

15 Facts About Applying for an Offer in Compromise

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If you've ever wondered what to do if you owe the IRS but can't pay the full amount, check out this article and learn about an offer in compromise.

(Newswire.net -- June 12, 2017) -- If you have a tax debt with the IRS and cannot pay the full amount, then you might be able to take advantage of an [Offer in Compromise \(OIC\)](#). Much like a striking a deal with a private sector creditor, this is an agreement between you and the IRS that settles your tax liability for a lesser amount.

If applying for an OIC is something that you are considering, then according to Jeffrey B. Kahn, an experienced tax attorney who is certified to represent clients in U.S. Federal tax court, here are 15 facts you need to know:

1. The IRS will not approve your OIC application, unless they are convinced that paying your full tax liability in full would cause you to suffer a significant financial hardship.
2. If the IRS concludes that you can feasibly pay your full tax liability through an installment agreement or other means, they will not approve your OIC application.
3. Full tax liability includes interest and penalties (i.e. not just the initial tax debt owing).
4. As of March 27, 2017, taxpayers must file all required tax returns to have an OIC application assessed. Otherwise, the application will be returned, and the initial payment submitted will be applied to the outstanding tax debt.
5. You cannot apply for an OIC if you are in an open bankruptcy proceeding.
6. If you file for bankruptcy while your OIC application is being assessed, the IRS will stop the evaluation and return your application.
7. Currently, the OIC application fee is \$186, plus a 20% deposit towards the amount offered.
8. In addition to Form 656, you must also provide financial disclosure (Form 433-A [OIC] for individuals, and 433-B [OIC] for businesses).
9. You can make either a lump sum cash offer (i.e. an offer to pay in 1-5 installments, and within 1-5 months after acceptance), or a periodic payment offer (i.e. an offer to pay in 6 or more monthly installments, for up to 24 months after acceptance).
10. You must continue to pay your tax liability into monthly installments while the IRS evaluates your OIC application.
11. While your OIC application is being evaluated, other collection activities will be suspended, and the legal assessment and collection period is extended.
12. Your OIC application is automatically deemed accepted by the IRS if they do not make a determination within two years of the application's receipt date.
13. If your OIC application is accepted, any tax refund that you are owed in the calendar of acceptance will automatically be applied to your tax liability.
14. Any Federal tax liens will not be released until your offer terms are met.
15. If your OIC application is rejected, you have 30 days to file an appeal. However, if your application is returned because you failed to include the proper information, or you did not file all required tax returns, then you must start the application process from scratch.

Applying for an OIC is complex and time consuming. However, it can be a financial lifeline for taxpayers who

legitimately cannot pay their tax liability due to financial hardship. For more information visit www.kahntaxlaw.com.

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