxes or made estimated tax payments for █████] taxes

I want to apply the credit to another tax return::

Note: You must file a return for █████ to apply the prior year credit.

Tax form number
SSN

Tax year ending

I want to receive the credit as a refund check.

Note: You must file a tax return to be eligible for a refund even though you might not be required to file.

2. Please sign and mail to us

Under penalties of perjury, to the best of my knowledge and belief, I declare that all information I provided on this form, as well as all of the information in my attached income tax return and accompanying schedules and statements, is true, correct, and complete.

Signature

Date



Summons

In the matter of _____

Internal Revenue Service (Division): _____

Industry/Area (name or number): _____

Periods: _____

The Commissioner of Internal Revenue

To: _____

At: _____

You are hereby summoned and required to appear before _____, an officer of the Internal Revenue Service, to give testimony and to bring with you and to produce for examination the following books, records, papers, and other data relating to the tax liability or the collection of the tax liability or for the purpose of inquiring into any offense connected with the administration or enforcement of the internal revenue laws concerning the person identified above for the periods shown.

Do not write in this space

Business address and telephone number of IRS officer before whom you are to appear:

Place and time for appearance at _____

 **IRS** on the ___ day of ___, ___ at ___ o'clock ___ m.
Issued under authority of the Internal Revenue Code this _____ day of _____, _____

Department of the Treasury
Internal Revenue Service

www.irs.gov

Signature of Issuing Officer

Title

Form 2039 (Rev. 10-2010)
Catalog Number 21405J

Signature of Approving Officer (if applicable)

Title



Department of the Treasury
Internal Revenue Service

[REDACTED]

[REDACTED]

Notice	CP501
Tax Year	2014
Notice date	December 16, 2016
Social Security number	[REDACTED]
To contact us	Phone [REDACTED]
Your Caller ID	[REDACTED]

Page 1 of 5

You have unpaid taxes for 2014

Amount due: [REDACTED]

Our records show you have unpaid taxes for the tax year ending December 31, 2014 (Form 1040).

Billing Summary

Amount you owed	[REDACTED]
Failure-to-pay penalty	[REDACTED]
Interest charges	[REDACTED]
Amount due by January 26, 2015	[REDACTED]

What you need to do immediately

Pay immediately

- Pay the amount due of [REDACTED] by January 26, 2015, to avoid additional penalty and interest charges. **You can pay online now at www.irs.gov/directpay.**

Continued on back...



[REDACTED]

Notice	CP501
Notice date	December 16, 2016
Social Security Number	[REDACTED]

Payment

- Make your check or money order payable to the United States Treasury.
- Write your Social Security number [REDACTED], the tax year (2014), and the form number (1040) on your payment and any correspondence.

**Amount due by
January 26, 2015**

[REDACTED]

INTERNAL REVENUE SERVICE

[REDACTED]

[REDACTED]

What you need to do immediately—
continued

Pay immediately—**continued**

- If you can't pay the amount due, pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Visit www.irs.gov/payments for more information about:
 - Credit and debit card payments
 - Electronic payments
 - Installment and payment plans:
 - Automatic deductions from your bank account
 - Payroll deductions

 - [Apply online or mail Form 9465, Installment Agreement Request.]

- Offer in Compromise- To see if you qualify for an offer, visit the Offer in Compromise Pre-Qualifier tool at www.irs.gov/Individuals/Offer-in-Compromise-1

Or, call us at 1-800-XXX-XXXX to discuss your options

If you need to pay your tax debt over time, we encourage you to apply for a Direct Debit Installment Agreement. These agreements save you time and money by having your monthly payment automatically withdrawn from your bank account. There are no checks to write and mail and these agreements have a reduced user fee.

[Apply for a payment plan using the Online Payment Agreement application at: www.irs.gov and search "online-payment".]

Apply for a payment plan by completing Form 433-F prior to calling us at 1-800-XXX-XXXX. This will assist us in handling your call more efficiently.]

[By setting up an agreement online now, you may be able to avoid the filing of a Notice of Federal Tax Lien, if one hasn't already been filed. If a Notice of Federal Tax Lien has been filed, certain taxpayers may request the notice be withdrawn after establishing a Direct Debit Installment Agreement. For more information on liens, visit: www.irs.gov and search "federal tax lien"].

If you already paid your balance in full within the past 14 days or made payment arrangements, please disregard this notice.

Notice CP501
 Tax Year 2014
 Notice date December 16, 2016
 Social Security number [REDACTED]
 Page 3 of 5

If we don't hear from you

- If you don't pay [REDACTED] by January 26, 2015, interest will increase and additional penalties may apply.
- If you don't pay the amount due or call us to make payment arrangements, we can file a Notice of Federal Tax Lien on your property at any time, if we haven't already done so.
- If the lien is in place, you may find it difficult to sell or borrow against your property. The tax lien would also appear on your credit report—which may harm your credit rating--and your creditors would also be publicly notified that the IRS has priority to seize your property.
- If you don't pay your tax debt, we have the right to seize ("levy") your property.

Penalties

We are required by law to charge any applicable penalties.

Failure-to-pay

Description	Amount
Total failure-to-pay	[REDACTED]
When you pay your taxes after the due date, we charge a penalty of 0.5% of the unpaid amount due per month, up to 25% of the amount due. We count part of a month as a full month. (Internal Revenue Code Section 6651) For a detailed calculation of your penalty charges, call 1-800-829-0922.	



Notice CP501
 Notice date December 16, 2016
 Social Security Number [REDACTED]

Contact information

If your address has changed, please call 1-800-829-0922 or visit www.irs.gov.

Please check here if you've included any correspondence. Write your Social Security number ([REDACTED]), the tax year (2014), and the form number (1040) on any correspondence.

a.m. a.m.
 p.m. p.m.

Primary phone _____ Best time to call _____ Secondary phone _____ Best time to call _____

Removal of penalties due to erroneous written advice from the IRS

If you were penalized based on written advice from the IRS, we will remove the penalty if you meet the following criteria:

- If you sent a written request to the IRS for written advice on a specific issue
- You gave us complete and accurate information
- You received written advice from us
- You reasonably relied on our written advice and were penalized based on that advice

To request removal of penalties based on erroneous written advice from us, submit a completed Claim for Refund and Request for Abatement (Form 843) to the IRS service center where you filed your tax return. For a copy of the form or to find your IRS service center, go to www.irs.gov or call 1-800-829-0922.

Removal or reduction of penalties

We understand that circumstances—such as serious illness or injury, a family member’s death, or loss of financial records due to natural disaster—may make it difficult for you to meet your taxpayer responsibility in a timely manner.

If you would like us to consider removing or reducing any of your penalty charges, please do the following:

- Identify which penalty charges you would like us to remove or reduce (e.g., 2005 late filing penalty).
- For each penalty charge, explain why you believe removal or reduction is appropriate.
- Sign your statement, and mail it to us along with any supporting documents.

We will review your statement and let you know whether we accept your explanation as reasonable cause to reduce or remove the penalty charge(s).

Notice CP501
Tax Year 2014
Notice date December 16, 2016
Social Security number [REDACTED]
Page 5 of 5

Interest charges

We are required by law to charge interest on unpaid tax from the date the tax return was due to the date the tax is paid in full. The interest is charged as long as there is an unpaid amount due, including penalties, if applicable. (Internal Revenue Code section 6601)

Description	Amount
Total interest	[REDACTED]

The table below shows the rates used to calculate the interest on your unpaid amount due. For a detailed calculation of your interest, call 1-800-829-0922.

Period	Interest rate
July 1, 2013–December 31, 2013	8%
January 1, 2014–March 31, 2014	7%
April 1, 2014–June 30, 2014	6%
July 1, 2014–September 30, 2014	5%
October 1, 2014–December 31, 2014	6%
Beginning January 1, 2015	5%

Additional information

- Visit www.irs.gov/cp501
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Paying online is convenient, secure, and ensures timely receipt of your payment. To pay your taxes online or for more information, go to www.irs.gov/directpay.
- Keep this notice for your records.

We're required to send a copy of this notice to both you and your spouse. Each copy contains the same information about your joint account. Please note: Only pay the amount due once. If you need assistance, please don't hesitate to contact us.



Department of the Treasury
Internal Revenue Service

[REDACTED]

[REDACTED]

Notice	CP503
Tax Year	2014
Notice date	December 16, 2016
Social Security number	[REDACTED]
To contact us	Phone [REDACTED]
Your Caller ID	[REDACTED]

Page 1 of 5

Second reminder: You have unpaid taxes for 2014

Amount due: [REDACTED]

As we notified you before, our records show you have unpaid taxes for the tax year ending December 31, 2014 (Form 1040). If you don't pay [REDACTED] by February 26, 2016, interest will increase and additional penalties may apply.

Billing Summary

Amount you owed	[REDACTED]
Failure-to-pay penalty	[REDACTED]
Interest charges	[REDACTED]
Amount due by January 26, 2015	[REDACTED]

What you need to do immediately

Pay immediately

- Pay the amount due of [REDACTED] by January 26, 2015 to avoid additional penalty and interest charges. **You can pay online now at www.irs.gov/directpay.**

Continued on back...



[REDACTED]

Notice	CP503
Notice date	December 16, 2016
Social Security Number	[REDACTED]

Payment

- Make your check or money order payable to the United States Treasury.
- Write your Social Security number [REDACTED], the tax year (2014), and the form number (1040) on your payment and any correspondence.

**Amount due by
January 26, 2015**

[REDACTED]

INTERNAL REVENUE SERVICE

[REDACTED]

[REDACTED]

What you need to do immediately—
continued

Pay immediately—**continued**

- If you can't pay the amount due, pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Visit www.irs.gov/payments for more information about:
 - Credit and debit card payments
 - Electronic payments
 - Installment and payment plans:
 - Automatic deductions from your bank account
 - Payroll deductions
 - [Apply online or mail Form 9465, Installment Agreement Request.]
- Offer in Compromise- To see if you qualify for an offer, visit the Offer in Compromise Pre-Qualifier tool at www.irs.gov/Individuals/Offer-in-Compromise-1

Or, call us at 1-800-XXX-XXXX to discuss your options

If you need to pay your tax debt over time, we encourage you to apply for a Direct Debit Installment Agreement. These agreements save you time and money by having your monthly payment automatically withdrawn from your bank account. There are no checks to write and mail and these agreements have a reduced user fee.

[Apply for a payment plan using the Online Payment Agreement application at: www.irs.gov and search "online-payment."] Apply for a payment plan by completing Form 433-F prior to calling us at 1-800-XXX-XXXX. This will assist us in handling your call more efficiently.]

[By setting up an agreement online now, you may be able to avoid the filing of a Notice of Federal Tax Lien, if one hasn't already been filed. If a Notice of Federal Tax Lien has been filed, certain taxpayers may request the notice be withdrawn after establishing a Direct Debit Installment Agreement. For more information on liens, visit: www.irs.gov and search "federal tax lien"].

If you already paid your balance in full within the past 14 days or made payment arrangements, please disregard this notice.

Notice CP503
Tax Year 2014
Notice date December 16, 2016
Social Security number [REDACTED]
Page 3 of 5

If we don't hear from you

- If you don't pay [REDACTED] by January 26, 2015, interest will increase and additional penalties may apply.
- If you don't pay the amount due or call us to make payment arrangements, we can file a Notice of Federal Tax Lien on your property at any time, if we haven't already done so.
- If the lien is in place, you may find it difficult to sell or borrow against your property. The tax lien would also appear on your credit report—which may harm your credit rating--and your creditors would also be publicly notified that the IRS has priority to seize your property.
- If you don't pay your tax debt, we have the right to seize ("levy") your property.

Penalties

We are required by law to charge any applicable penalties.

Failure-to-pay

Description	Amount
Total failure-to-pay	[REDACTED]
When you pay your taxes after the due date, we charge a penalty of 0.5% of the unpaid amount due per month, up to 25% of the amount due. We count part of a month as a full month. (Internal Revenue Code Section 6651) For a detailed calculation of your penalty charges, call 1-800-829-0922.	



Notice CP503
Notice date December 16, 2016
Social Security Number [REDACTED]

Contact information

If your address has changed, please call 1-800-829-0922 or visit www.irs.gov.

Please check here if you've included any correspondence. Write your Social Security number [REDACTED], the tax year (2014), and the form number (1040) on any correspondence.

a.m. a.m.
 p.m. p.m.

Primary phone _____ Best time to call _____ Secondary phone _____ Best time to call _____

Removal of penalties due to erroneous written advice from the IRS

If you were penalized based on written advice from the IRS, we will remove the penalty if you meet the following criteria:

- If you sent a written request to the IRS for written advice on a specific issue
- You gave us complete and accurate information
- You received written advice from us
- You reasonably relied on our written advice and were penalized based on that advice

To request removal of penalties based on erroneous written advice from us, submit a completed Claim for Refund and Request for Abatement (Form 843) to the IRS service center where you filed your tax return. For a copy of the form or to find your IRS service center, go to www.irs.gov or call 1-800-829-0922.

Removal or reduction of penalties

We understand that circumstances—such as serious illness or injury, a family member’s death, or loss of financial records due to natural disaster—may make it difficult for you to meet your taxpayer responsibility in a timely manner.

If you would like us to consider removing or reducing any of your penalty charges, please do the following:

- Identify which penalty charges you would like us to remove or reduce (e.g., 2005 late filing penalty).
- For each penalty charge, explain why you believe removal or reduction is appropriate.
- Sign your statement, and mail it to us along with any supporting documents.

We will review your statement and let you know whether we accept your explanation as reasonable cause to reduce or remove the penalty charge(s).

Interest charges

We are required by law to charge interest on unpaid tax from the date the tax return was due to the date the tax is paid in full. The interest is charged as long as there is an unpaid amount due, including penalties, if applicable. (Internal Revenue Code section 6601)

Description	Amount
Total interest	██████████

The table below shows the rates used to calculate the interest on your unpaid amount due. For a detailed calculation of your interest, call 1-800-829-0922.

Period	Interest rate
July 1, 2013–December 31, 2013	8%
January 1, 2014–March 31, 2014	7%
April 1, 2014–June 30, 2014	6%
July 1, 2014–September 30, 2014	5%
October 1, 2014–December 31, 2014	6%
Beginning January 1, 2015	5%

Additional information

- Visit www.irs.gov/cp503.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Paying online is convenient, secure, and ensures timely receipt of your payment. To pay your taxes online or for more information, go to www.irs.gov/directpay.
- Keep this notice for your records.

We're required to send a copy of this notice to both you and your spouse. Each copy contains the same information about your joint account. Please note: Only pay the amount due once. If you need assistance, please don't hesitate to contact us.



Department of Treasury
Internal Revenue Service

[REDACTED]

[REDACTED]

Notice	CP504
Tax Year	2014
Notice date	December 16, 2016
Social Security number	[REDACTED]
To contact us	Phone [REDACTED]
Your Caller ID	[REDACTED]

Page 1 of 5

Notice of Intent to Levy

Amount due immediately: [REDACTED]

This is a notice of intent to seize ("levy") your state tax refund or other property. As we notified you before, our records show you have unpaid taxes for the tax year ending December 31, 2014 (Form 1040). If you don't call us immediately or pay the amount due, we may seize ("levy") your property or rights to property (including any state tax refunds) and apply it to the [REDACTED] you owe.

Billing Summary

Tax you owe	[REDACTED]
Failure-to-pay penalty	[REDACTED]
Interest charges	[REDACTED]
Amount due immediately	[REDACTED]

What you need to do immediately

Pay immediately

- Pay the amount due of [REDACTED]. If you fail to pay by January 26, 2015, interest will increase and additional penalties may apply. If you don't pay by January 26, 2015, we may seize ("levy") your property or rights to property (including any state tax refunds). **You can pay online now at www.irs.gov/directpay.**

Continued on back...



[REDACTED]

Notice	CP504
Notice date	December 16, 2016
Social Security Number	[REDACTED]

Payment

- Make your check or money order payable to the United States Treasury.
- Write your Social Security number [REDACTED], the tax year (2014), and the form number (1040) on your payment and any correspondence.

Amount due immediately

[REDACTED]

INTERNAL REVENUE SERVICE

[REDACTED]

[REDACTED]

Notice	CP504
Tax Year	2014
Notice date	December 16, 2016
Social Security number	██████████
Page 2 of 5	

What you need to do immediately—
continued

Pay immediately—**continued**

- If you can't pay the amount due, pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Visit www.irs.gov/Payments for more information about:
 - Credit and debit card payments
 - Electronic payments
 - Installment and payment plans:
 - Automatic deductions from your bank account
 - Payroll deductions
 - [Apply online or mail Form 9465, Installment Agreement Request.]
 - Offer in Compromise- To see if you qualify for an offer, visit the Offer in Compromise Pre-Qualifier tool at www.irs.gov/Individuals/Offer-in-Compromise-1.

Or, call us at 1-800-XXX-XXXX to discuss your options.]

If you need to pay your tax debt over time, we encourage you to apply for a Direct Debit Installment Agreement. These agreements save you time and money by having your monthly payment automatically withdrawn from your bank account. There are no checks to write and mail and these agreements have a reduced user fee.

[Apply for a payment plan using the Online Payment Agreement application at: www.irs.gov and search "online-payment".]

[Apply for a payment plan by completing Form 433-F prior to calling us at 1-800-XXX-XXXX. This will assist us in handling your call more efficiently.]

[By setting up an agreement online now, you may be able to avoid the filing of a Notice of Federal Tax Lien, if one hasn't already been filed. If a Notice of Federal Tax Lien has been filed, certain taxpayers may request the notice be withdrawn after establishing a Direct Debit Installment Agreement. For more information on liens, visit: www.irs.gov and search "federal tax lien".]

If you already paid your balance in full or believe we haven't credited a payment to your account, please call 1-800-XXX-XXXX, and have your payment information available to review with us. You can also contact us by mail. Fill out the Contact information section, detach, and send it to us with any correspondence or documentation, including proof of payment.

If we don't hear from you

- If you don't pay or make payment arrangements by [REDACTED] we may seize ("levy") your property (including any state tax refund).
- Property and your rights to property include:
 - Wages, real estate commissions, and other income
 - Bank Accounts
 - Personal assets (e.g., your car and home)
 - Social Security Benefits
- This is your **Notice of Intent to Levy**. (Internal Revenue Code section 6331(d)).
- If you don't pay the amount due or call us to make payment arrangements, we may file a notice of Federal Tax Lien in your property at any time, if we haven't already done so.
- If the lien is filed, you may find it difficult to sell or borrow against your property. The Notice of federal Tax Lien would also appear on your credit report—which may harm your credit rating—and your creditors would also be publicly notified that the IRS has priority to seize your property.

Penalties

We are required by law to charge any applicable penalties.

Failure-to-pay

Description	Amount
Total failure-to-pay When you pay your taxes after the due date, we charge a penalty of 0.5% of the unpaid amount due per month, up to 25% of the amount due. Beginning 10 days after we issue this notice, the penalty increases to 1.0% for each month the amount remains unpaid. We count part of a month as a full month. (Internal Revenue Code section 6651) For a detailed calculation of your penalty charges, call 1-800-829-0922.	[REDACTED]

Contact information



If your address has changed, please call 1-800-829-0922 or visit www.irs.gov.

- Please check here if you've included any correspondence. Write your Social Security number [REDACTED], the tax year (2014), and the form number (1040) on any correspondence.

a.m.
 p.m.

a.m.
 p.m.

Primary phone Best time to call Secondary phone Best time to call

Notice	CP504
Tax Year	2014
Notice date	December 16, 2016
Social Security number	██████████
Page 4 of 5	

Removal or reduction of penalties

We understand that circumstances—such as serious illness or injury, a family member’s death, or loss of financial records due to natural disaster—may make it difficult for you to meet your taxpayer responsibility in a timely manner.

If you would like us to consider removing or reducing any of your penalty charges, please do the following:

- Identify which penalty charges you would like us to remove or reduce (e.g., 2005 late filing penalty).
- For each penalty charge, explain why you believe removal or reduction is appropriate.
- Sign your statement, and mail it to us with any supporting documents. We will review your statement and let you know whether we accept your explanation as reasonable cause to reduce or remove the penalty charge(s).

Removal of penalties due to erroneous written advice from the IRS

If you were penalized based on written advice from the IRS, we will remove the penalty if you meet the following criteria:

- If you sent a written request to the IRS for written advice on a specific issue
- You gave us complete and accurate information
- You received written advice from us
- You reasonably relied on our written advice and were penalized based on that advice

To request removal of penalties based on erroneous written advice from us, submit a completed Claim for Refund and Request for Abatement (Form 843) to the IRS service center where you filed your tax return. For a copy of the form or to find your IRS service center, go to www.irs.gov or call 1-800-829-8374.

Interest charges

We are required by law to charge interest on unpaid tax from the date the tax return was due to the date the tax is paid in full. The interest is charged as long as there is an unpaid amount due, including penalties, if applicable. (Internal Revenue Code section 6601)

Description	Amount
Total interest	██████████

The table below shows the rates used to calculate the interest on your unpaid amount due. For a detailed calculation of your interest, call 1-800-829-0922.

Period	Interest rate
October 1, 2013–June 30, 2013	7%
July 1, 2013–December 31, 2013	8%
January 1, 2014–March 31, 2014	7%
April 1, 2014–June 30, 2014	6%
July 1, 2014–September 30, 2014	5%
October 1, 2014–December 31, 2014	6%
Beginning January 1, 2015	5%

Additional information

- Visit www.irs.gov/cp504.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Paying online is convenient, secure, and ensures timely receipt of your payment. To pay your taxes online or for more information, go to www.irs.gov/directpay.
- Review the enclosed document: IRS Collection Process (Publication 594)
- Generally, we deal directly with taxpayers or their authorized representatives. Sometimes, however, it's necessary for us to speak with other people, such as employees, employers, banks, or neighbors to gather the information we need about a taxpayer's account. You have the right to request a list of individuals we've contacted in connection with your account at any time.
- Keep this notice for your records.

[We're required to send a copy of this notice to both you and your spouse. Each copy contains the same information about your joint account. Please note: Only pay the amount due once.]

If you need assistance, please don't hesitate to contact us.



Department of Treasury
Internal Revenue Service

[Redacted]

Notice	LT11
Notice date	March 2, 2009
Taxpayer ID number	[Redacted]
To contact us	[Redacted]
Your caller ID	[Redacted]

[Redacted]

Notice of intent to levy

Intent to seize your property or rights to property

Amount due immediately: \$ [Redacted]

We haven't received a payment despite sending you several notices about your overdue taxes. The IRS may seize (levy) your property or your rights to property on or after April 1, 2009.

Property includes:

- Wages and other income
- Bank accounts
- Business assets
- Personal assets (including your car and home)
- Alaska Permanent Fund Dividend and state tax refund
- Social Security benefits

Billing Summary

Amount you owed	\$ [Redacted]
Additional penalty charges	[Redacted]
Additional interest charges	[Redacted]
Amount due immediately	\$ [Redacted]

Continued on back...



[Redacted]

Notice	LT11
Notice date	March 2, 2009
Taxpayer ID number	[Redacted]

Payment

- Make your check or money order payable to the United States Treasury.
- Write your Social Security number ([Redacted]) on your payment and any correspondence.

Amount due immediately

\$ [Redacted]

INTERNAL REVENUE SERVICE

[Redacted]

[Redacted]

What you need to do immediately

Pay immediately

- Send us the amount due of \$ [REDACTED] or we may seize (levy) your property on or after April 1, 2009.
- If you can't pay the amount due, pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Visit www.irs.gov/payments for more information about:
 - Installment and payment agreements—download required forms or save time and money by applying online if you qualify
 - Automatic deductions from your bank account
 - Payroll deductions
 - Credit card payments
 Or, call us at [REDACTED] to discuss your options.
- If you've already paid your balance in full or think we haven't credited a payment to your account, please send proof of that payment.

Author's Note: It is critical that the Form 12153 be filed within 30-days of the date of this Letter 11 to secure a CDP Hearing.

Right to request a Collection Due Process hearing

If you wish to appeal this proposed levy action, complete and mail the enclosed Form 12153, Request for a Collection Due Process or Equivalent Hearing, by April 1, 2009. Send the form to us at the address listed at the top of page 1. Be sure to include the reason you are requesting a hearing (see section 8 of, and the instructions to, Form 12153) as well as other information requested by the form. If you don't file Form 12153 by April 1, 2009, you will lose the ability to contest Appeals' decision in the U.S. Tax Court.



Contact information



If your address has changed, please call [REDACTED] or visit www.irs.gov.

Please check here if you've included any correspondence. Write your Social Security number ([REDACTED]) on any correspondence.

	<input type="checkbox"/> a.m.		<input type="checkbox"/> a.m.
	<input type="checkbox"/> p.m.		<input type="checkbox"/> p.m.
Primary phone	Best time to call	Secondary phone	Best time to call

What you need to do immediately -
continued

About Federal Tax Liens

If you don't pay the amount due or call us to make payment arrangements, we can file a Notice of Federal Tax Lien at any time, if we haven't already done so. The Notice of Federal Tax Lien publically notifies your creditors that the IRS has a lien (or claim) against all your property, including property acquired by you after the Notice of Federal Tax Lien is filed. Once the lien's notice to creditors has been filed, it may appear on your credit report and may harm your credit rating. The lien itself arises once you have not paid your bill. It cannot be released until your bill, including interest, penalties, and fees, is paid in full or until we may no longer legally collect your debt. The lien's notice to creditors may be withdrawn under certain circumstances. You can find additional information about tax liens, including helpful videos, at <http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Understanding-a-Federal-Tax-Lien> or by typing lien in the IRS.gov search box.

If we don't hear from you

If you don't call us immediately, pay the amount due, or request a hearing by April 1, 2009, we may seize (levy) your property or your rights to property. Property includes:

- Wages and other income
- Bank accounts
- Business assets
- Personal assets (including your car and home)
- Social security benefits

Your billing details

Tax period ending	Form number	Amount you owed	Additional interest	Additional penalty	Total
MM/DD/YYYY	[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]
MM/DD/YYYY	[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]
MM/DD/YYYY	[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]
MM/DD/YYYY	[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]

Penalties

We are required by law to charge any applicable penalties.

Failure-to-pay

When you pay your taxes after the due date, we charge a penalty of 0.5% of the unpaid amount due per month, up to 25% of the amount due. Beginning 10 days after we issue a notice of intent to levy, the penalty increases to 1.0% for each month the amount remains unpaid. We count part of a month as a full month. (Internal Revenue Code Section 6651)

For a detailed calculation of your penalty charges, call 1-866-829-7650.

Notice	LT11
Tax Year	2005/2007
Notice date	March 2, 2009
Taxpayer ID number	[REDACTED]

Page 4 of 5

Penalties-continued

Removal or reduction of penalties

We understand that circumstances—such as serious illness or injury, a family member's death, or loss of financial records due to natural disaster—may make it difficult for you to meet your taxpayer responsibility in a timely manner.

If you would like us to consider removing or reducing any of your penalty charges, please do the following:

- Identify which penalty charges you would like us to remove or reduce (e.g., 2005 late filing penalty).
- For each penalty charge, explain why you believe removal or reduction is appropriate.
- Sign your statement, and mail it to us with any supporting documents.

We will review your statement and let you know whether we accept your explanation as reasonable cause to reduce or remove the penalty charge(s).

Removal of penalties due to erroneous written advice from the IRS

If you were penalized based on written advice from the IRS, we will remove the penalty if you meet the following criteria:

- If you sent a written request to the IRS for written advice on a specific issue
- You gave us complete and accurate information
- You received written advice from us
- You reasonably relied on our written advice and were penalized based on that advice

To request removal of penalties based on erroneous written advice from us, submit a completed Claim for Refund and Request for Abatement (Form 843) to the IRS service center where you filed your tax return. For a copy of the form or to find your IRS service center, go to www.irs.gov or call [REDACTED].

Interest charges

We are required by law to charge interest on unpaid tax from the date the tax return was due to the date the tax is paid in full. The interest is charged as long as there is an unpaid amount due, including penalties, if applicable. (Internal Revenue Code Section 6601) For a detailed calculation of your interest, call [REDACTED].

Additional information

- Visit www.irs.gov/lt11
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Review the enclosed documents:
 - IRS Collection Process (Publication 594)
 - Collection Appeal Rights (Publication 1660)
 - Request for a Collection Due Process Hearing (Form 12153)
- Keep this notice for your records.

We're required to send a copy of this notice to both you and your spouse. Each copy contains the information you are authorized to receive. Please note: Only pay the amount due once.

If you need assistance, please don't hesitate to contact us

Request for a Collection Due Process or Equivalent Hearing

Use this form to request a Collection Due Process (CDP) or equivalent hearing with the IRS Office of Appeals if you have been issued one of the following lien or levy notices:

- Notice of Federal Tax Lien Filing and Your Right to a Hearing under IRC 6320,
- Notice of Intent to Levy and Notice of Your Right to a Hearing,
- Notice of Jeopardy Levy and Right of Appeal,
- Notice of Levy on Your State Tax Refund,
- Notice of Levy and Notice of Your Right to a Hearing.

Complete this form and send it to the address shown on your lien or levy notice. Include a copy of your lien or levy notice to ensure proper handling of your request.

Call the phone number on the notice or 1-800-829-1040 if you are not sure about the correct address or if you want to fax your request.

You can find a section explaining the deadline for requesting a Collection Due Process hearing in this form's instructions. If you've missed the deadline for requesting a CDP hearing, you must check line 7 (Equivalent Hearing) to request an equivalent hearing.

1. Taxpayer Name: (Taxpayer 1) _____
 Taxpayer Identification Number _____
 Current Address _____
 City _____ State _____ Zip Code _____

2. Telephone Number and Best Time to Call During Normal Business Hours	Home (____) _____ - _____	<input type="checkbox"/>	am.	<input type="checkbox"/>	pm.
	Work (____) _____ - _____	<input type="checkbox"/>	am.	<input type="checkbox"/>	pm.
	Cell (____) _____ - _____	<input type="checkbox"/>	am.	<input type="checkbox"/>	pm.

3. Taxpayer Name: (Taxpayer 2) _____
 Taxpayer Identification Number _____
 Current Address _____
(If Different from Address Above) City _____ State _____ Zip Code _____

4. Telephone Number and Best Time to Call During Normal Business Hours	Home (____) _____ - _____	<input type="checkbox"/>	am.	<input type="checkbox"/>	pm.
	Work (____) _____ - _____	<input type="checkbox"/>	am.	<input type="checkbox"/>	pm.
	Cell (____) _____ - _____	<input type="checkbox"/>	am.	<input type="checkbox"/>	pm.

5. Tax Information as Shown on the Lien or Levy Notice *(If possible, attach a copy of the notice)*

Type of Tax (Income, Employment, Excise, etc. or Civil Penalty)	Tax Form Number (1040, 941, 720, etc)	Tax Period or Periods

Request for a Collection Due Process or Equivalent Hearing

6. Basis for Hearing Request (Both boxes can be checked if you have received both a lien and levy notice)

- Filed Notice of Federal Tax Lien Proposed Levy or Actual Levy

7. Equivalent Hearing (See the instructions for more information on Equivalent Hearings)

- I would like an Equivalent Hearing - I would like a hearing equivalent to a CDP Hearing if my request for a CDP hearing does not meet the requirements for a timely CDP Hearing.

8. Check the most appropriate box for the reason you disagree with the filing of the lien or the levy. **See page 4 of this form for examples.** You can add more pages if you don't have enough space. If, during your CDP Hearing, you think you would like to discuss a Collection Alternative to the action proposed by the Collection function it is recommended you submit a completed Form 433A (Individual) and/or Form 433B (Business), as appropriate, with this form. See www.irs.gov for copies of the forms. Generally, the Office of Appeals will ask the Collection Function to review, verify and provide their opinion on any new information you submit. We will share their comments with you and give you the opportunity to respond.

- Collection Alternative Installment Agreement Offer in Compromise I Cannot Pay Balance
Lien Subordination Discharge Withdrawal

Please explain:

My Spouse Is Responsible Innocent Spouse Relief (Please attach Form 8857, *Request for Innocent Spouse Relief*, to your request.)

Other (For examples, see page 4)

Reason (You must provide a reason for the dispute or your request for a CDP hearing will not be honored. Use as much space as you need to explain the reason for your request. Attach extra pages if necessary.):

9. Signatures

I understand the CDP hearing and any subsequent judicial review will suspend the statutory period of limitations for collection action. I also understand my representative or I must sign and date this request before the IRS Office of Appeals can accept it. If you are signing as an officer of a company add your title (*president, secretary, etc.*) behind your signature.

SIGN HERE

Taxpayer 1's Signature	Date
Taxpayer 2's Signature (<i>if a joint request, both must sign</i>)	Date

- I request my CDP hearing be held with my authorized representative (*attach a copy of Form 2848*)

Authorized Representative's Signature	Authorized Representative's Name	Telephone Number
---------------------------------------	----------------------------------	------------------

IRS Use Only

IRS Employee (Print)	Employee Telephone Number	IRS Received Date
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This Product Contains Sensitive Taxpayer Data

Account Transcript

Request Date: 04-08-2014
 Response Date: 04-08-2014
 Tracking Number: 200191107146

FORM NUMBER: 1040
 TAX PERIOD: Dec. 31, 2011

TAXPAYER IDENTIFICATION NUMBER: 999-99-9999
 SPOUSE TAXPAYER IDENTIFICATION NUMBER: 888-88-8888

SANTA & JESSICA CLAUS

<<<<POWER OF ATTORNEY/TAX INFORMATION AUTHORIZATION (POA/TIA) ON FILE>>>>

--- ANY MINUS SIGN SHOWN BELOW SIGNIFIES A CREDIT AMOUNT ---

ACCOUNT BALANCE: 0.00
 ACCRUED INTEREST: 0.00 AS OF: Jul. 01, 2013
 ACCRUED PENALTY: 0.00 AS OF: Jul. 01, 2013

ACCOUNT BALANCE PLUS ACCRUALS
 (this is not a payoff amount): 0.00

** INFORMATION FROM THE RETURN OR AS ADJUSTED **

EXEMPTIONS: 04
 FILING STATUS: Married Filing Joint
 ADJUSTED GROSS INCOME: 63,328.00
 TAXABLE INCOME: 26,844.00
 TAX PER RETURN: 1,915.00
 SE TAXABLE INCOME TAXPAYER: 0.00
 SE TAXABLE INCOME SPOUSE: 0.00
 TOTAL SELF EMPLOYMENT TAX: 0.00

RETURN DUE DATE OR RETURN RECEIVED DATE (WHICHEVER IS LATER) May 02, 2012
 PROCESSING DATE May 21, 2012

TRANSACTIONS

CODE	EXPLANATION OF TRANSACTION	CYCLE	DATE	AMOUNT
150	Tax return filed	20121905	05-21-2012	\$1,956.00
n/a	30221-123-00588-2			
806	W-2 or 1099 withholding		04-15-2012	-\$6,691.00
960	Appointed representative		07-05-2011	\$0.00
961	Removed appointed representative		01-16-2012	\$0.00
960	Appointed representative		04-02-2012	\$0.00

460	Extension of time to file ext. Date 10-15-2012	04-15-2012	\$0.00
846	Refund issued	05-21-2012	\$4,775.00
960	Appointed representative	07-18-2012	\$0.00
960	Appointed representative	01-21-2013	\$0.00
291	Prior tax abated	02-11-2013	-\$891.00
n/a	45254-761-07170-2		
971	Notice issued CP 0021	02-11-2013	\$0.00
846	Refund issued	02-11-2013	\$809.42
776	Interest credited to your account	02-11-2013	-\$17.42

This Product Contains Sensitive Taxpayer Data

THIS IS PROVIDED AS A SAMPLE ENGAGEMENT LETTER. IF YOU CHOOSE TO USE THIS AS A TEMPLATGE PLEASE BE SURE TO READ THROUGH IT CAREFULLY AND ADJUST THOSE TERMS TO FIT YOUR FIRM AND YOUR ENGAGEMENT.

Email: _____

November ____, 2016

Name
Street Address
City, State, Zip

Re: Client Retention Agreement

Dear CLIENT NAME:

We are pleased you have requested that OUR FIRM (“_____” or “Firm”) provide you with representation as set forth below. We would appreciate receiving written acknowledgement of this agreement for our files. The Bar recommends that there be a written fee agreement between attorneys and their clients. Additionally, we feel that it is in the best interest of our clients that they be fully informed of our billing practices. The purpose of this letter, therefore, is to set forth the scope of our engagement to represent you, to set forth the financial arrangements regarding our engagement and to verify our agreement of the foregoing:

1. Scope of Engagement

Subject to the terms and conditions herein, including without limitation advance payment of the retainer and a signed copy of this agreement _____ will perform those services which you requested and, more specifically, to represent you before Internal Revenue Service (“Engagement”).

2. Flat & Hourly Fee for Representation

We have agreed to prepare and file the Offer-in-Compromise for a flat fee of \$3,500. This fee includes our time to prepare the Offer package and respond to any inquiries by the Centralized Offer-in-Compromise Unit. You will be responsible for the application fee and deposit required by the IRS when filing an Offer.

In the event the Offer is denied and we are required to take the case to Appeals we will charge our time at our normal hourly rates. Our billing practice is to charge for our services based on the hourly rate of the attorney involved. We bill in increments of no less than 1/10 of

one hour. Please note, we bill for all services our office provides, including but not limited to: correspondence, telephone calls, document preparation, legal research, electronic legal research, inter-office conference, depositions, trials, meetings, etc. We use the amount of time devoted to a matter by a particular attorney at that attorney's hourly rate. These hourly rates are based upon experience, expertise and standing. In addition, we try to use associate, paralegal, legal assistant and/or secretarial support on projects whenever possible. All hourly rates are reviewed from time to time and may be adjusted and/or increased without notice. It is likely that all of these hourly rates will be increased annually usually commencing at the beginning of each calendar year and you hereby consent to such increase. My hourly rate is \$400/hour. Our firm's rates for staff range from \$75 - \$275/hour, and for partners from \$350 - \$550/hour.

The detail and the monthly statement will inform you not only of the fees and disbursements incurred but also of the nature and progress of the work performed. These statements are due and payable upon receipt, but in any event, no later than thirty days thereafter. We reserve the right to charge interest at an appropriate rate (currently 1% per month) calculated monthly starting forty-five days after issuance of the statement and continuing until fully paid. You will be sent monthly billing statements as to work performed. We generally bill clients on either the 1st or 15th of the month. If you have a preference as to when you receive a bill, please let me know.

We do our best to see that our clients are satisfied not only with our services but also with the reasonableness of the fees and disbursements charged for these services. Therefore, if you have any questions about or objection to a statement or the basis for our fees to you, you should raise it promptly and not more than thirty (30) days after you receive a bill for discussion. If you object only to a portion of the statement, we ask you pay the remainder, which will not constitute a waiver of your objections.

3. Disbursements

The performance of legal services involves costs and expenses, some of which must be paid to third parties. These expenses include, but are not limited to, filing fees, court reporters, deposition fees, travel costs, copying costs, telecopier costs, messenger services, long distance telephone charges, computerized research expenses and expenses of experts whom we deem appropriate to assist in our representation of you. We do not charge for internal copying costs, but if a production job is large and must be sent out we will charge you the actual expense. We expect that you will either pay directly or reimburse us for such costs. If such costs may be calculated beforehand and appear to be substantial, we may ask you to advance us those sums before we expend them or to reimburse the vendor directly.

4. Retainer

We will require a retainer of \$3,500 prior to commencement of work on Your behalf to cover the flat fee. The checks for the United States Treasury will not be needed from you until the Offer is prepared and ready to be filed with the IRS. You also agree that the retainer payment may be deposited in the Firm's general operating account and comingled with other funds.

5. Withdrawal from Representation

The attorney client relationship is one of mutual trust and confidence. If you, for whatever reason, wish us to cease representing you, you may request that we do so. If we feel we no longer wish to represent you, we will request that the court (if an appearance has been filed) to permit us to terminate our representation of you. We will only do so in the following circumstances: (a) a lack of cooperation by you in promptly submitting necessary requested information; (b) your knowingly providing us, your adversaries or the court with false information; (c) your disregard of advice about matters of critical importance to your case; (d) your failure to promptly pay legal fees; or (e) for any other reason provided advance notice is provided.

Upon such termination, however, you would remain liable for any unpaid fees and costs. We also shall be authorized to reveal this agreement and any other necessary documents to any court or agency if the same should prove necessary to effect withdrawal or collection of our fees.

It is the policy of this firm to make every effort to have our clients feel that they are treated on a fair basis. We welcome an honest discussion of our fees and our services and encourage our clients to inquire about any matter relating to our fee arrangement or monthly statements that are in anyway unclear or appear unsatisfactory. If you have any questions, please do not hesitate to call us.

6. Future Services

This agreement will also apply to services rendered for such future matters that we agree will be handled by the Firm. If, however, such services, are substantially different from those to which this agreement applies (for instance, an appearance on your behalf in court), either party may request that a new agreement be executed, or that this agreement be reacknowledged.

If this letter correctly sets forth your understanding of the scope of the services to be rendered to the company by the Firm, and if the terms of the engagement are satisfactory, please execute the enclosed copy of this letter and return it us. If the scope of the services described is incorrect or if the terms of the engagement set forth in this letter are not satisfactory to you, please let us know in writing so that we can discuss either aspect.

By executing this agreement, you acknowledge that there is uncertainty concerning the outcome of this matter and that the Firm and the undersigned attorneys have made no guarantees as to the disposition of any phase of this matter. All representations and expression relative to the outcome of this matter, are only expressions of the said representative's opinions and do not constitute guarantees. We look forward to continuing to work with you and thank you once again for the opportunity to serve.

Very truly yours,

NAME

READ, AGREED AND CONSENTED TO:

NAME

Date

Power of Attorney and Declaration of Representative

For IRS Use Only

Received by: _____
 Name _____
 Telephone _____
 Function _____
 Date / /

▶ Information about Form 2848 and its instructions is at www.irs.gov/form2848.

Part I Power of Attorney

Caution: A separate Form 2848 must be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

1 Taxpayer information. Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address	Taxpayer identification number(s)	
	Daytime telephone number	Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Check if to be sent copies of notices and communications <input type="checkbox"/>	
Name and address	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Check if to be sent copies of notices and communications <input type="checkbox"/>	
Name and address	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
(Note: IRS sends notices and communications to only two representatives.)	
Name and address	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
(Note: IRS sends notices and communications to only two representatives.)	

to represent the taxpayer before the Internal Revenue Service and perform the following acts:

3 Acts authorized (you are required to complete this line 3). With the exception of the acts described in line 5b, I authorize my representative(s) to receive and inspect my confidential tax information and to perform acts that I can perform with respect to the tax matters described below. For example, my representative(s) shall have the authority to sign any agreements, consents, or similar documents (see instructions for line 5a for authorizing a representative to sign a return).

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, Sec. 5000A Shared Responsibility Payment, Sec. 4980H Shared Responsibility Payment, etc.) (see instructions)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions)

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for **Line 4. Specific Use Not Recorded on CAF**

5a Additional acts authorized. In addition to the acts listed on line 3 above, I authorize my representative(s) to perform the following acts (see instructions for line 5a for more information):

Authorize disclosure to third parties; Substitute or add representative(s); Sign a return; _____

Other acts authorized: _____

b Specific acts not authorized. My representative(s) is (are) not authorized to endorse or otherwise negotiate any check (including directing or accepting payment by any means, electronic or otherwise, into an account owned or controlled by the representative(s) or any firm or other entity with whom the representative(s) is (are) associated) issued by the government in respect of a federal tax liability.
 List any other specific deletions to the acts otherwise authorized in this power of attorney (see instructions for line 5b): _____

6 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this document. If you **do not** want to revoke a prior power of attorney, check here **YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

7 Signature of taxpayer. If a tax matter concerns a year in which a joint return was filed, each spouse must file a separate power of attorney even if they are appointing the same representative(s). If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the legal authority to execute this form on behalf of the taxpayer.
▶ IF NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THIS POWER OF ATTORNEY TO THE TAXPAYER.

 Signature Date Title (if applicable)

 Print Name Print name of taxpayer from line 1 if other than individual

Part II Declaration of Representative

Under penalties of perjury, by my signature below I declare that:

- I am not currently suspended or disbarred from practice, or ineligible for practice, before the Internal Revenue Service;
- I am subject to regulations contained in Circular 230 (31 CFR, Subtitle A, Part 10), as amended, governing practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—licensed to practice as a certified public accountant is active in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent by the Internal Revenue Service per the requirements of Circular 230.
 - d Officer—a bona fide officer of the taxpayer organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer’s immediate family (spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
 - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).
 - h Unenrolled Return Preparer—Authority to practice before the IRS is limited. An unenrolled return preparer may represent, provided the preparer (1) prepared and signed the return or claim for refund (or prepared if there is no signature space on the form); (2) was eligible to sign the return or claim for refund; (3) has a valid PTIN; and (4) possesses the required Annual Filing Season Program Record of Completion(s). **See Special Rules and Requirements for Unenrolled Return Preparers in the instructions for additional information.**
 - k Student Attorney or CPA—receives permission to represent taxpayers before the IRS by virtue of his/her status as a law, business, or accounting student working in an LITC or STCP. See instructions for Part II for additional information and requirements.
 - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THE POWER OF ATTORNEY. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN PART I, LINE 2.

Note: For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column.

Designation— Insert above letter (a-r).	Licensing jurisdiction (State) or other licensing authority (if applicable).	Bar, license, certification, registration, or enrollment number (if applicable).	Signature	Date

File only if you are making a payment of estimated tax by check or money order. Mail this voucher with your check or money order payable to **"United States Treasury."** Write your social security number and "2017 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due Sept. 15, 2017		
Amount of estimated tax you are paying by check or money order.	Dollars	Cents

Print or type	Your first name and initial	Your last name	Your social security number
	If joint payment, complete for spouse		
	Spouse's first name and initial	Spouse's last name	Spouse's social security number
	Address (number, street, and apt. no.)		
	City, state, and ZIP code. (If a foreign address, enter city, also complete spaces below.)		
	Foreign country name	Foreign province/county	Foreign postal code

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Tear off here

File only if you are making a payment of estimated tax by check or money order. Mail this voucher with your check or money order payable to **"United States Treasury."** Write your social security number and "2017 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due June 15, 2017		
Amount of estimated tax you are paying by check or money order.	Dollars	Cents

Print or type	Your first name and initial	Your last name	Your social security number
	If joint payment, complete for spouse		
	Spouse's first name and initial	Spouse's last name	Spouse's social security number
	Address (number, street, and apt. no.)		
	City, state, and ZIP code. (If a foreign address, enter city, also complete spaces below.)		
	Foreign country name	Foreign province/county	Foreign postal code

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Tear off here

File only if you are making a payment of estimated tax by check or money order. Mail this voucher with your check or money order payable to **"United States Treasury."** Write your social security number and "2017 Form 1040-ES" on your check or money order. Do not send cash. Enclose, but do not staple or attach, your payment with this voucher.

Calendar year—Due April 18, 2017		
Amount of estimated tax you are paying by check or money order.	Dollars	Cents

Print or type	Your first name and initial	Your last name	Your social security number
	If joint payment, complete for spouse		
	Spouse's first name and initial	Spouse's last name	Spouse's social security number
	Address (number, street, and apt. no.)		
	City, state, and ZIP code. (If a foreign address, enter city, also complete spaces below.)		
	Foreign country name	Foreign province/county	Foreign postal code

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form 1040-ES (2017)



Department of the Treasury
Internal Revenue Service

CERTIFIED MAIL

CCP-LU ACS CORRESPONDENCE

P.O. BOX 145566, STOP 813G CSC
CINCINNATI, OH 45250-5566

9307110756602784308405

Letter Date: 08/23/2016

Taxpayer Identification Number:
XXX-XX-XXXX

Person to Contact:
P.A. BELTON

Contact Telephone Number:
(800) 829-3903

Employee Identification Number:



TAXPAYER NAME
PO BOX
HARTFORD,CT XXXXX

000342

Notice of Federal Tax Lien Filing and Your Right to a Hearing Under IRC 6320

Dear TAXPAYER NAME

We filed a Notice of Federal Tax Lien on [REDACTED].

Type of Tax	Tax Period	Assessment Date	Amount on Lien
CIVP	12/31/2011	12/29/2014	38428.87

NOTE: Please contact the person whose name and telephone number appears on this notice to obtain the current amount you owe. Additional interest and penalties may be increasing the amount on the lien shown above.

A lien attaches to all property you currently own and to all property you may acquire in the future. It also may damage your credit rating and hinder your ability to obtain additional credit.

You have the right to a hearing with us to appeal this collection action and to discuss your payment method options. To explain the different collection appeal procedures available to you, we have enclosed Publication 1660, Collection Appeal Rights.

You must request your hearing by 09/29/2016. Please complete the enclosed Form 12153, *Request for a Collection Due Process or Equivalent Hearing*, and mail it to:

Internal Revenue Service
IRS-ACS/CDP
P.O. BOX 42346
PHILADELPHIA, PA 19101-2346

INTERNAL REVENUE SERVICE
FACSIMILE FEDERAL TAX LIEN DOCUMENT

Lien Recorded : [REDACTED] - 16:30PM
Recording Number: [REDACTED]
UCC Number : [REDACTED]
Liber :
Page :

Area: SMALL BUSINESS/SELF EMPLOYED #1
Lien Unit Phone: (800) 829-3903

IRS Serial Number: [REDACTED]

This Lien Has Been Filed in Accordance with
Internal Revenue Regulation 301.6323(f)-1.



Name of Taxpayer :
[REDACTED]

000342

Residence :
PO BOX [REDACTED]
HARTFORD, CT [REDACTED]

With respect to each assessment below, unless notice of lien
is refiled by the date in column(e), this notice shall constitute
the certificate of release of lien as defined in IRC 6325(a).

Form (a)	Period (b)	ID Number (c)	Assessed (d)	Refile Deadline (e)	Unpaid Balance (f)
CIVP	12/31/2011	XXX-XX-[REDACTED]	12/29/2014	01/28/2025	38428.87

Filed at: SECRETARY OF STATE
state
HARTFORD, CT 06115

Total | \$ 38428.87

This notice was prepared and executed at MANHATTAN, NY
on this, the 11th day of August, 2016.

Authorizing Official:
P.A. BELTON

Title:
ACS SBSE [REDACTED]

Notice of Federal Tax Lien

Area:

SMALL BUSINESS/SELF EMPLOYED AREA #1
(800) 829-3903

Serial Number

[REDACTED]

For Optional Use by Recording Office

As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.

- This Notice of Federal Tax Lien has been filed as a matter of public record.
- IRS will continue to charge penalty and interest until you satisfy the amount you owe.
- Contact the Area Office Collection Function for information on the amount you must pay before we can release this lien.
- See the back of this page for an explanation of your Administrative Appeal rights.

Name of Taxpayer

[REDACTED]

Residence

PO BOX [REDACTED]
HARTFORD, CT [REDACTED]

IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is refiled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
CIVP	12/31/2011	XXX-XX [REDACTED]	12/29/2014	01/28/2025	38428.87

Place of Filing

TOWN CLERK
HARTFORD City of
HARTFORD, CT 06103

Total

38428.87

This notice was prepared and signed at MANHATTAN, NY, on this,

the [REDACTED] day of [REDACTED], 2016.

Signature

Chief Cordano

for P.A. BELTON

Title

ACS SBSE
(800) 829-3903

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax Lien Rev. Rul. 71-466, 1971 - 2 C.B. 409)



000342

Form **12277**
(October 2011)

Department of the Treasury — Internal Revenue Service

**Application for Withdrawal of Filed
Form 668(Y), Notice of Federal Tax Lien**
(Internal Revenue Code Section 6323(j))

1. Taxpayer Name *(as shown on the Notice of Federal Tax Lien)* 2. Social Security/Employer Identification No.

3. Taxpayer's Representative, if applicable, or Name and Title of contact person, if taxpayer is a business

4. Address *(Number, Street, P.O. Box)*

5. City

6. State

7. ZIP code

8. Phone Number

9. Attach copy of the Form 668(Y), Notice of Federal Tax Lien, if available, **OR**, if you don't have a copy, provide the following information, if available:

Serial number of Form 668(Y) *(found near the top of the document)*

Date Form 668(Y) filed

Recording office where Form 668(Y) was filed

10. Current status of the federal tax lien *("x" appropriate box)*

Open Released Unknown

11. Reason for requesting withdrawal of the filed Notice of Federal Tax Lien *("x" appropriate box(es))*

- The Notice of Federal Tax Lien was filed prematurely or not in accordance with IRS procedures.
- The taxpayer entered into an installment agreement to satisfy the liability for which the lien was imposed and the agreement did not provide for a Notice of Federal Tax Lien to be filed.
- The taxpayer is under a Direct Debit Installment Agreement.
- Withdrawal will facilitate collection of the tax.
- The taxpayer, or the Taxpayer Advocate acting on behalf of the taxpayer, believes withdrawal is in the best interest of the taxpayer and the government.

12. Explain the basis for the withdrawal request *(attach additional sheets and other documentation that substantiates your request, as needed)*

Affirmation

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 *(Taxpayer or Representative)*

Title *(if business)*

Date

General Instructions

1. Complete the application. If the information you supply is not complete, it may be necessary for the IRS to obtain additional information before making a determination on the application.
 - Sections 1 and 2: Enter the taxpayer's name and Social Security Number (SSN) or Employer Identification Number (EIN) as shown on the Notice of Federal Tax Lien (NFTL).
 - Section 3: Enter the name of the person completing the application if it differs from the taxpayer's name in section 1 (for example, taxpayer representative). For business taxpayers, enter the name and title of person making the application. Otherwise, leave blank.
 - Sections 4 through 8: Enter current contact information of taxpayer or representative.
 - Section 9: Attach a copy of the NFTL to be withdrawn, if available. If you don't have a copy of the NFTL but have other information about the NFTL, enter that information to assist the IRS in processing your request.
 - Section 10: Check the box that indicates the current status of the lien.
"Open" means there is still a balance owed with respect to the tax liabilities listed on the NFTL.
"Released" means the lien has been satisfied or is no longer enforceable.
"Unknown" means you do not know the current status of the lien.
 - Section 11: Check the box(es) that best describe the reason(s) for the withdrawal request. **NOTE:** If you are requesting a withdrawal of a released NFTL, you generally should check the last box regarding the best interest provision.
 - Section 12: Provide a detailed explanation of the events or the situation to support your reason(s) for the withdrawal request. Attach additional sheets and supporting documentation, as needed.
 - Affirmation: Sign and date the application. If you are completing the application for a business taxpayer, enter your title in the business.
2. Mail your application to the IRS office assigned your account. If the account is not assigned or you are uncertain where it is assigned, mail your application to IRS, ATTN: Advisory Group Manager, in the area where you live or is the taxpayer's principal place of business. Use Publication 4235, *Advisory Group Addresses*, to determine the appropriate office.
3. Your application will be reviewed and, if needed, you may be asked to provide additional information. You will be contacted regarding a determination on your application.
 - a. If a determination is made to withdraw the NFTL, we will file a Form 10916(c), *Withdrawal of Filed Notice of Federal Tax Lien*, in the recording office where the original NFTL was filed and provide you a copy of the document for your records.
 - b. If the determination is made to not withdraw the NFTL, we will notify you and provide information regarding your rights to appeal the decision.
4. **At your request, we will notify other interested parties of the withdrawal notice. Your request must be in writing and provide the names and addresses of the credit reporting agencies, financial institutions, and/or creditors that you want notified.**

NOTE: Your request serves as our authority to release the notice of withdrawal information to the agencies, financial institutions, or creditors you have identified.
5. If, at a later date, additional copies of the withdrawal notice are needed, you must provide a written request to the Advisory Group Manager. The request must provide:
 - a. The taxpayer's name, current address, and taxpayer identification number with a brief statement authorizing the additional notifications;
 - b. A copy of the notice of withdrawal, if available; and
 - c. A supplemental list of the names and addresses of any credit reporting agencies, financial institutions, or creditors to notify of the withdrawal of the filed Form 668(Y).

Privacy Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. The primary purpose of this form is to apply for withdrawal of a notice of federal tax lien. The information requested on this form is needed to process your application and to determine whether the notice of federal tax lien can be withdrawn. You are not required to apply for a withdrawal; however, if you want the notice of federal tax lien to be withdrawn, you are required to provide the information requested on this form. Sections 6001, 6011, and 6323 of the Internal Revenue Code authorize us to collect this information. Section 6109 requires you to provide the requested identification numbers. Failure to provide this information may delay or prevent processing your application; providing false or fraudulent information may subject you to penalties.

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 U.S. commonwealths and possessions for use in administering their tax laws. 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
--	--------------------------

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

**UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT**

USA,

V.

SUMMONS IN A CIVIL CASE

██████████

CASE NUMBER: ██████████

TO: ██████████

Defendant's Address:

██████████ Road
██████████ CT ██████████

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) – or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) – you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are:

██████████
**Unites States Dept of Justice, Tax Div –pob 55
P.O. Box 55, Ben Franklin Station
Washington, DC 20044**

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

/s/ – P. Malone

Signature of Clerk or Deputy Clerk



ISSUED ON 2015-03-12 15:49:39.0, Clerk
USDC CTD

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____.

I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____; or

I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____, and mailed a copy to the individual's last known address; or

I served the summons on *(name of individual)* _____, who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____; or

I returned the summons unexecuted because _____
_____; or

Other *(specify)* _____

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ 0.00

I declare under penalty of perjury that this information is true.

Date: _____

Servers signature

Printed name and title

Servers address

Additional information regarding attempted service, etc:



IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CONNECTICUT

UNITED STATES OF AMERICA,

Plaintiff,

v.

[Redacted names of defendants]

Defendants.

Case No. [Redacted]

RECORDED AS RECEIVED

NOTICE OF LIS PENDENS

Notice is hereby given that the above entitled case was filed in the United States District Court for the District of Connecticut, on the 12th day of March, 2015, in which the United States of America seeks to enforce federal tax liens against real property more fully described hereunder, and is now pending in the Court.

Notice is further given that the subject property affected by the said action is, as follows:

ALL THAT CERTAIN piece, parcel or tract of land, with the buildings and improvements thereon, located in the City of [Redacted] and State of Connecticut, known and designated as Lot 5A on a certain map entitled [Redacted], which map is on file in the office of the Town Clerk of said City of [Redacted] together with the benefits flowing from those certain agreements, covenants and reservations set forth in that certain Executor's Deed from the [Redacted] Said premises conveyed subject to the following:

13481475.1

Notice of Levy

DATE:
REPLY TO:

TELEPHONE NUMBER
OF IRS OFFICE:

NAME AND ADDRESS OF TAXPAYER:

TO: **Exhibit 4-1**

IDENTIFYING NUMBER(S):

THIS ISN'T A BILL FOR TAXES YOU OWE. THIS IS A NOTICE OF LEVY WE ARE USING TO COLLECT MONEY OWED BY THE TAXPAYER NAMED ABOVE.

Kind of Tax	Tax Period Ended	Unpaid Balance of Assessment	Statutory Additions	Total
THIS LEVY WON'T ATTACH FUNDS IN IRAs, SELF-EMPLOYED INDIVIDUALS' RETIREMENT PLANS, OR ANY OTHER RETIREMENT PLANS IN YOUR POSSESSION OR CONTROL, UNLESS IT IS SIGNED IN THE BLOCK TO THE RIGHT. 			Total Amount Due 	

We figured the interest and late payment penalty to _____

The Internal Revenue Code provides that there is a lien for the amount that is owed. Although we have given the notice and demand required by the Code, the amount owed hasn't been paid. This levy requires you to turn over to us this person's property and rights to property (such as money, credits, and bank deposits) that you have or which you are already obligated to pay this person. However, don't send us more than the "Total Amount Due."

Money in banks, credit unions, savings and loans, and similar institutions described in section 408(n) of the Internal Revenue Code must be held for 21 calendar days from the day you receive this levy before you send us the money. Include any interest the person earns during the 21 days. Turn over any other money, property, credits, etc. that you have or are already obligated to pay the taxpayer, when you would have paid it if this person asked for payment.

Make a reasonable effort to identify all property and rights to property belonging to this person. At a minimum, search your records using the taxpayer's name, address, and identifying numbers(s) shown on this form. Don't offset money this person owes you without contacting us at the telephone number shown above for instructions. You may not subtract a processing fee from the amount you send us.

To respond to this levy —

1. Make your check or money order payable to **United States Treasury**.
2. Write the taxpayer's name, identifying number(s), kind of tax and tax period shown on this form, and "LEVY PROCEEDS" on your check or money order (not on a detachable stub.).
3. Complete the back of Part 3 of this form and mail it to us with your payment in the enclosed envelope.
4. Keep Part 1 of this form for your records and give the taxpayer Part 2 within 2 days.

If you don't owe any money to the taxpayer, please complete the back of Part 3, and mail that part back to us in the enclosed envelope.

Signature of Service Representative

Title

Excerpts from the Internal Revenue Code

* * * * *

SEC. 6331. LEVY AND DISTRAINT.

(b) Seizure and Sale of Property.—The term "levy" as used in this title includes the power of distraint and seizure by any means. Except as otherwise provided in subsection (e), a levy shall extend only to property possessed and obligations existing at the time thereof. In any case in which the Secretary may levy upon property or rights to property, he may seize and sell such property or rights to property (whether real or personal, tangible or intangible).

(c) Successive Seizures.—Whenever any property or right to property upon which levy has been made by virtue of subsection (a) is not sufficient to satisfy the claim of the United States for which levy is made, the Secretary may, thereafter, and as often as may be necessary, proceed to levy in like manner upon any other property liable to levy of the person against whom such claim exists, until the amount due from him, together with all expenses, is fully paid.

SEC. 6332. SURRENDER OF PROPERTY SUBJECT TO LEVY.

(a) Requirement.—Except as otherwise provided in this section, any person in possession of (or obligated with respect to) property or rights to property subject to levy upon which a levy has been made shall, upon demand of the Secretary, surrender such property or rights (or discharge such obligation) to the Secretary, except such part of the property or rights as is, at the time of such demand, subject to an attachment or execution under any judicial process.

(b) Special rule for Life Insurance and Endowment Contracts

(1) In general.—A levy on an organization with respect to a life insurance or endowment contract issued by such organization shall, without necessity for the surrender of the contract document, constitute a demand by the Secretary for payment of the amount described in paragraph (2) and the exercise of the right of the person against whom the tax is assessed to the advance of such amount. Such organization shall pay over such amount 90 days after service of notice of levy. Such notice shall include a certification by the Secretary that a copy of such notice has been mailed to the person against whom the tax is assessed at his last known address.

(2) Satisfaction of levy.—Such levy shall be deemed to be satisfied if such organization pays over to the Secretary the amount which the person against whom the tax is assessed could have had advanced to him by such organization on the date prescribed in paragraph (1) for the satisfaction of such levy, increased by the amount of any advance (including contractual interest thereon) made to such person on or after the date such organization had actual notice or knowledge (within the meaning of section 6323 (i)(1)) of the existence of the lien with respect to which such levy is made, other than an advance (including contractual interest thereon) made automatically to maintain such contract in force under an agreement entered into before such organization had such notice or knowledge.

(3) Enforcement proceedings.—The satisfaction of a levy under paragraph (2) shall be without prejudice to any civil action for the enforcement of any lien imposed by this title with respect to such contract.

(c) Special Rule for Banks.—Any bank (as defined in section 408(n)) shall surrender (subject to an attachment or execution under judicial process) any deposits (including interest thereon) in such bank only after 21 days after service of levy.

(d) Enforcement of Levy.

(1) Extent of personal liability.—Any person who fails or refuses to surrender any property or rights to property, subject to levy, upon demand by the Secretary, shall be liable in his own person and estate to the United States in a sum equal to the value of the property or rights not so surrendered, but not exceeding the amount of taxes for the collection of which such levy has been made, together with costs and interest on such sum at the underpayment rate established under section 6621 from the date of such levy (or, in the case of a levy described in section 6331 (d)(3), from the date such person would otherwise have been obligated to pay over such amounts to the taxpayer). Any amount (other than costs) recovered under this paragraph shall be credited against the tax liability for the collection of which such levy was made.

(2) Penalty for violation.—In addition to the personal liability imposed by paragraph (1), if any person required to surrender property or rights to property fails or refuses to surrender such property or rights to property without reasonable cause, such person shall be liable for a penalty equal to 50 percent of the amount recoverable under paragraph (1). No part of such penalty shall be credited against the tax liability for the collection of which such levy was made.

(e) Effect of honoring levy.—Any person in possession of (or obligated with respect to) property or rights to property subject to levy upon which a levy has been made who, upon demand by the Secretary, surrenders such property or rights to property (or discharges such obligation) to the Secretary (or who pays a liability under subsection (d)(1)), shall be discharged from any obligation or liability to the delinquent taxpayer and any other person with respect to such property or rights to property arising from such surrender or payment.

SEC. 6333. PRODUCTION OF BOOKS.

If a levy has been made or is about to be made on any property, or right to property, any person having custody or control of any books or records, containing evidence or statements relating to the property or right to property subject to levy, shall, upon demand of the Secretary, exhibit such books or records to the Secretary.

SEC. 6343. AUTHORITY TO RELEASE LEVY AND RETURN PROPERTY.

(a) Release of Levy and Notice of Release.—

(1) In general.—Under regulations prescribed by the Secretary, the Secretary shall release the levy upon all, or part of, the property or rights to property levied upon and shall promptly notify the person upon whom such levy was made (if any) that such levy has been released if—

- (A) the liability for which such levy was made is satisfied or becomes unenforceable by reason of lapse of time,
(B) release of such levy will facilitate the collection of such liability,
(C) the taxpayer has entered into an agreement under section 6159 to satisfy such liability by means of installment payments, unless such agreement provides otherwise,
(D) the Secretary has determined that such levy is creating an economic hardship due to the financial condition of the taxpayer, or
(E) the fair market value of the property exceeds such liability and release of the levy on a part of such property could be made without hindering the collection of such liability.

For purposes of subparagraph (C), the Secretary is not required to release such levy if such release would jeopardize the secured creditor status of the Secretary.

(2) Expedited determination on certain business property.—In the case of any tangible personal property essential in carrying on the trade or business of the taxpayer, the Secretary shall provide for an expedited determination under paragraph (1) if levy on such tangible personal property would prevent the taxpayer from carrying on such trade or business.

(3) Subsequent levy.—The release of levy on any property under paragraph (1) shall not prevent any subsequent levy on such property.

(b) Return of Property.—If the Secretary determines that property has been wrongfully levied upon, it shall be lawful for the Secretary to return—

- (1) the specific property levied upon,
(2) an amount of money equal to the amount of money levied upon, or
(3) an amount of money equal to the amount of money received by the United States from a sale of such property.

Property may be returned at any time. An amount equal to the amount of money levied upon or received from such sale may be returned at any time before the expiration of 9 months from the date of such levy. For purposes of paragraph (3), if property is declared purchased by the United States at a sale pursuant to section 6335(e) (relating to manner and conditions of sale), the United States shall be treated as having received an amount of money equal to the minimum price determined pursuant to such section or (if larger) the amount received by the United States from the resale of such property.

(d) Return of Property in Certain Cases.—If—

- (1) any property has been levied upon, and
(2) the Secretary determines that—
(A) the levy on such property was premature or otherwise not in accordance with administrative procedures of the Secretary,
(B) the taxpayer has entered into an agreement under section 6159 to satisfy the tax liability for which the levy was imposed by means of installment payments, unless such agreement provides otherwise,
(C) the return of such property will facilitate the collection of the tax liability, or
(D) with the consent of the taxpayer or the National Taxpayer Advocate, the return of such property would be in the best interests of the taxpayer (as determined by the National Taxpayer Advocate) and the United States,
the provisions of subsection (b) shall apply in the same manner as if such property had been wrongly levied upon, except that no interest shall be allowed under subsection (c).

* * * * *

Applicable Sections of Internal Revenue Code

- 6321. LIEN FOR TAXES.
6322. PERIOD OF LIEN.
6325. RELEASE OF LIEN OR DISCHARGE OF PROPERTY.
6331. LEVY AND DISTRAINT.
6332. SURRENDER OF PROPERTY SUBJECT TO LEVY.
6333. PRODUCTION OF BOOKS.
6334. PROPERTY EXEMPT FROM LEVY.
6343. AUTHORITY TO RELEASE LEVY AND RETURN PROPERTY.
7426. CIVIL ACTIONS BY PERSONS OTHER THAN TAXPAYERS.
7429. REVIEW OF JEOPARDY LEVY OR ASSESSMENT PROCEDURES.

For more information about this notice, please call the phone number on the front of this form.

Installment Agreement Request

▶ **Information about Form 9465 and its separate instructions is at www.irs.gov/form9465.**
 ▶ **If you are filing this form with your tax return, attach it to the front of the return.**
 ▶ **See separate instructions.**

OMB No. 1545-0074

Tip: If you owe \$50,000 or less, you may be able to establish an installment agreement online, even if you have not yet received a bill for your taxes. Go to IRS.gov to apply to pay online. **Caution:** Do not file this form if you are currently making payments on an installment agreement or can pay your balance in full within 120 days. Instead, call 1-800-829-1040. Do not file if your business is still operating and owes employment or unemployment taxes. Instead, call the telephone number on your most recent notice. If you are in bankruptcy or we have accepted your offer-in-compromise, see **Bankruptcy or offer-in-compromise**, in the instructions.

Part I

This request is for Form(s) (for example, Form 1040 or Form 941) ▶ and for tax year(s) (for example, 2012 and 2013) ▶

1a Your first name and initial	Last name	Your social security number
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
Current address (number and street). If you have a P.O. box and no home delivery, enter your box number.		Apt. number
City, town or post office, state, and ZIP code. If a foreign address, also complete the spaces below (see instructions)		
Foreign country name	Foreign province/state/county	Foreign postal code

1b If this address is new since you filed your last tax return, check here

2 Name of your business (must be no longer operating)	Employer identification number (EIN)
--	--------------------------------------

3 Your home phone number	Best time for us to call	4 Your work phone number	Ext.	Best time for us to call
---------------------------------	--------------------------	---------------------------------	------	--------------------------

5 Name of your bank or other financial institution:	6 Your employer's name:
Address	Address
City, state, and ZIP code	City, state, and ZIP code

7 Enter the total amount you owe as shown on your tax return(s) (or notice(s))	7	
8 Enter the amount of any payment you are making with your tax return(s) (or notice(s)). See instructions	8	
9 Subtract line 8 from line 7 and enter the result	9	
10 Enter the amount you can pay each month. Make your payments as large as possible to limit interest and penalty charges. The charges will continue until you pay in full. If no payment amount is listed on line 10, a payment will be determined for you by dividing the balance due by 72 months	10	
11 Divide the amount on line 9 by 72 and enter the result	11	

- If the amount on line 10 is less than the amount on line 11 and you are unable to increase your payment to the amount on line 11, complete and attach Form 433-F, Collection Information Statement.
- If the amount on line 10 is equal to or greater than the amount on line 11 but the amount you owe is greater than \$25,000 but not more than \$50,000, you must complete either line 13 or 14, if you do not wish to complete Form 433-F.
- If the amount on line 9 is greater than \$50,000, complete and attach Form 433-F, Collection Information Statement.

12 Enter the date you want to make your payment each month. **Do not** enter a date later than the 28th ▶

13 If you want to make your payments by direct debit from your checking account, see the instructions and fill in lines 13a and 13b. This is the most convenient way to make your payments and it will ensure that they are made on time.

▶ **a** Routing number

▶ **b** Account number

I authorize the U.S. Treasury and its designated Financial Agent to initiate a monthly ACH debit (electronic withdrawal) entry to the financial institution account indicated for payments of my Federal taxes owed, and the financial institution to debit the entry to this account. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke payment, I must contact the U.S. Treasury Financial Agent at **1-800-829-1040** no later than 14 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payments of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payments.

14 If you want to make your payments by payroll deduction, check this box and attach a completed Form 2159, Payroll Deduction Agreement

Your signature	Date	Spouse's signature. If a joint return, both must sign.	Date
----------------	------	---	------

Part II Additional information. Complete this part only if you have defaulted on an installment agreement within the past 12 months and the amount you owe is greater than \$25,000 but not more \$50,000 and the amount on line 10 is equal to or greater than the amount on line 11. If you owe more than \$50,000, complete and attach Form 433-F, Collection Information Statement.

15 In which county is your primary residence?

16a Marital status:
 Single. Skip question 16b and go to question 17.
 Married. Go to question 16b.

b Do you share household expenses with your spouse?
 Yes.
 No.

17 How many dependents will you be able to claim on this year's tax return? **17** | _____

18 How many people in your household are 65 or older? **18** | _____

19 How often are you paid?
 Once a week.
 Once every two weeks.
 Once a month.
 Twice a month.

20 What is your net income per pay period (take home pay)? **20** | \$ _____

21 How often is your spouse paid?
 Once a week.
 Once every two weeks.
 Once a month.
 Twice a month.

22 What is your spouse's net income per pay period (take home pay)? **22** | \$ _____

23 How many vehicles do you own? **23** | _____

24 How many car payments do you have each month? **24** | _____

25a Do you have health insurance?
 Yes. Go to question 25b.
 No. Skip question 25b and go to question 26a.

b Are your premiums deducted from your paycheck?
 Yes. Skip question 25c and go to question 26a.
 No. Go to question 25c.

c How much are your monthly premiums? **25c** | \$ _____

26a Do you make court-ordered payments?
 Yes. Go to question 26b.
 No. Go to question 27.

b Are your court-ordered payments deducted from your paycheck?
 Yes. Go to question 27.
 No. Go to question 26c.

c How much are your court-ordered payments each month? **26c** | \$ _____

27 Not including any court-ordered payments for child and dependent support, how much do you pay for child or dependent care each month? **27** | \$ _____

Collection Information Statement for Wage Earners and Self-Employed Individuals

Wage Earners Complete Sections 1, 2, 3, 4, and 5 including the signature line on page 4. *Answer all questions or write N/A if the question is not applicable.*

Self-Employed Individuals Complete Sections 1, 3, 4, 5, 6 and 7 and the signature line on page 4. *Answer all questions or write N/A if the question is not applicable.*

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
---	--	---

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 () () ()
2a Marital Status: <input type="checkbox"/> Married <input type="checkbox"/> Unmarried (Single, Divorced, Widowed)		2b Name, Age, and Relationship of dependent(s)	
3a Taxpayer	Social Security No. (SSN)	Date of Birth (mmddyyyy)	Driver's License Number and State
3b Spouse			

Section 2: Employment Information for Wage Earners

If you or your spouse have self-employment income instead of, or in addition to wage income, complete Business Information in Sections 6 and 7.

Taxpayer		Spouse	
4a Taxpayer's Employer Name		5a Spouse's Employer Name	
4b Address (Street, City, State, and ZIP code)		5b Address (Street, City, State, and 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 withholding allowances 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 withholding allowances 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 Are you a party to a lawsuit (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> 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	
7 Have you ever filed bankruptcy (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> No			
Date Filed (mmddyyyy)	Date Dismissed (mmddyyyy)	Date Discharged (mmddyyyy)	Petition No. Location Filed
8 In the past 10 years, have you lived outside of the U.S for 6 months or longer (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> No			
Dates lived abroad: from (mmddyyyy)		To (mmddyyyy)	
9a Are you the beneficiary of a trust, estate, or life insurance policy (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> No			
Place where recorded:			EIN:
Name of the trust, estate, or policy		Anticipated amount to be received \$	When will the amount be received
9b Are you a trustee, fiduciary, or contributor of a trust <input type="checkbox"/> Yes <input type="checkbox"/> No			
Name of the trust:			EIN:
10 Do you have a safe deposit box (business or personal) (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> No			
Location (Name, address and box number(s))		Contents	Value \$
11 In the past 10 years, have you transferred any assets for less than their full value (If yes, answer the following) <input type="checkbox"/> Yes <input type="checkbox"/> No			
List Asset(s)	Value at Time of Transfer \$	Date Transferred (mmddyyyy)	To Whom or Where was it Transferred

Section 4: Personal Asset Information for All Individuals

12 CASH ON HAND Include cash that is not in a bank **Total Cash on Hand** \$

PERSONAL BANK ACCOUNTS Include all checking, online and mobile (e.g., PayPal) accounts, money market accounts, savings accounts, and stored value cards (e.g., payroll cards, government benefit cards, etc.).

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
13a			\$
13b			\$
13c			\$

13d Total Cash (Add lines 13a through 13c, 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 you are an officer, director, owner, member, or otherwise have 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
14a				
	Phone	\$	\$	\$
14b				
	Phone	\$	\$	\$
14c				
	Phone	\$	\$	\$

14d Total Equity (Add lines 14a through 14c and amounts from any attachments) \$

AVAILABLE CREDIT Include all lines of credit and bank issued 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
15a			
Acct. No	\$	\$	\$
15b			
Acct. No	\$	\$	\$

15c Total Available Credit (Add lines 15a, 15b and amounts from any attachments) \$

16a LIFE INSURANCE Do you own or have any interest in any life insurance policies with cash value (Term Life insurance does not have a cash value)
 Yes **No** If yes, complete blocks 16b through 16f for each policy.

16b Name and Address of Insurance Company(ies):			
16c Policy Number(s)			
16d Owner of Policy			
16e Current Cash Value	\$	\$	\$
16f Outstanding Loan Balance	\$	\$	\$

16g Total Available Cash (Subtract amounts on line 16f from line 16e and include amounts from any attachments) \$

REAL PROPERTY Include all real property owned or being purchased

		Purchase Date (mmdyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmdyyyy)	Equity FMV Minus Loan
17a Property Description			\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County			Lender/Contract Holder Name, Address (Street, City, State, ZIP code), and Phone				
			Phone				
17b Property Description			\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County			Lender/Contract Holder Name, Address (Street, City, State, ZIP code), and Phone				
			Phone				
17c Total Equity (Add lines 17a, 17b and amounts from any attachments)							\$

PERSONAL VEHICLES LEASED AND PURCHASED Include boats, RVs, motorcycles, all-terrain and off-road vehicles, trailers, etc.

Description (Year, Mileage, Make/Model, Tag Number, Vehicle Identification Number)		Purchase/Lease Date (mmdyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmdyyyy)	Equity FMV Minus Loan
18a Year	Make/Model		\$	\$	\$		\$
Mileage	License/Tag Number	Lender/Lessor Name, Address (Street, City, State, ZIP code), and Phone					
Vehicle Identification Number		Phone					
18b Year	Make/Model		\$	\$	\$		\$
Mileage	License/Tag Number	Lender/Lessor Name, Address (Street, City, State, ZIP code), and Phone					
Vehicle Identification Number		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. Include intangible assets such as licenses, domain names, patents, copyrights, mining claims, etc.

		Purchase/Lease Date (mmdyyyy)	Current Fair Market Value (FMV)	Current Loan Balance	Amount of Monthly Payment	Date of Final Payment (mmdyyyy)	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				
			Phone				
19b Property Description			\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County			Lender/Lessor Name, Address (Street, City, State, ZIP code), and Phone				
			Phone				
19c Total Equity (Add lines 19a, 19b and amounts from any attachments)							\$

If you are self-employed, sections 6 and 7 must be completed before continuing.

Section 5: Monthly Income and Expenses

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

Total Income		Total Living Expenses		IRS USE ONLY
Source	Gross Monthly	Expense Items ⁶	Actual Monthly	Allowable Expenses
20 Wages (Taxpayer) ¹	\$	35 Food, Clothing and Misc. ⁷	\$	
21 Wages (Spouse) ¹	\$	36 Housing and Utilities ⁸	\$	
22 Interest - Dividends	\$	37 Vehicle Ownership Costs ⁹	\$	
23 Net Business Income ²	\$	38 Vehicle Operating Costs ¹⁰	\$	
24 Net Rental Income ³	\$	39 Public Transportation ¹¹	\$	
25 Distributions (K-1, IRA, etc.) ⁴	\$	40 Health Insurance	\$	
26 Pension (Taxpayer)	\$	41 Out of Pocket Health Care Costs ¹²	\$	
27 Pension (Spouse)	\$	42 Court Ordered Payments	\$	
28 Social Security (Taxpayer)	\$	43 Child/Dependent Care	\$	
29 Social Security (Spouse)	\$	44 Life Insurance	\$	
30 Child Support	\$	45 Current year taxes (Income/FICA) ¹³	\$	
31 Alimony	\$	46 Secured Debts (Attach list)	\$	
Other Income (Specify below) ⁵		47 Delinquent State or Local Taxes	\$	
32	\$	48 Other Expenses (Attach list)	\$	
33	\$	49 Total Living Expenses (add lines 35-48)	\$	
34 Total Income (add lines 20-33)	\$	50 Net difference (Line 34 minus 49)	\$	

1 Wages, salaries, pensions, and social security: Enter gross monthly wages and/or salaries. Do not deduct tax 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 89.** 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. Enter total distributions from IRAs if not included under pension income.

5 Other Income: Include agricultural subsidies, unemployment compensation, gambling income, oil credits, rent subsidies, etc.

6 Expenses not generally allowed: We generally do not allow tuition for private schools, public or private college expenses, charitable contributions, voluntary retirement contributions or payments on unsecured debts. However, we may allow the expenses if proven that they are necessary for the health and welfare of the individual or family or the production of income. See Publication 1854 for exceptions.

7 Food, Clothing and Miscellaneous: Total of food, clothing, housekeeping supplies, and personal care products for one month. The miscellaneous allowance is for expenses incurred that are not included in any other allowable living expense items. Examples are credit card payments, bank fees and charges, reading material, and school supplies.

8 Housing and Utilities: For principal residence: Total of rent or mortgage payment. Add the average monthly expenses for the following: property taxes, homeowner's or renter's insurance, maintenance, dues, fees, and utilities. Utilities include gas, electricity, water, fuel, oil, other fuels, trash collection, telephone, cell phone, cable television and internet services.

9 Vehicle Ownership Costs: Total of monthly lease or purchase/loan payments.

10 Vehicle Operating Costs: Total of maintenance, repairs, insurance, fuel, registrations, licenses, inspections, parking, and tolls for one month.

11 Public Transportation: Total of monthly fares for mass transit (e.g., bus, train, ferry, taxi, etc.)

12 Out of Pocket Health Care Costs: Monthly total of medical services, prescription drugs and medical supplies (e.g., eyeglasses, hearing aids, etc.)

13 Current Year Taxes: Include state and Federal taxes withheld from salary or wages, or paid as estimated 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.*

Taxpayer's Signature	Spouse's signature	Date
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After we review the completed Form 433-A, you may be asked to provide verification for the assets, encumbrances, income and expenses reported. Documentation may include previously filed income tax returns, pay statements, self-employment records, bank and investment statements, loan statements, bills or statements for recurring expenses, etc.

IRS USE ONLY (Notes)

Sections 6 and 7 must be completed only if you are SELF-EMPLOYED.

Section 6: Business Information

51 Is the business a sole proprietorship (*filing Schedule C*) **Yes**, Continue with Sections 6 and 7. **No**, Complete Form 433-B.
All other business entities, including limited liability companies, partnerships or corporations, must complete Form 433-B.

52 Business Name & Address (*if different than 1b*)

53 Employer Identification Number	54 Type of Business	55 Is the business a Federal Contractor <input type="checkbox"/> Yes <input type="checkbox"/> No
--	----------------------------	---

56 Business Website (web address)	57 Total Number of Employees	58 Average Gross Monthly Payroll
--	-------------------------------------	---

59 Frequency of Tax Deposits	60 Does the business engage in e-Commerce (<i>Internet sales</i>) If yes, complete <i>lines 61a and 61b</i> <input type="checkbox"/> Yes <input type="checkbox"/> No
-------------------------------------	---

PAYMENT PROCESSOR (<i>e.g., PayPal, Authorize.net, Google Checkout, etc.</i>) Name & Address (<i>Street, City, State, ZIP code</i>)	Payment Processor Account Number
61a	
61b	

CREDIT CARDS ACCEPTED BY THE BUSINESS

Credit Card	Merchant Account Number	Issuing Bank Name & Address (<i>Street, City, State, ZIP code</i>)
62a		
62b		
62c		

63 BUSINESS CASH ON HAND Include cash that is not in a bank. **Total Cash on Hand** \$

BUSINESS BANK ACCOUNTS Include checking accounts, online and mobile (*e.g., PayPal*) 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 _____ <i>mmdyyyy</i>
64a			\$
64b			\$
64c Total Cash in Banks (<i>Add lines 64a, 64b 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, state and local government grants and contracts.**

Accounts/Notes Receivable & Address (<i>Street, City, State, ZIP code</i>)	Status (<i>e.g., age, factored, other</i>)	Date Due (<i>mmdyyyy</i>)	Invoice Number or Government Grant or Contract Number	Amount Due
65a				\$
65b				\$
65c				\$
65d				\$
65e				\$
65f Total Outstanding Balance (<i>Add lines 65a through 65e and amounts from any attachments</i>)				\$

BUSINESS ASSETS Include all tools, books, machinery, equipment, inventory or other assets used in trade or business. Include a list and show the value of all intangible assets such as licenses, patents, domain names, copyrights, trademarks, mining claims, 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
66a Property Description		\$	\$	\$		\$
Location (Street, City, State, ZIP code) and Country			Lender/Lessor/Landlord Name, Address (Street, City, State, ZIP code), and Phone			
			Phone			
66b Property Description		\$	\$	\$		\$
Location (Street, City, State, ZIP code) and Country			Lender/Lessor/Landlord Name, Address (Street, City, State, ZIP code), and Phone			
			Phone			
66c Total Equity (Add lines 66a, 66b and amounts from any attachments)						\$

Section 7 should be completed only if you are SELF-EMPLOYED

Section 7: Sole Proprietorship Information (lines 67 through 87 should reconcile with business Profit and Loss Statement)

Accounting Method Used: Cash Accrual

Use the prior 3, 6, 9 or 12 month period to determine your typical business income and expenses.

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

Provide a breakdown below of your average monthly income and expenses, based on the period of time used above.

Total Monthly Business Income		Total Monthly Business Expenses (Use attachments as needed)	
Source	Gross Monthly	Expense Items	Actual Monthly
67 Gross Receipts	\$	77 Materials Purchased ¹	\$
68 Gross Rental Income	\$	78 Inventory Purchased ²	\$
69 Interest	\$	79 Gross Wages & Salaries	\$
70 Dividends	\$	80 Rent	\$
71 Cash Receipts not included in lines 67-70	\$	81 Supplies ³	\$
Other Income (Specify below)		82 Utilities/Telephone ⁴	\$
72	\$	83 Vehicle Gasoline/Oil	\$
73	\$	84 Repairs & Maintenance	\$
74	\$	85 Insurance	\$
75	\$	86 Current Taxes ⁵	\$
76 Total Income (Add lines 67 through 75)	\$	87 Other Expenses, including installment payments (Specify)	\$
		88 Total Expenses (Add lines 77 through 87)	\$
		89 Net Business Income (Line 76 minus 88) ⁶	\$

Enter the monthly net income amount from line 89 on line 23, section 5. If line 89 is a loss, enter "0" on line 23, section 5. Self-employed taxpayers must return to page 4 to sign the certification.

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, cell phone and business internet.

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.

IRS USE ONLY (Notes)

Collection Information Statement

Name(s) and Address	Your Social Security Number or Individual Taxpayer Identification Number	
<input type="checkbox"/> If address provided above is different than last return filed, please check here County of Residence	Your Spouse's Social Security Number or Individual Taxpayer Identification Number	
	Your Telephone Numbers Home: _____ Work: _____ Cell: _____	Spouse's Telephone Numbers Home: _____ Work: _____ Cell: _____

Enter the number of people in the household who can be claimed on this year's tax return including you and your spouse. Under 65 ___ 65 and Over ___

If you or your spouse are self employed or have self employment income, provide the following information:

Name of Business	Business EIN	Type of Business	Number of Employees <i>(not counting owner)</i>
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A. ACCOUNTS / LINES OF CREDIT Include checking, online, mobile (e.g., PayPal) and savings accounts, Certificates of Deposit, Trusts, Individual Retirement Accounts (IRAs), Keogh Plans, Simplified Employee Pensions, 401(k) Plans, Profit Sharing Plans, Mutual Funds, Stocks, Bonds and other investments. If applicable, include business accounts. *(Use additional sheets if necessary.)*

Name and Address of Institution	Account Number	Type of Account	Current Balance/Value	Check if Business Account
				<input type="checkbox"/>

B. REAL ESTATE Include home, vacation property, timeshares, vacant land and other real estate. *(Use additional sheets if necessary.)*

Description/Location/County	Monthly Payment(s)	Financing		Current Value	Balance Owed	Equity
		Year Purchased	Purchase Price			
<input type="checkbox"/> Primary Residence <input type="checkbox"/> Other		Year Purchased	Purchase Price			
		Year Refinanced	Refinance Amount			
<input type="checkbox"/> Primary Residence <input type="checkbox"/> Other		Year Purchased	Purchase Price			
		Year Refinanced	Refinance Amount			

C. OTHER ASSETS Include cars, boats, recreational vehicles, whole life policies, etc. Include make, model and year of vehicles and name of Life Insurance company in Description. If applicable, include business assets such as tools, equipment, inventory, etc. *(Use additional sheets if necessary.)*

Description	Monthly Payment	Year Purchased	Final Payment <i>(mo/yr)</i>	Current Value	Balance Owed	Equity
			/			
			/			
			/			
			/			
			/			
			/			

NOTES *(For IRS Use Only)*

TURN PAGE TO CONTINUE

D. CREDIT CARDS (Visa, MasterCard, American Express, Department Stores, etc.)

Type	Credit Limit	Balance Owed	Minimum Monthly Payment

E. BUSINESS INFORMATION Complete E1 for Accounts Receivable owed to you or your business. (Use additional sheets if necessary.) Complete E2 if you or your business accepts credit card payments.

E1. Accounts Receivable owed to you or your business

Name	Address	Amount Owed
List total amount owed from additional sheets		
Total amount of accounts receivable available to pay to IRS now		

E2. Name of individual or business on account

Credit Card (Visa, Master Card, etc.)	Issuing Bank Name and Address	Merchant Account Number

F. EMPLOYMENT INFORMATION If you have more than one employer, include the information on another sheet of paper. (If attaching a copy of current pay stub, you do not need to complete this section.)

Your current Employer (name and address)

Spouse's current Employer (name and address)

How often are you paid? (Check one)

Weekly Biweekly Semi-monthly Monthly

Gross per pay period _____

Taxes per pay period (Fed) _____ (State) _____ (Local) _____

How long at current employer _____

How often are you paid? (Check one)

Weekly Biweekly Semi-monthly Monthly

Gross per pay period _____

Taxes per pay period (Fed) _____ (State) _____ (Local) _____

How long at current employer _____

G. NON-WAGE HOUSEHOLD INCOME List monthly amounts. For Self-Employment and Rental Income, list the monthly amount received after expenses or taxes and attach a copy of your current year profit and loss statement.

Alimony Income		Net Rental Income		Interest/Dividends Income	
Child Support Income		Unemployment Income		Social Security Income	
Net Self Employment Income		Pension Income		Other:	

H. MONTHLY NECESSARY LIVING EXPENSES List monthly amounts. (For expenses paid other than monthly, see instructions.)

1. Food / Personal Care <i>See instructions. If you do not spend more than the standard allowable amount for your family size, fill in the Total amount only.</i> Food _____ Housekeeping Supplies _____ Clothing and Clothing Services _____ Personal Care Products & Services _____ Miscellaneous _____ Total _____		3. Housing & Utilities Rent _____ Electric, Oil/Gas, Water/Trash _____ Telephone/Cell/Cable/Internet _____ Real Estate Taxes and Insurance (if not included in B above) _____ Maintenance and Repairs _____ Total _____		5. Other Child / Dependent Care _____ Estimated Tax Payments _____ Term Life Insurance _____ Retirement (Employer Required) _____ Retirement (Voluntary) _____ Union Dues _____ Delinquent State & Local Taxes (minimum payment) _____ Student Loans (minimum payment) _____ Court Ordered Child Support _____ Court Ordered Alimony _____ Other Court Ordered Payments _____ Other (specify) _____ Other (specify) _____ Other (specify) _____	
2. Transportation Gas/Insurance/Licenses/Parking/Maintenance etc. _____ Public Transportation _____		4. Medical Health Insurance _____ Out of Pocket Health Care Expenses _____		_____ _____ _____	

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

Your Signature	Spouse's Signature	Date
----------------	--------------------	------

Collection Information Statement for Businesses

Note: Complete all entry spaces with the current data available or "N/A" (not applicable). Failure to complete all entry spaces may result in rejection of your request or significant delay in account resolution. **Include attachments if additional space is needed to respond completely to any question.**

Section 1: Business Information

1a Business Name _____ 1b Business Street Address _____ Mailing Address _____ City _____ State _____ ZIP _____ 1c County _____ 1d Business Telephone () _____ 1e Type of Business _____ 1f Business Website (web address) _____	2a Employer Identification No. (EIN) _____ 2b Type of entity (Check appropriate box below) <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____ <input type="checkbox"/> Limited Liability Company (LLC) classified as a corporation <input type="checkbox"/> Other LLC - Include number of members _____ 2c Date Incorporated/Established _____ mmddyyyy 3a Number of Employees _____ 3b Monthly Gross Payroll _____ 3c Frequency of Tax Deposits _____ 3d Is the business enrolled in Electronic Federal Tax Payment System (EFTPS) <input type="checkbox"/> Yes <input type="checkbox"/> No
---	--

4 Does the business engage in e-Commerce (Internet sales) If yes, complete 5a and 5b. Yes No

PAYMENT PROCESSOR (e.g., PayPal, Authorize.net, Google Checkout, etc.) Name and Address (Street, City, State, ZIP code)	Payment Processor Account Number
5a _____	_____
5b _____	_____

CREDIT CARDS ACCEPTED BY THE BUSINESS

Type of Credit Card (e.g., Visa, Mastercard, etc.)	Merchant Account Number	Issuing Bank Name and Address (Street, City, State, ZIP code)
6a _____	_____	Phone _____
6b _____	_____	Phone _____
6c _____	_____	Phone _____

Section 2: Business Personnel and Contacts

PARTNERS, OFFICERS, LLC MEMBERS, MAJOR SHAREHOLDERS, ETC.

7a Full Name _____ Title _____ Home Address _____ City _____ State _____ ZIP _____ Responsible for Depositing Payroll Taxes <input type="checkbox"/> Yes <input type="checkbox"/> No	Social Security Number _____ Home Telephone () _____ Work/Cell Phone () _____ Ownership Percentage & Shares or Interest _____ Annual Salary/Draw _____
7b Full Name _____ Title _____ Home Address _____ City _____ State _____ ZIP _____ Responsible for Depositing Payroll Taxes <input type="checkbox"/> Yes <input type="checkbox"/> No	Social Security Number _____ Home Telephone () _____ Work/Cell Phone () _____ Ownership Percentage & Shares or Interest _____ Annual Salary/Draw _____
7c Full Name _____ Title _____ Home Address _____ City _____ State _____ ZIP _____ Responsible for Depositing Payroll Taxes <input type="checkbox"/> Yes <input type="checkbox"/> No	Social Security Number _____ Home Telephone () _____ Work/Cell Phone () _____ Ownership Percentage & Shares or Interest _____ Annual Salary/Draw _____
7d Full Name _____ Title _____ Home Address _____ City _____ State _____ ZIP _____ Responsible for Depositing Payroll Taxes <input type="checkbox"/> Yes <input type="checkbox"/> No	Social Security Number _____ Home Telephone () _____ Work/Cell Phone () _____ Ownership Percentage & Shares or Interest _____ Annual Salary/Draw _____

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

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)
--	----------------------------

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 (mmddyyyy)	Date Discharged (mmddyyyy)	Petition No.	District of Filing
-----------------------	---------------------------	----------------------------	--------------	--------------------

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
------------	---------------------------------	-----------------------------	------------------------------

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:
---	-----------------------

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
------------------------------------	--	--------------------------------

15 Is the business a Federal Government Contractor (Include Federal Government contracts in #18, Accounts/Notes Receivable) Yes No

Section 4: Business Asset and Liability Information

16a CASH ON HAND Include cash that is not in the bank **Total Cash on Hand** \$

<input type="checkbox"/> Yes <input type="checkbox"/> No	Contents
--	----------

BUSINESS BANK ACCOUNTS Include online and mobile accounts (e.g., PayPal), 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, box number and value of contents. Attach list of 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
17a			\$
17b			\$
17c			\$
17d Total Cash in Banks (Add lines 17a through 17c 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). **Include Federal, state and local government grants and contracts.**

Name & Address (Street, City, State, ZIP code)	Status (e.g., age, factored, other)	Date Due (mmddyyyy)	Invoice Number or Government Grant or 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, certificates of deposit and commodities (e.g., gold, silver, copper, etc.).

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)	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			
				Phone			
21b	Property Description		\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County				Lender/Lessor/Landlord Name, Address, (Street, City, State, ZIP code) and Phone			
				Phone			
21c	Property Description		\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County				Lender/Lessor/Landlord Name, Address, (Street, City, State, ZIP code) and Phone			
				Phone			
21d	Property Description		\$	\$	\$		\$
Location (Street, City, State, ZIP code) and County				Lender/Lessor/Landlord Name, Address, (Street, City, State, ZIP code) and Phone			
				Phone			

21e Total Equity (Add lines 21a through 21d and amounts from any attachments) \$

VEHICLES, LEASED AND PURCHASED Include boats, RVs, motorcycles, all-terrain and off-road vehicles, 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	Make/Model		\$	\$		\$
	Mileage	License/Tag Number	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone				
	Vehicle Identification Number (VIN)		Phone				
22b	Year	Make/Model		\$	\$		\$
	Mileage	License/Tag Number	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone				
	Vehicle Identification Number (VIN)		Phone				
22c	Year	Make/Model		\$	\$		\$
	Mileage	License/Tag Number	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone				
	Vehicle Identification Number (VIN)		Phone				
22d	Year	Make/Model		\$	\$		\$
	Mileage	License/Tag Number	Lender/Lessor Name, Address, (Street, City, State, ZIP code) and Phone				
	Vehicle Identification Number (VIN)		Phone				

22e Total Equity (Add lines 22a through 22d and amounts from any attachments) \$

BUSINESS EQUIPMENT AND INTANGIBLE ASSETS Include all machinery, equipment, merchandise inventory, and other assets in 23a through 23d. List intangible assets in 23e through 23g (*licenses, patents, logos, domain names, trademarks, copyrights, software, mining claims, goodwill and trade secrets.*)

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

23h Total Equity (*Add lines 23a through 23g and amounts from any attachments*) \$

BUSINESS LIABILITIES Include notes and judgements not listed previously on this form.

Business Liabilities	Secured/ Unsecured	Date Pledged (<i>mmddyyyy</i>)	Balance Owed	Date of Final Payment (<i>mmddyyyy</i>)	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 Total Payments (*Add lines 24a and 24b and amounts from any attachments*) \$

Section 5: Monthly Income/Expenses Statement for Business

Accounting Method Used: Cash Accrual

Use the prior 3, 6, 9 or 12 month period to determine your typical business income and expenses.

Income and Expenses during the period (mmddyyyy) _____ to (mmddyyyy) _____

Provide a breakdown below of your average monthly income and expenses, based on the period of time used above.

Total Monthly Business Income		Total Monthly Business Expenses	
Income 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 Receipts (Not included in lines 25-28)	\$	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)	\$
		49 Net Income (Line 35 minus Line 48)	\$

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, cell phone and business internet.

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

After we review the completed Form 433-B, you may be asked to provide verification for the assets, encumbrances, income and expenses reported. Documentation may include previously filed income tax returns, profit and loss statements, bank and investment statements, loan statements, financing statements, bills or statements for recurring expenses, etc.

IRS USE ONLY (Notes)



Department of Treasury
Internal Revenue Service

[Redacted]

[Redacted]

Notice	CP523
Tax period	2014
Notice date	December 16, 2016
Social Security number	[Redacted]
To contact us	[Redacted]
Your Caller ID	[Redacted]
Page 1 of 5	

Notice of intent to levy

Intent to terminate your Installment Agreement

Amount due immediately: [Redacted]

The monthly payment for your installment agreement is overdue. Because we didn't receive one or more payments from you, as your installment agreement requires, we will terminate your installment agreement on [Month DD, YYYY].

In addition, we can seize (levy) any state tax refund you're entitled to and apply it to your [Redacted] in overdue taxes on or after [Month DD, YYYY].

Billing Summary

Amount you owed	[Redacted]
Failure-to-pay penalty	[Redacted]
Interest charges	[Redacted]
Amount due immediately	[Redacted]

Continued on back...



[Redacted]

Notice	CP523
Notice date	December 16, 2016
Social Security number	[Redacted]

Payment

- Make your check or money order payable to the United States Treasury.
- Write your Social Security number [Redacted] the tax year (2014), and form number (1040) on your payment.

INTERNAL REVENUE SERVICE

[Redacted]

- **Amount due immediately**

[Redacted]

[Redacted]

Notice	CP523
Tax Year	2014
Notice date	December 16, 2016
Social Security number	[REDACTED]

Page 2 of 5

What you need to do immediately

If you agree with the amount due

- Pay the past due amount or we will terminate your installment agreement under Internal Revenue Code Section 6159(b) and the full amount you owe will be due immediately.
- Pay online or send us a check or money order with the attached payment stub. **You can pay online now at www.irs.gov/payments.**

If you agree but can't pay the amount due

- Call 1-800-829-0922 to discuss the reason for default and provide us with your updated financial statement (Form 433-F). We may be able to restructure your installment agreement. If we agree, you'll have to pay an additional fee of \$50.

If you disagree with the amount due

Call us at [1-800-xxx-xxx] to review your account with a representative. Be sure to have your account information available when you call.

We'll assume you agree with the information in this notice if we don't hear from you.

What you need to know

Notice of Intent to Levy

This notice is your Notice of Intent to Levy (Internal Revenue Code Section 6331(d)).

If you don't pay the amount due by [Month DD, YYYY], we can levy your state tax refund. If you still have an outstanding balance after we levy your state refund, we may send you a notice giving you the right to a hearing before the IRS Office of Appeals, if you have not already received one. At that time, we can (levy your other property or rights to property, which includes:

Notice	CP523
Tax Year	2014
Notice date	December 16, 2016
Social Security number	[REDACTED]
Page 3 of 5	

What you need to know - continued**Notice of Intent to Levy - continued**

- Wages, real estate commissions, and other income
- Bank accounts
- Business assets
- Personal assets (including your car and home)
- Social security benefits

Right to request an appeal

If you don't agree, you have the right to request an appeal under the Collection Appeals Program. Please call 1-800-829-0115 or send us a Collection Appeals Request (Form 9423) to the address at the top of the notice by [Month DD, YYYY].

Payment options**Pay now electronically or by phone**

The Electronic Federal Tax Payment System (EFTPS) is a free payment service for paying taxes online or by phone. TO use EFTPS, you must enroll online at www.eftps.gov (registration may take up to 7 business days to take effect). When you use the EFTPS website, you can:

- Receive instant confirmation of your payment
- Access payment history to review previous payments
- Schedule payments up to 365 days in advance
- Cancel a payment before the scheduled date
- Make a payment 24 hours a day, 7 days a week
- Authorize your financial institution or authorized third party (such as an accountant or payroll provider) to schedule payments for you

You may also be able to pay by debit or credit card for a small fee, depending on the type of tax you owe. To see all of our payment options, visit www.irs.gov/payments.

Payment history

If you made payments through EFTPS, you can log on to your EFTPS account online to review payments you made by phone or online.

If you already paid your balance in full within the past 21 days or made payment arrangements, please disregard this notice.

If you think we made a mistake, call 1-[xxx-xxx-xxxx] to review your account.

If we don't hear from you

If you don't pay the amount due immediately or call us to make payment arrangements, we can file a Notice of Federal Tax Lien on your property at any time, if we haven't already done so.

If a lien is in place, it may be difficult to sell or borrow against your property. A tax lien will also appear on your credit report – which may harm your credit rating – and your creditors will be publicly notified that the IRS has priority to seize your property.

Penalties

We are required by law to charge any applicable penalties.

Failure-to-pay

Description	Amount
Total failure-to-pay	

When you pay your taxes after the due date, we charge a penalty of 0.5% of the unpaid amount due per month, up to 25% of the amount due. We count part of a month as a full month. (Internal Revenue Code Section 6651)

For a detailed calculation of your penalty charges, call 1-800-829-0922.

Removal of penalties due to erroneous written advice from the IRS

If you were penalized based on written advice from the IRS, we will remove the penalty if you meet the following criteria:

- If you sent a written request to the IRS for written advice on a specific issue
- You gave us complete and accurate information
- You received written advice from us
- You reasonably relied on our written advice and were penalized based on that advice

To request removal of penalties based on erroneous written advice from us, submit a completed Claim for Refund and Request for Abatement (Form 843) to the IRS service center where you filed your tax return.

For a copy of the form or to find your IRS service center, go to www.irs.gov or call 1-800-829-0922.

Removal or reduction of penalties

We understand that circumstances—such as serious illness or injury, a family member's death, or loss of financial records due to natural disaster—may make it difficult for you to meet your taxpayer responsibility in a timely manner.

If you would like us to consider removing or reducing any of your penalty charges, please do the following:

- Identify which penalty charges you would like us to remove or reduce (e.g., 2005 late filing penalty).
- For each penalty charge, explain why you believe removal or reduction is appropriate.
- Sign your statement, and mail it to us along with any supporting documents.

We will review your statement and let you know whether we accept your explanation as reasonable cause to reduce or remove the penalty charge(s).

Interest

We are required by law to charge interest on unpaid tax from the date the tax return was due to the date the tax is paid in full. The interest is charged as long as there is an unpaid amount due, including penalties, if applicable. (Internal Revenue Code section 6601)

Period	Interest rate
October 1, 2013 – December 31, 2013	3%
January 1, 2014 – March 31, 2014	3%
April 1, 2014 – June 30, 2014	3%
July 1, 2014 – September 30, 2014	3%
October 1, 2014 – December 31, 2014	3%
Beginning January 1, 2015	5%

Additional information

- Visit www.irs.gov/cp523.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Paying online is convenient, secure, and ensures timely receipt of your payment. To pay your taxes online or for more information, go to www.irs.gov/payments.
- You can contact us by mail at the address at the top of the first page of this notice. Be sure to include your social security number and the tax year and form number you are writing about.
- Review the enclosed IRS Collection Process (Publication 594).
- Generally, we deal directly with taxpayers or their authorized representatives. Sometimes, however, it's necessary for us to speak with other people, such as employees, employers, banks, or neighbors to gather the information we need about a taxpayer's account. You have the right to request a list of individuals we've contacted in connection with your account at any time.
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.

Department of the Treasury - Internal Revenue Service
Collection Appeal Request
 (Instructions are on the reverse side of this form)

1. Taxpayer's name		2. Representative (<i>Attach a copy of Form 2848, Power of Attorney</i>)	
3. SSN/EIN	4. Taxpayer's business phone	5. Taxpayer's home phone	6. Representative's phone
7. Taxpayer's street address			
8. City		9. State	10. ZIP code
11. Type of tax (<i>Tax form</i>)		12. Tax periods being appealed	13. Tax due

Collection Action(s) Appealed

14. Check the Collection action(s) you are appealing

- Federal Tax Lien
 Levy or Proposed Levy
 Seizure
 Rejection of Installment Agreement
 Termination of Installment Agreement
 Modification of Installment Agreement

Explanation

15. Explain why you disagree with the collection action(s) you checked above and explain how you would resolve your tax problem. Attach additional pages if needed. Attach copies of any documents that you think will support your position. Generally, the Office of Appeals will ask the Collection Function to review, verify and provide their opinion on any new information you submit. We will share their comments with you and give you the opportunity to respond.

Under penalties of perjury, I declare that I have examined this request and any accompanying documents, and to the best of my knowledge and belief, they are true, correct and complete. A submission by a representative, other than the taxpayer, is based on all information of which the representative has any knowledge.

16. <input type="checkbox"/> Taxpayer's or <input type="checkbox"/> Authorized Representative's signature (<i>Only check one box</i>)	17. Date signed
---	-----------------

IRS USE ONLY

18. Revenue Officer's name	19. Revenue Officer's signature	20. Date signed
21. Revenue Officer's phone	22. Revenue Officer's email address	23. Date received
24. Collection Manager's name	25. Collection Manager's signature	26. Date signed
27. Collection Manager's phone	28. Collection Manager's email address	29. Date received

Internal Revenue Service

Department of the Treasury

[Redacted]

Date:
06/26/2013
Taxpayer Identification Number:

Person to Contact:

Contact Telephone Number:

Employee Identification Number:

[Redacted]

Case Closed -- Currently Not Collectible

We have temporarily closed your collection case for the tax types and periods listed below. We have determined that you do not have the ability to pay the money you owe at this time.

Although we have temporarily closed your case, you still owe the money to the IRS. We may re-open your case in the future if your financial situation improves. Also, since you still owe money, we will continue to add penalties and interest to your account and it will be subject to other adjustments and offsets such as applying future tax refunds to the amount you owe.

You don't need to take any action at this time. However, it is very important that you file all future tax returns and pay any amounts you owe on time. Also, it is to your advantage to make voluntary payments towards the amount you owe, if possible, to minimize additional penalties and interest.

If you have any questions please call us at 1-800-829-1040 (individuals) or 1-800-829-4933 (businesses). For non-case-related questions, you can also check on our website at www.irs.gov.

<u>Tax Type</u>	<u>Tax Period Ending</u>	<u>Tax Type</u>	<u>Tax Period Ending</u>	<u>Tax Type</u>	<u>Tax Period Ending</u>
1040	12/31/2011	1040	12/31/2010	1040	12/31/2009
1040	12/31/2008	1040	12/31/2007	1040	12/31/2006
1040	12/31/2005	1040	12/31/2004	1040	12/31/2003
1040	12/31/2002				



Form 656 Booklet

Offer in Compromise

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IRS contact information

If you want to see if you qualify for an offer before filling out the paperwork, you may use the Offer in Compromise Pre-Qualifier tool. The questionnaire format assists in gathering the information needed and provides instant feedback as to your eligibility based on the information you provided. The tool will also assist you in determining a preliminary offer amount for consideration of an acceptable offer. The Pre-Qualifier tool is located on our website at www.irs.gov.

If you have questions regarding qualifications for an offer in compromise, please call our toll-free number at 1-800-829-1040. You can get forms and publications by calling 1-800-TAX-FORM (1-800-829-3676), by visiting your local IRS office, or at www.irs.gov.

Taxpayer resources

The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service that helps taxpayers and protects taxpayer rights. We help taxpayers whose problems with the IRS are causing financial difficulties, who've tried but haven't been able to resolve their problems with the IRS, or believe an IRS system or procedure isn't working as it should. And the service is free. Your local advocate's number is in your local directory and at taxpayeradvocate.irs.gov. You can also call us at 1-877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to taxpayeradvocate.irs.gov. TAS is your voice at the IRS.

Low Income Taxpayer Clinics (LITCs) are independent from the IRS. LITCs serve individuals whose income is below a certain level and who need to resolve a tax problem with the IRS. LITCs provide professional representation before the IRS or in court on audits, appeals, tax collection disputes, and other issues for free or for a small fee. For more information and to find an LIC near you, see the LIC page at www.taxpayeradvocate.irs.gov/litcmap or IRS Publication 4134, Low Income Taxpayer Clinic List. This Publication is also available by calling the IRS toll-free at 1-800-829-3676 or visiting your local IRS office.

WHAT YOU NEED TO KNOW

What is an Offer?

An Offer in Compromise (offer) is an agreement between you (the taxpayer) and the IRS that settles a tax debt for less than the full amount owed. The offer program provides eligible taxpayers with a path toward paying off their tax 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, generally you must make an appropriate offer based on what the IRS considers your true ability to pay.

Submitting an application does not ensure that the IRS will accept your offer. It begins a process of evaluation and verification by the IRS, taking into consideration any special circumstances that might affect your ability to pay.

This booklet will lead you through a series of steps to help you calculate an appropriate offer based on your assets, income, expenses, and future earning potential. The application requires you to describe your financial situation in detail, so before you begin, make sure you have the necessary information and documentation.

Are You Eligible?

Before your offer can be considered, you must (1) file all tax returns you are legally required to file, (2) have received a bill for at least one tax debt included on your offer, (3) make all required estimated tax payments for the current year, and (4) make all required federal tax deposits for the current quarter if you are a business owner with employees. Your offer will be immediately returned without consideration if you have not filed all tax returns you are legally required to file.

Note: If it is determined you have not filed all tax returns any initial payment sent with your offer will be applied to your tax debt and your offer will be returned along with your application fee.

Bankruptcy

If you or your business is currently in an open bankruptcy proceeding, you are not eligible to apply for an offer. Any resolution of your outstanding tax debts generally must take place within the context of your bankruptcy proceeding.

If you are not sure of your bankruptcy status, contact the Centralized Insolvency Operation at 1-800-973-0424. Be prepared to provide your bankruptcy case number and/or Taxpayer Identification Number.

Can You Pay in Full?

Generally, the IRS will not accept an offer if you can pay your tax debt in full or through an installment agreement and/or equity in assets.

Note: Adjustments or exclusions, such as allowance of \$1,000 to a bank balance or \$3,450 against the value of a car, are only applied after it is determined that you cannot pay your tax debt in full.

Your Future Tax Refunds

The IRS will keep any refund, including interest, for tax periods extending through the calendar year that the IRS accepts the offer. For example, if your offer is accepted in 2016 and you file your 2016 Form 1040 on April 15, 2017 showing a refund, IRS will apply your refund to your tax debt. The refund is not considered as a payment toward your offer.

Doubt as to Liability

If you have a legitimate doubt that you owe part or all of the tax debt, complete and submit a **Form 656-L, Offer in Compromise (Doubt as to Liability)**. The Form 656-L is not included as part of this package. To request a Form 656-L, visit www.irs.gov or a local IRS office or call toll-free 1-800-TAX-FORM (1-800-829-3676).

Notice of Federal Tax Lien

A lien is a legal claim against all your current and future property. When you don't pay your first bill for taxes due, a lien is created by law and attaches to your property. A Notice of Federal Tax Lien (NFTL) provides public notice to creditors and is filed to establish priority of the IRS claim versus the claims of other creditors. The IRS may file an NFTL while your offer is being considered. However, an NFTL will usually not be filed until a final decision has been made on your offer.

Note: A Notice of Federal Tax Lien (NFTL) will not be filed on any individual shared responsibility payment under the Affordable Care Act.

Trust Fund Taxes

If your business owes trust fund taxes, responsible individuals may be held liable for the trust fund portion of the tax. Trust fund taxes are the money withheld from an employee's wages, such as income tax, Social Security, and Medicare taxes. You are not eligible to submit an offer unless the trust fund portion of the tax is paid or the Trust Fund Recovery Penalty determinations have been made on all potentially responsible individual(s). However, if you are submitting the offer as a victim of payroll service provider fraud or failure, the trust fund assessment discussed above is not required.

Your Rights as a Taxpayer

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. Explore your rights and our obligations to protect them. For more information on your rights as a taxpayer, go to <http://www.irs.gov/Taxpayer-Bill-of-Rights>.

Other Important Facts

Penalties and interest will continue to accrue during consideration of your offer.

After you file your offer, you must continue to timely file and pay all required tax returns, estimated tax payments, and federal tax payments. Failure to meet your filing and payment responsibilities during consideration of your offer will result in your offer being returned. If your offer is accepted, you must continue to stay current with all tax filing and payment obligations through the fifth year after your offer is accepted (including any extensions).

Note: If you have filed your tax returns but you have not received a bill for at least one tax debt included on your offer, your offer may be returned.

An offer cannot be accepted for processing if the IRS has referred your case, or cases, involving all of the liabilities identified in the offer to the Department of Justice (DOJ). In addition, the IRS cannot compromise any restitution amount ordered by a court or a tax debt that has been reduced to judgment.

The law requires the IRS to make certain information from accepted offers available for public inspection and review. These public inspection files are located in designated IRS Area Offices.

The IRS may levy your assets up to the time that the IRS official signs and acknowledges your offer as pending. In addition, the IRS may keep any proceeds received from the levy. If your assets are levied after your offer is pending, immediately contact the IRS person whose name and phone number is listed on the levy.

If you currently have an approved installment agreement, you will not be required to make your installment agreement payments while your offer is being considered. If your offer is not accepted and you have not incurred any additional tax debt, your installment agreement with the IRS will be reinstated with no additional fee.

PAYING FOR YOUR OFFER

Application Fee

Offers require a \$186 application fee.

Exception: If you are an individual or are operating as a sole proprietor, or are a disregarded single member Limited Liability Company (LLC) taxed as a sole proprietor and your household gross income meets the Low Income Certification guidelines, you will not be required to send the application fee.

Note: You may be eligible to receive a refund of the application fee if the IRS either (1) accepts the offer to promote effective tax administration, or (2) accepts the offer based on doubt as to collectability and determines that collecting an amount greater than the amount offered would create an economic hardship. After the IRS processes your offer, the IRS will notify you if you are eligible to request a refund of the application fee.

Payment Options

You must select a payment option and include the payment with your offer. The amount of the initial payment and subsequent payments will depend on the total amount of your offer and which of the following payment options you choose:

Lump Sum Cash: This option requires 20% of the total offer amount to be paid with the offer and the remaining balance paid in 5 or fewer payments within 5 or fewer months of the date your offer is accepted.

Periodic Payment: This option requires the first payment to be paid with the offer and the remaining balance paid in monthly payments within 6 to 24 months, in accordance with your proposed offer terms.

Note: Under this option, you must continue to make monthly payments while the IRS is evaluating your offer. Failure to make these payments will cause your offer to be returned. There is no appeal. Total payments must equal the total offer amount.

Exception: If you are an individual, are operating as a sole proprietor, or are a disregarded single member LLC taxed as a sole proprietor, and your household income meets the Low Income Certification guidelines, you will not be required to send the initial payment or make the required monthly payments while your offer is being considered.

All payments sent in with your offer and made during consideration of the offer will be applied to your tax debt. The payments cannot be returned to you unless you pay more than the required payment and designate it as a deposit.

If you do not have sufficient cash to pay for your offer, you may need to consider borrowing money from a bank, friends, and/or family. Other options may include borrowing against or selling other assets.

Note: You may not pay your offer amount with an expected or current tax refund, money already paid, funds attached by any collection action, or anticipated benefits from a capital or net operating loss. If you are planning to use your retirement savings from an IRA or 401k plan, you may have future tax liabilities owed as a result. Contact the IRS or your tax advisor before taking this action.

HOW TO APPLY

Application Process

The application must include:

- **Form 656**, Offer in Compromise
- **Completed Form 433-A (OIC)**, Collection Information Statement for Wage Earners and Self-Employed Individuals, if applicable
- **Completed Form 433-B (OIC)**, Collection Information Statement for Businesses, if applicable
- **\$186 application fee**, unless you meet Low Income Certification
- **Initial offer payment**, unless you meet Low Income Certification

Note: Your offer(s) cannot be considered without the completed and signed Collection Information Statement(s), Form 433-A (OIC) and/or 433-B (OIC).

If You and Your Spouse Owe Joint and Separate Tax Debts

If you and your spouse have joint tax debt(s) and you and/or your spouse are also responsible for separate tax debt(s), you will each need to send in a separate Form 656. You will complete one Form 656 for yourself listing all your joint and any separate tax debts and your spouse will complete one Form 656 listing all his or her joint tax debt(s) plus any separate tax debt(s), for a total of two Forms 656.

If you and your spouse or ex-spouse have a joint tax debt and your spouse or ex-spouse does not want to be part of the offer, you on your own may submit a Form 656 to compromise your responsibility for the joint tax debt.

Each Form 656 will require the \$186 application fee and initial payment unless you are an individual, are operating as a sole proprietor, or are a disregarded single member LLC taxed as a sole proprietor, and meet the Low Income Certification guidelines.

If You Owe Individual and Business Tax Debt

If you have individual and business tax debt that you wish to compromise, you will need to send in two Forms 656. Complete one Form 656 for your individual tax debts and one Form 656 for your business tax debts. Each Form 656 will require the \$186 application fee and initial payment.

Note: A business is defined as a corporation, partnership, or any business that is operated as other than a sole-proprietorship. An individual's share of a partnership debt will not be compromised. The partnership must submit an offer based on the partnership's and partners' ability to pay.

If You Have Tax Debt From a Limited Liability Company (LLC)

Individuals or individuals operating as a disregarded single member LLC taxed as a sole proprietor, tax debts (including employment taxes) incurred before January 1, 2009 may be included on one Form 656. However, in those instances where an LLC incurred employment taxes after January 1, 2009 or excise taxes after January 1, 2008, two Forms 656 must be sent with a separate application fee and initial payment for each offer, even if the tax debts were reported under the same Tax Identification Number. One Form 656 will be for the individual tax debts while the second Form 656 will be for the LLC employment tax debts incurred after January 1, 2009 and excise tax debts after January 1, 2008.

COMPLETING THE APPLICATION PACKAGE

Step 1 – Gather Your Information

To calculate an offer amount, you will need to gather information about your financial situation, including cash, investments, available credit, assets, income, and debt.

You will also need to gather information about your average household's gross monthly income and 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. This is necessary for the IRS to accurately evaluate your offer.

In general, the IRS will not consider expenses for tuition for private schools, college expenses, charitable contributions, and other unsecured debt payments as part of the expense calculation.

Step 2 – Fill out Form 433-A (OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals

Fill out Form 433-A (OIC) if you are an individual wage earner and/or operate as a sole proprietor, a disregarded single member LLC taxed as a sole proprietor or are submitting an offer on behalf of a deceased individual. This will be used to calculate an appropriate offer amount based on your assets, income, expenses, and future earning potential. You will have the opportunity to provide a written explanation of any special circumstances that affect your financial situation.

Step 3 – Fill out Form 433-B (OIC), Collection Information Statement for Businesses

Fill out Form 433-B (OIC) if the business is a Corporation, Partnership, LLC classified as a corporation, single member LLC taxed as a corporation, or other multi-owner/multi-member LLC. This will be used to calculate an appropriate offer amount based on the business assets, income, expenses, and future earning potential. If the business has assets that are used to produce income (for example, a tow truck used in the business for towing vehicles), the business may be allowed to exclude equity in these assets.

Step 4 – Attach Required Documentation

You will need to attach supporting documentation with Form(s) 433-A (OIC) and 433-B (OIC). A list of the documents required will be found at the end of each form. Include copies of all required attachments. **Do not send original documents.**

Step 5 – Fill out Form 656, Offer in Compromise

Fill out Form 656. The Form 656 identifies the tax years and type of tax you would like to compromise. It also identifies your offer amount and the payment terms.

Step 6 – Include Initial Payment and \$186 Application Fee

Include a personal check, cashier's check, or money order for your initial payment based on the payment option you selected (20% of the offer amount for a lump sum cash offer or the first month's payment for a periodic payment offer).

Include a separate personal check, cashier's check, or money order for the application fee (\$186).

Make both payments payable to the "United States Treasury." All payments must be made in U.S. dollars.

If you meet the Low Income Certification guidelines, the initial payment and application fee are not required.

Step 7 – Mail the Application Package

Make a copy of your application package and keep it for your records.

Mail the application package to the appropriate IRS facility. See page 27, Application Checklist, for details.

Note: If you are working with an IRS employee, let him or her know you are sending or have sent an offer to compromise your tax debt(s).

IMPORTANT INFORMATION

After You Mail Your Application Continue to:

Promptly reply to any requests for additional information within the time frame specified.

If you selected the Periodic Payment option, you must continue to make the payments during consideration of your offer, unless you meet the Low Income Certification. Failure to reply timely or make monthly payments may result in the return of your offer without appeal rights.

If your offer is accepted, you must continue to timely file all required tax returns and timely pay all estimated tax payments and federal tax payments that become due in the future. If you fail to timely file and timely pay any tax obligations that become due within the five years after your offer is accepted (including any extensions) your offer may be defaulted. If your offer is defaulted, you will be liable for the original tax debt, less payments made, and all accrued interest and penalties. An offer does not stop the accrual of interest and penalties. Please note that if your final payment is more than the agreed amount by \$50 or less the money will not be returned but will be applied to your tax debt. If your final payment is more than the agreed amount by more than \$50, your money will be returned to you.

In addition, your offer may be defaulted if you fail to promptly pay any tax debts assessed after acceptance of your offer for any tax years prior to acceptance that were not included in your original offer.

Collection Information Statement for Wage Earners and Self-Employed Individuals

Use this form if you are

- ▶ An individual who owes income tax on a Form 1040, U.S. Individual Income Tax Return
- ▶ An individual with a personal liability for Excise Tax
- ▶ An individual responsible for a Trust Fund Recovery Penalty
- ▶ An individual who is self-employed or has self-employment income. You are considered to be self-employed if you are in business for yourself, or carry on a trade or business.
- ▶ An individual who is personally responsible for a partnership liability (only if the partnership is submitting an offer)
- ▶ An individual who operates as a disregarded single member Limited Liability Company (LLC) taxed as a sole proprietor
- ▶ An individual who is submitting an offer on behalf of a deceased person

Note: Include attachments if additional space is needed to respond completely to any question. This form should only be used with the Form 656, Offer in Compromise.

Section 1 Personal and Household Information

Last Name		First Name		Date of Birth (mm/dd/yyyy)	Social Security Number - -
Marital status <input type="checkbox"/> Unmarried <input type="checkbox"/> Married	Home Physical Address (Street, City, State, ZIP Code)		Do you: <input type="checkbox"/> Own your home <input type="checkbox"/> Rent <input type="checkbox"/> Other (specify e.g., share rent, live with relative, etc.)		
County of Residence		Primary Phone () -		Home Mailing Address (if different from above or Post Office Box number)	
Secondary Phone () -		Fax Number () -			

Provide information about your spouse.

Spouse's Last Name	Spouse's First Name	Date of Birth (mm/dd/yyyy)	Social Security Number - -
--------------------	---------------------	----------------------------	-------------------------------

Provide information for all other persons in the household or claimed as a dependent.

Name	Age	Relationship	Claimed as a dependent on your Form 1040?	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
			<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

Section 2 Employment Information for Wage Earners

Complete this section if you or your spouse are wage earners and received a Form W-2. If you or your spouse have self-employment income (that is you file a Schedule C, E, F, etc.) instead of, or in addition to wage income, you must also complete Business Information in Sections 4, 5, and 6.

Your Employer's Name		Employer's Address (street, city, state, zip code)	
Do you have an ownership interest in this business? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, check the business interest that applies: <input type="checkbox"/> Partner <input type="checkbox"/> Officer <input type="checkbox"/> Sole proprietor		
Your Occupation	How long with this employer (years) (months)		
Spouse's Employer's Name		Employer's Address (street, city, state, zip code)	
Does your spouse have an ownership interest in this business? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, check the business interest that applies: <input type="checkbox"/> Partner <input type="checkbox"/> Officer <input type="checkbox"/> Sole proprietor		
Spouse's Occupation	How long with this employer (years) (months)		

Section 3 Personal Asset Information

Use the most current statement for each type of account, such as checking, savings, money market and online accounts, stored value cards (such as, a payroll card from an employer), 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. Asset value is subject to adjustment by IRS based on individual circumstances. Enter the total amount available for each of the following (if additional space is needed include attachments).

Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

Cash and Investments (domestic and foreign)

<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(1a) \$
<hr/>		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(1b) \$
<hr/>		
Total of bank accounts from attachment		(1c) \$
Add lines (1a) through (1c) minus (\$1,000) =		(1) \$
<hr/>		
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Minus Loan Balance	
\$ _____ X .8 = \$ _____	- \$ _____ =	(2a) \$
<hr/>		
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Minus Loan Balance	
\$ _____ X .8 = \$ _____	- \$ _____ =	(2b) \$
Total investment accounts from attachment. [current market value X.8 minus loan balance(s)]		(2c) \$
Add lines (2a) through (2c) =		(2) \$
<hr/>		
Retirement Account: <input type="checkbox"/> 401K <input type="checkbox"/> IRA <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Minus Loan Balance	
\$ _____ X .8 = \$ _____	- \$ _____ =	(3a) \$
<hr/>		
Retirement Account: <input type="checkbox"/> 401K <input type="checkbox"/> IRA <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Minus Loan Balance	
\$ _____ X .8 = \$ _____	- \$ _____ =	(3b) \$
Total of retirement accounts from attachment. [current market value X .8 minus loan balance(s)]		(3c) \$
Add lines (3a) through (3c) =		(3) \$
<hr/>		
Cash Value of Life Insurance Policies		
Name of Insurance Company	Policy Number	
Current Cash Value	Minus Loan Balance	
\$ _____	- \$ _____ =	(4a) \$
Total cash value of life insurance policies from attachment		Minus Loan Balance(s)
\$ _____	- \$ _____ =	(4b) \$
Add lines (4a) through (4b) =		(4) \$

Section 3 (Continued) Personal Asset Information

Real Estate (Enter information about any house, condo, co-op, time share, etc. that you own or are buying)

Property Address (Street Address, City, State, ZIP Code)	Primary Residence <input type="checkbox"/> Yes <input type="checkbox"/> No	
	Date Purchased	
County and Country	Date of Final Payment	
How title is held (joint tenancy, etc.)	Description of Property	
Current Market Value \$ _____ X .8 = \$ _____	Minus Loan Balance (Mortgages, etc.) - \$ _____	(Total Value of Real Estate) = (5a) \$
Property Address (Street Address, City, State, ZIP Code)	Primary Residence <input type="checkbox"/> Yes <input type="checkbox"/> No	
	Date Purchased	
County and Country	Date of Final Payment	
How title is held (joint tenancy, etc.)	Description of Property	
Current Market Value \$ _____ X .8 = \$ _____	Minus Loan Balance (Mortgages, etc.) - \$ _____	(Total Value of Real Estate) = (5b) \$
Total value of property(s) from attachment [current market value X .8 minus any loan balance(s)]		(5c) \$
Add lines (5a) through (5c) =		(5) \$

Vehicles (Enter information about any cars, boats, motorcycles, etc. that you own or lease)

Vehicle Make & Model	Year	Date Purchased	Mileage	
<input type="checkbox"/> Lease <input type="checkbox"/> Loan	Name of Creditor	Date of Final Payment	Monthly Lease/Loan Amount \$ _____	
Current Market Value \$ _____ X .8 = \$ _____	Minus Loan Balance (Mortgages, etc.) - \$ _____		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =	(6a) \$
Subtract \$3,450 from line (6a) (If line (6a) minus \$3,450 is a negative number, enter "0")				(6b) \$
Vehicle Make & Model	Year	Date Purchased	Mileage	
<input type="checkbox"/> Lease <input type="checkbox"/> Loan	Name of Creditor	Date of Final Payment	Monthly Lease/Loan Amount \$ _____	
Current Market Value \$ _____ X .8 = \$ _____	Minus Loan Balance (Mortgages, etc.) - \$ _____		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =	(6c) \$
If you are filing a joint offer, subtract \$3,450 from line (6c) (If line (6c) minus \$3,450 is a negative number, enter "0") If you are not filing a joint offer, enter the amount from line (6c)				(6d) \$
Total value of vehicles listed from attachment [current market value X .8 minus any loan balance(s)]				(6e) \$
Total lines (6b), (6d), and (6e) =				(6) \$

Section 3 (Continued) Personal Asset Information

Other valuable items (artwork, collections, jewelry, items of value in safe deposit boxes, interest in a company or business that is not publicly traded, etc.)

Note: Do not include clothing, furniture and other personal effects.

Description of asset:		
Current Market Value	Minus Loan Balance	
\$ _____ X .8 = \$ _____	- \$ _____ =	(7a) \$
Description of asset:		
Current Market Value	Minus Loan Balance	
\$ _____ X .8 = \$ _____	- \$ _____ =	(7b) \$
Total value of valuable items listed from attachment [current market value X .8 minus any loan balance(s)]		(7c) \$
Add lines (7a) through (7c) =		(7) \$
Do not include amount on the lines with a letter beside the number. Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line. Add lines (1) through (7) and enter the amount in Box A =		Box A Available Individual Equity in Assets \$ _____

NOTE: If you or your spouse are self-employed, Sections 4, 5, and 6 must be completed before continuing with Sections 7 and 8.

Section 4 Self-Employed Information

If you or your spouse are self-employed (e.g., files Schedule(s) C, E, F, etc.), complete this section.

Is your business a sole proprietorship? <input type="checkbox"/> Yes <input type="checkbox"/> No		Address of Business (If other than personal residence)	
Name of Business			
Business Telephone Number () -	Employer Identification Number	Business Website	Trade Name or DBA
Description of Business	Total Number of Employees	Frequency of Tax Deposits	Average Gross Monthly Payroll \$
Do you or your spouse have any other business interests? Include any interest in an LLC, LLP, corporation, partnership, etc. <input type="checkbox"/> Yes (Percentage of ownership:) Title: <input type="checkbox"/> No		Business Address (Street, City, State, ZIP code)	
Business Name		Business Telephone Number () -	Employer Identification Number
Type of business (Select one) <input type="checkbox"/> Partnership <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____			

Section 5 Business Asset Information (for Self-Employed)

List business assets such as bank accounts, tools, books, machinery, equipment, business vehicles and real property that is owned/leased/rented. If additional space is needed, attach a list of items. Do not include personal assets listed in Section 3.

Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(8a) \$
<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(8b) \$
Total bank accounts from attachment		(8c) \$
Add lines (8a) through (8c) =		(8) \$

Section 5 (Continued)**Business Asset Information (for Self-Employed)**

Description of asset:

Current Market Value	Minus Loan Balance	<i>(if leased or used in the production of income, enter 0 as the total value)</i>	
\$ _____ X .8 = \$ _____	- \$ _____		= (9a) \$ _____
Description of asset:			
Current Market Value	Minus Loan Balance	<i>(if leased or used in the production of income, enter 0 as the total value)</i>	
\$ _____ X .8 = \$ _____	- \$ _____		= (9b) \$ _____
Total value of assets listed from attachment [current market value X .8 minus any loan balance(s)]			(9c) \$ _____
Add lines (9a) through (9c) =			(9) \$ _____
IRS allowed deduction for professional books and tools of trade -			(10) \$ [4,600]
Enter the value of line (9) minus line (10). If less than zero enter zero. =			(11) \$ _____

Notes ReceivableDo you have notes receivable? Yes No

If yes, attach current listing that includes name(s) and amount of note(s) receivable.

Accounts ReceivableDo you have accounts receivable, including e-payment, factoring companies, and any bartering or online auction accounts? Yes No

If yes, you may be asked to provide a list of your account(s) receivable.

Do not include amounts from the lines with a letter beside the number [for example: (9c)]. Round to the nearest whole dollar.

Do not enter a negative number. If any line item is a negative, enter "0" on that line.

Add lines (8) and (11) and enter the amount in Box B =**Box B**
Available Business Equity in Assets

\$ _____

Section 6**Business Income and Expense Information (for Self-Employed)**

If you provide a current profit and loss (P&L) statement for the information below, enter the total gross monthly income on line 17 and your monthly expenses on line 29 below. Do not complete lines (12) - (16) and (18) - (28). You may use the amounts claimed for income and expenses on your most recent Schedule C; however, if the amount has changed significantly within the past year, a current P&L should be submitted to substantiate the claim.

Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

Business Income (You may average 6-12 months income/receipts to determine your Gross monthly income/receipts.)

Gross receipts	(12) \$ _____
Gross rental income	(13) \$ _____
Interest income	(14) \$ _____
Dividends	(15) \$ _____
Other income	(16) \$ _____
Add lines (12) through (16) =	(17) \$ _____

Business Expenses (You may average 6-12 months expenses to determine your average expenses.)

Materials purchased (e.g., items directly related to the production of a product or service)	(18) \$ _____
Inventory purchased (e.g., goods bought for resale)	(19) \$ _____
Gross wages and salaries	(20) \$ _____
Rent	(21) \$ _____
Supplies (items used to conduct business and used up within one year, e.g., books, office supplies, professional equipment, etc.)	(22) \$ _____
Utilities/telephones	(23) \$ _____
Vehicle costs (gas, oil, repairs, maintenance)	(24) \$ _____
Business Insurance	(25) \$ _____
Current Business Taxes (e.g., Real estate, excise, franchise, occupational, personal property, sales and employer's portion of employment taxes)	(26) \$ _____
Secured debts (not credit cards)	(27) \$ _____
Other business expenses (include a list)	(28) \$ _____
Add lines (18) through (28) =	(29) \$ _____

Round to the nearest whole dollar.

Do not enter a negative number. If any line item is a negative, enter "0" on that line.

Subtract line (29) from line (17) and enter the amount in Box C =**Box C**
Net Business Income

\$ _____

Section 7 Monthly Household Income and Expense Information

Enter your household's gross monthly income. The information below is for yourself, your spouse, and anyone else who contributes to your household's income. The entire household includes spouse, non-liable spouse, significant other, children, and others who contribute to the household. This is necessary for the IRS to accurately evaluate your offer.

Monthly Household Income

Note: Entire household income should also include income that is considered not taxable and may not be included on your tax return.

Round to the nearest whole dollar.

Primary taxpayer					
Gross Wages	Social Security	Pension(s)	Other Income (e.g. unemployment)		
\$ _____	+ \$ _____	+ \$ _____	+ \$ _____	Total primary taxpayer income =	(30) \$
Spouse					
Gross Wages	Social Security	Pension(s)	Other Income (e.g. unemployment)		
\$ _____	+ \$ _____	+ \$ _____	+ \$ _____	Total spouse income =	(31) \$
Additional sources of income used to support the household, e.g., non-liable spouse, or anyone else who may contribute to the household income, etc.					(32) \$
Interest and dividends					(33) \$
Distributions (e.g., income from partnerships, sub-S Corporations, etc.)					(34) \$
Net rental income					(35) \$
Net business income from Box C					(36) \$
Child support received					(37) \$
Alimony received					(38) \$
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line.					
Add lines (30) through (38) and enter the amount in Box D =					Box D Total Household Income \$ _____

Monthly Household Expenses

Enter your average monthly expenses.

Note: For expenses claimed in boxes (39) and (45) only, you should list the full amount of the allowable standard even if the actual amount you pay is less. You may find the allowable standards at <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Collection-Financial-Standards>.

Round to the nearest whole dollar.

Food, clothing, and miscellaneous (e.g., housekeeping supplies, personal care products, minimum payment on credit card). A reasonable estimate of these expenses may be used.	(39) \$
Housing and utilities (e.g., rent or mortgage payment and average monthly cost of property taxes, home insurance, maintenance, dues, fees and utilities including electricity, gas, other fuels, trash collection, water, cable television and internet, telephone, and cell phone).	(40) \$
Vehicle loan and/or lease payment(s)	(41) \$
Vehicle operating costs (e.g., average monthly cost of maintenance, repairs, insurance, fuel, registrations, licenses, inspections, parking, tolls, etc.). A reasonable estimate of these expenses may be used.	(42) \$
Public transportation costs (e.g., average monthly cost of fares for mass transit such as bus, train, ferry, taxi, etc.). A reasonable estimate of these expenses may be used.	(43) \$
Health insurance premiums	(44) \$
Out-of-pocket health care costs (e.g. average monthly cost of prescription drugs, medical services, and medical supplies like eyeglasses, hearing aids, etc.)	(45) \$
Court-ordered payments (e.g., monthly cost of any alimony, child support, etc.)	(46) \$
Child/dependent care payments (e.g., daycare, etc.)	(47) \$
Life insurance premiums	(48) \$
Current monthly taxes (e.g., monthly cost of federal, state, and local tax, personal property tax, etc.)	(49) \$

Section 7 Monthly Household Income and Expense Information (Continued)

Secured debts (e.g., any loan where you pledged an asset as collateral not previously listed, government guaranteed Student Loan)	(50) \$
Enter the amount of your monthly delinquent State and/or Local Tax payment(s)	(51) \$
<p>Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line. Add lines (39) through (51) and enter the amount in Box E =</p>	Box E Total Household Expenses \$
<p>Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line. Subtract Box E from Box D and enter the amount in Box F =</p>	Box F Remaining Monthly Income \$

Section 8 Calculate Your Minimum Offer Amount

The next steps calculate your minimum offer amount. The amount of time you take to pay your offer in full will affect your minimum offer amount. Paying over a shorter period of time will result in a smaller minimum offer amount.

Note: The multipliers below (12 and 24) and the calculated offer amount do not apply if IRS determines you have the ability to pay your tax debt in full within the legal period to collect.

Round to the nearest whole dollar.

If you will pay your offer in 5 or fewer payments within 5 months or less, multiply "Remaining Monthly Income" (Box F) by 12 to get "Future Remaining Income" (Box G). Do not enter a number less than \$0.

Enter the total from Box F \$	X 12 =	Box G Future Remaining Income \$
----------------------------------	---------------	--

If you will pay your offer in 6 to 24 months, multiply "Remaining Monthly Income" (Box F) by 24 to get "Future Remaining Income" (Box H). Do not enter a number less than \$0.

Enter the total from Box F \$	X 24 =	Box H Future Remaining Income \$
----------------------------------	---------------	--

Determine your minimum offer amount by adding the total available assets from Box A and Box B (if applicable) to the amount in either Box G or Box H.

Enter the amount from Box A plus Box B (if applicable) \$	+	Enter the amount from either Box G or Box H \$	=	Offer Amount Your offer must be more than zero (\$0). Do not leave blank. Use whole dollars only. \$
--	---	---	---	---

If you cannot pay the Offer Amount shown above due to special circumstances, explain on the Form 656, Offer in Compromise, Section 1, Low Income Certification. You must offer an amount more than \$0.

Section 9 Other Information

Additional information IRS needs to consider settlement of your tax debt. If you or your business are currently in a bankruptcy proceeding, you are not eligible to apply for an offer.

Are you the beneficiary of a trust, estate, or life insurance policy?

Yes No

Are you currently in bankruptcy?

Yes No

Have you filed bankruptcy in the past 10 years?

Yes No

Discharge/Dismissal Date (mm/dd/yyyy)

Location Filed

Are you or have you been party to a lawsuit?

Yes No

If yes, date the lawsuit was resolved: (mm/dd/yyyy)

Are you or have you been party to any lawsuits involving the IRS/United States (including any suits regarding tax matters)?

Yes No

If yes and the suit included tax debt, provide the types of tax and periods involved.

In the past 10 years, have you transferred any assets for less than their full value?

Yes No

If yes, provide date, value, and type of asset transferred: (mm/dd/yyyy)

In the past 3 years have you transferred any real property (land, house, etc.)?

Yes No

If yes, list the type of property, value, and date of the transfer.

Have you lived outside the U.S. for 6 months or longer in the past 10 years?

Yes No

Do you have any assets or own any real property outside the U.S.?

Yes No

If yes, provide description, location, and value.

Do you have any funds being held in trust by a third party?

Yes No If yes, how much \$ Where:

Section 10

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 (mm/dd/yyyy)
Signature of Spouse	Date (mm/dd/yyyy)

Remember to include all applicable attachments listed below.

- Copies of the most recent pay stub, earnings statement, etc., from each employer
- Copies of the most recent statement for each investment and retirement account
- Copies of the most recent statement, etc., from all other sources of income such as pensions, Social Security, rental income, interest and dividends (including any received from a related partnership, corporation, LLC, LLP, etc.), court order for child support, alimony, and rent subsidies
- Copies of bank statements for the three most recent months
- 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 Notes Receivable, if applicable
- Verification of delinquent State/Local Tax Liability, if applicable
- Documentation to support any special circumstances described in the "Explanation of Circumstances" on Form 656, if applicable
- Attach a Form 2848, *Power of Attorney*, if you would like your attorney, CPA, or enrolled agent to represent you and you do not have a current form on file with the IRS.
- Completed and signed Form 656

Collection Information Statement for Businesses

Complete this form if your business is a

- ▶ Corporation
- ▶ Limited Liability Company (LLC) classified as a corporation
- ▶ Partnership
- ▶ Other multi-owner/multi-member LLC

Note: If your business is a sole proprietorship or a disregarded single member LLC taxed as a sole proprietor (filing Schedule C, D, E, F, etc.), do not use this form. Instead, complete Form 433-A (OIC) Collection Information Statement for Wage Earners and Self-Employed Individuals. This form should only be used with the Form 656, Offer in Compromise.

Include attachments if additional space is needed to respond completely to any question.

Section 1 Business Information

Business Name		Employer Identification Number
Business Physical Address <i>(street, city, state, zip code)</i>		County of Business Location
		Description of Business and DBA or "Trade Name"
Primary Phone () -	Secondary Phone () -	Business Mailing Address <i>(if different from above or Post Office Box number)</i>
Business website address		
Fax Number () -	Does the business outsource its payroll processing and tax return preparation for a fee? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, list provider name and address in box below <i>(Street, City, State, ZIP Code)</i>	
Federal Contractor <input type="checkbox"/> Yes <input type="checkbox"/> No	Total Number of Employees	
Frequency of Tax Deposits	Average Gross Monthly Payroll \$	

Provide information about all partners, officers, LLC members, major shareholders (foreign and domestic), etc., associated with the business. Include attachments if additional space is needed.

Last Name	First Name	Title
Percent of Ownership and Annual Salary	Social Security Number - -	Home Address <i>(Street, City, State, ZIP Code)</i>
Primary Phone () -	Secondary Phone () -	
Last Name	First Name	Title
Percent of Ownership and Annual Salary	Social Security Number - -	Home Address <i>(Street, City, State, ZIP Code)</i>
Primary Phone () -	Secondary Phone () -	
Last Name	First Name	Title
Percent of Ownership and Annual Salary	Social Security Number - -	Home Address <i>(Street, City, State, ZIP Code)</i>
Primary Phone () -	Secondary Phone () -	

Section 2 (Continued) Business Asset Information

If the business owns more properties, vehicles, or equipment than shown in this form, please list on a separate attachment.

Real Estate (Buildings, Lots, Commercial Property, etc.)

Property Address (Street Address, City, State, ZIP Code)	Property Description	Date Purchased	
	Name of Creditor	Date of Final Payment	
	County and Country		
Current Market Value		Minus Loan Balance (mortgages, etc.)	
\$ _____ X .8 = \$ _____		- \$ _____ Total Value of Real Estate =	
(3a) \$			
Property Address (Street Address, City, State, ZIP Code)	Property Description	Date Purchased	
	Name of Creditor	Date of Final Payment	
	County and Country		
Current Market Value		Minus Loan Balance (mortgages, etc.)	
\$ _____ X .8 = \$ _____		- \$ _____ Total Value of Real Estate =	
(3b) \$			
Total value of property(s) listed from attachment [current market value X .8 minus any loan balance(s)]			(3c) \$
Add lines (3a) through (3c) =			(3) \$

Business Vehicles (cars, boats, motorcycles, trailers, etc.). If additional space is needed, list on an attachment.

Vehicle Make & Model	Year	Date Purchased	Mileage or Use Hours	
<input type="checkbox"/> Lease	Monthly Lease/Loan Amount	Name of Creditor	Date of Final Payment	
<input type="checkbox"/> Loan	\$			
Current Market Value		Minus Loan Balance		
\$ _____ X .8 = \$ _____		- \$ _____ Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =		
(4a) \$				
Vehicle Make & Model	Year	Date Purchased	Mileage or Use Hours	
<input type="checkbox"/> Lease	Monthly Lease/Loan Amount	Name of Creditor	Date of Final Payment	
<input type="checkbox"/> Loan	\$			
Current Market Value		Minus Loan Balance		
\$ _____ X .8 = \$ _____		- \$ _____ Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =		
(4b) \$				
Vehicle Make & Model	Year	Date Purchased	Mileage or Use Hours	
<input type="checkbox"/> Lease	Monthly Lease/Loan Amount	Name of Creditor	Date of Final Payment	
<input type="checkbox"/> Loan	\$			
Current Market Value		Minus Loan Balance		
\$ _____ X .8 = \$ _____		- \$ _____ Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =		
(4c) \$				
Total value of vehicles listed from attachment [current market value X .8 minus any loan balance(s)]				(4d) \$
Add lines (4a) through (4d) =				(4) \$

Section 2 (Continued)**Business Asset Information****Other Business Equipment**

[If you have more than one piece of equipment, please list on a separate attachment and put the total of all equipment in box (5b)]

Type of equipment	
Current Market Value	Minus Loan Balance
\$ _____ X .8 = \$ _____	– \$ _____
Total value of equipment listed from attachment [current market value X .8 minus any loan balance(s)]	
	Total value of equipment (if leased or used in the production of income enter 0 as the total value) =
(5a) \$	
(5b) \$	
	Total value of all business equipment Add lines (5a) and (5b) =
	(5) \$
Do not include amount on the lines with a letter beside the number. Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0" on that line. Add lines (1) through (5) and enter the amount in Box A =	
	Box A Available Equity in Assets \$

Section 3**Business Income Information**

Enter the average gross monthly income of your business. To determine your gross monthly income use the most recent 6-12 months documentation of commissions, invoices, gross receipts from sales/services, etc.; most recent 6-12 months earnings statements, etc., from every other source of income (such as rental income, interest and dividends, or subsidies); or you may use the most recent 6-12 months Profit and Loss (P&L) to provide the information of income and expenses.

Note: If you provide a current profit and loss statement for the information below, enter the total gross monthly income in Box B below. Do not complete lines (6) - (10). Entire household income should also include income that is considered as not taxable and may not be included on your tax return.

Gross receipts	(6) \$
Gross rental income	(7) \$
Interest income	(8) \$
Dividends	(9) \$
Other income (Specify on attachment)	(10) \$
Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0" on that line. Add lines (6) through (10) and enter the amount in Box B =	
	Box B Total Business Income \$

Section 4**Business Expense Information**

Enter the average gross monthly expenses for your business using your most recent 6-12 months statements, bills, receipts, or other documents showing monthly recurring expenses.

Note: If you provide a current profit and loss statement for the information below, enter the total monthly expenses in Box C below. Do not complete lines (11) - (20).

Materials purchased (e.g., items directly related to the production of a product or service)	(11) \$
Inventory purchased (e.g., goods bought for resale)	(12) \$
Gross wages and salaries	(13) \$
Rent	(14) \$
Supplies (items used to conduct business and used up within one year, e.g., books, office supplies, professional equipment, etc.)	(15) \$
Utilities/telephones	(16) \$
Vehicle costs (gas, oil, repairs, maintenance)	(17) \$
Insurance (other than life)	(18) \$
Current taxes (e.g., real estate, state, and local income tax, excise franchise, occupational, personal property, sales and employer's portion of employment taxes, etc.)	(19) \$
Other expenses (e.g., secured debt payments. Specify on attachment. Do not include credit card payments)	(20) \$
Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0" on that line. Add lines (11) through (20) and enter the amount in Box C =	
	Box C Total Business Expenses \$
Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0" on that line. Subtract Box C from Box B and enter the amount in Box D =	
	Box D Remaining Monthly Income \$

Section 5 Calculate Your Minimum Offer Amount

The next steps calculate your minimum offer amount. The amount of time you take to pay your offer in full will affect your minimum offer amount. Paying over a shorter period of time will result in a smaller minimum offer amount.

If you will pay your offer in 5 or fewer payments within 5 months or less, multiply "Remaining Monthly Income" (Box D) by 12 to get "Future Remaining Income." Do not enter a number less than zero.

Note: The multipliers below (12 and 24) and the calculated offer amount do not apply if IRS determines you have the ability to pay your tax debt in full within the legal period to collect.

Round to the nearest whole dollar.

Enter the total from Box D \$	X 12 =	Box E Future Remaining Income \$
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If you will pay your offer in 6 to 24 months, multiply "Remaining Monthly Income" (Box D) by 24 to get "Future Remaining Income". Do not enter a number less than zero.

Enter the total from Box D \$	X 24 =	Box F Future Remaining Income \$
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Determine your minimum offer amount by adding the total available assets from Box A to the amount in either Box E or Box F. Your offer amount must be more than zero.

Enter the amount from Box A * \$	+	Enter the amount from either Box E or Box F \$	=	Offer Amount Your offer must be more than zero (\$0). Do not leave blank. Use whole dollars only. \$
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You must offer an amount more than \$0.

*You may exclude any equity in income producing assets shown in Section 2 of this form.

Section 6 Other Information

Additional information IRS needs to consider settlement of your tax debt. If this business is currently in a bankruptcy proceeding, the business is not eligible to apply for an offer.

Is the business currently in bankruptcy?

Yes No

Has the business ever filed bankruptcy?

Yes No

If yes, provide:

Date Filed (mm/dd/yyyy) _____ Date Dismissed or Discharged (mm/dd/yyyy) _____
 Petition No. _____ Location Filed _____

Does this business have other business affiliations (e.g., subsidiary or parent companies)?

Yes No

If yes, list the Name and Employer Identification Number:

Do any related parties (e.g., partners, officers, employees) owe money to the business?

Yes No

Is the business currently, or in the past, a party to a lawsuit?

Yes No

If yes, date the lawsuit was resolved:

Are you or have you been party to any lawsuits involving the IRS/United States (including any suits regarding tax matters)?

Yes No

If yes and the suit included tax debt, provide the types of tax and periods involved.

In the past 10 years, has the business transferred any assets for less than their full value?

Yes No

If yes, provide date, value, and type of asset transferred:

In the past 3 years have you transferred any real property (land, house, etc.)?

Yes No

If yes, list the type of property, value, and date of the transfer.

Has the business been located outside the U.S. for 6 months or longer in the past 10 years?

Yes No

Do you have any assets or own any real property outside the U.S.?

Yes No

If yes, please provide description, location, and value.

Does the business have any funds being held in trust by a third party?

Yes No **If yes**, how much \$ _____ Where: _____

Does the business have any lines of credit?

Yes No **If yes**, credit limit \$ _____ Amount owed \$ _____

What property secures the line of credit? _____

Section 7

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	Title	Date (mm/dd/yyyy)
		

Remember to include all applicable attachments from list below.

- A current Profit and Loss statement covering at least the most recent 6–12 month period, if appropriate.
- Copies of the three most recent statements for each bank, investment, and retirement account
- If an asset is used as collateral on a loan, include copies of the most recent statement from lender(s) on loans, monthly payments, loan payoffs, and balances.
- Copies of the most recent statement of outstanding notes receivable.
- Copies of the most recent statements from lenders on loans, mortgages (including second mortgages), monthly payments, loan payoffs, and balances.
- Copies of relevant supporting documentation of the special circumstances described in the “Explanation of Circumstances” on Form 656, if applicable.
- Attach a Form 2848, Power of Attorney, if you would like your attorney, CPA, or enrolled agent to represent you and you do not have a current form on file with the IRS. Make sure the current tax year is included.
- Completed and signed Form 656

Offer in Compromise

► To: Commissioner of Internal Revenue Service

IRS Received Date

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 submit this offer to compromise the tax liabilities plus any interest, penalties, additions to tax, and additional amounts required by law for the tax type and period(s) marked in Section 2 or Section 3 below.

Did you use the Pre-Qualifier tool located on our website at http://irs.treasury.gov/oic_pre_qualifier/ prior to filling out this form?

Yes No

Note: The use of the Pre-Qualifier tool is not mandatory before sending in your offer. However, it is recommended.

Include the \$186 application fee and initial payment (*personal check, cashier's check, or money order*) with your Form 656. You must also include the completed Form 433-A (OIC) and/or 433-B (OIC) and supporting documentation. You should fill out either Section 1 or Section 2, but not both, depending on the tax debt you are offering to compromise.

Section 1 Individual Information (Form 1040 filers)

If you are a 1040 filer, an individual with personal liability for Excise tax, individual responsible for Trust Fund Recovery Penalty, self-employed individual, individual personally responsible for partnership liabilities, and/or an individual who operates as a single member LLC or a disregarded entity taxed as a sole proprietorship you should fill out Section 1. You must also include all required documentation including the Form 433-A (OIC), the \$186 application fee, and initial payment.

Your First Name, Middle Initial, Last Name	Social Security Number (SSN) - -
If a Joint Offer, Spouse's First Name, Middle Initial, Last Name	Social Security Number (SSN) - -

Your Physical Home Address (*Street, City, State, ZIP Code*)

Your Home Mailing Address (*if different from above or Post Office Box number*)

Is this a new address? Yes No

If yes, would you like us to update our records to this address? Yes No

Employer Identification Number

Individual Tax Periods

If Your Offer is for Individual Tax Debt Only

- 1040 Income Tax-Year(s) _____
- Trust Fund Recovery Penalty as a responsible person of (*enter business name*) _____
for failure to pay withholding and Federal Insurance Contributions Act taxes (Social Security taxes), for period(s) ending _____
- 941 Employer's Quarterly Federal Tax Return - Quarterly period(s) _____
- 940 Employer's Annual Federal Unemployment (FUTA) Tax Return - Year(s) _____
- Other Federal Tax(es) [specify type(s) and period(s)] _____

Note: If you need more space, use attachment and title it "Attachment to Form 656 dated _____." Make sure to sign and date the attachment.

Low-Income Certification (Individuals and Sole Proprietors Only)

Do you qualify for Low-Income Certification? You qualify if your gross monthly household income is less than or equal to the amount shown in the chart below based on your family size and where you live. If you qualify, you are not required to submit any payments during the consideration of your offer. If your business is other than a sole proprietor or disregarded single member LLC taxed as a sole proprietor and you owe employment taxes after January 1, 2009, you cannot qualify for the waiver. IRS will determine whether the household income (at the time of the offer submission or at the time the offer is processed, whichever is lower) and family size support the decision not to pay the application fee.

Check this box if your household's gross monthly income is equal to or less than the monthly income shown in the table below.

Size of family unit	48 contiguous states and D.C.	Hawaii	Alaska
1	\$2,513	\$2,888	\$3,138
2	\$3,383	\$3,890	\$4,227
3	\$4,254	\$4,892	\$5,317
4	\$5,125	\$5,894	\$6,406
5	\$5,996	\$6,896	\$7,496
6	\$6,867	\$7,898	\$8,585
7	\$7,738	\$8,900	\$9,675
8	\$8,608	\$9,902	\$10,765
For each additional person, add	\$871	\$1,002	\$1,090

Section 2 Business Information (Form 1120, 1065, etc., filers)

If your business is a Corporation, Partnership, LLC, or LLP and you want to compromise those tax debts, you must complete this section. You must also include all required documentation including the Form 433-B (OIC), and a separate \$186 application fee, and initial payment.

Business Name _____

Business Physical Address (Street, City, State, ZIP Code) _____

Business Mailing Address (Street, City, State, ZIP Code) _____

Employer Identification Number (EIN) _____	Name and Title of Primary Contact _____	Telephone Number () - _____
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Business Tax Periods

If Your Offer is for Business Tax Debt Only

- 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) _____
- Other Federal Tax(es) [specify type(s) and period(s)] _____

Note: If you need more space, use attachment and title it "Attachment to Form 656 dated _____." Make sure to sign and date the attachment.

Section 3 Reason for Offer

- Doubt as to Collectibility** - I do not have enough in assets and income to pay the full amount.
- Exceptional Circumstances (Effective Tax Administration)** - I owe this amount and have enough 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. I am submitting a written narrative explaining my circumstances.

Explanation of Circumstances (Add additional pages, if needed) – The IRS understands that there are unplanned events or special circumstances, such as serious illness, where paying the full amount or the minimum offer amount might impair your ability to provide for yourself and your family. If this is the case and you can provide documentation to prove your situation, then your offer may be accepted despite your financial profile. Describe your situation below and attach appropriate documents to this offer application.

Section 4

Payment Terms

Check one of the payment options below to indicate how long it will take you to pay your offer in full. You must offer more than \$0. The offer amount should be in whole dollars only.

Lump Sum Cash

Check here if you will pay your offer in 5 or fewer payments within 5 or fewer months from the date of acceptance:

Enclose a check for 20% of the offer amount (waived if you are an individual or sole proprietor and met the requirements for Low Income Certification) and fill in the amount(s) of your future payment(s).

Total Offer Amount	-	20% Initial Payment	=	Remaining Balance
\$	-	\$	=	\$
You may pay the remaining balance in one payment after acceptance of the offer or up to five payments, but cannot exceed 5 months.				
Amount of payment	\$	payable within	1	Month after acceptance
Amount of payment	\$	payable within	2	Months after acceptance
Amount of payment	\$	payable within	3	Months after acceptance
Amount of payment	\$	payable within	4	Months after acceptance
Amount of payment	\$	payable within	5	Months after acceptance

Periodic Payment

Check here if you will pay your offer in full in 6 to 24 months.

Enter the amount of your offer \$ _____

Note: The total amount must equal all of the proposed payments including the first and last payments.

Enclose a check for the first month's payment.

\$ _____ is included with this offer then \$ _____ will be sent in on the _____ day of each month thereafter for a total of _____ months with a final payment of \$ _____ to be paid on the _____ day of the _____ month.

Note: The total months may not exceed a total of 24 months, including the first payment. Your first payment is considered to be month 1; therefore, the remainder of the payments must be made within 23 months for a total of 24.

You must continue to make these monthly payments while the IRS is considering the offer (waived if you met the requirements for Low Income Certification). Failure to make regular monthly payments will cause your offer to be returned with no appeal rights.

IRS Use Only

Attached is an addendum dated (insert date) _____ setting forth the amended offer amount and payment terms.

Section 5 Designation of Payment, Electronic Federal Transfer Payment System (EFTPS), and Deposit

Designation of Payment

If you want your payment to be applied to a specific tax year and a specific tax debt, such as a Trust Fund Recovery Penalty, please tell us the tax year/quarter _____. If you do not designate a preference, we will apply any money you send to the government's best interest. If you want to designate any payments not included with this offer, you must designate a preference for each payment at the time the payment is made. However, you cannot designate the \$186 application fee or any payment after the IRS accepts the offer.

Note: Payments submitted with your offer cannot be designated as estimated tax payments for a current or past tax year.

Electronic Federal Transfer Payment System (EFTPS)

Did you make your payment through the [Electronic Federal Tax Payment System \(EFTPS\)](#)?

Yes No

If yes, provide the amount of your payment(s) \$ _____, the date paid _____, and the 15 digit Electronic Funds Transfer (EFT) Number _____.

Note: Any initial payments paid through the EFTPS system must be made the same date your offer is mailed.

Deposit

If you are paying **more than** the initial payment with your offer and you want any part of that payment treated as a deposit, check the box below and insert the amount.

My payment of \$ _____ includes the \$186 application fee and \$ _____ for my first month's payment. I am requesting the additional amount of \$ _____ be held as a deposit.

If your offer is rejected, returned, or withdrawn please check one of the boxes below and let us know what you would like us to do with your deposit.

Return it to you (Initial here _____) Apply it to your tax debt (Initial here _____)

CAUTION: Do NOT designate the amounts sent in with your offer to cover the initial payment and application fee as "deposits." Doing so will result in the return of your offer with no right to appeal.

Section 6 Source of Funds, Making Your Payment, Filing Requirements, and Tax Payment Requirements**Source of Funds**

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

Making Your Payment

Include separate checks for the payment and application fee.

Make checks payable to the "United States Treasury" and attach to the front of your Form 656, Offer in Compromise. All payments must be in U.S. dollars. **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. You may also make payments through the [Electronic Federal Tax Payment System \(EFTPS\)](#). Your offer will be returned to you if the application fee and the required payment are not included, or if your check is returned for insufficient funds.

Filing Requirements

I have filed all required tax returns.

I was not required to file a tax return for the following years: _____

Note: Do not include original tax returns with your offer. You must either electronically file your tax return or mail it to the appropriate IRS processing office before sending in your offer.

Tax Payment Requirements (check all that apply)

I have made all required estimated tax payments for the current tax year.

I am not required to make any estimated tax payments for the current tax year.

I have made all required federal tax deposits for the current quarter.

I am not required to make any federal tax deposits for the current quarter.

Section 7**Offer Terms**

By submitting this offer, I have read, understand and agree to the following terms and conditions:

Terms, Conditions, and Legal Agreement

a) I request that the IRS accept the offer amount listed in this offer application as payment of my outstanding tax debt (including interest, penalties, and any additional amounts required by law) as of the date listed on this form. I authorize the IRS to amend Section 1 and/or Section 2 if I failed to list any of my assessed tax debt or tax debt assessed before acceptance of my offer. I also authorize the IRS to amend Section 1 and/or Section 2 by removing any tax years on which there is currently no outstanding liability. I understand that my offer will be accepted, by law, unless IRS notifies me otherwise, in writing, within 24 months of the date my offer was received by IRS. I also understand that if any tax debt that is included in the offer is in dispute in any judicial proceeding it/ they will not be included in determining the expiration of the 24-month period.

IRS will keep my payments, fees, and some refunds.

b) I voluntarily submit the payments made on this offer and understand that they will not be returned even if I withdraw the offer or the IRS rejects or returns the offer. Unless I designate how to apply each required payment in Section 5, the IRS will apply my payment in the best interest of the government, choosing which tax years and tax debts to pay off. The IRS will also keep my application fee unless the offer is not accepted for processing.

c) The IRS will keep any refund, including interest, that I might be due for tax periods extending through the calendar year in which the IRS accepts my offer. I cannot designate that the refund be applied to estimated tax payments for the following year or the accepted offer amount. If I receive a refund after I submit this offer for any tax period extending through the calendar year in which the IRS accepts my offer, I will return the refund within 30 days of notification. The refund offset does not apply to offers accepted under the provisions of Effective Tax Administration or Doubt as to Collectibility with special circumstances based on public policy/equity considerations.

d) I understand that the amount I am offering may not include part or all of an expected or current tax refund, money already paid, funds attached by any collection action, or anticipated benefits from a capital or net operating loss.

e) The IRS will keep any monies it has collected prior to this offer. Under section § 6331(a) the IRS may levy up to the time that the IRS official signs and acknowledges my offer as pending, which is accepted for processing and the IRS may keep any proceeds arising from such a levy. No levy will be issued on individual shared responsibility payments. However, if the IRS served a continuous levy on wages, salary, or certain federal payments under sections 6331(e) or (h), then the IRS could choose to either retain or release the levy.

f) The IRS will keep any payments that I make related to this offer. I agree that any funds submitted with this offer will be treated as a payment unless I checked the box to treat any amount more than the required initial payment as a deposit. Only amounts that exceed the mandatory payments can be treated as a deposit. I also agree that any funds submitted with periodic payments made after the submission of this offer and prior to the acceptance, rejection, or return of this offer will be treated as payments, unless I identify the amount more than the required payment as a deposit on the check submitted with the corresponding periodic payment. A deposit will be returned if the offer is rejected, returned, or withdrawn. I understand that the IRS will not pay interest on any deposit.

g) If my offer is accepted and my final payment is more than the agreed amount by \$50 or less, the IRS will not return the difference, but will apply the entire payment to my tax debt. If my final payment exceeds the agreed amount by more than \$50, the IRS will return the excess payment to me.

Section 7 (Continued)**Offer Terms****Pending status of an offer and right to appeal**

h) Once an authorized IRS official signs this form, my offer is considered pending as of that signature date and it remains pending until the IRS accepts, rejects, returns, or I withdraw my offer. An offer is also considered pending for 30 days after any rejection of my offer by the IRS, and during the time that any rejection of my offer is being considered by the Appeals Office. An offer will be considered withdrawn when the IRS receives my written notification of withdrawal by personal delivery or certified mail or when I inform the IRS of my withdrawal by other means and the IRS acknowledges in writing my intent to withdraw the offer.

i) I waive the right to an Appeals hearing if I do not request a hearing in writing within 30 days of the date the IRS notifies me of the decision to reject the offer.

I must comply with my future tax obligations and understand I remain liable for the full amount of my tax debt until all terms and conditions of this offer have been met.

j) I will comply with all provisions of the internal revenue laws, including requirements to timely file tax returns and timely pay taxes for the five year period beginning with the date of acceptance of this offer and ending through the fifth year, including any extensions to file and pay. I agree to promptly pay any liabilities assessed after acceptance of this offer for tax years ending prior to acceptance of this offer that were not otherwise identified in Section 1 or Section 2 of this agreement. I also understand that during the five year period I cannot request an installment agreement for unpaid taxes incurred before or after the accepted offer. If this is an offer being submitted for joint tax debt, and one of us does not comply with future obligations, only the non-compliant taxpayer will be in default of this agreement. An accepted offer will not be defaulted solely due to the assessment of an individual shared responsibility payment. I also understand that during the five year period I cannot request an installment agreement for unpaid taxes incurred before or after the accepted offer.

k) I agree that I will remain liable for the full amount of the tax liability, accrued penalties and interest, until I have met all of the terms and conditions of this offer. Penalty and interest will continue to accrue until all payment terms of the offer have been met. If I file for bankruptcy before the terms and conditions of the offer are met, I agree that the IRS may file a claim for the full amount of the tax liability, accrued penalties and interest, and that any claim the IRS files in the bankruptcy proceeding will be a tax claim.

l) Once the IRS accepts my offer in writing, I have no right to challenge the tax debt(s) in court or by filing a refund claim or refund suit for any liability or period listed in Section 1 or Section 2, even if I default the terms of the accepted offer.

I understand what will happen if I fail to meet the terms of my offer (e.g., default).

m) If I fail to meet any of the terms of this offer, the IRS may revoke the certificate of release of federal tax lien and file a new notice of federal tax lien; levy or sue me to collect any amount ranging from one or more missed payments to the original amount of the tax debt (less payments made) plus penalties and interest that have accrued from the time the underlying tax liability arose. The IRS will continue to add interest, as required by section § 6601 of the Internal Revenue Code, on the amount the IRS determines is due after default. Shared responsibility payments are excluded from levy.

I agree to waive time limits provided by law.

n) To have my offer considered, I agree to the extension of the time limit provided by law to assess my tax debt (statutory period of assessment). I agree that the date by which the IRS must assess my tax debt will now be the date by which my debt must currently be assessed plus the period of time my offer is pending plus one additional year if the IRS rejects, returns, or terminates my offer or I withdraw it. (Paragraph (h) of this section defines pending and withdrawal.) I understand that I have the right not to waive the statutory period of assessment or to limit the waiver to a certain length or certain periods or issues. I understand, however, that the IRS may not consider my offer if I refuse to waive the statutory period of assessment or if I provide only a limited waiver. I also understand that the statutory period for collecting my tax debt will be suspended during the time my offer is pending with the IRS, for 30 days after any rejection of my offer by the IRS, and during the time that any rejection of my offer is being considered by the Appeals Office.

I understand the IRS may file a Notice of Federal Tax Lien on my property.

o) The IRS may file a Notice of Federal Tax Lien during consideration of the offer. The IRS may file a Notice of Federal Tax Lien to protect the Government's interest on offers that will be paid over time. This tax lien will be released 30 days after the payment terms have been satisfied and the payment has been verified. If the offer is accepted, the tax lien will be released within 30 days of when the payment terms have been satisfied and the payment has been verified. The time it takes to transfer funds to the IRS from commercial institutions varies based on the form of payment. The IRS will not file a Notice of Federal Tax Lien on any individual shared responsibility debt.

Correction Agreement

p) I authorize IRS, to correct any typographical or clerical errors or make minor modifications to my/our Form 656 that I signed in connection to this offer.

I authorize the IRS to contact relevant third parties in order to process my offer.

q) By authorizing the IRS to contact third parties, I understand that I will not be notified of which third parties the IRS contacts as part of the offer application process, including tax periods that have not been assessed, as stated in §7602 (c) of the Internal Revenue Code. In addition, I authorize the IRS to request a consumer report on me from a credit bureau.

I am submitting an offer as an individual for a joint liability.

r) I understand if the liability sought to be compromised is the joint and individual liability of myself and my co-obligor(s) and I am submitting this offer to compromise my individual liability only, then if this offer is accepted, it does not release or discharge my co-obligor(s) from liability. The United States still reserves all rights of collection against the co-obligor(s).

Shared Responsibility Payment (SRP)

s) If your offer includes any shared responsibility payment (SRP) amount that you owe for not having minimum essential health coverage for you and, if applicable, your dependents per Internal Revenue Code Section 5000A - Individual shared responsibility payment, it is not subject to penalties, except applicable bad check penalty, or to lien and levy enforcement actions. However, interest will continue to accrue until you pay the total SRP balance due. We may apply your federal tax refunds to the SRP amount that you owe until it is paid in full.

IRS Use Only. I accept the waiver of the statutory period of limitations on assessment for the Internal Revenue Service, as described in Section 7(n).		
Signature of Authorized Internal Revenue Service Official	Title	Date (mm/dd/yyyy)

Section 8 Signatures

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/Corporation Name	Phone Number	Today's Date (mm/dd/yyyy)

By checking this box you are authorizing the IRS to contact you at the telephone number listed above and leave detailed messages concerning this offer on your voice mail or answering machine.

Signature of Spouse/Authorized Corporate Officer	Phone Number	Today's Date (mm/dd/yyyy)

By checking this box you are authorizing the IRS to contact you at the telephone number listed above and leave detailed messages concerning this offer on your voice mail or answering machine.

Section 9 Paid Preparer Use Only

Signature of Preparer	Phone Number	Today's Date (mm/dd/yyyy)

By checking this box you are authorizing the IRS to contact you at the telephone number listed above and leave detailed messages concerning this offer on your voice mail or answering machine.

Name of Paid Preparer	Preparer's CAF no. or PTIN

Firm's Name (or yours if self-employed), Address, and ZIP Code

If you would like to have someone represent you during the offer investigation, include a valid, signed [Form 2848](#) or [8821](#) with this application or a copy of a previously filed form. You should also include the current tax year.

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. You are not required to make an offer; 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 9 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.

APPLICATION CHECKLIST

Review the entire application using the Application Checklist below. Include this checklist with your application.

Forms 433-A (OIC), 433-B (OIC), and 656

- Did you complete all fields and sign all forms?
- Did you make an offer amount that is equal to the offer amount calculated on the Form 433-A (OIC) or Form 433-B (OIC)? If not, did you describe the special circumstances that are leading you to offer less than the minimum in the "Explanation of Circumstances" Section 3 of Form 656, and did you provide supporting documentation of the special circumstances?
- Have you filed all required tax returns and received a bill or notice of balance due?
- Did you select a payment option on Form 656?
- Did you sign and attach the Form 433-A (OIC), if applicable?
- Did you sign and attach the Form 433-B (OIC), if applicable?
- Did you sign and attach the Form 656?
- If you are making an offer that includes business and individual tax debts, did you prepare a separate Form 656 package (including separate financial statements, supporting documentation, application fee, and initial payment)?

Supporting documentation and additional forms

- Did you include photocopies of all required supporting documentation?
- If you want a third party to represent you during the offer process, did you include a Form 2848 or Form 8821 unless one is already on file? Does it include the current tax year?
- Did you provide a letter of testamentary or other verification of person(s) authorized to act on behalf of the estate or deceased individual?

Payment

- Did you include a check or money order made payable to the "United States Treasury" for the initial payment? (Waived if you meet Low Income Certification guidelines—see Form 656.)
- Did you include a separate check or money order made payable to the "United States Treasury" for the \$186 application fee? (Waived if you meet Low Income Certification guidelines—see Form 656.)

Mail your application package to the appropriate IRS facility

Mail the Form 656, 433-A (OIC) and/or 433-B (OIC), and related financial document(s) to the appropriate IRS processing office for your state. You may wish to send it by Certified Mail so you have a record of the date it was mailed.

If you reside in:

AK, AL, AR, AZ, CO, FL, GA, HI, ID, KY, LA, MS, NC, NM,
NV, OK, OR, TN, TX, UT, WA, WI

CA, CT, DE, IA, IL, IN, KS, MA, MD, ME, MI, MN, MO, MT,
ND, NE, NH, NJ, NY, OH, PA, RI, SC, SD, VT, VA, WY,
WV; DC, PR, or a foreign address

Mail your application to:

Memphis IRS Center COIC Unit
P.O. Box 30803, AMC
Memphis, TN 38130-0803
1-866-790-7117

Brookhaven IRS Center COIC Unit
P.O. Box 9007
Holtsville, NY 11742-9007
1-866-611-6191



National Standards: Food, Clothing and Other Items

Disclaimer: IRS Collection Financial Standards are intended for use in calculating repayment of delinquent taxes. These Standards are effective on March 27, 2017 for purposes of federal tax administration only. Expense information for use in bankruptcy calculations can be found on the website for the [U.S. Trustee Program](#).

Download the [national standards for food, clothing and other items](#) in PDF format for printing. Please note that the standard amounts change, so if you elect to print them, check back periodically to assure you have the latest version.

National Standards have been established for five necessary expenses: food, housekeeping supplies, apparel and services, personal care products and services, and miscellaneous.

The standards are derived from the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (CES) and defined as follows:

Food includes food at home and food away from home. Food at home refers to the total expenditures for food from grocery stores or other food stores. It excludes the purchase of nonfood items. Food away from home includes all meals and snacks, including tips, at fast-food, take-out, delivery and full-service restaurants, etc.

Housekeeping supplies includes laundry and cleaning supplies, stationery supplies, postage, delivery services, miscellaneous household products, and lawn and garden supplies.

Apparel and services includes clothing, footwear, material, patterns and notions for making clothes, alterations and repairs, clothing rental, clothing storage, dry cleaning and sent-out laundry, watches, jewelry and repairs to watches and jewelry.

Personal care products and services includes products for the hair, oral hygiene products, shaving needs, cosmetics and bath products, electric personal care appliances, and other personal care products.

The miscellaneous allowance is for expenses taxpayers may incur that are not included in any other allowable living expense items, or for any portion of expenses that exceed the Collection Financial Standards and are not allowed under a deviation. Taxpayers can use the miscellaneous allowance to pay for expenses that exceed the standards, or for other expenses such as credit card payments, bank fees and charges, reading material and school supplies.

Taxpayers are allowed the total National Standards amount monthly for their family size, without questioning the amounts they actually spend. If the amount claimed is more than the total allowed by the National Standards for food, housekeeping supplies, apparel and services, and personal care products and services, the taxpayer must provide documentation to substantiate those expenses are necessary living expenses. Deviations from the standard amount are not allowed for miscellaneous expenses. Generally, the total number of persons allowed for National Standards should be the same as those allowed as exemptions on the taxpayer's most recent year income tax return.

Expense	One Person	Two Persons	Three Persons	Four Persons
Food	\$345	\$612	\$737	\$845
Housekeeping supplies	\$32	\$65	\$66	\$65
Apparel & services	\$83	\$138	\$193	\$293
Personal care products & services	\$36	\$63	\$73	\$77
Miscellaneous	\$143	\$254	\$309	\$370
Total	\$639	\$1,132	\$1,378	1,650

More than four persons	Additional Persons Amount
For each additional person, add to four-person total allowance:	\$325

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Exhibit 5-10



Connecticut - Local Standards: Housing and Utilities

Disclaimer: IRS Collection Financial Standards are intended for use in calculating repayment of delinquent taxes. These Standards are effective on March 27, 2017 for purposes of federal tax administration only. Expense information for use in bankruptcy calculations can be found on the website for the [U.S. Trustee Program](#).

The housing and utilities standards are derived from U.S. Census Bureau, American Community Survey and Bureau of Labor Statistics data, and are provided by state down to the county level. The standard for a particular county and family size includes both housing and utilities allowed for a taxpayer's primary place of residence. Generally, the total number of persons allowed for determining family size should be the same as those allowed as exemptions on the taxpayer's most recent year income tax return.

Housing and utilities standards include mortgage or rent, property taxes, interest, insurance, maintenance, repairs, gas, electric, water, heating oil, garbage collection, residential telephone service, cell phone service, cable television, and Internet service. The tables include five categories for one, two, three, four, and five or more persons in a household.

The taxpayer is allowed the standard amount, or the amount actually spent on housing and utilities, whichever is less. If the amount claimed is more than the total allowed by the housing and utilities standards, the taxpayer must provide documentation to substantiate those expenses are necessary living expenses.

Maximum Monthly Allowance

County	Housing and Utilities for a Family of 1	Housing and Utilities for a Family of 2	Housing and Utilities for a Family of 3	Housing and Utilities for a Family of 4	Housing and Utilities for a Family of 5 or more
Fairfield County	2,496	2,931	3,089	3,444	3,500
Hartford County	1,834	2,154	2,270	2,531	2,572
Litchfield County	1,819	2,136	2,251	2,510	2,550
Middlesex County	1,968	2,312	2,436	2,716	2,760
New Haven County	1,897	2,228	2,348	2,618	2,660
New London County	1,785	2,096	2,209	2,463	2,503
Tolland County	1,858	2,182	2,299	2,563	2,605
Windham County	1,631	1,916	2,019	2,251	2,288

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National Standards: Out-of-Pocket Health Care

Disclaimer: IRS Collection Financial Standards are intended for use in calculating repayment of delinquent taxes. These Standards are effective on March 27, 2017 for purposes of federal tax administration only. Expense information for use in bankruptcy calculations can be found on the website for the [U.S. Trustee Program](#).

Download the [out-of-pocket health care standards](#) in PDF format for printing. Please note that the standard amounts change, so if you elect to print them, check back periodically to assure you have the latest version.

The table for health care expenses, based on Medical Expenditure Panel Survey data, has been established for minimum allowances for out-of-pocket health care expenses.

Out-of-pocket health care expenses include medical services, prescription drugs, and medical supplies (e.g. eyeglasses, contact lenses, etc.). Elective procedures such as plastic surgery or elective dental work are generally not allowed.

Taxpayers and their dependents are allowed the standard amount monthly on a per person basis, without questioning the amounts they actually spend. If the amount claimed is more than the total allowed by the health care standards, the taxpayer must provide documentation to substantiate those expenses are necessary living expenses. Generally, the number of persons allowed should be the same as those allowed as exemptions on the taxpayer's most recent year income tax return.

The out-of-pocket health care standard amount is allowed in addition to the amount taxpayers pay for health insurance.

	Out of Pocket Costs
Under 65	\$49
65 and Older	\$117

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Page Last Reviewed or Updated: 04-Apr-2017



Local Standards: Transportation

Disclaimer: IRS Collection Financial Standards are intended for use in calculating repayment of delinquent taxes. These Standards are effective on March 27, 2017 for purposes of federal tax administration only. Expense information for use in bankruptcy calculations can be found on the website for the [U.S. Trustee Program](#).

Download the [transportation standards](#) in PDF format for printing. Please note that the standard amounts change, so if you elect to print them, check back periodically to assure you have the latest version.

The transportation standards for taxpayers with a vehicle consist of two parts: nationwide figures for monthly loan or lease payments referred to as ownership costs, and additional amounts for monthly operating costs. The operating costs include maintenance, repairs, insurance, fuel, registrations, licenses, inspections, parking and tolls (These standard amounts do not include personal property taxes).

Ownership Costs

The ownership costs, shown in the table below, provide the monthly allowances for the lease or purchase of up to two automobiles. A single taxpayer is normally allowed one automobile. For each automobile, taxpayers will be allowed the lesser of:

1. the monthly payment on the lease or car loan, or
2. the ownership costs shown in the table below.

If a taxpayer has no lease or car loan payment, the amount allowed for Ownership Costs will be \$0.

Operating Costs

In addition to Ownership Costs, a taxpayer is allowed Operating Costs, by regional and metropolitan area, as shown in the table below. For each automobile, taxpayers will be allowed the lesser of:

1. the amount actually spent monthly for operating costs, or
2. the operating costs shown in the table below.

Public Transportation

There is a single nationwide allowance for public transportation based on Bureau of Labor Statistics expenditure data for mass transit fares for a train, bus, taxi, ferry, etc. Taxpayers with no vehicle are allowed the standard amount monthly, per household, without questioning the amount actually spent.

If a taxpayer owns a vehicle and uses public transportation, expenses may be allowed for both, provided they are needed for the health and welfare of the taxpayer or family, or for the production of income. However, the expenses allowed would be actual expenses incurred for ownership costs, operating costs and public transportation, or the standard amounts, whichever is less.

If the amount claimed for Ownership Costs, Operating Costs or Public Transportation is more than the total allowed by the transportation standards, the taxpayer must provide documentation to substantiate those expenses are necessary living expenses.

Public Transportation

National	\$189
-----------------	-------

Ownership Costs

	One Car	Two Cars
National	\$485	\$970

Operating Costs

	One Car	Two Cars
Northeast Region	\$250	\$500
Boston	\$250	\$500
New York	\$299	\$598
Philadelphia	\$279	\$558
Midwest Region	\$203	\$406
Chicago	\$241	\$482
Cleveland	\$203	\$406
Detroit	\$300	\$600

Minneapolis-St. Paul	\$196	\$392
South Region	\$215	\$430
Atlanta	\$229	\$458
Baltimore	\$253	\$506
Dallas-Ft. Worth	\$250	\$500
Houston	\$279	\$558
Miami	\$343	\$686
Washington, D.C.	\$245	\$490
West Region	\$220	\$440
Los Angeles	\$300	\$600
Phoenix	\$237	\$474
San Diego	\$290	\$580
San Francisco	\$261	\$522
Seattle	\$219	\$438

For Use with 2017 Allowable Transportation Table

The data for the Operating Costs section of the Transportation Standards are provided by Census Region and Metropolitan Statistical Area (MSA). The following table lists the states that comprise each Census Region. Once the taxpayer's Census Region has been ascertained, to determine if an MSA standard is applicable, use the definitions below to see if the taxpayer lives within an MSA (MSAs are defined by county and city, where applicable). If the taxpayer does not reside in an MSA, use the regional standard.

MSA Definitions by Census Region

Northeast Census Region: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, Pennsylvania, New York, New Jersey

MSA	Counties
Boston	<i>in MA:</i> Bristol, Essex, Hampden, Middlesex, Norfolk, Plymouth, Suffolk, Worcester
	<i>in NH:</i> Hillsborough, Merrimack, Rockingham, Strafford
	<i>in CT:</i> Windham
	<i>in ME:</i> York
New York	<i>in NY:</i> Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Westchester
	<i>in NJ:</i> Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, Warren
	<i>in CT:</i> Fairfield, Hartford, Litchfield, Middlesex, New Haven, Tolland
Philadelphia	<i>in PA:</i> Bucks, Chester, Delaware, Montgomery, Philadelphia
	<i>in NJ:</i> Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Salem
	<i>in DE:</i> New Castle
	<i>in MD:</i> Cecil

Midwest Census Region: North Dakota, South Dakota, Nebraska, Kansas, Missouri, Illinois, Indiana, Ohio, Michigan, Wisconsin, Minnesota, Iowa

MSA	Counties (unless otherwise specified)
Chicago	<i>in IL:</i> Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, Will
	<i>in IN:</i> Lake, Newton, Porter
	<i>in WI:</i> Kenosha
Cleveland	<i>in OH:</i> Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, Summit
Detroit	<i>in MI:</i> Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, Wayne
Minneapolis-St. Paul	<i>in MN:</i> Anoka, Benton, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Stearns, Washington, Wright
	<i>in WI:</i> Pierce, St. Croix

South Census Region: Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Tennessee, Kentucky, West Virginia, Virginia, Maryland, District of Columbia, Delaware, North Carolina, South Carolina, Georgia, Florida, Alabama

MSA	Counties (unless otherwise specified)
Atlanta	<i>in AL:</i> Cleburne
	<i>in GA:</i> Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Henry, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, Walton
Baltimore	<i>in MD:</i> Anne Arundel, Baltimore, Carroll, Harford, Howard, Queen Anne's, Baltimore city
Dallas-Ft. Worth	<i>in TX:</i> Collin, Dallas, Delta, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant, Wise
Houston	<i>in TX:</i> Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, Waller
Miami	<i>in FL:</i> Broward, Miami-Dade
Washington, D.C.	<i>in DC:</i> District of Columbia
	<i>in MD:</i> Calvert, Charles, Frederick, Montgomery, Prince George's, Washington
	<i>in VA:</i> Arlington, Clarke, Fairfax, Fauquier, King George, Loudoun, Prince William, Spotsylvania, Stafford, Warren, Alexandria city, Fairfax city, Falls Church city, Fredericksburg city, Manassas city, Manassas Park city, Rappahannock
	<i>in WV:</i> Berkeley, Jefferson

West Census Region: New Mexico, Arizona, Colorado, Wyoming, Montana, Nevada, Utah, Washington, Oregon, Idaho, California, Alaska, Hawaii

MSA	Counties (unless otherwise specified)
Los Angeles	<i>in CA:</i> Los Angeles, Orange, Riverside, San Bernardino, Ventura
Phoenix	<i>in AZ:</i> Maricopa, Pinal
San Diego	<i>in CA:</i> San Diego
San Francisco	<i>in CA:</i> Alameda, Contra Costa, Marin, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma
Seattle	<i>in WA:</i> Island, King, Kitsap, Pierce, Snohomish, Thurston

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Page Last Reviewed or Updated: 03-Apr-2017



Department of the Treasury
Internal Revenue Service
Appeals Office

TAXPAYER
ADDRESS
CITY, STATE ZIP

Date:
February 24, 2016
Taxpayer ID number:

Re:
Collection Due Process - Levy
Tax period(s) ended:
12/2011
Person to contact:
Name:
Employee number:
Telephone:
Fax:

Appeals Received Your Request for a Collection Due Process Hearing

Dear Taxpayer:

We received your request for a Collection Due Process (CDP) and/or Equivalent Hearing in our New Haven Appeals office on 02/24/2016.

Your levy hearing request regarding the proposed levy action for the tax periods shown above was timely. The legal period for collection is suspended and generally no levy action may be taken from the date you sent your request until any Appeals' decision becomes final for the tax period(s) shown above.

I have scheduled a telephone conference for you. Please call me on 03/23/2016 at 10:00 am .

This is your opportunity to discuss with me the reasons you disagree with the collection action or to discuss alternatives to the collection action. If this time is not convenient for you, or you would prefer another type of conference (telephone, correspondence or face-to-face), please call or write me within 14 days from the date of this letter.

Our office is separate from, and independent of, the IRS office taking the action that you disagree with. We review and resolve disputes in a fair and impartial manner by weighing the facts according to the law and judicial decisions.

During the hearing, I must consider:

- Whether the IRS met all the requirements of any applicable law or administrative procedure
- Any relevant issue(s) you wish to discuss. These can include
 1. Collection alternatives to levy, such as full payment of the liability, an installment agreement, or an offer in compromise. Although these collection options may not necessarily be considered an "alternative" to a notice of lien filing, they may be discussed at a lien hearing.
 2. Challenges to the appropriateness of collection action. If this is a lien hearing, you may ask us to determine if the notice of lien filing was appropriate and if you qualify for a notice of lien withdrawal or other lien options.
 3. Spousal defenses, when applicable.

4. Whether you owe the amount due, but only if you did not receive a statutory notice of deficiency or have not otherwise had an opportunity to dispute your liability with Appeals.

In considering your case, I will balance the IRS' need for efficient tax collection and your legitimate concern that the collection action be no more intrusive than necessary.

You are entitled to have your conference with an Appeals employee who has had no prior involvement with the tax period(s) at issue (other than a prior CDP Hearing), either in Appeals or in the Compliance (Collection or Examination) division. I don't recall any previous involvement with these tax periods; however, if you believe I've had previous involvement, please notify me immediately to discuss. If I've been involved but you still want me to conduct your hearing, you may waive your right to have another Appeals employee consider your case.

For me to consider alternative collection methods such as an installment agreement or offer in compromise, you must provide any items listed below.

The items to be provided are:

- Signed tax return(s) for the following tax periods. Our records indicate they have not been filed:

Type of Tax: Form 1040

Tax Periods: 2012

If you did not file a return because your yearly income was below the amount for which a return is required to be filed, please let me know.

Please send me the items listed above within 14 days from the date of this letter. For tax returns, please send them to me within 21 days from the date of this letter. I can't consider collection alternatives without the information requested. I am enclosing the necessary forms and a return envelope for your convenience.

At the conclusion of the hearing process, we will issue a determination letter as required by law for the tax periods for which your CDP hearing request was received timely. If you do not agree with our determination, you may appeal the case to the United States Tax Court.

The Office of Appeals may ask the Collection function to review, verify and provide their opinion on any new information you submit. You will receive any comments, and you will have an opportunity to respond.

If you do not participate in a conference or respond to this letter, the determination or decision letter that we issue will be based on your CDP request, any information you previously provided to this office, and any information we have on file regarding the applicable tax period(s).

We strongly urge you to read the enclosed Publication 4227, *Overview of the Appeals Process*, which includes details about the Appeals process and your right to representation. Please note that while you are in Appeals and until you pay your tax liability in full, interest will continue to be added on any balance due, including prior accruals of penalty and interest.

At the conclusion of the Appeals process, you may be asked to participate in an Appeals customer satisfaction survey. Participation is voluntary and the survey will not ask for personal or financial information of any kind. The results of the survey will be used to further improve the Appeals process and service to our customers.

Please contact me with any questions or concerns you have regarding this letter or the CDP procedures. My telephone number is listed in the heading to this letter.

Appeals Officer

Enclosures:

Publication 4227 Welcome to Appeals

cc: Eric L Green

Internal Revenue Service

Appeals Office

P.O. Box

Fresno, CA

Department of the Treasury

Person to Contact:

APPEALS OFFICER NAME

Employee ID Number:

Tel:

Fax:

Contact Hours: 8:30AM - 4:00PM

Refer Reply to:

Date: July 26, 2016

MR & MRS CLIENT

CLIENT ROAD

CLIENT CITY, STATE ZIP

In Re:

Collection Due Process - Levy

Tax Period(s) Ended:

12/2014

Dear Mr. & Mrs. CLIENTS NAMES HERE:

Please find enclosed a Form 12257, Waiver of Right to Judicial Review of a Collection Due Process Determination and Waiver of Suspension of Levy Action. If you agree to sign this waiver, please sign it and fax it back to me **by August 9, 2016**.

The terms and effects of your account while in *currently not collectible status* are as follows:

- There will be no levy or other enforced collections while your account is in currently not collectible status.
- If your current financial circumstances improve, you will be contacted and collection action considerations will resume.
- Your tax refunds will be applied to the outstanding balance(s).
- You will receive an annual reminder notice of the balance due.

Upon receipt of the signed Form 12257, I will close out the case and send you a copy of the waiver approved by the Appeals team manager and immediately return the file to Compliance for necessary action.

Please note if I don't hear from you by August 9, 2016, your hearing may consist of a review by Appeals of the administrative file, including information you already provided. We may issue you a determination letter based upon that review.

If you have question or concerns, please call me at the number above.

Enclosures: Form 12257

Envelope

cc: Eric L. Green

Form **12257**
(September 2012)**Summary Notice of Determination, Waiver of Right to Judicial Review of a Collection Due Process Determination, Waiver of Suspension of Levy Action, and Waiver of Periods of Limitation in Section 6330(e)(1)**

Taxpayer name(s)

CLIENT NAMES

Address (street)

CLIENT ADDRESS

City

CLIENT CITY

State

CONNECTICUT

Zip code

Type of tax/tax form

~~INCOME / 1040~~

Tax period(s)

~~12/2014~~

Social Security/Employer Identification Number(s)

~~XXX-XX-XXXX~~

This waiver concerns the following Collection Due Process (CDP) Notice(s):

 Notice of Federal Tax Lien Filing and Your Right to a Hearing (*IRC Section 6320*) Notice of Intent to Levy and Your Right to a Hearing (*IRC Section 6330*)

I understand that IRC Sections 6320 and 6330 require the Office of Appeals to issue a Notice of Determination after a CDP Hearing. Those sections allow me 30 days to seek judicial review of Appeals determination with Tax Court. A longer period may apply to file a lawsuit with the Tax Court to contest determinations by Appeals regarding innocent spouse (section 6015) or interest abatement (section 6404).

I understand that, if I have requested an IRC Section 6330 hearing, the IRS may not levy to collect the taxes at issue for the period of the hearing, during the 30-day period for seeking judicial review of Appeals' determination and while any timely-requested appeal is pending (*unless an exception to the levy prohibition applies*). If I have only requested an IRC Section 6320 hearing, the IRS may not levy unless an exception to the levy prohibition applies or I already have been given my IRC Section 6330 hearing rights.

I agree that the Appeals determination shown on the following page, as a Summary Notice of Determination, is appropriate and correct. Because of my agreement, I recognize there is no need for judicial review of the determination, or for the continuation of the levy prohibition or suspension of the statute of limitation on collection and other suspended periods referred to in section 6330(e)(1).

- I waive my right under Sections 6320 and 6330 to request judicial review of an Appeals' Notice of Determination.
- I waive the 30-day suspension of levy action described in section 6330(e)(1) if I have requested an IRC Section 6330 hearing.
- I waive the 30-day suspension of the statute of limitations on collection and other suspended periods referred to in section 6330(e)(1).

If, in accordance with the Appeals' determination, I entered into an offer in compromise, installment agreement, or other collection alternative, I understand that the IRS will not levy my property so long as I comply with the terms of the Appeals' determination, unless levy action is part of the Appeals' determination. If I fail to abide by the terms of the Appeals' determination, the IRS may begin enforced collection actions, including the filing of a lien and/or a levy.

I do not waive my right under Appeals' retained jurisdiction to receive another hearing with Appeals if I disagree with the IRS over how it followed the Appeals' determination.

I do not waive my right under Appeals retained jurisdiction to receive another hearing with Appeals if my circumstances change in a way that affects this determination. I understand that I must first exhaust my administrative remedies before I request a hearing.

I do not give up any other administrative appeal rights I'm entitled to, such as appeal rights under the Collection Appeals Program (CAP).

My agreement to the Summary Notice of Determination shown below, to waive judicial review and to waive the suspension of levy action under section 6330(e)(1) is effective upon the written approval by a person in the Office of Appeals with authority to bind the IRS to (1) the installment agreement, offer in compromise or other collection alternative I have requested, (2) the Summary Notice of Determination shown below, and (3) any other agreement described in the Summary Notice of Determination that has been signed by me and requires separate written approval.

Appeals has verified whether applicable laws and administrative procedures have been met, has considered the issues raised, and has balanced the proposed collection action with the legitimate concerns that such action be no more intrusive than necessary as required by IRC Section 6330(c)(3).

The determination of Appeals is:

We have advised Compliance to close your account as currently not collectible since you currently do not have the ability to pay the tax in full nor make monthly installment payments; and you do not have the ability to file an Offer in Compromise.

The Collections department is required to make a lien determination and may file a Notice of Federal Tax Lien.

Since penalties and interest continue to accrue until your account is paid in full you may make voluntary payments at any time. You will receive an annual reminder notice of the balance due and all refunds will be applied to the outstanding balance(s). No levy or other enforced collections may occur while your account is in currently not collectible status. You will submit a corrected W-4 wage statement to your employer changing your filing and withholding status to indicate: "Single with zero dependents" so that you do not have future tax liabilities.

If in the future your income exceeds your monthly expenses, if you fail to timely file tax returns or if you have additional tax liabilities the Internal Revenue Service may take the account out of currently not collectible status. Compliance must first contact you to solicit your cooperation to determine whether or not you have an ability to pay prior to the service of any levy or other enforced collections action. They may, at their discretion, ask you at that time to complete a current Form 433A, Collection Information Statement for Wage Earners and Self-Employed Individuals. If and when a determination is made that you have an ability to pay the tax, you should work with Compliance to resolve the tax liability. If at any time after there is a determination that you have an ability to pay the tax and you do not continue to cooperate or propose an acceptable collection alternative, Compliance may proceed with enforced collections.

The Settlement Officer who conducted the hearing had no prior involvement with this taxpayer with respect to these liabilities in either Compliance or Appeals.

The proposed intent to levy action is not sustained.

No other issues raised.



Taxpayer's signature	Date
Spouse's signature (if applicable)	Date
Signature of Taxpayer's Authorized Representative (if applicable)	Date
Team Manager, Office of Appeals	Date



Form 656-L

Offer in Compromise

(Doubt as to Liability)

CONTENTS

■ What you need to know	2
■ Important information	2
■ Form 656-L	5

IRS contact information

If you have questions regarding qualifications for an offer in compromise, please call our toll-free number at 1-800-829-1040. You can get forms and publications by calling 1-800-TAX-FORM (1-800-829-3676), by visiting your local IRS office, or at www.irs.gov.

Taxpayer resources

The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service (IRS) that helps taxpayers and protects taxpayer rights. They help taxpayers whose problems with the IRS are causing financial difficulties, who've tried but haven't been able to resolve their problems with the IRS, or believe an IRS system or procedure isn't working as it should. And the service is free. Your local advocate's number is in your local directory and at taxpayeradvocate.irs.gov. You can also call them at 1-877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to taxpayeradvocate.irs.gov. The Taxpayer Advocate Service is your voice at the IRS.

You may also be able to receive assistance from a Low Income Tax Clinic (LITC). Low Income Taxpayer Clinics (LITCs) are independent from the IRS. LITCs serve individuals whose income is below a certain level and who need to resolve a tax problem with the IRS. LITCs provide professional representation before the IRS or in court on audits, appeals, tax collection disputes, and other issues for free or for a small fee. For more information and to find an LITC near you, see the LITC page at www.taxpayeradvocate.irs.gov/litcmap or IRS [Publication 4134, Low Income Taxpayer Clinic List](#). This Publication is also available by calling the IRS toll-free at 1-800-829-3676 or visiting your local IRS office.

Exhibit 7-1

INSTRUCTIONS FOR FORM 656-L, OFFER IN COMPROMISE (DOUBT AS TO LIABILITY)

What you need to know
Your Rights as a Taxpayer

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. Explore your rights and our obligations to protect them. For more information on your rights as a taxpayer, <http://www.irs.gov/Taxpayer-Bill-of-Rights>.

What is a Doubt as to Liability offer?

Doubt as to liability exists where there is a genuine dispute as to the existence or amount of the correct tax debt under the law. If you have a legitimate doubt that you owe part or all of the tax debt, you will need to complete a Form 656-L, *Offer in Compromise (Doubt as to Liability)*.

Doubt as to liability cannot be disputed or considered if the tax debt has been established by a final court decision or judgment concerning the existence or amount of the assessed tax debt or if the assessed tax debt is based on current law.

Submitting an offer application does not guarantee that the IRS will accept your offer. It begins a process of evaluation and verification by the IRS.

A doubt as to liability offer will only be considered for the tax period(s) in question.

What documentation or support is needed?

You must provide a written statement explaining why the tax debt or portion of the tax debt is incorrect. In addition, you must provide supporting documentation or evidence that will help the IRS identify the reason(s) you doubt the accuracy of the tax debt.

Note: Failing to provide a written statement will cause your offer to be returned with no further consideration.

How much should I offer?

In order to qualify, you must make an offer that is \$1 or more and should be based on what you believe the correct amount of tax should be, not what you owe. If you believe you do not owe any tax, you should pursue alternative solutions listed below.

Note: Do not include any payment(s) with the Form 656-L. No deposit or application fee is required for a doubt as to liability offer.

IMPORTANT INFORMATION

What alternatives do I have to sending in an Offer in Compromise (Doubt as to Liability)?

When you disagree with the accuracy of a tax debt, depending on the situation and the type of tax, the IRS has other available remedies. If your tax debt is other than a Trust Fund Recovery Penalty (TFRP) or Personal Liability Excise Tax (PLET), you should pursue the options below first before submitting an offer.

Note: If you wish to obtain any of the publications mentioned below or have any questions about completing the forms, you may call toll free at (800) 829-1040, visit your local IRS office, or our website at www.irs.gov.

If you think your tax liability is incorrect because:	Then:
of an audit	see Publication 3598, <i>The Audit Reconsideration Process</i>
IRS created a tax return for you because you did not file one	submit your correct, original tax return for processing
items were not reported correctly on your tax return or because IRS made an adjustment on your return	see the instructions for Form 1040X, <i>Amended U.S. Individual Income Tax Return</i>
items were not reported properly on a tax return, other than Forms 1040 or 1120, or because IRS made an adjustment on your return	see the instructions for Form 843, <i>Claim for Refund and Request for Abatement</i>
you have reasonable cause to remove or reduce penalties IRS charged	see Notice 746, <i>Information About Your Notice, Penalty and Interest</i>
you believe additional interest IRS charged you was due to IRS errors or delays	see the instructions for Form 843, <i>Claim For Refund and Request for Abatement</i>
you believe you were not a responsible person of a corporation and have been assessed the trust fund portion of employment taxes	you have the option to file Form 656-L or see the instructions for Form 843, <i>Claim For Refund and Request for Abatement</i>
you believe you should be considered an "innocent spouse" for a joint income tax return	see Publication 971, <i>Innocent Spouse Relief</i>
you believe you should be considered an "injured spouse" for a joint income tax return	See Form 8379, <i>Injured Spouse Allocation</i> Note: A claim for injured spouse will not be considered under doubt as to liability.
you dispute your worker classification	See Form SS-8, <i>Worker Classification Determination</i> Note: An SS-8 dispute will not be considered under doubt as to liability.

Examples of when you should submit a Doubt as to Liability Offer

Generally, you will send in a doubt as to liability offer when you were unable to dispute the amount of tax the IRS claims you owe during the time allowed by the Internal Revenue Code or IRS guidelines. Possible reasons for submitting a doubt as to liability offer in compromise include the following: the examiner made a mistake interpreting the tax law, the examiner failed to consider the evidence presented; new evidence is available to support a change to the assessment. Below are some examples of when it may be appropriate to make an offer based on doubt as to liability.

Example 1: You were audited by the IRS. When this happened, you moved and did not get the notification or you suffered a disaster (such as books and records were destroyed in a fire or other natural disaster) causing you to miss the meeting with the auditor. The IRS disallowed all expenses and now you have a tax debt. You discover the problem when you try to borrow some money and find that there is a federal tax lien filed. You are unable to reconstruct your books and records but you can provide an explanation that supports reasonable doubt justifying a reduction to a portion or all of your tax debt.

Example 2: You filed your tax return reporting stock options as valued by your employer, which created a large tax liability including Alternative Minimum Tax (AMT). You paid part of the tax debt, but could not pay the full amount owed. You later discovered that the stocks were not worth as much as you originally reported. This was due to fraudulent acts by the broker and/or your employer. You filed a claim for a refund based on the reduced value of stock options. IRS told you that the full amount of the tax debt had to be paid before they could consider your claim and denied your claim for refund.

What if I agree with the tax debt but cannot afford to pay in full?

A *doubt as to collectibility* offer is when you agree that you owe the taxes but you cannot pay your tax debt in full. To be considered for a doubt as to collectibility offer you must make an appropriate offer based on what the IRS considers your true ability to pay. To request consideration under doubt as to collectibility, do not use this form. You must complete a **Form 656, Offer in Compromise**, found in Form 656-B, *Offer in Compromise Booklet*. You may get a Form 656-B by calling the toll free number 1-800-829-1040, by visiting a local IRS office, or at www.irs.gov. For additional assistance use the on line Offer In Compromise Pre-Qualifier tool at http://irs.treasury.gov/oic_pre_qualifier/.

IMPORTANT NOTE

You cannot submit an offer based on doubt as to liability (Form 656-L) and a separate offer based on doubt as to collectibility (Form 656) at the same time. It is in your best interest to resolve any disagreements about the validity of the tax debt before filing an offer based on doubt as to collectibility. **If you send both kinds of offers at the same time, the doubt to collectibility offer will be returned without further consideration.**

Where do I send my application?

You should mail the completed package to:

Brookhaven Internal Revenue Service
COIC Unit
P.O. Box 9008
Stop 681-D
Holtsville, NY 11742-9008

Offer in Compromise (Doubt as to Liability)

To: Commissioner of Internal Revenue Service

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 submit this offer to compromise the tax liabilities plus any interest, penalties, additions to tax, and additional amounts required by law for the tax type and period(s) marked below:

Section 1 Individual Information (Form 1040 filers)

Your First Name, Middle Initial, Last Name	Social Security Number (SSN) - -	IRS Received Date
If a Joint Offer, Spouse's First Name, Middle Initial, Last Name	Social Security Number (SSN) - -	
Your Physical Home Address (Street, City, State, ZIP Code)		
Mailing Address (if different from above or Post Office Box number)		
Employer Identification Number (For self-employed individuals only) -		

Individual Tax Periods

- 1040** U.S. Individual Income Tax Return [List all year(s); for example 1040 2009, 1040 2010, etc.]

- 941** Employer's Quarterly Federal Tax Return [List all quarterly period(s); for example 03/31/2009, 06/30/2010, 09/30/2010, etc.]

- 940** Employer's Annual Federal Unemployment (FUTA) Tax Return [List all year(s); for example 2010, 2011, etc.]

- Trust Fund Recovery Penalty** as a responsible person of (enter business name) _____, for failure to pay withholding and Federal Insurance Contributions Act taxes (Social Security taxes), for period(s) ending [List all quarterly period(s); for example 03/31/2009, 06/30/2009, etc.]

- Other Federal Tax(es)** [specify type(s) and period(s)]

Section 2 Business Information (Form 1120, 1065, etc., filers)

Business Name _____

Business Address (Street, City, State, ZIP Code) _____

Employer Identification Number (EIN) -	Name and Title of Primary Contact	Telephone Number () -
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Business Tax Periods

- 1120** U.S. Corporate Income Tax Return [List all year(s); for example 1120 2010, 1120 2013, etc.]

- 941** Employer's Quarterly Federal Tax Return [List all quarterly period(s); for example 03/31/2009, 06/30/2010, 09/30/2010, etc.]

- 940** Employer's Annual Federal Unemployment (FUTA) Tax Return [List all year(s); for example 2010, 2011, etc.]

- 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-L Dated _____." Sign and date the attachment following the listing of the tax periods.

Section 3**Amount of the Offer**

I offer to pay \$ _____

Must be \$1 or more and payable within 90 days of the notification of acceptance, unless an alternative payment term is approved at the time the offer is accepted. **Do not send any payment with this form.**

Section 4**Terms**

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.

By submitting this offer, I have read, understand and agree to the following terms and conditions:

Terms, Conditions, and Legal Agreement

a) The IRS will apply payments made under the terms of this offer in the best interest of the government.

b) If the IRS rejects or returns the offer or I withdraw the offer, the IRS will return any amount paid with the offer. I understand the IRS will not pay interest on any amount I send with the offer. If I agree in writing, the IRS will apply the amount paid with the offer to the amount owed. If I agree to apply the payment, the date the IRS received the offer remittance will be considered the date of payment.

IRS will keep my payments and fees

c) I voluntarily submit all payments made on this offer.

d) The IRS will keep all payments and credits made, received, or applied to the total original tax debt before I send in the offer or while it is under consideration, including any refunds from tax returns and/or credits from tax years prior to the year in which the offer was accepted.

e) The IRS may levy under section 6331(a) up to the time that the IRS official signs and acknowledges my offer as pending, which is accepted for processing, and the IRS may keep any proceeds arising from such a levy.

f) If the Doubt as to Liability offer determines that I do not owe the taxes, or the IRS ultimately over-collected the compromised tax liability, the IRS will return the over-collected amount to me, unless such refund is legally prohibited by statute.

g) If the IRS served a continuous levy on wages, salary, or certain federal payments under sections 6331(e) or (h), then the IRS could choose to either retain or release the levy. No levy may be made during the time an offer in compromise is pending.

I agree to the time extensions allowed by law

h) To have my offer considered, I agree to the extension of time limit provided by law to assess my tax debt (statutory period of assessment). I agree that the date by which the IRS must assess my tax debt will now be the date by which my debt must currently be assessed plus the period of time my offer is pending plus one additional year if the IRS rejects, returns, or terminates my offer or I withdraw it. [Paragraph (m) of this section defines pending and withdrawal]. I understand I have the right not to waive the statutory period of assessment or to limit the waiver to a certain length or certain periods or issues. I understand, however, the IRS may not consider my offer if I decline to waive the statutory period of assessment or if I provide only a limited waiver. I also understand the statutory period for collecting my tax debt will be suspended during the time my offer is pending with the IRS, for 30 days after any rejection of my offer by the IRS, and during the time any rejection of my offer is being considered by the Appeals Office.

I understand I remain responsible for the full amount of the tax liability

i) The IRS cannot collect more than the full amount of the tax debt under this offer.

j) I understand I remain responsible for the full amount of the tax debt, unless and until the IRS accepts the offer in writing and I have met all the terms and conditions of the offer. The IRS will not remove the original amount of the tax debt from its records until I have met all the terms of the offer.

k) I understand the tax I offer to compromise is and will remain a tax debt until I meet all the terms and conditions of this offer. If I file bankruptcy before the terms and conditions of this offer are completed, any claim the IRS files in bankruptcy proceedings will be a tax claim.

l) Once the IRS accepts the offer in writing, I have no right to contest, in court or otherwise, the amount of the tax debt.

Pending status of an offer and right to appeal

m) The offer is pending starting with the date an authorized IRS official signs this form. The offer remains pending until an authorized IRS official accepts, rejects, returns, or acknowledges withdrawal of the offer in writing. If I 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 an offer is rejected, no levy may be made during the 30 days of rejection. If I do not file a protest within 30 days of the date the IRS notifies me of the right to protest the decision, I waive the right to a hearing before the Appeals Office about the offer.

I understand if IRS fails to make a decision in 24-months my offer will be accepted

n) I understand under Internal Revenue Code (IRC) § 7122(f), my offer will be accepted, by law, unless IRS notifies me otherwise, in writing, within 24 months of the date my offer was initially received.

I understand what will happen if I fail to meet the terms of my offer (e.g. default)

o) If I fail to meet any of the terms of this offer, the IRS may levy or sue me to collect any amount ranging from the unpaid balance of the offer to the original amount of the tax debt (less payments made) plus penalties and interest that have accrued from the time the underlying tax liability arose. The IRS will continue to add interest, as required by Section § 6601 of the Internal Revenue Code, on the amount of the IRS determines is due after default.

IRS Use Only

I accept the waiver of the statutory period of limitations on assessment for the Internal Revenue Service, as described in Section 5(d).

Signature of Authorized IRS Official

Title

Date (mm/dd/yyyy)

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 contained in 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. You are not required to make an offer; however, if you choose to do so, you must provide all of the 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-L for the taxpayer submitting an offer, we request that you complete and sign Section 8 on the Form 656-L, 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

- Did you include supporting documentation and an explanation as to why you doubt you owe the tax?
- Did you complete all fields on the Form 656-L?
- Did you make an offer amount that is \$1 or more?

Note: The amount of your offer should be based on what you believe the correct amount of the tax debt should be, not what you owe; however, you must offer at least \$1. If you do not want to offer \$1 or more you should pursue the recommended alternative solutions provided under "What alternatives do I have to sending in an Offer in Compromise (Doubt as to Liability)?" found on page 2.

- If someone other than you completed the Form 656-L, did that person sign it?
- Did you sign and include the Form 656-L?
- If you want a third party to represent you during the offer process, did you include a Form 2848 or Form 8821 unless one is already on file?

Note: There is no application fee or deposit required for a Doubt as to Liability offer.

Mail your package to:

Brookhaven Internal Revenue Service
COIC Unit
P.O. Box 9008
Stop 681-D
Holtsville, NY 11742-9008

Request for Innocent Spouse Relief

► Information about Form 8857 and its separate instructions is at www.irs.gov/form8857.

Important things you should know

- **Do not file this form with your tax return.** See *Where To File* in the instructions.
- Review and follow the instructions to complete this form. Instructions can be obtained at www.irs.gov/form8857 or by calling 1-800-TAX-FORM (1-800-829-3676).
- While your request is being considered, the IRS generally cannot collect any tax from you for the year(s) you request relief. However, filing this form extends the amount of time the IRS has to collect the tax you owe, if any, for those years.
- The IRS is required by law to notify the person on line 5 that you requested this relief. That person will have the opportunity to participate in the process by completing a questionnaire about the tax years you enter on line 3. This will be done before the IRS issues preliminary and final determination letters.
- The IRS will not disclose the following information: your current name, address, phone numbers, or employer.

Part I Should you file this form?

Generally, both you and your spouse are responsible, jointly and individually, for paying any tax, interest, or penalties from your joint return. If you believe your current or former spouse should be solely responsible for an erroneous item or an underpayment of tax from your joint tax return, you may be eligible for innocent spouse relief.

Innocent spouse relief may also be available if you were a resident of a community property state (see list of community property states in the instructions) and did not file a joint federal income tax return and you believe you should not be held responsible for the tax attributable to an item of community income.

1 Do either of the paragraphs above describe your situation?

- Yes. You should file this Form 8857. Go to question 2.
 No. Do not file this Form 8857, but go to question 2 to see if you need to file a different form.

2 Did the IRS take your share of a joint refund from any tax year to pay any of the following past-due debt(s) owed ONLY by your spouse? • Child support • Spousal support • Student loan (or other federal nontax debt) • Federal or state taxes

- Yes. You may be able to get back your share of the refund. See Form 8379, Injured Spouse Allocation, and the instructions to that form. Go to question 3 if you answered "Yes" to question 1.

- No. Go to question 3 if you answered "Yes" to question 1. If you answered "No" to question 1, do not file this form.

3 If you determine you should file this form, enter each tax year you want innocent spouse relief. It is important to enter the correct year. For example, if the IRS used your 2011 income tax refund to pay a 2009 joint tax liability, enter tax year 2009, not tax year 2011.

Tax Year _____ Tax Year _____ Tax Year _____
 Tax Year _____ Tax Year _____ Tax Year _____

Part II Tell us about yourself and your spouse for the tax years you want relief

4 Your current name (see instructions)		Your social security number	
Address where you wish to be contacted. If this is a change of address, see instructions.			
Number and street or P.O. box		Apt. no.	County
City, town or post office, state, and ZIP code. If a foreign address, see instructions.		Best or safest daytime phone number (between 6 a.m. and 5 p.m. Eastern Time)	
5 Who was your spouse for the tax years you want relief? File a separate Form 8857 for tax years involving different spouses or former spouses.			
That person's current name		Social security number (if known)	
Current home address (number and street) (if known). If a P.O. box, see instructions.		Apt. no.	
City, town or post office, state, and ZIP code. If a foreign address, see instructions.		Daytime phone number (between 6 a.m. and 5 p.m. Eastern Time)	

Note. If you need more room to write your answer for any question, attach more pages. Be sure to write your name and social security number on the top of all pages you attach.

Part II Tell us about yourself and your spouse for the tax years you want relief (Continued)

6 What is the current marital status between you and the person on line 5?

- Married and still living together
- Married and living apart since _____
MM DD YYYY
- Widowed since _____
MM DD YYYY
- Legally separated since _____
MM DD YYYY
- Divorced since _____
MM DD YYYY

Attach a photocopy of the death certificate and will (if one exists).

Attach a photocopy of your entire separation agreement.

Attach a photocopy of your entire divorce decree.

Note. A divorce decree stating that your former spouse must pay all taxes does not necessarily mean you qualify for relief.

7 What was the highest level of education you had completed when the return(s) were filed? If the answers are **not** the same for all tax years, explain.

- Did not complete high school
- High school diploma or equivalent
- Some college
- College degree or higher. List any degrees you have ► _____

List any college-level business or tax-related courses you completed ► _____

Explain ► _____

8 Were you or other members of your family a victim of spousal abuse or domestic violence, or suffering the effects of such abuse during any of the tax years you want relief or when any of the returns were filed for those years?

- Yes. If you want the IRS to consider this information in making its determination, complete Part V of this form in addition to other parts of the form. First read the instructions for Part V, to understand how the IRS will proceed with evaluating your claim for relief in these circumstances.

If you checked "Yes" above, we will put a note on your separate account. This will enable us to respond appropriately and be sensitive to your situation. We will remove the note from your account if you request it (as explained in the instructions).

If you do not want us to put a note on your account, check here

- No. Complete the other parts of this form except for Part V.

9 When any of the returns listed on line 3 were filed, did you have a mental or physical health problem or do you have a mental or physical health problem now? If the answers are **not** the same for all tax years, explain below.

- Yes. **Attach a statement** to explain the problem and **when** it started. Provide photocopies of any documentation, such as medical bills or a doctor's report or letter.

- No.

Explain ► _____

10 Is there any information you are afraid to provide on this form, but are willing to discuss?

- Yes No

Part III Tell us if and how you were involved with finances and preparing returns for those tax years

11 Did you agree to file a joint return? Yes No

Explain why or why not ► _____

12 Did you sign the joint return? See instructions. Yes No

Explain why or why not ► _____

Note. If you need more room to write your answer for any question, attach more pages. Be sure to write your name and social security number on the top of all pages you attach.

Part III Tell us if and how you were involved with finances and preparing returns for those tax years (Continued)

13 What was your involvement with preparing the returns? Check all that apply and explain, if necessary. If the answers are **not** the same for all tax years, explain.

- You were not involved in preparing the returns.
- You filled out or helped fill out the returns.
- You gathered receipts and cancelled checks.
- You gave tax documents (such as Forms W-2, 1099, etc.) for the preparation of the returns.
- You reviewed the returns before they were filed.
- You did not review the returns before they were filed. Explain below why you did not review the returns.
- You did not know a joint return was filed.
- Other ► _____

Explain how you were involved ► _____

14 When the returns were filed, what did you know about any incorrect or missing information? Check all that apply and explain, if necessary. If the answers are **not** the same for all tax years, explain below.

- You knew something was incorrect or missing, but you said nothing. Explain below.
- You knew something was incorrect or missing and asked about it. Explain below.
- You did not know anything was incorrect or missing.
- Not applicable. There was no incorrect or missing information.

Explain ► _____

15 When any of the returns were filed, what did you know about the income of the person on line 5? Check all that apply and explain, if necessary. If the answers are **not** the same for all tax years, explain.

- You knew that the person on line 5 had income.

List each type of income on the lines provided below. (Examples are wages, social security, gambling winnings, or self-employment business income.) Enter each tax year and the amount of income for each type you listed. If you do not know any details, enter "I don't know."

- You knew that the person on line 5 was self-employed and you helped with the books and records.
- You knew that the person on line 5 was self-employed and you did not help with the books and records.
- You knew that the person on line 5 had no income.
- You did not know whether the person on line 5 had income.

Explain why you did not know whether the person on line 5 had income ► _____

16 When the returns were filed, did you know if the returns showed a balance due to the IRS for those tax years? If the answers are **not** the same for all tax years, explain.

- Yes. Explain when and how you thought the amount of tax reported on the return would be paid ► _____

- No. Explain why you did not know the return showed a balance due. ► _____

- Not applicable. There was no balance due on the return.

17 When any of the returns were filed, were you having financial problems (for example, bankruptcy or bills you could not pay)? If the answers are **not** the same for all tax years, explain.

- Yes. Explain ► _____

- No.

- Did not know. Explain ► _____

Note. If you need more room to write your answer for any question, attach more pages. Be sure to write your name and social security number on the top of all pages you attach.

Part III Tell us if and how you were involved with finances and preparing returns for those tax years (Continued)

18 For the years you want relief, how were you involved in the household finances? Check all that apply. If the answers are **not** the same for all tax years, explain.

- You were not involved in handling money for the household. Explain below.
- You knew the person on line 5 had separate accounts.
- You had joint accounts with the person on line 5, but you had limited use of them or did not use them. Explain below.
- You used joint accounts with the person on line 5. You made deposits, paid bills, balanced the checkbook, or reviewed the monthly bank statements.
- You made decisions about how money was spent. For example, you paid bills or made decisions about household purchases.
- Other ►

Explain anything else you want to tell us about your household finances ►

19 Did you (or the person on line 5) incur any large expenses, such as trips, home improvements, or private schooling, or make any large purchases, such as automobiles, appliances, or jewelry, during any of the years you want relief or any later years?

- Yes. Describe (a) the types and amounts of the expenses and purchases and (b) the years they were incurred or made.

- No.

20 Has the person on line 5 ever transferred assets (money or property) to you? (Property includes real estate, stocks, bonds, or other property that you own or possess now or possessed in the past.) See instructions.

- Yes. List the assets, the dates they were transferred, and their fair market values on the dates transferred. If the property was secured by any debt (such as a mortgage on real estate), explain who was responsible for making payments on the debt, how much was owed on the debt at the time of transfer and whether the debt has been satisfied. Explain why the assets were transferred to you. If you no longer possess or own the assets, explain what happened with the assets.

- No.

Part IV Tell us about your current financial situation

21 Tell us about your assets. Your assets are your money and property. Property includes real estate, motor vehicles, stocks, bonds, and other property that you own. In the table below, list the amount of cash you have on hand and in your bank accounts. Also list each item of property, the fair market value (as defined in the instructions) of each item, and the balance of any outstanding loans you used to acquire each item. Do not list any money or property you listed on line 20.

Description of Assets	Fair Market Value	Balance of Any Outstanding Loans You Used To Acquire the Asset

Note. If you need more room to write your answer for any question, attach more pages. Be sure to write your name and social security number on the top of all pages you attach.

Part IV Tell us about your current financial situation (Continued)

22 How many people are currently in your household, including yourself? Adults _____ Children _____

23 Tell us your current average monthly income and expenses for your entire household.

Monthly Income — If family or friends are helping to support you, include the amount of support as gifts below.	Amount
Gifts	
Wages (Gross pay)	
Pensions	
Unemployment	
Social security	
Government assistance, such as housing, food stamps, grants	
Alimony	
Child support	
Self-employment business income	
Rental income	
Interest and dividends	
Other income, such as disability payments, gambling winnings, etc. List each type below:	
Type	
Type	
Type	
Total Monthly Income	

Monthly Expenses — Enter all expenses, including expenses paid with income from gifts.	Amount
Food and Personal Care:	
Food	
Housekeeping supplies	
Clothing and clothing services	
Personal care products and services	
Transportation:	
Auto loan/lease payment, gas, insurance, licenses, parking, maintenance, etc.	
Public transportation	
Housing and Utilities:	
Rent or mortgage	
Real estate taxes and insurance	
Electric, oil, gas, water, trash, etc.	
Telephone and cell phone	
Cable and Internet	
Medical:	
Health insurance premiums	
Out-of-pocket expenses	
Other:	
Child and dependent care	
Caregiver expenses	
Income tax withholding (federal, state, and local)	
Estimated tax payments	
Term life insurance premiums	
Retirement contributions (employer required)	
Retirement contributions (voluntary)	
Union dues	
Unpaid state and local taxes (minimum payment)	
Student loans (minimum payment)	
Court-ordered debt payments (for example, court- or agency-ordered child support, alimony and garnishments). List each type below:	
Type	
Type	
Type	
Miscellaneous	
Total Monthly Expenses	

Note. If you need more room to write your answer for any question, attach more pages. Be sure to write your name and social security number on the top of all pages you attach.

Part V Complete this part if you were (or are now) a victim of domestic violence or spousal abuse

As stated in line 8, providing this additional information is not mandatory but may strengthen your request. **Additionally, if you prefer to provide this information orally, check the "Yes" box on line 10.**

If you were (or are now) a victim of domestic violence or spousal abuse by the person on line 5, the IRS will consider the information you provide in this part to determine whether to grant innocent spouse relief. However, the IRS is required by law to notify the person on line 5 that you requested this relief. There are no exceptions to this rule. That person will have the opportunity to participate in the process by completing a questionnaire about the tax years you entered on line 3. This will be done before the IRS issues preliminary and final determination letters. However, the IRS is also required by law to keep all the personal identifying information (such as current names, addresses, and employment-related information) of both you and the person on line 5 confidential. This means that the IRS cannot disclose one person's information to the other person. If the IRS does not grant you relief and you choose to petition the Tax Court, your personal identifying information is available, unless you ask the Tax Court to withhold it.

The person on line 5 will receive a questionnaire about the tax years you entered on line 3. Except for your current name, address, phone numbers, and employer, this form and any attachments could be disclosed to the person on line 5. If you have any privacy concerns, see instructions.

The IRS understands and is sensitive to the effects of domestic violence and spousal abuse, and encourages victims of domestic violence to call 911 if they are in immediate danger. **If you have concerns about your safety,** please consider contacting the 24-Hour (Confidential) National Domestic Violence Hotline at 1-800-799-SAFE (7233), or 1-800-787-3224 (TTY), or 1-855-812-1001 (Video Phone Only for Deaf Callers) before you file this form.

A representative from the IRS may call you to gather more information and discuss your request. Be sure you enter your correct contact information on line 4.

24a During any of the tax years for which you are seeking relief or when any of the returns were filed for those years, did the person on line 5 do any of the following? Check all that apply. (Note. If this does not apply to you, skip lines 24a, b, and c, and complete lines 25 through 29.)

- Physically harm or threaten you, your children, or other members of your family.
- Sexually abuse you, your children, or other members of your family.
- Make you afraid to disagree with him/her.
- Criticize or insult you or frequently put you down.
- Withhold money for food, clothing, or other basic needs.
- Make most or all the decisions for you, including financial decisions.
- Restrict or control who you could see or talk to or where you could go.
- Isolate you or keep you from contacting your family members and/or friends.
- Cause you to fear for your safety in any other way.
- Stalk you, your children, or other members of your family.
- Abuse alcohol or drugs.

b Describe the abuse you experienced, including approximately when it began and how it may have affected you, your children, or other members of your family. Explain how this abuse affected your ability to question the reporting of items on your tax return or the payment of the tax due on your return.

c Attach photocopies of any documentation you have, such as:

- Protection and/or restraining order.
- Police reports.
- Medical records.
- Doctor's report or letter.
- Injury photographs.
- A statement from someone who was aware of or witnessed the abuse or the results of the abuse (notarized if possible).
- Any other documentation you may have.

25 Are you afraid of the person listed on line 5?

- Yes No

26 Does the person listed on line 5 pose a danger to you, your children, or other members of your family?

- Yes No

27 Were the police, sheriff, or other law enforcement ever called?

- Yes No

28 Was the person listed on line 5 charged or arrested for abusing you, your children, or other members of your family?

- Yes. Provide details below.

- No

29 Have you sought help from a local domestic violence program?

- Yes. Provide details below.

- No

Section III – Initiating Employee Information (Section III is to be completed by the IRS only)

Taxpayer name			Taxpayer Identifying Number (TIN)	
1. Name of employee	2. Phone number	3a. Function	3b. Operating division	4. Organization code no.

5. How identified and received (Check the appropriate box)				6. IRS received date
IRS Function identified issue as meeting Taxpayer Advocate Service (TAS) criteria <input type="checkbox"/> (r) Functional referral (Function identified taxpayer issue as meeting TAS criteria). <input type="checkbox"/> (x) Congressional correspondence/inquiry not addressed to TAS but referred for TAS handling. Name of Senator/Representative _____				
Taxpayer or Representative requested TAS assistance <input type="checkbox"/> (n) Taxpayer or representative called into a National Taxpayer Advocate (NTA) Toll-Free site. <input type="checkbox"/> (s) Functional referral (taxpayer or representative specifically requested TAS assistance).				

7. TAS criteria (Check the appropriate box. **NOTE: Checkbox 9 is for TAS Use Only**)

(1) The taxpayer is experiencing economic harm or is about to suffer economic harm.

(2) The taxpayer is facing an immediate threat of adverse action.

(3) The taxpayer will incur significant costs if relief is not granted (including fees for professional representation).

(4) The taxpayer will suffer irreparable injury or long-term adverse impact if relief is not granted.

(if any items 1-4 are checked, complete Question 9 below)

(5) The taxpayer has experienced a delay of more than 30 days to resolve a tax account problem.

(6) The taxpayer did not receive a response or resolution to their problem or inquiry by the date promised.

(7) A system or procedure has either failed to operate as intended, or failed to resolve the taxpayer's problem or dispute within the IRS.

(8) The manner in which the tax laws are being administered raise considerations of equity, or have impaired or will impair the taxpayer's rights.

(9) The NTA determines compelling public policy warrants assistance to an individual or group of taxpayers **(TAS Use Only)**

8. What action(s) did you take to help resolve the issue? **(This block MUST be completed by the initiating employee)**
If you were unable to resolve the issue, state the reason why (if applicable)

9. Provide a description of the Taxpayer's situation, and where appropriate, explain the circumstances that are creating the economic burden and how the Taxpayer could be adversely affected if the requested assistance is not provided
(This block MUST be completed by the initiating employee)

10. How did the taxpayer learn about the Taxpayer Advocate Service

IRS Forms or Publications Media IRS Employee Other (please specify) _____

Instructions for completing Form 911 (Rev. 5-2011)

Form 911 Filing Requirements

When to Use this Form: The Taxpayer Advocate Service (TAS) is your voice at the IRS. TAS may be able to help you if you're experiencing a problem with the IRS and:

- Your problem with the IRS is causing financial difficulties for you, your family or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You have tried repeatedly to contact the IRS, but no one has responded, or the IRS has not responded by the date promised.

If an IRS office will not give you the help you've asked for or will not help you in time to avoid harm, you may submit this form. The Taxpayer Advocate Service will generally ask the IRS to stop certain activities while your request for assistance is pending (for example, lien filings, levies, and seizures).

Where to Send this Form:

- **The quickest method is Fax.** TAS has at least one office in every state, the District of Columbia, and Puerto Rico. Submit this request to the Taxpayer Advocate office in the state or city where you reside. You can find the fax number in the government listings in your local telephone directory, on our website at www.irs.gov/advocate, or in Publication 1546, Taxpayer Advocate Service - Your Voice at the IRS.
- **You also can mail this form.** You can find the mailing address and phone number (voice) of your local Taxpayer Advocate office in your phone book, on our website, and in Pub. 1546, or get this information by calling our toll-free number: 1-877-777-4778.
- **Are you sending the form from overseas?** Fax it to 1-855-818-5697 or mail it to: Taxpayer Advocate Service, Internal Revenue Service, PO Box 11996, San Juan, Puerto Rico 00922.
- Please be sure to fill out the form completely and submit it to the Taxpayer Advocate office nearest you so we can work your issue as soon as possible.

What Happens Next?

If you do not hear from us within one week of submitting Form 911, please call the TAS office where you sent your request. You can find the number at www.irs.gov/advocate.

Important Notes: Please be aware that by submitting this form, you are authorizing the Taxpayer Advocate Service to contact third parties as necessary to respond to your request, and you may not receive further notice about these contacts. For more information see IRC 7602(c).

Caution: The Taxpayer Advocate Service will not consider frivolous arguments raised on this form. You can find examples of frivolous arguments in Publication 2105, Why do I have to Pay Taxes? If you use this form to raise frivolous arguments, you may be subject to a penalty of \$5,000.

Paperwork Reduction Act Notice: We ask for the information on this form to carry out the Internal Revenue laws of the United States. Your response is voluntary. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103. Although the time needed to complete this form may vary depending on individual circumstances, the estimated average time is 30 minutes.

Should you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, please write to: **Internal Revenue Service**, Tax Products Coordinating Committee, Room 6406, 1111 Constitution Ave. NW, Washington, DC 20224.

Instructions for Section I

- 1a. Enter your name as shown on the tax return that relates to this request for assistance.
- 1b. Enter your Taxpayer Identifying Number. If you are an individual this will be either a Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN). If you are a business entity this will be your Employer Identification Number (EIN) (e.g. a partnership, corporation, trust or self-employed individual with employees).
- 2a. Enter your spouse's name (if applicable) if this request relates to a jointly filed return.
- 2b. Enter your spouse's Taxpayer Identifying Number (SSN or ITIN) if this request relates to a jointly filed return.
- 3a-d. Enter your current mailing address, including street number and name, city, state, or foreign country, and zip code.
4. Enter your fax number, including the area code.
5. Enter your e-mail address. We will only use this to contact you if we are unable to reach you by telephone and your issue appears to be time sensitive. We will not, however, use your e-mail address to discuss the specifics of your case.
6. Enter the number of the Federal tax return or form that relates to this request. For example, an individual taxpayer with an income tax issue would enter Form 1040.
7. Enter the quarterly, annual, or other tax year or period that relates to this request. For example, if this request involves an income tax issue, enter the calendar or fiscal year, if an employment tax issue, enter the calendar quarter.

Instructions for Section I
continue on the next page ►

Instructions for Section I - (Continued from Page 3)

8. Enter the name of the individual we should contact if Section II is not being used. For partnerships, corporations, trusts, etc., enter the name of the individual authorized to act on the entity's behalf. If the contact person is not the taxpayer or other authorized individual, please see the Instructions for Section II.
- 9a. Enter your daytime telephone number, including the area code. If this is a cell phone number, please check the box.
- 9b. If you have an answering machine or voice mail at this number and you consent to the Taxpayer Advocate Service leaving confidential information about your tax issue at this number, please check the box. You are not obligated to have information about your tax issue left at this number. If other individuals have access to the answering machine or the voice mail and you do not wish for them to receive any confidential information about your tax issue, please do not check the box.
10. Indicate the best time to call you. Please specify A.M. or P.M. hours.
11. Indicate any special communication needs you require (such as sign language). Specify any language other than English.
- 12a. Please describe the tax issue you are experiencing and any difficulties it may be creating. Specify the actions that the IRS has taken (or not taken) to resolve the issue. If the issue involves an IRS delay of more than 30 days in resolving your issue, indicate the date you first contacted the IRS for assistance in resolving your issue. See Section III for a specific list of TAS criteria.
- 12b. Please describe the relief/assistance you are requesting. Specify the action that you want taken and that you believe necessary to resolve the issue. Furnish any documentation that you believe would assist us in resolving the issue.
- 13-14. If this is a joint assistance request, both spouses must sign in the appropriate blocks and enter the date the request was signed. If only one spouse is requesting assistance, only the requesting spouse must sign the request. If this request is being submitted for another individual, only a person authorized and empowered to act on that individual's behalf should sign the request. Requests for corporations must be signed by an officer and include the officer's title.

Note: The signing of this request allows the IRS by law to suspend any applicable statutory periods of limitation relating to the assessment or collection of taxes. However, it does not suspend any applicable periods for you to perform acts related to assessment or collection, such as petitioning the Tax Court for redetermination of a deficiency or requesting a Collection Due Process hearing.

Instructions for Section II

Taxpayers: If you wish to have a representative act on your behalf, you must give him/her power of attorney or tax information authorization for the tax return(s) and period(s) involved. For additional information see Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization, and the accompanying instructions. Information can also be found in Publication 1546, Taxpayer Advocate Service-Your Voice at the IRS.

Representatives: If you are an authorized representative submitting this request on behalf of the taxpayer identified in Section I, complete Blocks 1 through 7 of Section II. Attach a copy of Form 2848, Form 8821, or other power of attorney. Enter your Centralized Authorization File (CAF) number in Block 2 of Section II. The CAF number is the unique number that the IRS assigns to a representative after Form 2848 or Form 8821 is filed with an IRS office.

Note: Form 8821 does not authorize your appointee to advocate your position with respect to the Federal tax laws; to execute waivers, consents, or closing agreements; or to otherwise represent you before the IRS. Form 8821 does authorize anyone you designate to inspect and/or receive your confidential tax information in any office of the IRS, for the type of tax and tax periods you list on Form 8821.

Instructions for Section III (For IRS Use Only) Please complete this section in its entirety.

Enter the taxpayer's name and taxpayer identification number from the first page of this form.

1. Enter your name.
2. Enter your phone number.
- 3a. Enter your Function (e.g., ACS, Collection, Examination, Customer Service, etc.).
- 3b. Enter your Operating Division (W&I, SB/SE, LS&I, or TE/GE).
4. Enter the Organization code number for your office (e.g., 18 for AUSC, 95 for Los Angeles).
5. Check the appropriate box that best reflects how the need for TAS assistance was identified. For example, did taxpayer or representative call or write to an IRS function or the Taxpayer Advocate Service (TAS).
6. Enter the date the taxpayer or representative called or visited an IRS office to request TAS assistance. Or enter the date when the IRS received the Congressional correspondence/inquiry or a written request for TAS assistance from the taxpayer or representative. If the IRS identified the taxpayer's issue as meeting TAS criteria, enter the date this determination was made.
7. Check the box that best describes the reason TAS assistance is requested. Box 9 is for TAS Use Only.
8. State the action(s) you took to help resolve the taxpayer's issue. State the reason(s) that prevented you from resolving the taxpayer's issue. For example, levy proceeds cannot be returned because they were already applied to a valid liability; an overpayment cannot be refunded because the statutory period for issuing a refund expired; or current law precludes a specific interest abatement.
9. Provide a description of the taxpayer's situation, and where appropriate, explain the circumstances that are creating the economic burden and how the taxpayer could be adversely affected if the requested assistance is not provided.
10. Ask the taxpayer how he or she learned about the Taxpayer Advocate Service and indicate the response here.

New Collection Client: The Checklist

- _____ 1. Retainer Agreement
- _____ 2. Retainer (\$)
- _____ 3. IRS Form 2848 – Power of Attorney
 - _____ a. Fax File With the IRS CAF Unit (See 2848 Instructions for Fax #)
- _____ 4. Obtain Taxpayer’s Financial Information
 - _____ a. Bank Statements – last three months
 - _____ b. Retirement Accounts
 - _____ i. Recent statement of value
 - _____ ii. Copy of the plan document (to see if the taxpayer can access the funds)
 - _____ c. Investment Accounts – recent statement of value
 - _____ d. Life Insurance – statement of current cash value
 - _____ e. Real Estate
 - _____ i. Statement of Value (Zillow, etc)
 - _____ ii. Recent Mortgage Statement showing loan balance and monthly payment
 - _____ f. Automobiles
 - _____ i. Statement of Value (Kelly Blue Book)
 - _____ ii. Current lease or loan statement showing outstanding balance and monthly payment amount
 - _____ g. Collectables, Artwork, etc – statements of values on collectables that can be used to pay the tax debt
 - _____ h. Proof of income
 - _____ i. Profit & Loss
 - _____ ii. Paystubs
 - _____ i. Utility Bills – last 3 months (get proof of payments or highlight in the bank statements)
 - _____ j. Proof of health insurance premium (get proof of payments or highlight in the bank statements)
 - _____ k. Proof of term life insurance and premium amount (get proof of payments or highlight in the bank statements)
 - _____ l. Proof of disability insurance (get proof of payments or highlight in the bank statements)
 - _____ m. Proof of out-of-pocket medical expenses (get proof of payments or highlight in the bank statements)

- _____ n. Proof of alimony (Divorce Agreement or Decree)
- _____ o. Proof of child support (Divorce Agreement or Decree)
- _____ p. Proof of dependent care expenses (get proof of payments or highlight in the bank statements)
- _____ q. Proof of judgments and payments to creditors
- _____ r. Proof of current taxes being paid/withheld
- _____ s. Written agreement with state department of revenue and proof of payments

- _____ 5. Prepare Collection Information Statement (IRS Form 433)
- _____ 6. Analyze taxpayer's assets for collection
- _____ 7. Analyze taxpayer's income vs. IRS allowable expenses
- _____ 8. Prepare package for IRS
- _____ 9. File with the IRS with a proposed Collection Alternative
 - a. Installment Agreement
 - b. Uncollectible Status
 - c. Offer-in-Compromise



The IRS Collection Division inventory continues to explode, with more than 14 million accounts in the IRS Collection Division inventory at the end of 2016. It is estimated that nearly 1 out of 15 taxpayers owes the IRS money. Accountants are well-placed to take the lead in helping taxpayers resolve their outstanding issues while adding a valuable revenue stream to their existing practices, yet almost none do. Why? The reason is that most accountants neither understand the IRS Collection process nor how to calculate a taxpayer's ability to pay and resolve the situation the way the IRS does. But that is about to change!

Attorney Eric Green is a tax attorney and the founder of a boutique tax law firm with offices in Connecticut and New York. He is a national speaker, a columnist for the *Journal of Tax Practice & Procedure*, and a pundit on everything IRS Enforcement. In this guide Attorney Green walks you through the entire IRS Collection process: from initial client call to Offer-in-Compromise acceptance letter. Through his examples, 'Hot Tips' and actual client stories, Attorney Green will teach you many of the inside secrets that will help you become an IRS Collection master and help your clients resolve their stickiest collection issue. The guide includes a checklist practitioners can use in their daily practice, and dozens of samples and exhibits. Whether you have handled many cases before, or never even spoken to the IRS, this guide will teach you the IRS collection process, how to handle clients and IRS personnel, and where the opportunities are to resolve your client's issue.



“The demand for help by clients is overwhelming. The time for you to launch this part of your practice is now!” - Eric Green

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