



# OFFER IN COMPROMISE SCRIPT



When you owe money to the IRS, you may need to call them to attempt to work out an offer in compromise. In reality, an IRS agent can help you determine the best course of action to either pay or settle your tax debt. When you talk to the agent, you can ask the same questions that your tax professional would. Or, if you're nervous and feel that you can't do your best, you can always have a tax professional make this call for you.

## PREPARE FOR THE CALL

Before you go into the call, gather some items you'll need:



Social Security number or Individual Tax Identification Number (ITIN) (or if calling for a business, the Federal Employer Identification Number).



A copy of the IRS notice or bill.



The tax return for which you owe a debt.



Your average monthly income and expenses.



Prepare yourself for the call by knowing the following:



What you can and can't afford. Remember, if you can afford to pay the tax debt, the IRS agent will advise you to use another method to pay your debt. This includes making payments, using cash you have to pay it, and liquidating assets to get the cash.

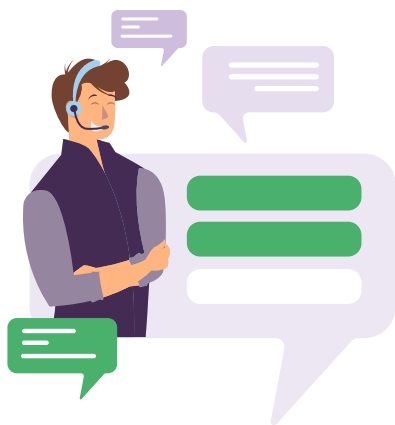


Whether you've filed all your tax returns.  
If you haven't, do that before you call.



Whether you meet the basic qualifying requirements.  
You can use our Offer in Compromise quiz to check if you qualify for the Offer in Compromise.

## ASK THE AGENT TO HELP WITH A OFFER IN COMPROMISE




When you do call, remain calm. Try not to be nervous. The worst thing that can happen on this call is that the agent gives you additional information needed.

### Remember


The agent is a collector, and they want to get the most money possible against your tax debt, but they do understand if you're truly not able to pay, and they're willing to get what they can.


Here is a basic call discussing a tax debt after the agent answers the phone.


You    Agent


Hi. I'm calling about a tax bill I received.  
The notice number is ##### (found on the notice/bill) 


The agent will then ask for identifying information, such as Social Security number, to verify your identity. Answer all of the agent's questions accurately.


 Are you able to pay the tax bill today?


No, I unfortunately can't. I don't have the money to pay it. 


 Are you able to pay part of the tax bill?

No. I don't have any cash available right now.  
I'd like to request an offer in compromise. 

 Well, let's see what we can do. Have you filed all your tax returns and paid all your estimated tax payments?

Yes. 

 Are you in an open bankruptcy or audit, or are you waiting for an outstanding innocent spouse claim?

No. 

The agent may then ask you questions about your assets and income. These questions help the agent determine your ability to pay the tax debt in full without using an offer in compromise. Remember, you've already prepared your information, and you've checked to be sure you qualify for the offer in compromise, so don't be nervous about this. The agent is simply doing his due diligence before helping you with the offer in compromise. Answer the questions using the information you gathered.



When the agent determines that you can't pay the tax bill in full now, and before you proceed with any offer in compromise questions, the agent will probably ask you about these other options for paying the tax debt:

## BORROWING MONEY TO PAY YOUR DEBT



The first suggestion the IRS will usually make is that you borrow money — whether by using a credit card, obtaining a home equity loan, or getting a loan from a bank, family, or friends — to pay your debt.

If you can't do that, explain that to the agent. Don't go into too much detail, but let the agent know that it's not an option.

## LIQUIDATING INVESTMENTS TO PAY YOUR DEBT



If you have investments, the agent will suggest that you sell them in order to pay the IRS debt. This may be a valid option, and if it is, you'll be expected to do so unless it would cause an undue hardship somehow.

**If you don't have any investments to liquidate, or if it would cause a hardship, let the agent know that.**

## NEXT STEPS FOR OFFER IN COMPROMISE



When you let the agent know that you cannot borrow money or liquidate assets to pay your tax debt, he'll take a closer look at your assets, income, and expenses. Be prepared to go into detail with the agent on how much you earn and how much you pay for household bills, as well as how many people you support in your household.

### Remember

You can only include expenses directly related to keeping up the household. You won't be able to include costs for entertainment or any other disallowed expenses. If you have questions about what you can include, ask the agent. She will help you determine what expenses are allowed when figuring your offer.

This part of the call will probably take the most time. The agent will be calculating your disposable income and how much your offer should be. This is an important step, so keep in mind that it is necessary.



Based on your financial situation, your minimum offer should be \$X, which would work out to \$Y each month for five months. Can you pay more than that each month?

This is the quickest way to resolve your tax debt with an offer in compromise, but there is another payment option. If you cannot pay that amount over 5 months, you can pay in smaller payments over as long as 24 months. If you can afford the payment the agent suggests, it may be better for you to do that. If you cannot, however, let the agent know that.

I wish I could, but I can only afford \$X per month.



Okay. What we can do then is set up the offer so you pay \$X per month for 24 months. You'll need to make the first payment with the application, along with the \$186 application fee.

Great. Let's get that started.



The agent will then go over next steps with you, including how to complete the offer in compromise forms (or sign them, if the agent is helping you complete the form) and make the payment. You'll file Form 656, along with Form 433-A and its documentation.



If you meet the Low-Income Certification guidelines, the agent will let you know that you don't need to pay the application fee or your first payment until the offer is accepted.

If the IRS agent determines that you cannot request an offer in compromise for any reason or wants to give you additional options, he may suggest one of these repayment plans:

## INSTALLMENT AGREEMENT



If you owe less than \$50,000 and can't pay in full, the agent will probably suggest an installment agreement. With this, you can figure out a required minimum payment and then make that payment each month. You will, however, pay the tax bill in full.

## PARTIAL PAYMENT INSTALLMENT AGREEMENT



With a partial payment installment agreement, you'll still pay part of the tax debt, but you end up paying less than the full amount you owe. If you think you may be able to do this, you can submit a written request, along with the documentation in Form 433-A, to the agent.

## BANKRUPTCY



The agent will almost never recommend that you file for bankruptcy, but it may be a way for you to eliminate the tax debt if you cannot pay any of it. The agent can tell you the steps you'll need to take, but you'll need to hire an attorney, and the attorney will help you through the process.

## NOT CURRENTLY COLLECTIBLE



In some cases, the IRS will put your status as “not currently collectible.” This means that you don’t have the ability to pay anything on your tax debt. The IRS may revisit this at a later date, but your tax debt will be put on hold until you have the ability to begin payments.

**Follow the agent’s advice to resolve your tax debt. The agent will give you specific instructions, including what forms you should file.**

### Remember

Before you call the IRS, make sure you’ve filed all required tax returns and have as much information as possible about your tax debt and your ability to pay. And if all else fails, you can hire a tax professional who will help you navigate through your options and find the right solution to your tax debt.