

WELCOME TO YOUR OFFER IN COMPROMISE CHECKLIST!



Now that you're ready to start your Offer in Compromise, there are some things you need to know. There are some items that you'll need to gather to work through the Offer in Compromise. This checklist simplifies the list of things you need so you'll be more than ready to complete the forms.

Make Sure You Qualify

The first step in making sure you're ready to file your Offer in Compromise is double-checking to see that you qualify.



Have you filed all of the tax returns you're legally required to file?



Has the IRS sent you a bill for your tax debt?



If you are required to make estimated tax payments, are your estimated tax payments current?

NO

If you answer "No" to any of the questions above, you aren't eligible for an Offer in Compromise at this time.



Are you in an open bankruptcy proceeding?



Are you waiting for the results of an innocent spouse claim?



Are you currently being audited?

YES

If you answer “Yes” to any of the questions above, you aren’t eligible for an Offer in Compromise until the proceeding is completed.



Are you unable to pay your tax debt in full, whether through cash you already have on hand or by liquidating assets?



If you do have the cash or assets on hand to pay your tax debt in full, would that cause an undue hardship for you?



Do you dispute the tax debt?

YES

You must be able to answer “Yes” to one of the questions above.

Get Your Information Together

Now that you know you qualify to request an Offer in Compromise, you'll need to get some financial and household information together. Make sure you have documentation of all of these items available. You can use documents such as bank statements, mortgage bills, and utility bills.



Here's what you'll need to know to complete the form:



The total cash you have in all accounts.



A list of all your investments, including the value and any identifying information (such as a VIN for vehicles).



All of your available credit.



A list of all of your assets, including any amounts you owe and your equity.



The amount of your income, plus the income of everyone who lives in your home.



The amount of all of your debt, including credit cards, home mortgage, vehicle loans, and anything else you owe.



Your average monthly household expenses, including rent/mortgage, utilities, groceries, child care, and anything else you purchase for your household.



It's a good idea to keep a list of all your income and expenses for three months before completing Form 433-A. Income includes everything you receive, such as wages, Social Security, child support, alimony, rental income, etc. Expenses include everything that's directly related to your job, career, or sustenance, but nothing that isn't. For example, include food and clothing, but don't include your Netflix or other entertainment bills. There is a list in the Form 433-A instructions that you can use as guidance in calculating your household expenses.

Complete Form 433-A

Now that you've gathered all the information you need, you'll need to complete Form 433-A. This form documents all of your financial information. The IRS uses this form to determine whether they can collect your tax debt and whether they should accept your offer in compromise.



Form 433-A is an eight-page form. This sounds daunting, but you've just collected all the information you'll need to fill it out. Here are the sections you'll need to complete:



Personal and Household Information



Employment



Personal Assets



Self-Employment
(if applicable)



Business Assets
(if applicable)



Business Income and Expenses
(if applicable)



Monthly Income and Expenses



Minimum Offer Calculation



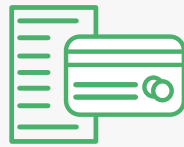
Other Information

Attach Items to Form 433-A

The IRS does request supporting documentation. Make sure you have copies of all the items you gathered before. See the list of required supporting documentation in the IRS form instructions, and attach all of those items to your form. This includes the following, but see the form instructions for a complete list:



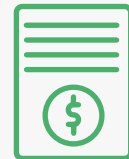
Copy of your last tax return



Income (check stubs, etc.), bank statements, and credit card statements for three months



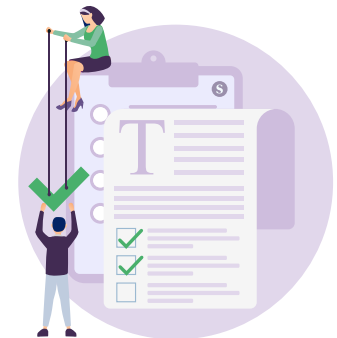
Statements for all your assets and investments



Proof of expenses (household, transportation, health care, etc.) for three months

Complete Form 656

Next, you'll need to complete the actual Offer in Compromise form, Form 656. On this form, you'll include the following:



Your personal information



The reason you're requesting an Offer in Compromise



Requested payment terms



Read the offer terms and sign the form



Designation of payment



Your business information (if you're filing an Offer in Compromise for the business)



Answer questions about where you're getting the money to pay for the offer

Check Your Forms

Make sure you double-check both Form 433-A and Form 656 before you mail them. If any fields are blank, or if you've written something in the wrong field, correct it. Even if your tax preparer completed the form, read through it and make sure everything is correct — remember, the IRS holds you responsible for ensuring the accuracy of the information on the form.



Mail the Forms

Gather the forms, all your documentation, and your \$186 application fee (make checks payable to 'U.S. Treasury'), and mail them to the correct address.



If you live in Alabama, Arkansas, Florida, Georgia, Hawaii, Idaho, Kentucky, Louisiana, Mississippi, North Carolina, New Mexico, Nevada, Oklahoma, Oregon, Tennessee, Texas, Washington, or Wisconsin, mail the forms to this address:

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

If you live in Alaska, Arizona, California, Colorado, Connecticut, Delaware, Iowa, Illinois, Indiana, Kansas, Massachusetts, Maryland, Maine, Michigan, Minnesota, Missouri, Montana, North Dakota, Nebraska, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, South Carolina, South Dakota, Utah, Vermont, Virginia, Wyoming, West Virginia, Washington, D.C., Puerto Rico, or in another country, mail the forms to this address:

Brookhaven IRS Center COIC Unit
P.O. Box 9007
Holtsville, NY 11742-9007