

# Request for Innocent Spouse Relief

► Information about Form 8857 and its separate instructions is at [www.irs.gov/form8857](http://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](http://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

<b>4</b> Your current name (see instructions)		<b>Your social security number</b>	
<b>Address where you wish to be contacted.</b> If this is a change of address, see instructions.			
Number and street or P.O. box		Apt. no.	<b>County</b>
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)	
<b>5 Who was your spouse for the tax years you want relief?</b> File a separate Form 8857 for tax years involving different spouses or former spouses.			
That person's current name		<b>Social security number</b> (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 ►

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**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.

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- 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.

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- 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.**

<b>Monthly Income</b> — If family or friends are helping to support you, include the amount of support as gifts below.	<b>Amount</b>
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 .....	
<b>Total Monthly Income</b>	

<b>Monthly Expenses</b> — Enter all expenses, including expenses paid with income from gifts.	<b>Amount</b>
<b>Food and Personal Care:</b>	
Food . . . . .	
Housekeeping supplies . . . . .	
Clothing and clothing services . . . . .	
Personal care products and services . . . . .	
<b>Transportation:</b>	
Auto loan/lease payment, gas, insurance, licenses, parking, maintenance, etc. . . . .	
Public transportation . . . . .	
<b>Housing and Utilities:</b>	
Rent or mortgage . . . . .	
Real estate taxes and insurance . . . . .	
Electric, oil, gas, water, trash, etc. . . . .	
Telephone and cell phone . . . . .	
Cable and Internet . . . . .	
<b>Medical:</b>	
Health insurance premiums . . . . .	
Out-of-pocket expenses . . . . .	
<b>Other:</b>	
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 . . . . .	
<b>Total Monthly Expenses</b>	

**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.**

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**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.

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- No

**29 Have you sought help from a local domestic violence program?**

- Yes. Provide details below.

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- No



CC-2011-017

July 25, 2011

Change in Litigating Position on the  
Two-Year Deadline to Request  
**Subject:** Section 6015(f) Equitable Relief

Effective until further  
**Cancel Date:** notice

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## Purpose

On July 25, 2011, the Service issued Notice 2011-70, 2011-32 I.R.B. 135, which enlarges the period of time for taxpayers to request equitable relief under section 6015(f). Specifically, Notice 2011-70 provides that the Service will no longer require taxpayers to submit requests for equitable relief within two years from the date that the Service takes initial collection activity against the requesting spouse with respect to the joint tax liability at issue. This change in position was adopted by the Service in the interest of tax administration and is not reflective of any doubt concerning the authority of the Service to impose the two-year deadline, which was upheld by three circuit courts as a valid exercise of the Service's rulemaking authority under sections 7805(a) and 6015(f). See Lantz v. Commissioner, 607 F.3d 479 (7th Cir. 2010); Mannella v. Commissioner, 631 F.3d 115 (3d Cir. 2011); Jones v. Commissioner, 642 F.3d 459 (4th Cir. 2011). In light of Notice 2011-70, this Chief Counsel Notice provides a change in litigating position concerning the two-year deadline to request equitable relief and provides direction for handling cases docketed with the Tax Court that involve the two-year deadline. This Notice supersedes Chief Counsel Notices CC-2009-012 (April 17, 2009), CC-2010-005 (March 12, 2010), and CC-2010-011 (June 18, 2010).

## Background

Section 6015(b), (c), and (f) prescribe the bases for relief from joint and several tax liability. When relief is not available under section 6015(b) or (c), a taxpayer may obtain relief under section 6015(f) if it would be inequitable under the facts and circumstances to hold the taxpayer liable. By statute, a taxpayer must request relief under section 6015(b) or (c) no later than two years from the date of the Service's first collection activity. See section 6015(b)(1)(E) and (c)(3)(B). Beginning in 1998, the Department of Treasury and the Service incorporated the two-year deadline into published guidance, including ultimately the section 6015 regulations, and applied the rule to requests for equitable relief under subsection (f). Treas. Reg. § 1.6015-5(b)(1).

In Lantz v. Commissioner, 132 T.C. 131 (2009), the Tax Court held that the two-year deadline to request equitable relief was an invalid interpretation of section 6015(f). The Service appealed the decision, and the Court of Appeals for the Seventh Circuit reversed and upheld the Service's authority to establish a two-year deadline. Lantz v. Commissioner, 607 F.3d 479 (7th Cir. 2010). Two additional circuit courts have upheld the validity of the two-year deadline as a valid exercise of the Service's rulemaking authority under sections 7805(a) and 6015(f). See Mannella v.

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 Electronic Reading Room

Filename: CC-2011-017 File copy in: CC:FM:PM



26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct liability.

(Also: sections 66, 6015)

Rev. Proc. 2013-34

## SECTION 1. PURPOSE AND SCOPE

.01 Purpose. This revenue procedure provides guidance for a taxpayer seeking equitable relief from income tax liability under section 66(c) or section 6015(f) of the Internal Revenue Code (a “requesting spouse”). Section 4.01 of this revenue procedure provides the threshold requirements for any request for equitable relief. Section 4.02 of this revenue procedure sets forth the conditions under which the Internal Revenue Service will make streamlined relief determinations granting equitable relief under section 6015(f) from an understatement of income tax or an underpayment of income tax reported on a joint return, or the operation of community property law under section 66(c). Section 4.03 of this revenue procedure provides a nonexclusive list of factors for consideration in determining whether relief should be granted under section 6015(f) because it would be inequitable to hold a requesting spouse jointly and severally liable

when the conditions of section 4.02 are not met. The factors in section 4.03 also will apply in determining whether to relieve a spouse from income tax liability resulting from the operation of community property law under the equitable relief provision of section 66(c).

.02 Scope. This revenue procedure applies to spouses who request either equitable relief from joint and several liability under section 6015(f), or equitable relief under section 66(c) from income tax liability resulting from the operation of community property law.

## SECTION 2. BACKGROUND

.01 Section 6013(d)(3) provides that married taxpayers who file a joint return under section 6013 will be jointly and severally liable for the income tax arising from that joint return. For purposes of section 6013(d)(3) and this revenue procedure, the term “tax” includes penalties, additions to tax, and interest. See sections 6601(e)(1) and 6665(a)(2).

.02 Section 3201(a) of the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. No. 105-206, 112 Stat. 685, 734 (RRA), enacted section 6015, which provides relief in certain circumstances from the joint and several liability imposed by section 6013(d)(3). Section 6015(b) and (c) specify two sets of circumstances under which relief from joint and several liability is available in cases involving understatements of tax. Section 6015(b) is modeled after former section 6013(e), the prior innocent spouse statute, and section 6015(c) provides for separation of liability for taxpayers who are no longer married to, are legally separated from, or not living

together with the person with whom they filed a joint return. If relief is not available under section 6015(b) or (c), section 6015(f) authorizes the Secretary to grant equitable relief if, taking into account all the facts and circumstances, the Secretary determines that it is inequitable to hold a requesting spouse liable for any unpaid tax or any deficiency (or any portion of either).

Section 66(c) provides relief from income tax liability resulting from the operation of community property law to taxpayers domiciled in a community property state who do not file a joint return. Section 3201(b) of the RRA amended section 66(c) to add an equitable relief provision similar to section 6015(f).

.03 Section 6015 provides relief only from joint and several liability arising from a joint return. If an individual signs a joint return under duress, the election to file jointly is not valid and there is no valid return with respect to the requesting spouse. The individual is not jointly and severally liable for any income tax liabilities arising from that return. In that case, section 6015 does not apply and is not necessary for obtaining relief. If an individual files a claim for relief under section 6015, but also maintains that there is no valid joint return due to duress, the Service will first make a determination as to the validity of the joint return and may accordingly deny the request for section 6015 relief based on the fact that no joint return was filed (and thus, relief is not necessary). If it is ultimately determined that a valid joint return was filed, the Service will then consider whether the individual would be entitled to relief from joint and several liability on the merits.

.04 Under section 6015(b) and (c), relief is available only from an understatement or a deficiency. Section 6015(b) and (c) do not authorize relief from an underpayment of income tax reported on a joint return. Section 66(c) and section 6015(f) permit equitable relief from an underpayment of income tax or from a deficiency. The legislative history of section 6015 provides that Congress intended for the Secretary to exercise discretion in granting equitable relief from an underpayment of income tax if a requesting spouse “does not know, and had no reason to know, that funds intended for the payment of tax were instead taken by the other spouse for such other spouse’s benefit.” H.R. Conf. Rep. No. 105-599, at 254 (1998). Congress also intended for the Secretary to exercise the equitable relief authority under section 6015(f) in other situations if, “taking into account all the facts and circumstances, it is inequitable to hold an individual liable for all or part of any unpaid tax or deficiency arising from a joint return.” *Id.*

### SECTION 3. SIGNIFICANT CHANGES

On January 5, 2012, the Department of Treasury and the Service released Notice 2012-8, 2012-4 I.R.B. 309, which set forth a proposed revenue procedure to update and revise Rev. Proc. 2003-61, 2003-2 C.B. 296. Notice 2012-8 also modified and clarified the criteria for equitable relief, and it eliminated the two-year rule for filing a claim for relief as set forth in Notice 2011-70, 2011-2 C.B.135. Notice 2012-8 invited public comment regarding the proposed revenue procedure. A total of 54 comments were received, 45 of which were general comments either in support of the revisions, asking for assistance in specific cases, or totally unrelated to innocent spouse relief.

The nine substantive comments ranged from discussing one or two discrete issues to commenting on all aspects of the proposed revenue procedure and innocent spouse relief in general. Treasury and the Service considered all comments received, and the proposed revenue procedure has been modified to take into account many of the concerns raised.

This revenue procedure supersedes Rev. Proc. 2003-61. The structure and format of this revenue procedure generally follows that of Rev. Proc. 2003-61 with the following significant changes:

.01 This revenue procedure gives greater deference to the presence of abuse than Rev. Proc. 2003-61. The Service recognizes that the issue of abuse can be relevant with respect to the analysis of other factors and can negate the presence of certain factors. This change is intended to give greater weight to the presence of abuse when its presence impacts the analysis of other factors.

.02 The timeliness threshold condition in section 4.01(3) of this revenue procedure provides that a request for equitable relief under section 6015(f) or section 66(c) must be filed before the expiration of the period of limitation for collection under section 6502 to the extent the taxpayer seeks relief from an outstanding liability, or before the expiration of the period of limitation for credit or refund under section 6511 to the extent the taxpayer seeks a refund of taxes paid. This is a significant change to the requirement in Rev. Proc. 2003-61, section 4.01(3), and Treas. Reg. § 1.6015-5(b)(1) (TD 9003), that the requesting spouse's claim for equitable relief must be filed no later than two years after the date of the Service's first collection activity. See Notice 2011-

70, 2011-2 C.B. 135. In response to a comment received with respect to Notice 2012-8, section 4.01(3)(a) refers to the period of limitation for collection as its commonly used IRS term – Collection Statute Expiration Date or CSED.

.03 The attribution threshold condition in section 4.01(7) of this revenue procedure adds a new exception in paragraph (e) to the requirement that the income tax liability must be attributable to an item of the nonrequesting spouse. Under section 4.01(7)(e) of the revenue procedure, relief would not be precluded for an item attributable to the requesting spouse if the nonrequesting spouse's fraud gave rise to the understatement of tax or deficiency.

.04 Streamlined determinations under section 4.02 of this revenue procedure now apply to understatements of income tax instead of only underpayments as under Rev. Proc. 2003-61. Section 4.02 also now applies to claims for equitable relief under section 66(c).

.05 Section 4.03(2) of this revenue procedure clarifies that no one factor or a majority of factors necessarily controls the determination. Therefore, depending on the facts and circumstances of the case, relief may still be appropriate if the number of factors weighing against relief exceeds the number of factors weighing in favor of relief, or a denial of relief may still be appropriate if the number of factors weighing in favor of relief exceeds the number of factors weighing against relief.

.06 The economic hardship factor in section 4.03(2)(b) of this revenue procedure now provides minimum standards based on income, expenses, and assets, for determining whether the requesting spouse would suffer economic hardship if relief is

not granted. Section 4.03(2)(b) also now provides that the lack of a finding of economic hardship does not weigh against relief, as it did under Rev. Proc. 2003-61, and instead will be neutral.

.07 The knowledge factor for understatement cases in section 4.03(2)(c)(i) of this revenue procedure clarifies how the factor works in cases involving equitable relief under section 66(c), in addition to cases involving equitable relief under section 6015(f). Section 4.03(2)(c)(i)(A) provides that actual knowledge of the item giving rise to an understatement or deficiency will no longer be weighed more heavily than other factors, as it did under Rev. Proc. 2003-61. Further, section 4.03(2)(c)(i)(A) clarifies that, for purposes of this factor, if the nonrequesting spouse abused the requesting spouse or maintained control over the household finances by restricting the requesting spouse's access to financial information, and because of the abuse or financial control, the requesting spouse was not able to challenge the treatment of any items on the joint return for fear of the nonrequesting spouse's retaliation, then that abuse or financial control will result in this factor weighing in favor of relief even if the requesting spouse knew or had reason to know of the items giving rise to the understatement or deficiency.

.08 The knowledge factor for underpayment cases in section 4.03(2)(c)(ii) of this revenue procedure now provides that, in determining whether the requesting spouse knew or had reason to know that the nonrequesting spouse would not pay the tax reported as due on the return, the Service will consider whether the requesting spouse reasonably expected that the nonrequesting spouse would pay the tax liability at the time the return was filed or within a reasonable period of time after the filing of the

return. In response to comments received with respect to Notice 2012-8, section 4.03(2)(c)(ii) provides that a requesting spouse may be presumed to have reasonably expected that the nonrequesting spouse would pay the liability if a request for an installment agreement to pay the tax was filed by the later of 90 days after the due date for payment of the tax, or 90 days after the return was filed. Further, section 4.03(2)(c)(ii) clarifies that for purposes of this factor, if the nonrequesting spouse abused the requesting spouse or maintained control over the household finances by restricting the requesting spouse's access to financial information, and because of the abuse or financial control, the requesting spouse was not able to question the payment of the taxes reported as due on the return or challenge the nonrequesting spouse's assurance regarding payment of the taxes for fear of the nonrequesting spouse's retaliation, then that abuse or financial control will result in this factor weighing in favor of relief even if the requesting spouse knew or had reason to know that the nonrequesting spouse would not pay the tax liability. Finally, section 4.03(2)(c)(ii) provides that if the requesting spouse did not reasonably expect that the nonrequesting spouse would pay the tax liability reported on an amended return that was based on items not properly reported on the original return, the Service will also consider whether the requesting spouse knew or had reason to know of the understatement on the original return.

.09 The legal obligation factor in section 4.03(2)(d) of this revenue procedure clarifies that a requesting spouse's legal obligation to pay outstanding tax liabilities is a factor to consider in determining whether equitable relief should be granted, in addition

to whether the nonrequesting spouse has a legal obligation to pay the tax liabilities.

.10 The significant benefit factor in section 4.03(2)(e) of this revenue procedure provides that any significant benefit a requesting spouse may have received from the unpaid tax or understatement will not weigh against relief (will be neutral) if the nonrequesting spouse abused the requesting spouse or maintained financial control and made the decisions regarding living a more lavish lifestyle. Further, section 4.03(2)(e) provides that if only the nonrequesting spouse significantly benefitted from the unpaid tax or understatement, and the requesting spouse had little or no benefit, or the nonrequesting spouse enjoyed the benefit to the requesting spouse's detriment, this factor will weigh in favor of relief. Section 4.03(2)(e) also provides that if the amount of unpaid tax or understatement of tax was small such that neither spouse received a significant benefit, then this factor is neutral. In response to comments received with respect to Notice 2012-8, section 4.03(2)(e) provides that the determination that the tax liability was small such that neither spouse received a significant benefit will vary depending on the facts and circumstances of each case.

.11 The compliance with the income tax laws factor in section 4.03(2)(f) of this revenue procedure now provides that a requesting spouse's subsequent compliance with all Federal income tax laws is a factor that may weigh in favor of relief, instead of always being neutral under Rev. Proc. 2003-61.

.12 Section 4.04 of this revenue procedure broadens the availability of refunds in cases involving deficiencies by eliminating the rule in section 4.04(1) of Rev. Proc. 2003-61 that limited refunds in cases involving deficiencies to payments made by the

requesting spouse pursuant to an installment agreement.

#### SECTION 4. GENERAL CONDITIONS FOR RELIEF

.01 Eligibility for equitable relief. A requesting spouse must satisfy all of the following threshold conditions to be eligible to submit a request for equitable relief under section 6015(f). With the exception of conditions (1) and (2), a requesting spouse must satisfy all of the following threshold conditions to be eligible to submit a request for equitable relief under section 66(c). The Service may relieve a requesting spouse who satisfies all the applicable threshold conditions set forth below of all or part of the income tax liability under section 66(c) or section 6015(f) if, taking into account all the facts and circumstances, the Service determines that it would be inequitable to hold the requesting spouse liable for the income tax liability. The threshold conditions are as follows:

(1) The requesting spouse filed a joint return for the taxable year for which he or she seeks relief.

(2) Relief is not available to the requesting spouse under section 6015(b) or (c).

(3) The claim for relief is timely filed:

(a) If the requesting spouse is applying for relief from a liability or a portion of a liability that remains unpaid, the request for relief must be made on or before the Collection Statute Expiration Date (CSED). The CSED is the date the period of limitation on collection of the income tax liability expires, as provided in section 6502. Generally, that period expires 10 years after the assessment of tax, but it may be extended by other provisions of the Internal Revenue Code.

(b) Claims for credit or refund of amounts paid must be made before the expiration of the period of limitation on credit or refund, as provided in section 6511. Generally, that period expires three years from the time the return was filed or two years from the time the tax was paid, whichever is later.

(4) No assets were transferred between the spouses as part of a fraudulent scheme by the spouses.

(5) The nonrequesting spouse did not transfer disqualified assets to the requesting spouse. For this purpose, the term “disqualified asset” has the meaning given the term by section 6015(c)(4)(B). If the nonrequesting spouse transferred disqualified assets to the requesting spouse, relief will be available only to the extent that the income tax liability exceeds the value of the disqualified assets. Even if there was a transfer of disqualified assets, the requesting spouse may be eligible for relief if the nonrequesting spouse abused the requesting spouse or maintained control over the household finances by restricting the requesting spouse’s access to financial information, or the requesting spouse did not have actual knowledge that disqualified assets were transferred.

(6) The requesting spouse did not knowingly participate in the filing of a fraudulent joint return.

(7) The income tax liability from which the requesting spouse seeks relief is attributable (either in full or in part) to an item of the nonrequesting spouse or an underpayment resulting from the nonrequesting spouse’s income. If the liability is partially attributable to the requesting spouse, then relief can only be considered for the

portion of the liability attributable to the nonrequesting spouse. Nonetheless, the Service will consider granting relief regardless of whether the understatement, deficiency, or underpayment is attributable (in full or in part) to the requesting spouse if any of the following exceptions applies:

(a) Attribution solely due to the operation of community property law. If an item is attributable or partially attributable to the requesting spouse solely due to the operation of community property law, then for purposes of this revenue procedure, that item (or portion thereof) will be considered to be attributable to the nonrequesting spouse.

(b) Nominal ownership. If the item is titled in the name of the requesting spouse, the item is presumptively attributable to the requesting spouse. This presumption is rebuttable. For example, H opens an individual retirement account (IRA) in W's name and forges W's signature on the IRA in 2006. Thereafter, H makes contributions to the IRA and in 2008 takes a taxable distribution from the IRA. H and W file a joint return for the 2008 taxable year, but do not report the taxable distribution on their joint return. The Service later determines a deficiency relating to the taxable IRA distribution. W requests relief from joint and several liability under section 6015. W establishes that W did not contribute to the IRA, sign paperwork relating to the IRA, or otherwise act as if W were the owner of the IRA. W, thereby, rebuts the presumption that the IRA is attributable to W.

(c) Misappropriation of funds. If the requesting spouse did not know, and had no reason to know, that funds intended for the payment of tax were misappropriated by the

nonrequesting spouse for the nonrequesting spouse's benefit, the Service will consider granting equitable relief although the underpayment may be attributable in part or in full to an item of the requesting spouse. The Service will consider granting relief in this case only to the extent that the funds intended for the payment of tax were taken by the nonrequesting spouse.

(d) Abuse. If the requesting spouse establishes that he or she was the victim of abuse prior to the time the return was filed, and that, as a result of the prior abuse, the requesting spouse was not able to challenge the treatment of any items on the return, or was not able to question the payment of any balance due reported on the return, for fear of the nonrequesting spouse's retaliation, the Service will consider granting equitable relief even though the deficiency or underpayment may be attributable in part or in full to an item of the requesting spouse.

(e) Fraud committed by nonrequesting spouse. The Service will consider granting relief notwithstanding that the item giving rise to the understatement or deficiency is attributable to the requesting spouse, if the requesting spouse establishes that the nonrequesting spouse's fraud is the reason for the erroneous item. For example, W fraudulently accesses H's brokerage account to sell stock that H had separately received from an inheritance. W deposits the funds from the sale in a separate bank account to which H does not have access. H and W file a joint Federal income tax return for the year, which does not report the income from the sale of the stock. The Service determines a deficiency based on the omission of the income from the sale of the stock. H requests relief from the deficiency under section 6015(f). The

income from the sale of the stock normally would be attributable to H. Because W committed fraud with respect to H, however, and because this fraud was the reason for the erroneous item, the liability is properly attributable to W.

.02. Circumstances under which the Service will make streamlined determinations granting equitable relief under sections 66(c) and 6015(f).

If a requesting spouse who filed a joint return, or a requesting spouse who did not file a joint return in a community property state, satisfies the threshold conditions of section 4.01, the Service will consider whether the requesting spouse is entitled to a streamlined determination of equitable relief under section 66(c) or section 6015(f) under this section 4.02. If a requesting spouse is not entitled to a streamlined determination because the requesting spouse does not satisfy all the elements in this section 4.02, the requesting spouse is still entitled to be considered for relief under the equitable factors in section 4.03. The Service will make streamlined determinations granting equitable relief under section 66(c) or section 6015(f), in cases in which the requesting spouse establishes that the requesting spouse:

(1) Marital status. Is no longer married to the nonrequesting spouse as set forth in section 4.03(2)(a);

(2) Economic hardship. Would suffer economic hardship if relief were not granted as set forth in section 4.03(2)(b); and

(3) Knowledge or reason to know.

(a) Section 6015(f) cases. Did not know or have reason to know that there was an understatement or deficiency on the joint income tax return, as set forth in section

4.03(2)(c)(i), or did not know or have reason to know that the nonrequesting spouse would not or could not pay the underpayment of tax reported on the joint income tax return, as set forth in section 4.03(2)(c)(ii). If the nonrequesting spouse abused the requesting spouse or maintained control over the household finances by restricting the requesting spouse's access to financial information, and because of the abuse or financial control, the requesting spouse was not able to challenge the treatment of any items on the joint return, or to question the payment of the taxes reported as due on the joint return or challenge the nonrequesting spouse's assurance regarding payment of the taxes, for fear of the nonrequesting spouse's retaliation, then the abuse or financial control will result in this factor being satisfied even if the requesting spouse knew or had reason to know of the items giving rise to the understatement or deficiency or knew or had reason to know that the nonrequesting spouse would not pay the tax liability.

(b) Section 66(c) cases. Did not know or have reason to know of an item of community income properly includible in gross income, which, under the rules contained in section 879(a), would be treated as the income of the nonrequesting spouse.

.03. Factors for determining whether to grant equitable relief.

(1) Applicability. This section 4.03 applies to a requesting spouse who requests relief under section 66(c) or section 6015(f), and who satisfies the threshold conditions of section 4.01, but does not qualify for streamlined determinations granting relief under section 4.02.

(2) Factors. In determining whether it is inequitable to hold the requesting spouse liable for all or part of the unpaid income tax liability or deficiency, and whether

full or partial equitable relief under section 66(c) or section 6015(f) should be granted, all the facts and circumstances of the case are to be taken into account. The factors listed below are designed as guides and not intended to comprise an exclusive list. Other factors relevant to a specific claim for relief may also be taken into account in making the determination. In evaluating a claim for relief, no one factor or a majority of factors necessarily determines the outcome. The degree of importance of each factor varies depending on the requesting spouse's facts and circumstances. Abuse or the exercise of financial control by the nonrequesting spouse is a factor that may impact the other factors, as described below. Factors to consider include the following:

(a) Marital status. Whether the requesting spouse is no longer married to the nonrequesting spouse as of the date the Service makes its determination. If the requesting spouse is still married to the nonrequesting spouse, this factor is neutral. If the requesting spouse is no longer married to the nonrequesting spouse, this factor will weigh in favor of relief. For purposes of this section, a requesting spouse will be treated as being no longer married to the nonrequesting spouse only in the following situations:

(i) The requesting spouse is divorced from the nonrequesting spouse,

(ii) The requesting spouse is legally separated from the nonrequesting spouse under applicable state law,

(iii) The requesting spouse is a widow or widower and is not an heir to the nonrequesting spouse's estate that would have sufficient assets to pay the tax liability,

or

(iv) The requesting spouse has not been a member of the same household as

the nonrequesting spouse at any time during the 12-month period ending on the date the Service makes its determination. For these purposes, a temporary absence (e.g., due to incarceration, illness, business, military service, or education) is not considered separation if the absent spouse is expected to return to the household. See Treas. Reg. § 1.6015-3(b)(3)(i). A requesting spouse is a member of the same household as the nonrequesting spouse for any period in which the spouses maintain the same residence.

(b) Economic hardship. Whether the requesting spouse will suffer economic hardship if relief is not granted. For purposes of this factor, an economic hardship exists if satisfaction of the tax liability in whole or in part will cause the requesting spouse to be unable to pay reasonable basic living expenses. Whether the requesting spouse will suffer economic hardship is determined based on rules similar to those provided in Treas. Reg. § 301.6343-1(b)(4), and the Service will take into consideration a requesting spouse's current income and expenses and the requesting spouse's assets. In determining the requesting spouse's reasonable basic living expenses, the Service will consider whether the requesting spouse shares expenses or has expenses paid by another individual (such as a family member, including a current spouse). If denying relief from the joint and several liability will cause the requesting spouse to suffer economic hardship, this factor will weigh in favor of relief. If denying relief from the joint and several liability will not cause the requesting spouse to suffer economic hardship, this factor will be neutral.

In determining whether the requesting spouse would suffer economic hardship if

relief is not granted, the Service will compare the requesting spouse's income to the Federal poverty guidelines (as updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. § 9902(2)) for the requesting spouse's family size and will determine by how much, if at all, the requesting spouse's monthly income exceeds the spouse's reasonable basic monthly living expenses. This factor will weigh in favor of relief if the requesting spouse's income is below 250% of the Federal poverty guidelines, unless the requesting spouse has assets out of which the requesting spouse can make payments towards the tax liability and still adequately meet the requesting spouse's reasonable basic living expenses. If the requesting spouse's income exceeds 250% of the Federal poverty guidelines, this factor will still weigh in favor of relief if the requesting spouse's monthly income exceeds the requesting spouse's reasonable basic monthly living expenses by \$300 or less, unless the requesting spouse has assets out of which the requesting spouse can make payments towards the tax liability and still adequately meet the requesting spouse's reasonable basic living expenses. If the requesting spouse's income exceeds 250% of the Federal poverty guidelines and monthly income exceeds monthly expenses by more than \$300, or if the requesting spouse qualifies under either standard but has sufficient assets to make payments towards the tax liability and still adequately meet the requesting spouse's reasonable basic living expenses, the Service will consider all facts and circumstances (including the size of the requesting spouse's household) in determining whether the requesting spouse would suffer economic hardship if relief is not granted. If the requesting spouse is deceased, this factor is

neutral.

(c) Knowledge or reason to know.

(i) Understatement cases.

(A) Section 6015(f) cases. Whether the requesting spouse knew or had reason to know of the item giving rise to the understatement or deficiency as of the date the joint return (including a joint amended return) was filed, or the date the requesting spouse reasonably believed the joint return was filed. If the requesting spouse did not know and had no reason to know of the item giving rise to the understatement, this factor will weigh in favor of relief. If the requesting spouse knew or had reason to know of the item giving rise to the understatement, this factor will weigh against relief. Actual knowledge of the item giving rise to the understatement or deficiency will not be weighed more heavily than any other factor. Depending on the facts and circumstances, if the requesting spouse was abused by the nonrequesting spouse (as described in section 4.03(2)(c)(iv)), or the nonrequesting spouse maintained control of the household finances by restricting the requesting spouse's access to financial information, and because of the abuse or financial control, the requesting spouse was not able to challenge the treatment of any items on the joint return for fear of the nonrequesting spouse's retaliation, this factor will weigh in favor of relief even if the requesting spouse knew or had reason to know of the items giving rise to the understatement or deficiency.

(B) Section 66(c) cases. Whether the requesting spouse knew or had reason to know of an item of community income properly includible in gross income, which, under

the rules contained in section 879(a), would be treated as the income of the nonrequesting spouse.

(ii) Underpayment cases. In the case of an income tax liability that was properly reported but not paid, whether, as of the date the return was filed or the date the requesting spouse reasonably believed the return was filed, the requesting spouse knew or had reason to know that the nonrequesting spouse would not or could not pay the tax liability at that time or within a reasonable period of time after the filing of the return. This factor will weigh in favor of relief if the requesting spouse reasonably expected the nonrequesting spouse to pay the tax liability reported on the return. A reasonable expectation of payment will be presumed if the spouses submitted a request for an installment agreement to pay the tax reported as due on the return. To benefit from the presumption, the request for an installment agreement must be filed by the later of 90 days after the due date for payment of the tax, or 90 days after the return was filed. The request must detail the plan for paying the tax, interest, and penalties, satisfy the liability within a reasonable time, and it must not be unreasonable for the requesting spouse to believe that the nonrequesting spouse will be able to make the payments contemplated in the requested installment agreement.

This factor will weigh against relief if, based on the facts and circumstances of the case, it was not reasonable for the requesting spouse to believe that the nonrequesting spouse would or could pay the tax liability shown on the return. For example, if prior to the return being filed, or the date the requesting spouse reasonably believed the return was filed, the requesting spouse knew of the nonrequesting

spouse's prior bankruptcies, financial difficulties, or other issues with the Service or other creditors, or was otherwise aware of difficulties in timely paying bills, then this factor will generally weigh against relief.

Depending on the facts and circumstances, if the requesting spouse was abused by the nonrequesting spouse (as described in section 4.03(2)(c)(iv)), or the nonrequesting spouse maintained control of the household finances by restricting the requesting spouse's access to financial information, and because of the abuse or financial control, the requesting spouse was not able to question the payment of the taxes reported as due on the return or challenge the nonrequesting spouse's assurance regarding payment of the taxes for fear of the nonrequesting spouse's retaliation, this factor will weigh in favor of relief even if the requesting spouse knew or had reason to know about the nonrequesting spouse's intent or ability to pay the taxes due.

With respect to an underpayment of tax on an amended return that reports a liability based on items not properly reported on the original return, the initial inquiry is whether, as of the date the amended return was filed, or the date the requesting spouse reasonably believed the amended return was filed, the requesting spouse reasonably expected that the nonrequesting spouse would pay the tax within a reasonable period of time. If so, this factor will weigh in favor of relief. However, if it was not reasonable for the requesting spouse to expect that the nonrequesting spouse would pay the tax, the requesting spouse's knowledge or reason to know of the understatement on the original return will also be considered. If the requesting spouse knew or had reason to know of the item giving rise to the understatement on the original return, then this factor will

weigh against relief. If the requesting spouse did not know or have reason to know of the item, then this factor will weigh in favor of relief.

(iii) Reason to know. The facts and circumstances that are considered in determining whether the requesting spouse had reason to know of an understatement, or reason to know whether the nonrequesting spouse could or would pay the reported tax liability, include, but are not limited to, the requesting spouse's level of education, any deceit or evasiveness of the nonrequesting spouse, the requesting spouse's degree of involvement in the activity generating the income tax liability, the requesting spouse's involvement in business or household financial matters, the requesting spouse's business or financial expertise, and any lavish or unusual expenditures compared with past spending levels.

(iv) Abuse by the nonrequesting spouse. For purposes of this revenue procedure, if the requesting spouse establishes that he or she was the victim of abuse (not amounting to duress, see Treas. Reg. § 1.6015-1(b)), then depending on the facts and circumstances of the requesting spouse's situation, the abuse may result in certain factors weighing in favor of relief when otherwise the factor may have weighed against relief. Abuse comes in many forms and can include physical, psychological, sexual, or emotional abuse, including efforts to control, isolate, humiliate, and intimidate the requesting spouse, or to undermine the requesting spouse's ability to reason independently and be able to do what is required under the tax laws. All the facts and circumstances are considered in determining whether a requesting spouse was abused. The impact of a nonrequesting spouse's alcohol or drug abuse is also considered in

determining whether a requesting spouse was abused. Depending on the facts and circumstances, abuse of the requesting spouse's child or other family member living in the household may constitute abuse of the requesting spouse.

(d) Legal obligation. Whether the requesting spouse or the nonrequesting spouse has a legal obligation to pay the outstanding Federal income tax liability. For purposes of this factor, a legal obligation is an obligation arising from a divorce decree or other legally binding agreement. This factor will weigh in favor of relief if the nonrequesting spouse has the sole legal obligation to pay the outstanding income tax liability pursuant to a divorce decree or agreement. This factor, however, will be neutral if the requesting spouse knew or had reason to know, when entering into the divorce decree or agreement, that the nonrequesting spouse would not pay the income tax liability. This factor will weigh against relief if the requesting spouse has the sole legal obligation. The fact that the nonrequesting spouse has been relieved of liability for the taxes at issue as a result of a discharge in bankruptcy is disregarded in determining whether the requesting spouse has the sole legal obligation. This factor will be neutral if, based on an agreement or consent order, both spouses have a legal obligation to pay the outstanding income tax liability, the spouses are not separated or divorced, or the divorce decree or agreement is silent as to any obligation to pay the outstanding income tax liability.

(e) Significant benefit. Whether the requesting spouse significantly benefited from the unpaid income tax liability or understatement. See Treas. Reg. § 1.6015-2(d). A significant benefit is any benefit in excess of normal support. For example, if the

requesting spouse enjoyed the benefits of a lavish lifestyle, such as owning luxury assets and taking expensive vacations, this factor will weigh against relief. If, however, the nonrequesting spouse controlled the household and business finances or there was abuse (as described in section 4.03(2)(c)(iv)) such that the nonrequesting spouse made the decision on spending funds for a lavish lifestyle, then this mitigates this factor so that it is neutral. If only the nonrequesting spouse significantly benefitted from the unpaid tax or understatement, and the requesting spouse had little or no benefit, or the nonrequesting spouse enjoyed the benefit to the requesting spouse's detriment, this factor will weigh in favor of relief. If the amount of unpaid tax or understatement was small such that neither spouse received a significant benefit, then this factor is neutral. Whether the amount of unpaid tax or understatement is small such that neither spouse received a significant benefit will vary depending on the facts and circumstances of each case.

(f) Compliance with income tax laws. Whether the requesting spouse has made a good faith effort to comply with the income tax laws in the taxable years following the taxable year or years to which the request for relief relates.

(i) If the requesting spouse is compliant for taxable years after being divorced from the nonrequesting spouse, then this factor will weigh in favor of relief. If the requesting spouse is not compliant, then this factor will weigh against relief. If the requesting spouse made a good faith effort to comply with the tax laws but was unable to fully comply, then this factor will be neutral. For example, if the requesting spouse timely filed an income tax return but was unable to fully pay the tax liability due to the

requesting spouse's poor financial or economic situation after the divorce, then this factor will be neutral.

(ii) If the requesting spouse remains married to the nonrequesting spouse, whether or not legally separated or living apart, and continues to file joint returns with the nonrequesting spouse after requesting relief, then this factor will be neutral if the joint returns are compliant with the tax laws, but will weigh against relief if the returns are not compliant.

(iii) If the requesting spouse remains married to the nonrequesting spouse but files separate returns, this factor will weigh in favor of relief if the requesting spouse is compliant with the tax laws and will weigh against relief if the requesting spouse is not compliant with the tax laws. If the requesting spouse made a good faith effort to comply with the tax laws but was unable to fully comply, then this factor will be neutral. For example, if the requesting spouse timely filed an income tax return but was unable to fully pay the tax liability due to the requesting spouse's poor financial or economic situation as a result of being separated or living apart from the nonrequesting spouse, then this factor will be neutral.

(g) Mental or physical health. Whether the requesting spouse was in poor physical or mental health. This factor will weigh in favor of relief if the requesting spouse was in poor mental or physical health at the time the return or returns for which the request for relief relates were filed (or at the time the requesting spouse reasonably believed the return or returns were filed), or at the time the requesting spouse requested relief. The Service will consider the nature, extent, and duration of the condition,

including the ongoing economic impact of the illness. If the requesting spouse was in neither poor physical nor poor mental health, this factor is neutral.

.04. Refunds. In both understatement and underpayment cases, a requesting spouse is eligible for a refund of separate payments made by the requesting spouse after July 22, 1998, if the requesting spouse establishes that the funds used to make the payment for which a refund is sought were provided by the requesting spouse. A requesting spouse is not eligible for refunds of payments made with the joint return, joint payments, or payments that the nonrequesting spouse made. A requesting spouse, however, may be eligible for a refund of the requesting spouse's portion of the requesting and nonrequesting spouse's joint overpayment from another tax year that was applied to the joint income tax liability to the extent that the requesting spouse can establish that the requesting spouse provided the funds for the overpayment. The availability of refunds is subject to the refund limitations of section 6511.

## SECTION 5. PROCEDURE

A requesting spouse seeking equitable relief under section 66(c) or section 6015(f) must file Form 8857, Request for Innocent Spouse Relief (and Separation of Liability, and Equitable Relief), or other similar statement signed under penalties of perjury, within the applicable period of limitation as set forth in section 4.01(3) of this revenue procedure.

## SECTION 6. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2003-61, 2003-2 C.B. 296, is modified and superseded.

## SECTION 7. EFFECTIVE DATE

This revenue procedure is effective for requests for relief filed on or after September 16, 2013. In addition, this revenue procedure is effective for requests for equitable relief pending on September 16, 2013 whether with the Service, the Office of Appeals, or in a case docketed with a Federal court.

#### SECTION 8. DRAFTING INFORMATION

The principal authors of this revenue procedure are Nancy Rose and Sheida Lahabi of the Office of Associate Chief Counsel (Procedure and Administration). For further information regarding this revenue procedure contact Branches 1 or 2 of Procedure and Administration on (202) 622-4910 or (202) 622-4940 (not a toll free call).

# GREEN & SKLARZ LLC

Attorneys at Law  
[www.gs-lawfirm.com](http://www.gs-lawfirm.com)

**Eric L. Green**  
Phone: (203) 285-8545 x102  
Direct Dial: (203) 361-3139  
Fax: (203) 286-1311  
[egreen@gs-lawfirm.com](mailto:egreen@gs-lawfirm.com)

1 Audubon Street, 3rd Floor  
New Haven, CT 06511

January 7, 2020

**VIA FEDERAL EXPRESS**

United States Tax Court  
400 Second Street, N.W.  
Washington, D.C. 20217

**Re: TAXPAYER v. Commissioner of Internal Revenue**

Dear Sir or Madam:

Enclosed are the following:

- 1) Application for waiver to the U.S. Tax Court for filing fee of \$60.
- 2) Original and one copy of Petition.
- 3) Original and one copy of Designation of Place of Trial.
- 4) Original and one copy of Statement of Petitioner Identification Number

Please file the enclosed petition with the Tax Court and return a stamped copy of the petition in the provided self-addressed return envelope.

Very truly yours,

Eric L. Green

C: TAXPAYER

Enclosures

**UNITED STATES TAX COURT**

<b>TAXPAYER</b>	)		
	)		
<b>PETITIONER</b>	)		
<b>V.</b>	)	<b>DOCKET NO.</b>	
	)		
<b>COMMISSIONER OF INTERNAL</b>	)		
<b>REVENUE</b>	)		
	)		
<b>RESPONDENT</b>	)		

**PETITION FOR INNOCENT SPOUSE RELIEF AND OTHER EQUITABLE RELIEF**

Petitioner, TAXPAYER (“Petitioner”), hereby petitions for relief from the Commissioner's Notice of Determination Denying Petitioner’s Appeal for Form 8857 Request for Innocent Spouse relief Under Section 6015(f) for tax years 2013 and 2015 (the “Notice of Determination”) dated October 11, 2019 and petitions the Court to grant relief as requested herein, and as the basis for the Petitioner's case alleges as follows:

**PARTIES**

1. The Petitioner resides at \_\_\_\_\_ Lane, \_\_\_\_\_, Connecticut, 06880.
2. The Internal Revenue Service (“IRS”) Appeals Office at Florence, Kentucky 41042 issued a Notice of Determination dated MONTH 11, 2019, via certified mail a copy of which is enclosed as Exhibit A.

### **ASSESSMENT OF DISPUTED TAX**

3. The Final Appeals Determination involves the following proposed income tax liability on the Petitioner after denying the requested innocent spouse relief: (a) Tax year ending 12/2013: \$179,078; and (b) Tax year ending 12/2015: \$50,906 plus accruing penalties and interest.

4. The Commissioner erred in denying full innocent spouse relief to the Petitioner under I.R.C. § 6015(f) for tax years ending 12/2013 and 12/2015.

### **GENERAL FACTUAL BACKGROUND**

5. The facts upon which the Petitioner relies, as the basis of her case, are as follows:
- a. The Petitioner's former husband, EX-HUSBAND ("EX-HUSBAND"), was the primary income provider for the Petitioner and the couple's two children.
  - b. Petitioner filed for divorce on January 20, 2017 and the judgment for dissolution entered October 4, 2017.
  - c. The primary source of income for tax year 2013 was EX-HUSBAND's W-2 income from COMPANY LLC.
  - d. The primary source of income for tax year 2015 was EX-HUSBAND's W-2 income from COMPANY LLC and capital gains reported on Schedule D related to EX-HUSBAND's severance/buyout with COMPANY LLC.
  - e. The Petitioner reported de minimis income on a Schedule C in 2013 and 2015 for her work as an artist. Specifically, her net profit in 2013 was \$0 and 2015 was \$4,956.
  - f. EX-HUSBAND was a highly private individual and insisted on keeping the Petitioner away from any financial information. EX-HUSBAND refused to

disclose anything about their finances and became verbally abusive when Petitioner inquired.

- g. The Petitioner never saw or signed the tax returns.
- h. EX-HUSBAND acknowledged that he filed the tax returns without the Petitioner's consent or knowledge and that he forged her name. Article IX, section 9.2 of their divorce decree states:

The Husband acknowledges that he filed the tax returns identified in Paragraph 9.1 without the consent of the Wife, and that the Wife did not see such returns nor have the ability to exam them before he filed them. In addition, the Husband further acknowledges that he signed her name to the tax returns without her implied or actual consent and also told the Wife that there was no tax liability.

- i. Moreover, EX-HUSBAND has a legal obligation to pay the tax liability.

Article IX, section 9.1 of the divorce decree states:

The Husband shall be solely responsible to pay any taxes, assessments, penalties or interest which may result from any joint federal, state or municipal income tax returns and indemnify and hold the Wife harmless as to same. More specifically, there are current outstanding federal and state tax liabilities for years 2013 and 2015, and the Husband shall be solely responsible for the payment of all Federal and State income taxes, penalties and interest that may be due or assessed by any Federal or State agency as a result of the filing and/or audit of these returns and will indemnify and hold the Wife harmless as to all amounts due in respect of such tax returns.

- j. EX-HUSBAND was also court-ordered to pay any professional fees related to her resolution of the 2013 and 2015 tax returns. Article IX, section 9.3 of the decree states:

The Husband also accepts and acknowledges his obligation to pay any of the Wife's professional legal fees, accounting fees and disbursements incurred by any of the Wife's professional advisors in connection with representation of the Wife before the Internal Revenue Service or any

other Federal, State or Municipal agency attempting to collect taxes, penalties or interest from the Wife in respect to the Federal, State and Municipal tax returns referred to in Paragraph 9.1 of this Agreement.

- k. Petitioner suffered from well-documented marital abuse. The Petitioner has previously submitted letters from friends and medical professionals outlining the severe abuse the Petitioner underwent. Petitioner further offered to produce video-tape evidence of the abuse, but the IRS never responded to such request.
- l. Emails from the former spouse were provided to the IRS, indicating funds received from a severance/buyout with EX-HUSBAND's former employer were put directly into a private account that Petitioner had no access to. It was these funds that created the liability the IRS is attempting to collect from Petitioner.
- m. The Petitioner was in poor mental health due to the constant verbal abuse she suffered in the marriage and the complete control EX-HUSBAND exerted over the couple's finances.
- n. The Petitioner also suffers from the brain disorder, Attention deficit hyperactivity disorder. Pursuant to a letter from her doctor dated October 23, 2018:

Ms. TAXPAYER has always had extreme problems dealing with paperwork, organization, and executive functioning, As a result of these problems her anxiety and focus worsened over time.
- o. Petitioner and EX-HUSBAND have an autistic daughter, ER, with disabilities. Caring for ER at all times relevant herein, has always been Petitioner's primary focus.

p. Further, during all relevant periods, Petitioner suffered from debilitating pain from damage to her spinal cord in her neck and disc disease in her lower spine. Petitioner has since had her neck and lumbar spine fused to help manage her pain and mobility issues, although she has never fully recovered.

q. The constant physical pain and mobility issues, caring for her autistic daughter, her own mental impairments, and the spousal abuse made it impossible for her to take action to challenge her husband concerning the household finances or filing of tax returns and ultimately delayed her initiating the divorce proceedings.

r. The Petitioner believes she is entitled to full innocent spouse relief on the proposed joint and several liability for tax years 2013 and 2015 for the following reasons:

i. The Petitioner did not file a joint return with EX-HUSBAND. The Petitioner's signature was forged on each of the tax returns in question.

ii. It is inequitable to hold her responsible for her former husband's liability.

iii. EX-HUSBAND was verbally abusive and aggressive whenever confronted about finances and insisted that the Petitioner not be involved with the finances.

iv. EX-HUSBAND kept all financial information and tax records hidden and refused access to the Petitioner.

v. It would be an economic hardship to hold the Petitioner liable for the amount owed as she has limited assets and income. Petitioner qualified for representation based on severe financial hardship through the IRS low-income tax clinic. Pursuant to Petitioner's last filed federal tax return, her 2018 adjusted gross income was \$18,755. Accordingly, the Petitioner would suffer economic hardship if she were held to pay the tax liability. (*See* Rev. Proc. 2003-61, Circumstances under which the Service ordinarily will grant equitable relief under section 6015(f) with respect to underpayments on joint returns.) IRS Appeals Officer David LAZY-ASS acknowledged the Petition suffered from hardship and suggested she file an offer-in-compromise and refused to consider the facts and circumstances presented in her Appeal.

**COUNT ONE:**

**Innocent Spouse Relief Pursuant to 26 USC § 6015 for Tax Years 2013 and 2015**

6. Petitioner incorporates by reference paragraphs 1-5 of the Petition as if fully set forth in this Complaint.

7. Pursuant to Rev. Proc. 2013-34, seven threshold conditions must be satisfied before the IRS will consider equitable relief under IRC Section 6015(f): (1) The requesting spouse must have filed a joint return for the tax year for which relief is sought; (2) Relief must not be available to the requesting spouse under Code Sec. 6015(b) or Code Sec. 6015(c); (3) The claim for relief must be timely filed; (4) No assets must have been transferred between the spouses as part of a fraudulent scheme by the spouses; (5) The nonrequesting spouse must not have transferred disqualified assets to the requesting spouse (if the nonrequesting spouse did transfer disqualified

assets to the requesting spouse, relief will be available only to the extent that the income tax liability exceeds the value of the disqualified assets); (6) The requesting spouse must not have knowingly participated in the filing of a fraudulent joint return; and (7) The income tax liability from which the requesting spouse seeks relief must be attributable to an item of the nonrequesting spouse except in cases of (a) attribution solely due to the operation of community property law, (b) nominal ownership, (c) misappropriation of funds, (d) abuse, or (e) fraud committed by the nonrequesting spouse.

8. The Petitioner is entitled to full innocent spouse relief on the proposed joint and several liability for tax years 2013 and 2015 for the following reasons:

- a. Tax years 2013 and 2015 were filed Married Filing Joint, the years in which relief is requested.
- b. Petitioner is not eligible for relief under IRC Sections 6015(b) and (c). Here, the Petitioner had never reviewed or signed the tax returns but to the best of her knowledge, is not aware and does not believe there was an understatement of tax.
- c. Petitioner filed a timely request for relief before the collection statute of limitations or the refund statute of limitations expired.
- d. There were no assets transferred as part of a fraudulent scheme between the Petitioner and her former spouse.
- e. There were no disqualified asset transfers made.
- f. Petitioner did not knowingly file the return with fraudulent intent. In the instant case, Petitioner never reviewed or signed the returns and had no involvement in the filing of same.

g. The liability is attributable to the person with whom Petitioner filed the joint return. In this instant case, the liability is attributable to the former spouse (with the exception of de minimis income reported on a Schedule C for tax year 2015).

9. Clearly, Petitioner has met the threshold requirements per the guidelines in Revenue Procedure 2013-34. Accordingly, the IRS should consider the facts and circumstances in the case.

10. As a direct and proximate consequence of the information set forth above, the Court should order that Petitioner is entitled to innocent spouse relief.

**WHEREFORE**, the Petitioner prays that:

1. The Court grant full innocent spouse relief for the joint and several income tax liability, and any related penalties and interest, for tax years 2013 and 2015;

2. The Court hold the Commissioner's proposed levy action to be an abuse of discretion;

3. Petitioner be awarded the costs of this action and reasonable attorney's fees; and

4. Such other relief as is just and proper.

**THE PETITIONER,**

Dated: January 8, 2020

---

By: Eric L. Green  
Tax Court No. GE0314  
Green & Sklarz LLC  
One Audubon Street, Third Floor  
New Haven, Connecticut 06511  
Tel. No. (203) 285-8545  
Fax No. (203) 286-1311

**UNITED STATES TAX COURT**

**TAXPAYER** )  
 )  
 **PETITIONER** )  
 **V.** ) **DOCKET NO.**  
 )  
 **COMMISSIONER OF INTERNAL** )  
 **REVENUE** )  
 )  
 **RESPONDENT** )

**DESIGNATION OF PLACE OF TRIAL**

The Petitioner hereby designates Hartford, Connecticut as the place of trial of this case.

**THE PETITIONER,**

Dated: January 8, 2020

---

By: Eric L. Green  
Tax Court No. GE0314  
Green & Sklarz LLC  
One Audubon Street, Third Floor  
New Haven, Connecticut 06511  
Tel. No. (203) 285-8545  
Fax No. (203) 286-1311

**UNITED STATES TAX COURT**

**TAXPAYER** )  
 )  
 **PETITIONER** )  
 **V.** ) **DOCKET NO.**  
 )  
 **COMMISSIONER OF INTERNAL** )  
 **REVENUE** )  
 )  
 **RESPONDENT** )

**STATEMENT OF PETITIONER IDENTIFICATION NUMBER**

Name of Petitioner: **TAXPAYER**  
Petitioner's Social Security Number: **XXX-XX-XXXX**

Dated: January 8, 2020

---

By: Eric L. Green  
Tax Court No. GE0314  
Green & Sklarz LLC  
One Audubon Street, Third Floor  
New Haven, Connecticut 06511  
Tel. No. (203) 285-8545  
Fax No. (203) 286-1311

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UNITED STATES TAX COURT  
WASHINGTON, DC 20217

2020 JAN -9 AM 10:59

U.S. TAX COURT  
FILED  
JAN - 9 2020  
141

TAXPAYER NAME

BY: [Signature]  
Petitioner (your name) DEPUTY CLERK

v.

COMMISSIONER OF INTERNAL REVENUE,  
Respondent

Docket No. \_\_\_\_\_

XXX - 20

APPLICATION FOR WAIVER OF FILING FEE

1. Do you receive any money from any of the following sources?

If "Yes", amount received per month:

- a. Salary or wages  YES \_\_\_\_\_  NO
- b. Business, profession, or other self-employment  YES Income from art sales inconsistent and minimal.  NO
- c. Rent payments, interest, or dividends  YES \_\_\_\_\_  NO
- d. Pensions, annuities, or life insurance payments  YES \_\_\_\_\_  NO
- e. Disability or workers compensation payments  YES \_\_\_\_\_  NO
- f. Any other sources  YES 7,250 - borrowed from family; \$3,270 child support that is not paid on a consistent basis.  NO

2. Do you have any cash or checking or savings accounts?

YES  NO

If "Yes", state the total amount. 338.22

3. Do you own any real estate, stocks, bonds, securities, other financial instruments, automobiles, or any other thing of value?  YES  NO

If "Yes", describe the property and state its value.

Charles Schwab Designated Beneficiary Plan: \$1,044.68 (balance available to withdraw);  
\$14,292 on Margin Apple Stock  
Janus Henderson Investors Individual Account: \$6,978.01  
Chase Checking Account x4224: \$338.22  
Chase Business Checking Account x7152: \$3,292.58  
2013 Honda Civic, 90k miles, fair condition

U.S. TAX COURT  
GRANTED  
JAN - 9 2020  
(Signed) Maurice B. Foley  
JUDGE  
(08/13)

- 
4. List the persons who depend on you for support (*if under 18, list initials only*), state your relationship to each person, and indicate how much you contribute to their support per month.

JR, Son, 19.

ER, Daughter, 17. ER is diagnosed with low muscle tone and other disabilities.

5. Do you have any debts, financial obligations or other additional circumstances you want the Court to consider (such as incarceration) in deciding whether to waive the filing fee? If yes, describe the amounts owed and to whom they are payable and the other circumstances you want considered.

Petitioner is severely indebted to her family for financial assistance for which they provide on a regular basis. Petitioner's former husband pays child support on an inconsistent basis.

I declare under penalty of perjury that the above information is true and correct.

\_\_\_\_\_  
Date

**Return the completed application to:**

**Office of Clerk of the Court  
United States Tax Court  
400 Second Street, NW  
Washington, DC 20217**

**US TAX COURT  
RECEIVED**

**MAR 17 2020  
4:24 PM**



**US TAX COURT  
eFILED**

**MAR 17 2020**

TAXPAYER

Petitioner,

ELECTRONICALLY FILED

v.

Docket No. XXX-20

COMMISSIONER OF INTERNAL REVENUE,  
Respondent

**RESPONDENT'S ANSWER**

**SERVED Mar 17 2020**

# ORIGINAL

## UNITED STATES TAX COURT

TAXPAYER )  
 )  
 Petitioner, )  
 )  
 v. ) Docket No. XXX-20  
 )  
 COMMISSIONER OF INTERNAL REVENUE, ) Filed Electronically  
 )  
 Respondent. )

### ANSWER

RESPONDENT, in answer to the petition filed in the above-entitled case, admits, denies and alleges as follows:

1. Admits.
2. Admits.
3. Admits, except denies the amounts in dispute. Alleges that the account balances, including accruals of interest and penalties, for the taxable year 2013 and for the taxable year 2015 are \$170,634.49 and \$72,141.00, respectively, as of March 11, 2020.
4. Denies.
5. a. through r. Denies for lack of sufficient information.
6. Neither admits nor denies because this paragraph does not contain new allegations.
7. Denies the allegations of fact, if any.
8. a. Admits.  
b. Denies for lack of sufficient information.

c. Admits, except denies the allegations of fact with respect to any refund statute of limitations for lack of sufficient information.

d. through g. Denies for lack of sufficient information.

9. Denies.

10. Denies.

11. Denies generally each and every allegation of the petition not herein specifically admitted, qualified or denied.

WHEREFORE, it is prayed that the relief sought in the petition be denied and that respondent's determination, as set forth in the notice of determination, be in all respects approved; and that petitioner's claim for costs and attorney's fees be denied as premature.

MICHAEL J. DESMOND  
Chief Counsel  
Internal Revenue Service

Date: MAR 17 2020

By: *Luanne S. DiMauro*

LUANNE S. DIMAURO  
General Attorney (Boston, Group  
3)  
(Small Business/Self-Employed)  
Tax Court Bar No. DL0080  
333 East River Drive  
Suite 200  
East Hartford, CT 06108-4221  
Telephone: (860) 290-4067  
Email: Luanne.S.DiMauro  
@irscounsel.treas.gov

OF COUNSEL:  
JOSEPH W. SPIRES  
Division Counsel  
(Small Business/Self-Employed)  
MICHAEL R. FIORE  
Area Counsel  
(Small Business/Self-Employed:Area 1)  
ERIKA B. CORMIER  
Associate Area Counsel  
(Small Business/Self-Employed)

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4:26 PM



US TAX COURT  
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MAR 17 2020

TAXPAYER

Petitioner,

ELECTRONICALLY FILED

v.

Docket No. XXX-20

COMMISSIONER OF INTERNAL REVENUE,  
Respondent

RESPONDENT'S NOTICE OF FILING OF PETITION AND RIGHT TO  
INTERVENE ON TAXPAYER'S EX-HUSBAND'S NAME 03/17/2020

CERTIFICATE OF SERVICE

SERVED Mar 17 2020

# ORIGINAL

## UNITED STATES TAX COURT

TAXPAYER )  
 )  
 ) Petitioner, )  
 )  
 v. ) Docket No. XXX-20  
 )  
 ) COMMISSIONER OF INTERNAL REVENUE, ) Filed Electronically  
 )  
 ) Respondent. )

### NOTICE OF FILING OF PETITION AND RIGHT TO INTERVENE

RESPONDENT, pursuant to T.C. Rule 325(a) and King v. Commissioner, 115 T.C. 118 (2000), hereby provides Notice of the filing of a petition raising relief from joint and several liability on a joint return by the above-named petitioner, and right to intervene, to petitioner's former spouse, EX-SPOUSE'S NAME, the other individual filing joint returns with petitioner for the years at issue, as follows:

1. On January 9, 2020, petitioner TAXPAYER filed a petition with the United States Tax Court for relief from joint and several liability on a joint return.

2. EX-HUSBAND, petitioner's former spouse, filed joint returns with petitioner for the years at issue which are 2013 and 2015.

3. Under T.C. Rule 325(b), EX-HUSBAND has a right to intervene in this matter regarding petitioner's entitlement to relief from joint and several liability. EX-HUSBAND may exercise that right by filing a notice of intervention with the

Tax Court no later than 60 days after service of this Notice.  
As to the form and content of a notice of intervention, see  
Appendix I, Form 13, of the Tax Court Rules of Practice and  
Procedure.

MICHAEL J. DESMOND  
Chief Counsel  
Internal Revenue Service

Date: MAR 17 2020

By: *Luanne S. DiMauro*  
LUANNE S. DI MAURO  
General Attorney (Boston)  
(Small Business/Self-Employed)  
Tax Court Bar No. DL0080  
333 East River Drive  
Suite 200  
East Hartford, CT 06108  
Telephone: (860) 290-4067  
Email: Luanne.S.DiMauro  
@irscounsel.treas.gov

OF COUNSEL:  
JOSEPH W. SPIRES  
Division Counsel  
(Small Business/Self-Employed)  
MICHAEL R. FIORE  
Area Counsel  
(Small Business/Self-Employed:Area 1)  
ERIKA B. CORMIER  
Associate Area Counsel  
(Small Business/Self-Employed)

Docket No. XXX-20

**CERTIFICATE OF SERVICE**

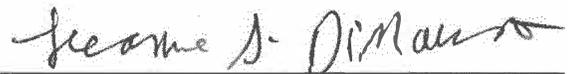
This is to certify that a copy of the foregoing NOTICE OF FILING OF PETITION AND RIGHT TO INTERVENE was served on petitioner's former spouse by mailing the same on

MAR 17 2020

in a postage paid wrapper addressed as follows:

EX-HUSBAND  
ADDRESS  
City, State Zip

Date: MAR 17 2020



LUANNE S. DI MAURO  
General Attorney (Boston)  
(Small Business/Self-Employed)  
Tax Court Bar No. DL0080

# Injured Spouse Allocation

▶ **Information about Form 8379 and its separate instructions is at [www.irs.gov/form8379](http://www.irs.gov/form8379).**

**Part I** **Should You File This Form?** You must complete this part.

- 1 Enter the tax year for which you are filing this form. ▶ \_\_\_\_\_ Answer the following questions for that year.
- 2 Did you (or will you) file a joint return?
  - Yes.** Go to line 3.
  - No. Stop here.** Do not file this form. You are not an injured spouse.
- 3 Did (or will) the IRS use the joint overpayment to pay any of the following legally enforceable past-due debt(s) owed only by your spouse? (see instructions)
  - Federal tax • State income tax • State unemployment compensation • Child support • Spousal support
  - Federal nontax debt (such as a student loan)
  - Yes.** Go to line 4.
  - No. Stop here.** Do not file this form. You are not an injured spouse.

**Note:** If the past-due amount is for a federal tax liability owed by both you and your spouse, you may qualify for innocent spouse relief for the year to which the joint overpayment was (or will be) applied. See *Innocent Spouse Relief* in the instructions.
- 4 Are you legally obligated to pay this past-due amount?
  - Yes. Stop here.** Do not file this form. You are not an injured spouse.
  - Note:** If the past-due amount is for a federal tax liability owed by both you and your spouse, you may qualify for innocent spouse relief for the year to which the joint overpayment was (or will be) applied. See *Innocent Spouse Relief* in the instructions.
  - No.** Go to line 5a.
- 5a Were you a resident of a community property state at any time during the tax year entered on line 1? (see instructions)
  - Yes.** Enter the name(s) of the community property state(s) \_\_\_\_\_  
 Go to line 5b.
  - No.** Skip line 5b and go to line 6.
- b If you answered "Yes" on line 5a, was your marriage recognized under the laws of the community property state(s)? (see instructions)
  - Yes.** Skip lines 6 through 9. **Go to Part II** and complete the rest of this form.
  - No.** Go to line 6.
- 6 Did you make and report payments, such as federal income tax withholding or estimated tax payments?
  - Yes.** Skip lines 7 through 9 and **go to Part II** and complete the rest of this form.
  - No.** Go to line 7.
- 7 Did you have earned income, such as wages, salaries, or self-employment income?
  - Yes.** Go to line 8.
  - No.** Skip line 8 and go to line 9.
- 8 Did (or will) you claim the earned income credit or additional child tax credit?
  - Yes.** Skip line 9 and **go to Part II** and complete the rest of this form.
  - No.** Go to line 9.
- 9 Did (or will) you claim a refundable tax credit? (see instructions)
  - Yes. Go to Part II** and complete the rest of this form.
  - No. Stop here.** Do not file this form. You are not an injured spouse.

**Part II** **Information About the Joint Tax Return for Which This Form Is Filed**

- 10 Enter the following information exactly as it is shown on the tax return for which you are filing this form.  
 The spouse's name and social security number shown first on that tax return must also be shown first below.
 

First name, initial, and last name shown first on the return	Social security number shown first	<b>If Injured Spouse, check here ▶</b> <input type="checkbox"/>
First name, initial, and last name shown second on the return	Social security number shown second	<b>If Injured Spouse, check here ▶</b> <input type="checkbox"/>
- 11 Check this box only if you want your refund issued in both names. Otherwise, separate refunds will be issued for each spouse, if applicable . . . . .
- 12 Do you want any injured spouse refund mailed to an address different from the one on your joint return?  **Yes**  **No**  
 If "Yes," enter the address. \_\_\_\_\_  

Number and street
City, town or post office, state, and ZIP code

**Part III Allocation Between Spouses of Items on the Joint Tax Return** (See the separate Form 8379 instructions for Part III.)

Allocated Items (Column (a) must equal columns (b) + (c))	(a) Amount shown on joint return	(b) Allocated to injured spouse	(c) Allocated to other spouse
<b>13</b> Income: <b>a.</b> Income reported on Form(s) W-2			
<b>b.</b> All other income			
<b>14</b> Adjustments to income			
<b>15</b> Standard deduction or Itemized deductions			
<b>16</b> Number of exemptions			
<b>17</b> Credits ( <b>do not</b> include any earned income credit)			
<b>18</b> Other taxes			
<b>19</b> Federal income tax withheld			
<b>20</b> Payments			

**Part IV Signature.** Complete this part only if you are filing Form 8379 by itself and not with your tax return.

Under penalties of perjury, I declare that I have examined this form and any accompanying schedules or statements and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

<b>Paid Preparer Use Only</b>	Keep a copy of this form for your records	Injured spouse's signature	Date	Phone number
		Print/Type preparer's name	Preparer's signature	Date
		Firm's name ▶	Firm's EIN ▶	Check <input type="checkbox"/> if self-employed
		Firm's address ▶	Phone no.	PTIN



# Form 656 Booklet

# Offer in Compromise

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## CONTENTS

■ What you need to know .....	1
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■ Removable Forms - Form 433-A (OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals; Form 433-B (OIC), Collection Information Statement for Businesses; Form 656, Offer in Compromise .....	7
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## IRS contact information

If you want to see if you qualify for an offer in compromise 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 <https://www.irs.gov/payments/offer-in-compromise>.

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](http://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. TAS helps 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](http://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](http://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 a LITC near you, see the LITC page at [www.taxpayeradvocate.irs.gov/litcmap](http://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.



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## 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. 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 further 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 you are legally required to file, the IRS will apply any initial payment you sent with your offer to your tax debt and return both your offer and application fee to you. You cannot appeal this decision.**

### Bankruptcy, Open Audit or Innocent Spouse Claim

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.

**If you currently have any open audit or outstanding innocent spouse claim, wait for those issues to be resolved before you submit an offer.**

For any additional questions see [www.irs.gov](http://www.irs.gov). Offer in Compromise [FAQs](#).

### Can You Pay in Full?

Generally, the IRS will not accept an offer if you can pay your tax debt in full through an installment agreement or equity in assets.

Note: Adjustments or exclusions, which may be considered during the offer investigation, such as allowance of \$1,000 to a bank balance or \$3,450 against the value of a car, are only applied if you are an individual and 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 2020 and you file your 2020 Form 1040 on April 15, 2021 showing a refund, the 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](http://www.irs.gov) or a local IRS office or call toll-free 1-800-TAX-FORM (1-800-829-3676).

**Note: Do not submit both a Doubt as to Liability offer and an offer under Doubt as to Collectibility or Effective Tax Administration at the same time. Any doubt you owe part or all of the tax debt must be resolved before sending in an offer based on your ability to pay.**

## 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 certain other creditors. The IRS may file a NFTL while your offer is being considered. If you have not finished paying your offer amount, then the IRS may be entitled to any proceeds from the sale of real property if the tax lien(s) has/have not been released. You may be entitled to file an appeal under the Collection Appeals Program (CAP) before this occurs or request a Collection Due Process hearing after this occurs.

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 liabilities that include 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. If the IRS enters into a compromise with an employer for a portion of the trust fund tax liability, the remainder of the trust fund taxes must be collected from the responsible parties. You are not eligible for consideration of an offer unless the trust fund portion of the tax is paid or the Trust Fund Recovery Penalty determination(s) has/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 recovery penalty assessment discussed above is not required prior to submitting the offer.

## Other Important Facts

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>.

Penalties and interest will continue to accrue during consideration of your offer.

After you submit your offer, you must continue to timely file and pay all required tax returns, estimated tax payments, and federal tax payments for yourself and any business in which you have an interest. 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 and application fee may be returned and any initial payment sent with your offer will be applied to your tax debt. To prevent the return of your offer, include a complete copy of any tax return filed within 12 weeks of this offer submission.**

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. In addition, the IRS cannot compromise any tax liability arising from a restitution amount ordered by a court or a tax debt that has been reduced to judgment. Furthermore, the IRS will not compromise any IRC § 965 tax liability for which an election was made under IRC § 965(i). You cannot appeal this decision.

Note: Any offer containing a liability for which payment is being deferred under IRC § 965(h)(1) can only be processed for investigation if an acceleration of payment under section 965(h)(3) and the regulations thereunder has occurred and no portion of the liability to be compromised resulted from entering into a transfer agreement under section 965(h)(3).

The law requires the IRS to make certain information from accepted offers available for public inspection and review. Instructions to request a public inspection file can be found on [www.irs.gov](http://www.irs.gov) keyword "OIC".

The IRS may levy your assets up to the time 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 submitted and pending evaluation, immediately contact the IRS person whose name and phone number are 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.

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## PAYING FOR YOUR OFFER

### Application Fee

Offers require a \$205 application fee.

**Exception: If you are an individual and meet the Low-Income Certification guidelines, you are not required to send any money with your offer.** You are considered an individual if you are seeking compromise of a liability for which you are personally responsible, including any liability you incurred as a sole proprietor or any Form 941 liability incurred prior to January 1, 2009 as a disregarded single member LLC.

### Payment Options

You must select a payment option and include the initial 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 the periodic payment option, you must continue to make monthly payments while the IRS is evaluating your offer. Failure to make these payments, until you have received a final decision letter, will cause your offer to be returned. You cannot appeal this decision. Total payments must equal the total offer amount.**

**Exception: If you are an individual and meet 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.**

Generally, payments made on an offer will not be returned. You may make a deposit, as described in Form 656, Section 5, which may be returned if the offer is not accepted. If your offer is accepted, your payments made during the offer process, including any money designated as a deposit, will be applied to your offer amount.

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. **If you are an individual, use the OIC Pre-Qualifier tool located on our website at <https://www.irs.gov/payments/offer-in-compromise> to assist in determining a starting point for your offer amount.**

**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 debt as a result.** Contact the IRS or your tax advisor before taking this action.

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## HOW TO APPLY

### Application Process

The application must include:

- **Form 656**, Offer in Compromise
- **Completed** and signed **Form 433-A (OIC)**, Collection Information Statement for Wage Earners and Self-Employed Individuals, if applicable
- **Completed** and signed **Form 433-B (OIC)**, Collection Information Statement for Businesses, if applicable
- **\$205 application fee**, unless you meet Low-Income Certification Guidelines
- **Initial offer payment** based on the payment option you choose, unless you meet Low-Income Certification Guidelines

Note: Your offer(s) cannot be considered without the completed and signed Forms 433-A (OIC), 433-B (OIC) (if applicable), and supporting documentation.

### If You and Your Spouse Owe Joint and Separate Tax Debts

If you and your spouse have joint tax debt(s) and you or your spouse are also responsible for separate tax debt(s) (including Trust Fund Recovery Penalty), 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 may submit a Form 656 to compromise your responsibility for the joint tax debt.

**Each Form 656 will require the \$205 application fee and initial payment unless you are an individual and meet the Low-Income Certification guidelines. You are considered an individual if you are seeking compromise of a liability for which you are personally responsible, including any liability you incurred as a sole proprietor, or any Form 941 liability incurred prior to January 1, 2009 as a disregarded single member LLC.**

### 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 \$205 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 its own 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 with tax debts (including employment taxes) incurred before January 1, 2009 may be included on your individual Form 656. However, in those instances where an LLC incurred employment taxes on or after January 1, 2009 or excise taxes on or 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 on or after January 1, 2009 and excise tax debts on or after January 1, 2008.

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## 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 household's gross monthly income and average expenses. The entire household includes all those in addition to yourself who contribute money to pay expenses relating to the household such as, rent, utilities, insurance, groceries, etc. This is necessary for the IRS to accurately evaluate your offer. It may also be used to determine your share of the total household income and expenses.

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, or operate or operated as a sole proprietor, a disregarded single member LLC taxed as a sole proprietor prior to 2009 or are authorized to submit an offer on behalf of the estate of a deceased individual. If you are married but living separately from your spouse then you each must submit a Form 433-A (OIC). 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 \$205 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). Generally, initial payments will not be returned but will be applied to your tax debt if your offer is not accepted.

**Include a separate personal check, cashier's check, or money order for the application fee. Make both payments payable to the "United States Treasury". All payments must be made in U.S. dollars.**

You may choose to make your initial offer payment and application fee through the Electronic Federal Tax Payment System (EFTPS).

**Reminder: If you meet the Low-Income Certification guidelines DO NOT send any money with your offer since 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 completed application package to the appropriate IRS facility. See page 29, 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).**

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## **IMPORTANT INFORMATION**

### **After You Mail Your Application:**

We will contact you after we receive and review your offer application. Promptly reply to any requests for additional information within the time frame specified. Failure to reply timely will result in the return of your offer without appeal rights.

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 Guidelines. Failure to make monthly payments (until you have received a final decision letter) will 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 \$50 over the agreed amount, then the overpayment 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 operated as a disregarded single member Limited Liability Company (LLC) taxed as a sole proprietor prior to 2009
- ▶ An individual who is submitting an offer on behalf of the estate 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 If married, date of marriage (mm/dd/yyyy)	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 - -
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**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 receive 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	Pay period <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Other	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"/> Sole proprietor <input type="checkbox"/> Officer (complete Form 433-B (OIC))	
Your occupation	How long with this employer (years)                      (months)	
Spouse's employer's name	Pay period <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Other	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"/> Sole proprietor <input type="checkbox"/> Officer (complete Form 433-B (OIC))	
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, retirement accounts (IRAs, Keogh, 401(k) plans, stocks, bonds, mutual funds, certificates of deposit) and virtual currency (such as Bitcoin, Ripple, Ethereum, etc.), 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)**

Cash  Checking  Savings  Money Market Account/CD  Online Account  Stored Value Card

Bank name	Account number	
		(1a) \$
<hr/>		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market Account/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank name	Account number	
		(1b) \$
Total of bank accounts from attachment		(1c) \$
<b>Add lines (1a) through (1c) minus (\$1,000) =</b>		<b>(1) \$</b>

Investment account  Stocks  Bonds  Other

Name of Financial Institution	Account number	
Current market value		Minus loan balance
\$ _____ X .8 = \$ _____		- \$ _____ =
		(2a) \$

Investment account  Stocks  Bonds  Other

Name of Financial Institution	Account number	
Current market value		Minus loan balance
\$ _____ X .8 = \$ _____		- \$ _____ =
		(2b) \$

Virtual currency

Type of virtual currency	Name of virtual currency wallet, exchange or digital currency exchange (DCE)	Email address used to set-up with the virtual currency exchange or DCE	Location(s) of virtual currency
Current market value in U.S. dollars as of today			
\$ _____ X .8 = \$ _____ =			
Total investment accounts from attachment. [current market value minus loan balance(s)]			(2d) \$

**Add lines (2a) through (2d) = (2) \$**

Retirement account  401K  IRA  Other

Name of Financial Institution	Account number	
Current market value		Minus loan balance
\$ _____ X .8 = \$ _____		- \$ _____ =
Total of retirement accounts from attachment. [current market value X .8 minus loan balance(s)]		(3b) \$

**Add lines (3a) through (3b) = (3) \$**

Note: Your reduction from current market value may be greater than 20% due to potential tax consequences/withdrawal penalties.

Cash value of Life Insurance Policies

Name of Insurance Company	Policy number	
Current cash value		Minus loan balance
\$ _____		- \$ _____ =
Total cash value of life insurance policies from attachment		Minus loan balance(s)
\$ _____		- \$ _____ =

**Add lines (4a) through (4b) = (4) \$**

**Section 3 (Continued)**

**Personal Asset Information**

**Real property (enter information about any house, condo, co-op, time share, etc. that you own or are buying including any assets owned by your spouse if you live in a community property state)**

Is your real property currently for sale or do you anticipate selling your real property to fund the offer amount

Yes (listing price) \_\_\_\_\_  No

Property description (indicate if personal residence)		Purchase/Lease date (mm/dd/yyyy)			
Amount of mortgage/rent payment	Date of final payment	How title is held (joint tenancy, etc.)			
Location (street, city, state, ZIP code, county, and country)		Lender/Lessor/Landlord name, address (street, city, state, ZIP code) and phone			
Current market value		Minus loan balance (mortgages, etc.)			
\$ _____ X .8 = \$ _____		- \$ _____ (total value of real estate) =		(5a) \$	
Property description (indicate if rental property, vacant, etc.)		Purchase/Lease date (mm/dd/yyyy)			
Amount of mortgage/rent payment	Date of final payment	How title is held (joint tenancy, etc.)			
Location (street, city, state, ZIP code, county, and country)		Lender/Lessor/Landlord name, address (street, city, state, ZIP code) and phone			
Current market value		Minus loan balance (mortgages, etc.)			
\$ _____ X .8 = \$ _____		- \$ _____ (total value of real estate) =		(5b) \$	
Total value of property(s) from attachment [current market value X .8 minus any loan balance(s)]					(5c) \$
<b>Add lines (5a) through (5c) =</b>					<b>(5) \$</b>

**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	Name of creditor	Date of final payment	Monthly lease/loan amount		
<input type="checkbox"/> Loan			\$		
Current market value		Minus loan balance		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =	
\$ _____ X .8 = \$ _____		- \$ _____			(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	Name of creditor	Date of final payment	Monthly lease/loan amount		
<input type="checkbox"/> Loan			\$		
Current market value		Minus loan balance		Total value of vehicle (if the vehicle is leased, enter 0 as the total value) =	
\$ _____ X .8 = \$ _____		- \$ _____			(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) \$
<b>Total lines (6b), (6d), and (6e) =</b>					<b>(6) \$</b>

**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.)

Description of asset(s)		
Current market value	Minus loan balance	
\$ _____ X .8 = \$ _____	- \$ _____ =	(7a) \$ _____
Value of remaining furniture and personal effects (not listed above)		
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) \$ _____
<b>Add lines (7a) through (7c) minus IRS deduction of \$9,690 =</b>		<b>(7) \$ _____</b>
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. <b>Add lines (1) through (7) and enter the amount in Box A =</b>		<b>Box A</b> 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 address	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, virtual currency (cryptocurrency), 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 Account/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 Account/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card			
Bank name		Account number	
		(8b) \$ _____	
<input type="checkbox"/> Virtual currency	Name of virtual currency wallet, exchange or digital currency exchange (DCE)	Email address used to set-up with the virtual currency exchange or DCE	Location(s) of virtual currency
Type of virtual currency			
Current market value in U.S. dollars as of today \$ _____ X .8 = \$ _____ =			(8c) \$ _____
Total bank accounts from attachment			(8d) \$ _____
<b>Add lines (8a) through (8d) =</b>			<b>(8) \$ _____</b>

**Section 5 (Continued)**

**Business Asset Information (for Self-Employed)**

Description of asset

Current market value	Minus loan balance	Total value (if leased or used in the production of income, enter 0 as the total value)	=	(9a) \$
\$ _____ X .8 = \$ _____	- \$ _____			
Description of asset:				
Current market value	Minus Loan Balance	Total value (if leased or used in the production of income, enter 0 as the total value)	=	(9b) \$
\$ _____ X .8 = \$ _____	- \$ _____			
Total value of assets listed from attachment [current market value X .8 minus any loan balance(s)]				(9c) \$
<b>Add lines (9a) through (9c) =</b>				<b>(9) \$</b>
IRS allowed deduction for professional books and tools of trade -				(10) \$ [4,850]
<b>Enter the value of line (9) minus line (10). If less than zero enter zero. =</b>				<b>(11) \$</b>

**Notes Receivable**

Do you have notes receivable  Yes  No

If yes, attach current listing that includes name(s) and amount of note(s) receivable

**Accounts Receivable**

Do 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) \$
<b>Add lines (12) through (16) =</b>	<b>(17) \$</b>

**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) \$
<b>Add lines (18) through (28) =</b>	<b>(29) \$</b>

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. Gross monthly income includes wages, social security, pension, unemployment, and other income. Examples of other income include but are not limited to: agricultural subsidies, gambling income, oil credits, rent subsidies, Uber & Lyft driver income, and Airbnb rentals etc. 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.

<b>Primary taxpayer</b>				
Gross wages	Social Security	Pension(s)	Other income (e.g. unemployment)	
\$ _____	+ \$ _____	+ \$ _____	+ \$ _____	Total primary taxpayer income = (30) \$
<b>Spouse</b>				
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. List source(s) _____				(32) \$
Interest, dividends, and royalties				(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.				<b>Box D</b> Total Household Income
<b>Add lines (30) through (38) and enter the amount in Box D =</b>				<b>\$</b>

**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. For the other boxes input your actual expenses. 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) \$
Term life insurance premiums				(48) \$
Current monthly taxes (e.g., monthly cost of federal, state, and local tax, personal property tax, etc.)				(49) \$
Secured debts/Other (e.g., any loan where you pledged an asset as collateral not previously listed, government guaranteed student loan) List debt(s) _____				(50) \$
Enter the amount of your monthly delinquent state and/or local tax payment(s). Total tax owed _____				(51) \$
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line.				<b>Box E</b> Total Household Expenses
<b>Add lines (39) through (51) and enter the amount in Box E =</b>				<b>\$</b>
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line.				<b>Box F</b> Remaining Monthly Income
<b>Subtract Box E from Box D and enter the amount in Box F =</b>				<b>\$</b>

**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 (which included the amount(s) allowed for vehicles and bank accounts) do not apply if the 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 \$ _____
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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 \$ _____
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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 \$ _____	=	<b>Offer Amount</b> 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 3, Reason for Offer, Explanation of Circumstances. 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 a party to or involved in litigation (if yes, answer the following)  Yes  No

<input type="checkbox"/> Plaintiff	Location of filing	Represented by	Docket/Case number
<input type="checkbox"/> Defendant			
Amount of dispute \$	Possible completion date (mmddyyyy)	Subject of litigation	

Have you filed bankruptcy in the past 7 years (if yes, answer the following)  Yes  No

Date filed (mmddyyyy)	Date dismissed (mmddyyyy)	Date discharged (mmddyyyy)	Petition no.	Location filed
-----------------------	---------------------------	----------------------------	--------------	----------------

In the past 10 years, have you lived outside of the U.S. for 6 months or longer (if yes, answer the following)  Yes  No

Dates lived abroad: From (mmddyyyy)	To (mmddyyyy)
-------------------------------------	---------------

Are you or have you ever been party to any litigation involving the IRS/United States (including any tax litigation)  Yes  No

If yes and the litigation included tax debt, provide the types of tax and periods involved

Are you the beneficiary of a trust, estate, or life insurance policy (if yes, answer the following)  Yes  No

Place where recorded	EIN	
Name of the trust, estate, or policy	Anticipated amount to be received \$	When will the amount be received

Are you a trustee, fiduciary, or contributor of a trust  Yes  No

Name of the trust	EIN	
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Do you have a safe deposit box (business or personal) (if yes, answer the following)  Yes  No

Location (name, address and box number(s))	Contents	Value \$
--	----------	-------------

In the past 10 years, have you transferred any assets, including real property, for less than their full value (if yes, answer the following)  Yes  No

List asset(s)	Value at time of transfer \$	Date transferred (mmddyyyy)	To whom or where was it transferred
---------------	---------------------------------	-----------------------------	-------------------------------------

**Section 9 (Continued)****Other Information**

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.**

 <b>Signature of Taxpayer</b>	Date (mm/dd/yyyy)
 <b>Signature of Spouse</b>	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, royalties, and rent subsidies.
- Copies of individual bank statements for the three most recent months. If you operate a business, copies of the six most recent statements for each business bank account.
- 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 showing total delinquent state/local taxes and amount of monthly payments, 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 current 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 LLC

**Note:** If your business is a sole proprietorship or was a disregarded single member LLC taxed as a sole proprietor (filing Schedule C, D, E, F, etc.) prior to 2009, 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	
Federal contractor <input type="checkbox"/> Yes <input type="checkbox"/> No	Total number of employees	<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>
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**

**Business Asset Information**

Gather the most current statement from banks, lenders on loans, mortgages (including second mortgages), monthly payments, loan balances, and accountant's depreciation schedules, if applicable. Also, include make/model/year/mileage of vehicles and current value of business assets. To estimate the current value, you may consult resources like Kelley Blue Book (www.kbb.com), NADA (www.nada.com), local real estate postings of properties similar to yours, and any other websites or publications that show what the business assets would be worth if you were to sell them. Asset value is subject to adjustment by IRS. Enter the total amount available for each of the following (if additional space is needed, please 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)

Cash  Checking  Savings  Money Market Account/CD  Online Account  Stored Value Card

Bank name	Account number	(1a) \$
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Cash  Checking  Savings  Money Market Account/CD  Online Account  Stored Value Card

Bank name	Account number	(1b) \$
-----------	----------------	---------

Cash  Checking  Savings  Money Market Account/CD  Online Account  Stored Value Card

Bank name	Account number	(1c) \$
-----------	----------------	---------

Total bank accounts from attachment (1d) \$

**Add lines (1a) through (1d) = (1) \$**

Investment account  Stocks  Bonds  Other

Name of Financial Institution	Account number	
-------------------------------	----------------	--

Current market value	Minus loan balance	
\$ _____ X .8 = \$ _____	- \$ _____ =	(2a) \$

Investment Account:  Stocks  Bonds  Other

Name of Financial Institution	Account number	
-------------------------------	----------------	--

Current market value	Minus loan balance	
\$ _____ X .8 = \$ _____	- \$ _____ =	(2b) \$

<input type="checkbox"/> Virtual currency	Name of virtual currency wallet, exchange or digital currency exchange (DCE)	Email address used to set-up with the virtual currency exchange or DCE	Location(s) of virtual currency
---	--	--	---------------------------------

Current market value in U.S. dollars as of today		
\$ _____ X .8 = \$ _____	=	(2c) \$

Total investment accounts from attachment. [current market value minus loan balance(s)] (2d) \$

**Add lines (2a) through (2d) = (2) \$**

**Notes Receivable**

Do you have notes receivable  Yes  No

If yes, attach current listing which includes name, age, and amount of note(s) receivable

**Accounts Receivable**

Do 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 name, age, and amount of the account(s) receivable

**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.)

Is your real property currently for sale or do you anticipate selling your real property to fund the offer amount

Yes (listing price)  No

Property address (street address, city, state, ZIP code, county, and country)	Property description	Date purchased	
	Monthly mortgage/rent payment	Date of final payment	
	Name of creditor		

Current market value Minus loan balance (mortgages, etc.)  
 \$ \_\_\_\_\_ X .8 = \$ \_\_\_\_\_ - \$ \_\_\_\_\_ Total value of real estate = (3a) \$

Property address (street address, city, state, ZIP code, county, and country)	Property description	Date purchased	
	Monthly mortgage/rent payment	Date of final payment	
	Name of creditor		

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 <input type="checkbox"/> Loan	Monthly lease/loan amount \$	Name of creditor	Date of final payment	

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 <input type="checkbox"/> Loan	Monthly lease/loan amount \$	Name of creditor	Date of final payment	

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 <input type="checkbox"/> Loan	Monthly lease/loan amount \$	Name of creditor	Date of final payment	

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
Total value of equipment <i>(if leased or used in the production of income enter 0 as the total value) =</i>	
\$ _____ X .8 = \$ _____	– \$ _____
Total value of equipment listed from attachment [current market value X .8 minus any loan balance(s)]	
	(5a) \$
	(5b) \$
Total value of all business equipment <b>Add lines (5a) and (5b) =</b>	
	<b>(5) \$</b>
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. <b>Add lines (1) through (5) and enter the amount in Box A =</b>	
	<b>Box A</b> 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 <i>(specify on attachment)</i>	(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. <b>Add lines (6) through (10) and enter the amount in Box B =</b>	
	<b>Box B</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 <i>(e.g., items directly related to the production of a product or service)</i>	(11) \$
Inventory purchased <i>(e.g., goods bought for resale)</i>	(12) \$
Gross wages and salaries	(13) \$
Rent	(14) \$
Supplies <i>(items used to conduct business and used up within one year, e.g., books, office supplies, professional equipment, etc.)</i>	(15) \$
Utilities/telephones	(16) \$
Vehicle costs <i>(gas, oil, repairs, maintenance)</i>	(17) \$
Insurance <i>(other than life)</i>	(18) \$
Current taxes <i>(e.g., real estate, state, and local income tax, excise franchise, occupational, personal property, sales and employer's portion of employment taxes, etc.)</i>	(19) \$
Other expenses <i>(e.g., secured debt payments. Specify on attachment. Do not include credit card payments)</i>	(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. <b>Add lines (11) through (20) and enter the amount in Box C =</b>	
	<b>Box C</b> 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. <b>Subtract Box C from Box B and enter the amount in Box D =</b>	
	<b>Box D</b> 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 \$
----------------------------------	--------	-------------------------------------

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 \$
----------------------------------	--------	-------------------------------------

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 \$	=	<b>Offer Amount</b> 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 (except real estate) 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 filed bankruptcy in the past 10 years

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, party to litigation

Yes  No

If yes, answer the following

<input type="checkbox"/> Plaintiff	Location of filing	Represented by	Docket/Case number
<input type="checkbox"/> Defendant			
Amount in dispute \$	Possible completion date (mmdyyy)	Subject of litigation	

Are you or have you been party to litigation involving the IRS/United States (including any tax litigation)

Yes  No

If yes and the litigation included tax debt, provide the types of tax and periods involved.

**Section 6 (Continued)**

**Other Information**

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 the list below.**

- A current Profit and Loss statement covering at least the most recent 6–12 month period, if appropriate.
- Copies of the six most recent bank statements for each business account and copies of the three most recent statements for each investment and retirement accounts.
- 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 current 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 1 or Section 2 below.

**Did you use the Pre-Qualifier tool located on our website at [http://irs.treasury.gov/oic\\_pre\\_qualifier/](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 \$205 application fee and initial payment (*personal check, cashier's check, or money order*) with your Form 656 unless you qualify for the Low-Income Certification. You must also include the completed Form 433-A (OIC) and/or Form 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 operated as a disregarded single member Limited Liability Company (LLC) taxed as a sole proprietor prior to 2009 you should fill out Section 1.

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 home physical address (*street, city, state, ZIP code, county of residence*)

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

Your Employer Identification Number (*if applicable*)

### 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.

**Warning:** The IRS will not compromise any amounts of restitution assessed by the IRS. Any liability arising from restitution is excluded from this offer. Also, the IRS will not compromise any liability for which an election under IRC § 965(i) is made; such liabilities are excluded from this offer. Any offer containing a liability for which payment is being deferred under IRC § 965(h)(1) can only be processed for investigation if an acceleration of payment under section 965(h)(3) and the regulations thereunder has occurred and no portion of the liability to be compromised resulted from entering into a transfer agreement under section 965(h)(3).

**Low-Income Certification (Individuals and Sole Proprietors Only)**

Do you qualify for Low-Income Certification? You qualify if your adjusted gross income, as determined by your most recently filed Individual Income Tax return (Form 1040) or your household's gross monthly income from Form 433-A(OIC) x 12, is equal to or less than 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 or the application fee upon submission or 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 on or after January 1, 2009, you cannot qualify for Low-Income Certification. The IRS will verify whether you qualify for Low-Income Certification.

- I qualify for the low-income certification because my adjusted gross income for my household's size is equal to or less than the amount shown in the table below.
- I qualify for the low-income certification because my household's size and gross monthly income x 12 is equal to or less than the income shown in the table below.

**Note: By checking one of the boxes you are certifying that your adjusted gross income or your household's gross monthly income x 12 and size of your family qualify you for the Low-Income Certification.**

**IF YOU QUALIFY FOR THE LOW-INCOME CERTIFICATION DO NOT INCLUDE ANY PAYMENTS WITH YOUR OFFER. However, if you elect to send in money and the Low-Income Certification box is checked, you MUST check ONE of the options listed below.**

- Payment** - By checking this box I am requesting all money to be applied to my tax debt.
- Deposit** - By checking this box I am requesting all money to be treated as a deposit. If my offer is not accepted I request my deposit be applied to my tax liability (initial here \_\_\_\_\_). Failure to initial that my deposit be applied will result in refund of the deposit amount.

**Please note that failure to check either box or checking both boxes above will result in all payments being applied to your tax debt and not returned to you. Do not complete deposit section on page 4 if you have checked the deposit section here.**

Size of family unit	48 contiguous states, D.C., and U.S. Territories	Hawaii	Alaska
1	\$31,225	\$35,950	\$39,000
2	\$42,275	\$48,650	\$52,825
3	\$53,325	\$61,350	\$66,650
4	\$64,375	\$74,050	\$80,475
5	\$75,425	\$86,750	\$94,300
6	\$86,475	\$99,450	\$108,125
7	\$97,525	\$112,150	\$121,950
8	\$108,575	\$124,850	\$135,775
For each additional person, add	\$11,050	\$12,700	\$13,825

**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 \$205 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 in assets and income to pay the full amount, but due to my exceptional circumstances, requiring full payment would cause an economic hardship or collection of the full liability would undermine public confidence that the tax laws are being administered in a fair and equitable manner. I am submitting the written narrative below 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. If applicable, describe your special circumstances 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 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
\$	-	\$	=	\$
<p><b>You may pay the remaining balance in one payment after acceptance of the offer or up to five payments, but cannot exceed 5 months.</b></p>				
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 months may not exceed a total of 24, 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.**

Enclose a check for the first month's payment (waived if you met the requirements for the Low-Income Certification).

The first monthly payment of \$ \_\_\_\_\_ is included with this offer then \$ \_\_\_\_\_ will be sent in on the \_\_\_\_\_ day of each month thereafter for \_\_\_\_\_ months with a final payment of \$ \_\_\_\_\_ to be paid on the \_\_\_\_\_ day of the \_\_\_\_\_ month.

**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 until you have received a final decision letter 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 Tax 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 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 Tax Payment System (EFTPS)**

List offer payments made through the [Electronic Federal Tax Payment System \(EFTPS\)](#) below.

Include the 15 digit Electronic Funds Transfer (EFT) Number with each payment.

Offer application fee \$205	Date	EFT number
Offer payment	Date	EFT number

**Note: Any Offer Application Fee or initial payment made via EFTPS must be made the same date your offer is mailed.**

**Deposit**

**Do not complete if you have checked the Low-Income Certification in Section 1.**

**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 without appeal rights.**

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 \$205 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 \_\_\_\_\_)

Your deposit will be returned to you, unless you indicated in the above check box that you want it applied to your tax debt.

**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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**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 and have included a complete copy of any tax return filed within 12 weeks of this offer submission
- 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 or Section 2 if I failed to list any of my assessed tax debt or tax debt assessed before acceptance of my offer. By submitting a joint offer, both signers grant approval to the Internal Revenue Service to disclose the existence of any separate liabilities owed.

b) I also authorize the IRS to amend Section 1 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 that tax debt will not be included in determining the expiration of the 24-month period.

**IRS will keep my payments, fees, and some refunds.**

c) 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 except as otherwise provided in subpart (h) of this section (regarding "deposit" amounts). 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.

d) I understand that if I checked the Low-Income Certification in Section 1, then no payments are required. If I qualify for the Low-Income Certification and voluntarily submit payments, all money will be applied to my tax debt and will not be returned to me unless I designate it as a deposit. In making my deposit I do not have to designate any amounts to the application fee and my first month's payment.

e) 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 public policy/equity or Doubt as to Collectibility with special circumstances based on public policy/equity considerations.

f) 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.

g) The IRS will keep any monies it has collected prior to this offer. Under section 6331(k), the IRS may levy on my property and rights to property up to the time that the IRS official signs and acknowledges my offer as pending. 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.

h) 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. For other than Low-Income taxpayers, only amounts that exceed the mandatory payments can be treated as a deposit. A Low-Income taxpayer who has checked the deposit box is not required to make payments with the offer. 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. If the IRS attempts to return a deposit once and it comes back as undeliverable then the IRS will apply the funds to my tax liability.

i) 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.

**Pending status of an offer and right to appeal**

j) 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, or returns my offer, 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.

k) 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.

**Section 7 (Continued)****Offer Terms**

**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.**

l) 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.

m) 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. Penalties 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.

n) 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 the IRS defaults the offer.

**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 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.**

p) 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 (j) 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.**

q) The IRS may file a Notice of Federal Tax Lien during consideration of the offer or for offers that will be paid over time. If the offer is accepted, the tax lien(s) for the periods and taxes listed in Section 1 will be released within 35 days after the payment has been received and verified. The time it takes to transfer funds to the IRS from commercial institutions varies based on the form of payment. If I have not finished paying my offer amount, then the IRS may be entitled to any proceeds from the sale of my property. The IRS will not file a Notice of Federal Tax Lien on any individual shared responsibility debt.

**Correction Agreement**

r) I authorize the IRS, to correct any typographical or clerical errors or make minor modifications to my 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.**

s) 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.**

t) 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).

**I understand the IRS Shared Responsibility Payment (SRP).**

u) 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.

**I understand the IRS is required to make certain information public.**

v) The IRS is required to make certain information, such as taxpayer name, city/state/zip, liability amount, and offer terms, available for public inspection and review for one year after the date of offer acceptance.

**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)
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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)
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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)
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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
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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, attach a valid, signed [Form 2848](#) with this application or a copy of a previously filed form. Form 2848 allows for representation and receipt of confidential information. You should also include the current tax year on the form, in the list of applicable years or periods.*

*[Form 8821](#) allows a third party to receive confidential information but they cannot represent you before the IRS in a Collection matter. If you would like a third party to receive confidential information on your behalf attach a copy if previously filed and include the current tax year on the form.*

<b>IRS Use Only.</b> I accept the waiver of the statutory period of limitations on assessment for the Internal Revenue Service, as described in Section 7(p).		
Signature of Authorized Internal Revenue Service 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 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 include a complete copy of any tax return filed within 12 weeks of this offer submission
- 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 and receive confidential information during the offer process, did you include a Form 2848? If you want a third party to only receive confidential information on your behalf did you include valid Form 8821? 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 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:

AZ, CA, CO, HI, ID, KY, MS, NM, NV, OK, OR, TN, TX,  
UT, WA

AK, AL, AR, CT, DC, DE, FL, GA, IA, IL, IN, KS, LA, MA,  
MD, ME, MI, MN, MO, MT, NC, ND, NE, NH, NJ, NY, OH,  
PA, PR, RI, SC, SD, VA, VT, WI, WV, WY, or a foreign  
address

#### Mail your application to:

Memphis IRS Center COIC Unit  
P.O. Box 30803, AMC  
Memphis, TN 38130-0803  
1-844-398-5025

Brookhaven IRS Center COIC Unit  
P.O. Box 9007  
Holtsville, NY 11742-9007  
1-844-805-4980

