



Department of the Treasury
Internal Revenue Service

www.irs.gov

Form 656 (Rev. 1-2000)
Catalog Number 16728N

Form 656

Offer in Compromise

The following pages contain:

- Information you need to know before submitting an offer in compromise
 - Instructions on the type of offers you can submit
 - A worksheet you can use to calculate your offer amount
 - Instructions on completing an offer in compromise form
 - Two copies of Form 656
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Note: You can get forms and publications by calling 1-800-829-1040, or by visiting your local Internal Revenue Service (IRS) office or our web site at www.irs.gov.

What You Need to Know Before Submitting an Offer in Compromise

What is an Offer In Compromise?

An **Offer In Compromise** (OIC) is an agreement between a taxpayer and the Internal Revenue Service (IRS) that resolves the taxpayer's tax liability. The IRS has the authority to settle, or *compromise*, federal tax liabilities by accepting less than full payment under certain circumstances. The IRS may legally compromise for one of the following reasons:

■ **Doubt as to Liability** — Doubt exists that the assessed tax is correct.

■ **Doubt as to Collectibility** — Doubt exists that you could ever pay the full amount of tax owed.

■ **Effective Tax Administration** — There is no doubt the tax is correct and no doubt the amount owed could be collected, but an exceptional circumstance exists that allows us to consider your offer. To be eligible for compromise on this basis, you must demonstrate that collection of the tax would create an economic hardship or would be unfair and inequitable.

Form 656, Offer In Compromise, and Substitute Forms

Form 656, *Offer In Compromise*, is the official compromise agreement. Substitute forms, whether computer-generated or photocopies, must affirm that:

1. The substitute form is a verbatim duplicate of the official Form 656, and
2. You agree to be bound by all terms and conditions set forth in the official Form 656.

You must initial and date all pages of the substitute form, in addition to signing and dating the signature page.

You can get Form 656 by calling 1-800-829-1040, by visiting your local Internal Revenue Service (IRS) office, or by accessing our web site at www.irs.gov

Am I Eligible for Consideration of an Offer In Compromise?

You may be eligible for consideration of an Offer In Compromise if:

1. In your judgment, you don't owe the tax liability (**Doubt as to Liability**). You must submit a detailed written statement explaining why you believe you don't owe the tax liability you want to compromise. You won't be required to submit a financial statement if you're submitting an offer on this basis alone.
2. In your judgment, you can't pay the entire tax liability in full (**Doubt as to Collectibility**). You must submit a statement showing your current financial situation.
3. You agree the tax liability is correct and you're able to pay the balance due in full, but you have exceptional circumstances you'd like us to consider (**Effective Tax Administration**). To receive consideration on this basis, you must submit:

- a. A financial statement, and
- b. A detailed written narrative. The narrative must explain your exceptional circumstances and why paying the tax liability in full would either create an economic hardship or would be unfair and inequitable.

We'll also consider your overall history of filing and paying taxes.

Note: If you request consideration on the basis of effective tax administration, we're first required to establish that there is no doubt as to liability and no doubt as to collectibility. We can only consider an offer on the basis of effective tax administration after we've determined the liability is correct and collectible.

When Am I Not Eligible for Consideration of an Offer In Compromise?

You are not eligible for consideration of an Offer In Compromise on the basis of **doubt as to collectibility** or **effective tax administration** if:

1. You haven't filed all federal tax returns, or
2. You're involved in an open bankruptcy proceeding.

Note: If you are an in-business taxpayer, you must have timely filed and timely deposited all employment taxes for the two prior quarters before the offer was submitted. You must have also timely made all federal tax deposits during the quarter in which the offer is being submitted.

What We Need to Process Your Offer In Compromise

For us to process your offer, you must provide a complete and correct Form 656 and:

- Form 433-A, *Collection Information Statement for Individuals*, if you're submitting an offer as an **individual**.
- Forms 433-A and 433-B, *Collection Information Statement for Businesses*, if you're submitting an offer as a **self-employed** taxpayer.
- Form 433-B, if you're submitting an offer as a **corporation or other business** taxpayer. We may also require Forms 433-A from corporate officers or individual partners.

For a more detailed explanation of the information required to complete these forms, see the section entitled "Financial Information" on page 4.

Note: We don't need a financial statement for an offer based solely on doubt as to liability.

Please complete all applicable items on Form 656 and provide all required documentation. We may contact you for any missing required information. If you don't respond to our request or provide the required information, we won't recommend your offer for acceptance and will return your Form 656 to you by mail. We will explain our reason(s) for returning your offer in our letter. The reasons for return are:

- The pre-printed terms and conditions listed on Form 656 have changed

- A taxpayer name is missing
- A Social Security Number or Employer Identification Number is missing, incomplete, or incorrect
- An offer amount or payment term is unstated
- A signature is missing
- A financial statement (Form 433-A or Form 433-B) is missing or incomplete, if your offer is based on doubt as to collectibility or effective tax administration
- Requested financial statement verification isn't provided
- Our records show you don't have a tax liability
- Your offer is submitted solely to delay collection or if a delay will jeopardize our ability to collect the tax

Note: You should personally sign your offer as well as any required collection information statements unless unusual circumstances prevent you from doing so. If an authorized power of attorney signs your offer because of unusual circumstances, you must include a completed Form 2848, Power of Attorney and Declaration of Representative, with your offer.

What You Should Do If You Want to Submit an Offer In Compromise

Determine Your Offer Amount

All offer amounts (**doubt as to liability**, **doubt as to collectibility**, or **effective tax administration**) must exceed \$0.00.

■ **Doubt as to Liability**

Complete Item 9, *Explanation of Circumstances*, on Form 656, explaining why, in your judgment, you don't owe the tax liability you want to compromise. Offer the correct tax, penalty, and interest owed based on your judgment.

■ **Doubt as to Collectibility**

Complete Form 433-A, *Collection Information Statement for Individuals* (and if applicable, Form 433-B, *Collection Information Statement for Businesses*) and attach to your Form 656. To figure your offer amount, complete the worksheet on pages 8–10 and enter this amount on Item 7 of Form 656.

You must offer an amount greater than or equal to the "reasonable collection potential" (RCP). The RCP equals the net equity of your assets plus the amount we could collect from your future income. Please see page 8, **Terms and Definitions**, for more detailed definitions of these and other terms.

If special circumstances cause you to offer an amount less than the RCP, you must also complete Item 9, *Explanation of Circumstances*, on Form 656, explaining your situation. Special circumstances may include advanced age, serious illness from which recovery is unlikely, or other circumstances that you believe are unusual.

■ **Effective Tax Administration**

Complete Form 433-A (and Form 433-B, if applicable) and attach to Form 656.

Complete Item 9, *Explanation of Circumstances*, on Form 656, explaining your exceptional circumstances and why requiring payment of the tax liability in full would either create an economic hardship or would be unfair and inequitable.

Enter your offer amount on Item 7 of Form 656.

Financial Information

You must provide financial information when you submit offers on the bases of **doubt as to collectibility** and **effective tax administration**.

If you're submitting an offer as an individual, you must file Form 433-A, *Collection Information Statement for Individuals*, with your Form 656. If you're a self-employed taxpayer, you must also file Form 433-B, *Collection Information Statement for Businesses*. If you're a corporate or other business taxpayer, you must file Form 433-B. We may also request Forms 433-A from corporate officers or individual partners.

You must send us current information that reflects your financial situation for at least the past six months. Financial statements must show all your assets and income, even those unavailable to us through direct collection action, because you can use them to fund your offer. The offer examiner needs this information to evaluate your offer and may ask you to update it or verify certain financial information. We may also return offer packages without complete financial statements.

Note: Do not include information about unsecured creditors when reporting your liabilities on Form 433-A, line 28, or Form 433-B, line 25. For example, don't include amounts you owe on credit cards or on loans not backed by assets as security.

When only one spouse has a tax liability but both have incomes, only the spouse responsible for the debt is required to prepare the necessary financial statements. In states with community property laws, however, we require financial statements from both spouses. We may also request financial information on the non-liable spouse for offer verification purposes, even when community property laws do not apply.

Determine Your Payment Terms

You can pay in three ways:

- Cash (paid in 90 days or less)
- Short-Term Deferred Payment (more than 90 days, up to 24 months)
- Deferred Payment (offers with payment terms over the remaining statutory period for collecting the tax)

Cash Offer

You must pay cash offers within 90 days of acceptance.

You should offer the realizable value of your assets plus the total amount we could collect over 48 months of payments (or the remainder of the ten-year statutory period for collection, whichever is less).

Note: We require full payment of accepted doubt as to liability offers at the time of mutual agreement of the corrected liability. If you're unable to pay the corrected amount, you must also request compromise on the basis of doubt as to collectibility.

Short-Term Deferred Payment Offer

This option requires you to pay the offer within two years of acceptance.

The offer must include the realizable value of your assets plus the amount we could collect over 60 months of payments (or the remainder of the ten-year statutory period for collection, whichever is less).

We may file a Notice of Federal Tax Lien on tax liabilities compromised under short-term deferred payment offers.

Deferred Payment Offer

This payment option requires you to pay the offer amount over the remaining statutory period for collecting the tax.

The offer must include the realizable value of your assets plus the amount we could collect through monthly payments during the remaining life of the collection statute.

The deferred payment plan has three options:

Option One

- Full payment of the realizable value of your assets within 90 days from the date we accept your offer, and
- Your future income in monthly payments during the remaining life of the collection statute.

Option Two

- Cash payment for a portion of the realizable value of your assets within 90 days from the date we accept your offer, and
- Monthly payments during the remaining life of the collection statute for both the balance of the realizable value and your future income.

Option Three

- The entire offer amount in monthly payments over the life of the collection statute.

Just as with short-term deferred payment offers, we may file a Notice of Federal Tax Lien.

Note: The worksheet on page 10 instructs you how to figure the appropriate amount for a Cash, Short-Term Deferred Payment, or Deferred Payment Offer.

<p>How We Consider Your Offer</p>	<p>An offer examiner will evaluate your offer and may request additional documentation from you to verify financial or other information you provide. The examiner will then make a recommendation to accept or reject the offer. The examiner may also</p>	<p>return your offer if you don't provide the requested information.</p> <p>The examiner may decide that a larger offer amount is necessary to justify acceptance. You'll have the opportunity to amend your offer.</p>
<p>Additional Agreements</p>	<p>When you submit certain offers, we may also request that you sign an additional agreement requiring you to:</p> <ul style="list-style-type: none"> ■ Pay a percentage of your future earnings 	<ul style="list-style-type: none"> ■ Waive certain present or future tax benefits ■ Link separate offers based on the same reasonable collection potential
<p>Withholding Collection Activities</p>	<p>We will withhold collection activities while we consider your offer. We will not act to collect the tax liability:</p> <ul style="list-style-type: none"> ■ While we investigate and evaluate your offer ■ For 30 days after we reject an offer ■ While you appeal an offer rejection 	<p>The above don't apply if we find any indication that you submitted your offer to delay collection or if a delay will jeopardize our ability to collect the tax.</p> <p>If you currently have an installment agreement when you submit an offer, you must continue making the agreed upon monthly payments while we consider your offer.</p>
<p>Suspension of the Statute of Limitations</p>	<p>The collection statute of limitation is suspended for all tax periods on your offer during the period your offer is pending. Your offer is considered pending:</p> <ul style="list-style-type: none"> ■ While we investigate and evaluate your offer ■ For 30 days after we reject an offer ■ While you appeal on offer rejection <p>When you sign the offer, you agree to suspend the assessment statute of</p>	<p>limitation for all tax periods included in your offer. Your signature extends this statute:</p> <ul style="list-style-type: none"> ■ During the timeframes listed above ■ While the amount you agreed to pay under an accepted agreement remains unpaid ■ While any other term or condition of the offer remains unsatisfied

If We Accept
Your Offer

If we accept your offer, we'll notify you by mail. When you receive your acceptance letter, you must:

- Promptly pay any unpaid amounts that become due under the terms of the offer agreement
- Comply with all the terms and conditions of the offer, along with those of any additional agreement
- Promptly notify us of any change of address until you meet the conditions of your offer. Your acceptance letter will indicate which IRS office to contact if your address changes. Your notification allows us to contact you immediately regarding the status of your offer.

We will release all Notices of Federal Tax Lien when you satisfy the payment terms of the offered amount. For an immediate release of a lien, you can submit certified funds with a request letter.

In the future, not filing returns or paying taxes when due could result in the default of an accepted offer (see Form 656, Item 8(d), the future compliance provision). If you default your agreement, we will reinstate the unpaid amount of the original tax liability, file a Notice of

Federal Tax Lien on any tax liability without a lien, and resume collection activities. The future compliance provision applies to offers based on **doubt as to collectibility**. In certain cases, the future compliance provision may apply to offers based on **effective tax administration**.

We won't default your offer agreement when you've filed a joint offer with your spouse or ex-spouse as long as you've kept or are keeping all the terms of the agreement, even if your spouse or ex-spouse violates the future compliance provision.

Except for offers based on **doubt as to liability**, the offer agreement requires you to forego certain refunds, and you must return erroneous refunds to us. These conditions are also listed on Form 656, Items 8(g) and 8(h).

Note: The law requires us to make certain information from accepted Offers In Compromise available for public inspection and review in your IRS District Office. Therefore, information regarding your Offer In Compromise may become publicly known.

If We Reject
Your Offer

We'll notify you by mail if we reject your offer. In our letter, we will explain our reason for the rejection. If your offer is rejected, you have the right to:

- Appeal our decision to the Office of Appeals within thirty days from the date of our letter. The letter will include detailed instructions on how to appeal the rejection.

- Submit another offer. You must increase an offer we've rejected as being too low, when your financial situation remains unchanged. However, you *must* provide updated financial information when your financial situation has changed or when the original offer is more than six months old.

Worksheet to Calculate an Offer Amount Using Forms 433-A and/or 433-B

You need to prepare a financial statement before you can determine the amount you should offer. We use Form 433-A or Form 433-B, *Collection Information Statement*, for most purposes. Individual taxpayers should prepare a Form 433-A using Publication 1854 for instructions. Self-employed taxpayers should prepare a Form 433-A and a Form 433-B, the statement we use for businesses; Corporations and other types of businesses should prepare a Form 433-B. Remember to calculate the monthly net income from your business on Form 433-B and transfer that amount to line 34 of your Form 433-A.

Terms and Definitions

An understanding of the following terms and conditions will help you to prepare your offer.

Fair Market Value (FMV) — The amount you could reasonably expect from the sale of an asset. Provide an accurate valuation of each asset. Determine value from realtors, used car dealers, publications, furniture dealers, or other experts on specific types of assets. Please include a copy of any written estimate with your financial statement.

Quick Sale Value (QSV) — The amount you could reasonably expect from the sale of an asset if you sold it quickly, typically in ninety days or less. This amount generally is less than fair market value, but may be equal to or higher, based on local circumstances.

Realizable Value — The quick sale value amount minus what you owe to a secured creditor. The creditor must have priority over a filed Notice of Federal Tax Lien before we allow a subtraction from the asset's value.

Future Income — We generally determine the amount we could collect from your future income by subtracting necessary living expenses from your monthly income over a set number of months. For a cash offer, you must offer what you could pay in monthly payments over forty-eight months (or the remainder of the ten-year statutory period for collection, whichever is less). For a short-term

deferred offer, you must offer what you could pay in monthly payments over sixty months (or the remainder of the statutory period for collection, whichever is less). For a deferred payment offer, you must offer what you could pay in monthly payments during the remaining time we could legally receive payments.

Reasonable Collection Potential (RCP) — The total realizable value of your assets plus your future income. The total is generally your minimum offer amount.

Necessary Expenses — The allowable payments you make to support you and your family's health and welfare and/or the production of income. This expense allowance does not apply to business entities. Our Publication 1854 explains the National Standard Expenses and gives the allowable amounts. We derive these amounts from the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey. We also use information from the Bureau of the Census to determine local expenses for housing, utilities, and transportation.

Note: *If the IRS determines that the facts and circumstances of your situation indicate that using the scheduled allowance of necessary expenses is inadequate, we will allow you an adequate means for providing basic living expenses. However, you must provide documentation that supports a determination that using national and local expense standards leaves you an inadequate means of providing for basic living expenses.*

Expenses Not Generally Allowed — We typically do not allow you to claim tuition for private schools, public or private college expenses, charitable contributions, voluntary retirement contributions, payments on unsecured debts such as credit card bills, cable television charges and other similar expenses as necessary living expenses. However, we can allow these expenses when you can prove that they are necessary for the health and welfare of you or your family or for the production of income.

WORKSHEET

1. Enter the total amount of cash you currently have available. Include cash, savings, checking account balances minus your monthly necessary living expenses, cash value in life insurance policies, and securities (Items 20, 21, 22, and 23 of Form 433-A and/or Items 16,17,18, & 19 of Form 433-B).

Line 1 Total \$ _____

2. Enter the value of any retirement plans (e.g., IRA, 401-K, etc.) from which you can cash out or borrow funds minus the amount of tax (federal, state and local) and early withdrawal penalty you would incur by withdrawing these funds.

Line 2 Total \$ _____

3. The following schedule helps you calculate the realizable value of your assets:

- Enter the current Fair Market Value (FMV) in column (B) for each asset listed on Form 433-A, Items 24, 25, and 26, and/or Form 433-B, Items 20 through 24
- Multiply the amounts in column (B) by 80% (.80) and enter the results in column (C)
- Enter the amounts owed (liability) to any secured creditor in column (D)
- Subtract the amounts in column (D) from the amounts in column (C) and enter the results in column (E)

Don't show negative values on assets for which you owe more than their worth. Show realizable value as \$0.00 for cases like these.

Note: We may not allow the amount owed to a secured creditor as a liability unless it has priority over a filed Notice of Federal Tax Lien.

(A) ASSET	(B) FMV	(C) QSV	(D) LIABILITY	(E) REALIZABLE VALUE
1998 truck	20,000	16,000	12,000	\$ 4,000
Real property	100,000	80,000	96,000	0
			TOTAL	\$ 4,000

ASSET	FMV	QSV	LIABILITY	REALIZABLE VALUE
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

(Attach Additional Sheets if Needed)

Line 3 Total \$ _____

Note: Individuals may exclude the value of the following:

■ **\$6,250 of the value of your furniture or personal effects in your household, items of personal use, livestock or poultry. Don't include the value of your vehicle in this exclusion.**

■ **\$3,125 of the value of trade or business tools.**

4. To calculate monthly payments:

a. Enter total monthly income (Item 41, Form 433-A) here \$ _____

b. Enter necessary monthly living expenses (Item 52) here \$ _____

c. Subtract b from a: enter the result here **Line 4C Total** \$ _____
(This amount cannot be less than \$0)

Note: Decide now to make either a Cash, Short Term Deferred or a Deferred Payment Offer.

5. For a **Cash Offer**, multiply line 4c by 48 (or the remainder of the ten-year statutory period for collection, whichever is less) and enter amount in total. This amount represents the total amount of future income for a cash offer.

Line 5 Total \$ _____

6. For a **Short-Term Deferred Payment Offer**, multiply line 4c by 60 (or the remainder of the ten-year statutory period for collection, whichever is less). This amount represents the total amount of future income for a Short-Term Deferred Payment offer.

Line 6 Total \$ _____

7. For a **Deferred Payment Offer**, we will help you determine your future income amount. To compute this amount, we must calculate the remaining time left on the collection statute for each period of tax liability.

Call your local IRS office or 1-800-829-1040 to assist you in this calculation.

■ Multiply the amount on **line 4c** by the number of months remaining on the collection statute, and enter on line 7.

Line 7 Total \$ _____

8. **AMOUNT OF OFFER** (Add lines 1, 2, 3 and either 5, 6, or 7) \$ _____

Completing Form 656, Offer In Compromise

We have included two *Offer In Compromise* forms. Use one form to submit your offer in compromise. You may use the other form as a worksheet and retain it for your personal records.

Note: Direct any questions that arise in completing this form to 1-800-829-1040 or your local IRS office. We may return your offer if you don't follow these instructions.

Item 1:	<p>Enter your name and home or business address. You should also include a mailing address, if it is different from your street address.</p> <p>Show both names on joint offers for joint liabilities. If you owe one liability by yourself (such as employment taxes),</p>	<p>and other liabilities jointly (such as income taxes), but only you are submitting an offer, list all tax liabilities on one Form 656. If you owe one liability yourself and another jointly, and both parties submit an offer, complete two Forms 656, one for the individual liability and one for the joint liability.</p>
Item 2:	<p>Enter the Social Security Number(s) for the person(s) submitting the offer. For example, enter the Social Security Number of both spouses when</p>	<p>submitting a joint offer for a joint tax liability. However, when only one spouse submits an offer, enter only that spouse's Social Security Number.</p>
Item 3:	<p>Enter the Employer Identification Number for offers from businesses.</p>	
Item 4:	<p>Show the Employer Identification Numbers for all other businesses (excluding corporate entities) that you</p>	<p>own or in which you have an ownership interest.</p>
Item 5:	<p>Identify your tax liability and enter the tax year or period. Letters and notices from us and Notices of Federal Tax Lien show</p>	<p>the tax periods for trust fund recovery penalties.</p>
Item 6:	<p>Check the appropriate box(es) describing the basis for your offer.</p> <p>Doubt as to Liability offers require a statement describing in detail why you think you do not owe the liability. Complete Item 9, "Explanation of Circumstances", explaining your situation and enter your offer amount on Item 7.</p> <p>Doubt as to Collectibility offers require you to complete a <i>Collection Information</i></p>	<p>Statement: a Form 433-A for individuals and/or a Form 433-B for businesses. Enter your offer amount on Item 7.</p> <p>Effective Tax Administration offers require you to complete a Form 433A for individuals and/or a Form 433-B for businesses. Complete Item 9, "Explanation of Circumstances" and enter your offer amount on Item 7.</p>

Item 7:	<p>Enter the total amount of your offer. (See page 10, Amount of Offer). Your offer amount can't include a refund we owe you or amounts you've already paid.</p> <p>Note: We don't require a deposit. The law requires us to hold any deposits you make in a special non-interest bearing account. However, should we reject or return your offer and you decide to apply a deposit towards the liability, you will receive credit on the deposit from the date we received it.</p>	<p>Check the appropriate payment box (cash, short-term deferred payment or deferred payment). We have provided some specific payment periods. If these are inapplicable, describe your proposed payment terms on the line provided. For example, for offers with 7 years remaining on the statutory period for collection and a total offer of \$25,000, you might propose to pay \$10,000 (equity) within 90 days and the balance of \$15,000 in 84 monthly installments of \$179. You could also pay the same offer in 84 monthly installments of \$298.</p>
Item 8:	<p>It is important that you understand the requirements listed in this section. Pay particular attention to Items 8(d)</p>	<p>and 8(g), as they address the future compliance provision and refunds.</p>
Item 9:	<p>Explain your reason(s) for submitting your offer in the "Explanation of</p>	<p>Circumstances." You may attach additional sheets if necessary.</p>
Item 10:	<p>All persons submitting the offer must sign and date Form 656. Include titles of authorized corporate officers,</p>	<p>executors, trustees, Powers of Attorney, etc. where applicable.</p>
Where to File	<p>File your offer in compromise at the IRS district office in your area. To get the address of the local office</p>	<p>nearest you, call the toll free number at 1-800-829-1040.</p>



Department of the Treasury
Internal Revenue Service

www.irs.gov

Form 656 (Rev. 1-2000)
Catalog Number 16728N

Form 656

Offer in Compromise

Item 1 — Taxpayer's Name and Home or Business Address

Name _____
Name _____
Street Address _____
City _____ State _____ ZIP Code _____

Mailing Address (if different from above)

Street Address _____
City _____ State _____ ZIP Code _____

Item 2 — Social Security Numbers

(a) Primary _____
(b) Secondary _____

Item 3 — Employer Identification Number (included in offer)

Item 4 — Other Employer Identification Numbers (not included in offer)

Item 5 — To: Commissioner of Internal Revenue Service

I/We (includes all types of taxpayers) submit this offer to compromise the tax liabilities plus any interest, penalties, additions to tax, and additional amounts required by law (tax liability) for the tax type and period marked below: (Please mark an "X" in the box for the correct description and fill-in the correct tax period(s), adding additional periods if needed).

- 1040/1120 Income Tax** — Year(s) _____
- 941 Employer's Quarterly Federal Tax Return** — Quarterly period(s) _____
- 940 Employer's Annual Federal Unemployment (FUTA) Tax Return** — Year(s) _____
- Trust Fund Recovery Penalty** as a responsible person of (enter corporation name) _____, for failure to pay withholding and Federal Insurance Contributions Act Taxes (Social Security taxes), for period(s) ending _____.
- Other Federal Tax(es)** [specify type(s) and period(s)] _____

Note: If you need more space, use another sheet titled "Attachment to Form 656 Dated _____." Sign and date the attachment following the listing of the tax periods.

Item 6 — I/we submit this offer for the reason(s) checked below:

- Doubt as to Liability** — "I do not believe I owe this amount." You must include a detailed explanation of the reason(s) why you believe you do not owe the tax in Item 9.
- Doubt as to Collectibility** — "I have insufficient assets and income to pay the full amount." You must include a complete financial statement, Form 433-A and/or Form 433-B.
- Effective Tax Administration** — "I owe this amount and have sufficient assets to pay the full amount, but due to my exceptional circumstances, requiring full payment would cause an economic hardship or would be unfair and inequitable." You must include a complete financial statement, Form 433-A and/or Form 433B and complete Item 9.

Item 7

I/we offer to pay \$ _____

- Paid in full with this offer.
- Deposit of \$ _____ is attached to this offer.
- No deposit.

Note: Make all checks payable to: The United States Treasury

Check one of the following:

Cash Offer (Offered amount will be paid in 90 days or less.)

Balance to be paid in: _____ 10, _____ 30, _____ 60, or _____ 90 days from notice of acceptance of the offer. If more than one payment will be made during the time frame checked, provide the amount and date of the payment on the line below.

Short Term Deferred Payment Offer (Offered amount paid in more than 90 days but within 24 months.)

Amount of monthly payment _____
Monthly payment date _____
Date offered amount will be paid in full _____
Other terms for payment _____

Deferred Payment Offer (Offered amount will be paid over the life of the collection statute.)

Amount of monthly payment _____
Monthly payment date _____
Other terms for payment _____

Item 8 — By submitting this offer, I/we understand and agree to the following conditions:

- (a) I/we voluntarily submit all payments made on this offer.
- (b) The IRS will apply payments made under the terms of this offer in the best interest of the government.
- (c) If the IRS rejects or returns the offer or I/we withdraw the offer, the IRS will return any amount paid with the offer. If I/we agree in writing, IRS will apply the amount paid with the offer to the amount owed. If I/we agree to apply the payment, the date the IRS received the offer remittance will be considered the date of payment. I/we understand that the IRS will not pay interest on any amount I/we submit with the offer.
- (d) I/we will comply with all provisions of the Internal Revenue Code relating to filing my/our returns and paying my/our required taxes for 5 years or until the offered amount is paid in full, whichever is longer. In the case of a jointly submitted offer to compromise joint tax liabilities, I/we understand that default with respect to the compliance provisions described in this paragraph by one party to this agreement will not result in the default of the entire agreement. The default provisions described in Item 8(o) of this agreement will be applied only to the party failing to comply with the requirements of this paragraph. This provision does not apply to offers based on Doubt as to Liability.**
- (e) I/we waive and agree to the suspension of any statutory periods of limitation (time limits provided for by law) for the IRS assessment of the tax liability for the tax periods identified in Item 5. I/we understand that the statute of limitations for collection will be suspended during the period an offer is considered pending by the IRS (paragraph (m) defines pending).
- (f) The IRS will keep all payments and credits made, received or applied to the total original tax liability before submission of this offer. The IRS may keep any proceeds from a levy served prior to submission of the offer, but not received at the time the offer is submitted. If I/we have an installment agreement prior to submitting the offer, I/we must continue to make the payments as agreed while this offer is pending. Installment agreement payments will not be applied against the amount offered.
- (g) The IRS will keep any refund, including interest, due to me/us because of overpayment of any tax or other liability, for tax periods extending through the calendar year that the IRS accepts the offer. I/we may not designate an overpayment ordinarily subject to refund, to which the IRS is entitled, to be applied to estimated tax payments for the following year. This condition does not apply if the offer is based on Doubt as to Liability.**
- (h) I/we will return to the IRS any refund identified in (g) received after submission of this offer. This condition does not apply to offers based on Doubt as to Liability.
- (i) The IRS cannot collect more than the full amount of the tax liability under this offer.
- (j) I/we understand that I/we remain responsible for the full amount of the tax liability, unless and until the IRS accepts the offer in writing and I/we have met all the terms and conditions of the offer. The IRS will not remove the original amount of the tax liability from its records until I/we have met all the terms of the offer.
- (k) I/we understand that the tax I/we offer to compromise is and will remain a tax liability until I/we meet all the terms and conditions

of this offer. If I/we file bankruptcy before the terms and conditions of this offer are completed, any claim the IRS files in the bankruptcy proceedings will be a tax claim.

- (l) Once the IRS accepts the offer in writing, I/we have no right to contest, in court or otherwise, the amount of the tax liability.
- (m) The offer is pending starting with the date an authorized IRS official signs this form. The offer remains pending until an authorized IRS official accepts, rejects, returns or acknowledges withdrawal of the offer in writing. If I/we appeal an IRS rejection decision on the offer, the IRS will continue to treat the offer as pending until the Appeals Office accepts or rejects the offer in writing. If I/we don't file a protest within 30 days of the date the IRS notifies me/us of the right to protest the decision, I/we waive the right to a hearing before the Appeals Office about the offer in compromise.
- (n) The waiver and suspension of any statutory periods of limitation for assessment of the tax liability described in Item 5, continue to apply:
 - while the offer is pending [see (m) above]
 - during the time I/we have not paid all of the amount offered
 - during the time I/we have not completed all terms and conditions of the offer
 - for one additional year beyond each of the time periods identified in this paragraph

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

- immediately file suit to collect the entire unpaid balance of the offer
 - immediately file suit to collect an amount equal to the original amount of the tax liability as liquidating damages, minus any payment already received under the terms of this offer
 - disregard the amount of the offer and apply all amounts already paid under the offer against the original amount of the tax liability
 - file suit or levy to collect the original amount of the tax liability, without further notice of any kind.
- (p) The IRS generally files a Notice of Federal Tax Lien to protect the Government's interest on deferred payment offers. This tax lien will be released when the payment terms of the offer agreement have been satisfied.
- (q) I/we understand that Internal Revenue Service employees may contact third parties in order to respond to this request, and I authorize such contacts to be made. Further, by authorizing the Internal Revenue Service to contact third parties, I understand that I will not receive notice pursuant to section 7602(c) of the Internal Revenue Code of third parties contacted in connection with this request.

