EFFECTIVE DATE

(09-02-2022)

PURPOSE

(1)   This transmits revised IRM 5.8.2, Offer in Compromise, Centralized Offer in Compromise Initial Processing and Processability.

MATERIAL CHANGES

(1)

5.8.2 Material Changes

IRM Section	Title	Change
throughout IRM		Editorial comments and removed all references for deposits and added to stamp checks "Return" no longer stamp checks non-negotiable.
Effects on other Documents	Effects on other Documents	Removed expired IGMs and input new IGMs (SBSE-05-0221-0014, Completion of Initial Compliance, Screening, Verification of Low-Income Waiver, and Filing of Notice of Federal Tax Lien on Offers and SBSE-05-0721-0025, Interim Guidance Involving IRS Received Date of Related Offers. SBSE-05-0422-0014, Interim Guidance on Federal Tax Deposit Compliance for Offers in Compromise.
5.8.2.1.7	Related Resources	(1) 4th bullet added TBOR.
5.8.2.1.7	Related Resources	5th bullet added: Taxpayers have the right to contact TAS.
5.8.2.3	Initial Processing of Offers In COIC Sites	Added: (2) Link to 5.8.1.13 for TIPRA information. Added (3) Note: added direct pay as a method of payment. PE are to ensure payments are posted correctly.
5.8.2.3	Initial Processing of Offers In COIC Sites	(4) Added: Effective with the Form 656 revision on 4/2022, deposits are no longer accepted and should be stamped "Return" and returned to the taxpayer with the letter.
5.8.2.3	Initial Processing of Offers In COIC Sites	(8) 3rd box added: if and then chart. DATL TFRP - "if" added how to identify the EIN on IDRS. Added to the "then" column how to locate the EIN and to research for filing requirements for accurate transfer assignment.
5.8.2.3	Initial Processing of Offers In COIC Sites	(8) 4th box added to the "if" column how to identify CDP offers and instructions to the "if: column on what to do if only one taxpayer files a CDP. How to identify the wavier date on the new offer when one taxpayer has a CDP and the spouse does not.

IRM Section	Title	Change
5.8.2.3	Initial Processing of Offers In COIC Sites	(10) Added research ACDS for any open CDPs and to annotate AOIC with any cross reference TINs found during research.
5.8.2.3	Initial Processing of Offers In COIC Sites	(12) **1st bullet**- Added to the Note: to forward correspondence to the OE/OS working the offer. **(12) 2nd bullet** Added: be sure to annotate the revision of the F656 and the date it was signed by the taxpayer. **(12) 3rd bullet** Added: to load EIN **(12) 5th bullet** Removed: Note. Send correspondence to the POA regardless of the check box. **(12)** Added **6th and 7th bullet**: The taxpayer must check the box on line 2 for the Form 2848 and Form 8821 in order for the POA to receive copies of notices and communication. Follow instruction on Forms 2848 and 8821 when to send notices. Removed the Note to send correspondence to the POA regardless of the check box. **(12) 9th bullet** Added: only check to box on AOIC on the POA screen to receive notices if they are authorized for all periods and forms. Clearly annotate AOIC remarks with the tax years and forms the POA is authorized for to avoid unauthorized disclosure. Removed Note to send cover letter to authorized representative. **(12) 11th bullet**: Added to the Note: update AOIC remarks and payment screen with check number, type and amount for an accurate audit trail. **(14)** added link to 5.19.7.1.6 for list of MOIC closing codes
5.8.2.4	Processability	Added: (4) guidance on when to return Thumb drives and when to forward to OE/OS.
5.8.2.4.1	Determining Processability	Reorganized this section. Retitled (1) Situations where both the application fee and TIPRA payments will be returned to the taxpayer. Added to the Exception: (A-E) Added: (2) Retitled Return application fee and apply TIPRA in the below not processable situations. Added: to apply the application fee in the best interest of the government and to apply the TIPRA to the oldest CSED and if paid in full, split the payment to the next oldest period.

IRM Section	Title	Change
5.8.2.4.1	Determining Processability	(2) (a) Added: Federal Tax Deposits (FTD) - Taxpayer must have filed and paid for the two prior quarters and be is Status 10 or 12 and have payments in the current quarter in order to be in payment and filing compliance. Added 2(e) Note: Effective with the Form 656 revision on 4/2022, deposits will no longer be accepted and will be returned to the taxpayer. (3) Changed to RIVO from IVO. (4) Added guidance on deactivated ITINs. (6) (a) Added: to research IMFOLR for AGI if no indication on ENMOD throughout this section Added (6)(c) Added: to ″if and then″ chart to check IMFOLR. 6(a) Added Note: offers submitted on behalf of deceased taxpayer or for a business other than a sole proprietor, are not considered for the low-income waiver certification. (6)(c) Added: If the taxpayer does not qualify for the LIW and did not provide the fees, then return the offer. No phone call is required by the PE. (6) (d) Added: single deceased taxpayers do not qualify for the low income waiver. Added: Note. guidance on joint offer and one spouse is deceased.
5.8.2.4.1	Determining Processability	(7) Added: If 6330 (c) or 6331(c) letter is found on ENMOD, further research is needed for IDT. (8) Added: The OIC is considered pending when the IRS delegate signs and dates the Form 656. Signature stamps are acceptable as long as it is based on the actual employees signature and is controlled and used by that person. (8) Added Note - the pending date must be the same on AOIC, TC 480 and the case file folder.
5.8.2.4.1	Determining Processability	(9) Note: Added: an incomplete Form 656 or missing information on Form 656 is not a reason for return. See IRM 5.8.3.6, Perfecting Offers.
5.8.2.4.2	Incomplete Offer Packages	New Section with instructions how to proceed with incomplete offer packages.
5.8.2.4.3	Forms 656, Offer in Compromise without an Original Signature	New Section with instructions on how to process offers with an electronic Form 656.
5.8.2.4.4	Processing Offers with Stale Checks	New Section with instructions on how to proceed with stale checks.
5.8.2.4.5	Processing Offer with Postdated Checks	New Section with instructions on how to proceed with post dated checks.

IRM Section	Title	Change
5.8.2.4.6	Additional Research on Bank-ruptcy Cases	Moved from 5.8.4.1 and made separate section. Added: (2) If a taxpayer files bankruptcy and the TC 520 has not posted to IDRS at the time of the pro-cessability determination and you later discover that one of the taxpayers has filed bankruptcy, you must stop processing the offer and return it. (3) Added: to see IRM 5.8.3.17(3) when to contact insolvency for Chapter 7 Bankruptcy prior to returning any applica-tion or TIPRA payment.
5.8.2.4.7	Additional Research on Exam -L Freeze Codes	Moved from 5.8.2.4.1 and made separate new section: Added: Research IDRS and if you see a -L freeze code you must check AMDISA for the current status code/date, if: * Current Status code 80 it will have the description Non-Docketed Appeals. These are rare, however will require in-house RO review. * Current Status Code 82 will have the description Docketed Appeals. These are more common and are generally tax court cases and will require in-house RO review.
5.8.2.4.8	Additional Research on Resti-tution Bases Assessments (RBAs)	Moved from 5.8.2.4.1 and made separate section, added how to identify.
5.8.2.5	Not Processable	Moved (2) and (3) to 5.8.2.4.2 - New section, Incom-plete offer packages. (2) If a TIN is provided, but the offer is not processable because no 656 was provided. (3) If there is no identifying information, return all funds to the taxpayer.
5.8.2.5	Not Processable	(5) (f) Added: Refund the payment only after the payment has posted to IDRS. If the payment was dis-honored, annotate the remarks on AOIC and no further action is necessary.
5.8.2.6	Not Processable Offers Received with Payments	(2) added to refund money only after the funds have cleared. Throughout this section removed the word non-negotiable and replaced with Return. (5) Added: Effective 4/2022, the Form 656 will not allow deposits, if the offer is processable or not processable, write Return across the check and return to the taxpayer.
5.8.2.7	Erroneous Processability De-terminations	(5) Added Counsel State Mapping to determine where to send letter.
5.8.2.7.1	Reconsideration for Incorrect IRS Determination of a Not-Processable Offer	New section with direction how to obtain the Form 656 and 433-A(OIC) or 433-B (OIC) and reload the offer due to IRS error.

IRM Section	Title	Change
5.8.2.8	Processable Offers Actions (renamed)	(1) Removed reference to the Form 2515, Record of OIC. (3) Added if the taxpayer sends in a check clearly marked as a deposit, stamp it :"Return" and return it to the taxpayer. (4) Added taxpayers may designate voluntary payments but must be in writing when the payment is made and must include specific period and type of tax. Taxpayer may not designate the application fee. (5) Added guidance on how to apply when a business sends in a blanket designation of Trust Fund taxes. (5) Note: Removed guidance on how to apply a deposit if designated. Added: All tax payments should be applied to the oldest CSED and if paid in full, split to the next earliest CSED. (7)(c) Added Do not use names in AOIC history.
5.8.2.8.1	Processable Offers - Payment Processing	(1) Added: . If check is for more than the required TIPRA payment, apply to application fee and request the short fall of TIPRA. (1) Note: Added during grace period of new Form 656 is the only time you go out for a short fall for an application fee. (4) Added: Prior to acceptance, taxpayer may designate payments. (6) & (7) Added: a) To post initial payments, use IMFOL and BMFOL, which provide the approximate balance due. b) To post subsequent payments, update interest on the AOIC MFT screen to obtain the balance(s) dues and apply to the oldest CSED, splitting if necessary. c) If any payments are designated to a specific period or to BMF trust fund (i.e. DPC 02), the Service must apply the payment accordingly. (8) First bullet Added: if deposit is received stamp "Return: and return to the taxpayer. (10) modified to state, if the amount submitted exceeds the amount required, all funds will be applied to the taxpayers liability. (11) removed all deposit references. (12) Removed Note to apply deposit to 4710 account.

IRM Section	Title	Change
5.8.2.9	Sorts and Payments	(1) Added: All payments must be clearly annotated in the remarks on AOIC. **Box (2) if and then chart:** removed reference to complete 3210 **Box (3) if and then chart:** removed reference for deposits. **Box (4) if and then chart:** changed to any payment from application fee and/or TIPRA and removed deposit designation. Under the ″then″ added if taxpayer doesn't qualify for the LIW, return the offer and stamp the deposit ″Return″ and return with the offer. If the taxpayer does qualify for the LIW and sends in a deposit, stamp "Return" and return to the taxpayer. **Box (6) if and then chart,** removed entire box as it was the same as box 4. **Box (6) if and then chart**: Added to notify appeals of the determination via email. Added (2) to annotate AOIC with the check type, check number and amount.
5.8.2.10	Offer Submitted Solely for Unassessed Liability(ies)	Added: (3) in the "If and then Chart": Input a TC 570 for $0.0 on the current year tax module as well, to avoid erroneous refunds.
5.8.2.10.2	Payment Processing through Paper Check Conversion (PCC)	Removed: (1)(b) any funds that are considered a deposit, must be deposited in the 4710 account. Removed: (2) (a-k) to Prepare Form 2515 for the deposits. Removed: Note under (L) Removed (3) Reference to deposits.
5.8.2.11	Processing Forms 3210 after Processability Determinations	Removed all references to complete 2515 for deposits.
5.8.2.12	Determining Processability for Appeals CDP Offers	Added: (2) Research IDRS for a TC 520 cc 76/77. If you find the TC 520 cc 76/77, you will need to check ACDS for an open CDP. Added Note: to notify appeals SO of the determination and fax a copy of the return letter for their files (if applicable). **(6) if and then chart** first ″if″ box added how to identify if the offer is under Appeals Jurisdiction by a TC 520 cc 76/77 and no notice of deficiency
5.8.2.13	Changing Status Codes	(3) Added: to print IADIS for each TIN and place in the IDRS tabs prior to changing to St. 71.

IRM Section	Title	Change
5.8.2.14	Processing Related offers New Title	(2) Added: Read remarks and review MFT screen prior to loading. Be aware of what waiver date you are using. If periods on original offer, use that date, if new, use new date. (3) Added: When you receive a related offer and it is for the same period and was split due to one taxpayer with an open CDP, make sure the waiver and IRS received dates are the same as the original offer. (4) Added: All related offers received via efax or electronically, need to be loaded within 5 business days of receipt. Added: if and then chart when to use the original waiver date and the IRS received date.

EFFECT ON OTHER DOCUMENTS

IRM 5.8.2, published September 22, 2020 is superseded. This revision includes: IGM SBSE-05-0221-0014, Completion of Initial Compliance, Screening, Verification of Low -Income Waiver, and Filing of Notice of Federal Tax Lien on Offers. IGM SBSE-05-0721-0025, Interim Guidance Involving IRS Received Date on Related offers. SBSE-05-0422-0014, Interim Guidance on Federal Tax Deposit Compliance for Offer in Compromise.

AUDIENCE

SB/SE Collection and Campus Compliance employees.

Kareem Williams
Director, Collection Policy

5.8.2

Centralized Offer in Compromise Initial Processing and Processability

Table of Contents

5.8.2.1 (09-22-2020) **Program Scope and Objectives**	(1) **Purpose** -This IRM section provides instructions for initial case processing of offer in compromise receipts.
	(2) **Audience** -The primary users of this IRM are offer in compromise employees who are responsible for initial case processing of offer in compromise receipts. It also provides information to other collection employees when considering an offer in compromise as a collection alternative.
	(3) **Policy Owner** - Director, Collection Policy, SB/SE.
	(4) **Program Owner** - Collection Policy, SBSE, Offer in Compromise (OIC) Program is the program owner.
	(5) **Primary Stakeholders** - The primary stakeholders are OIC process examiners.
	(6) **Program Goal** - Policy Statement P-5-100 explains the objectives of the OIC as a collection tool. By following the processes and procedures in this IRM, employees will be able to accurately and timely complete initial processing of OIC receipts.
5.8.2.1.1 (02-09-2018) **Background**	(1) This section is a procedural guide that provides the procedures for new offer in compromise receipts loaded on the AOIC system.
5.8.2.1.2 (09-22-2020) **Authority**	(1) Authorities relating to this section include: • IRC 7122 - Compromises • Treasury Regulation 301.7122-1 - Compromises • IRC 6702(b) - Civil penalty for specified frivolous submissions • Policy Statement P-5-100 • Policy Statement 1-236 • Rev. Procedure 2003-71 • IRM 1.2.2.6, Servicewide Policies and Authorities, Delegations of Authority for the Collecting Process - Delegation Order 5-1 • Internal Revenue Service Restructuring and Reform Act of 1998, Section 1203
5.8.2.1.3 (02-09-2018) **Responsibilities**	(1) The Director, Collection Policy, is responsible for all policies and procedures within the Offer in Compromise program.
	(2) The National Program Manager, Offer in Compromise, is responsible for development and delivery of policies and procedures within the program.
	(3) IRM authors are responsible for writing policies and procedures and clearing documents through all affected offices.
	(4) Offer in compromise employees responsible for initial case processing of OIC receipts are responsible for following the procedures in this IRM.
5.8.2.1.4 (09-22-2020) **Program Management and Review**	(1) Operational and program reviews are conducted on a yearly basis with the use of data and reports from the Automated Offer in Compromise (AOIC) system and Integrated Collection System (ICS). See IRM 1.4.52, Offer in Compromise Manager's Resource Guide.

(2) AOIC Inventory Management Listing, Inventory Listing and Undetermined Offers Listing reports are utilized to monitor OIC cases.

(3) Managerial case reviews are completed as defined in IRM 1.4.52, Offer in Compromise Manager's Resource Guide.

(4) National quality reviews and consistency reviews are routinely conducted.

5.8.2.1.5
(02-09-2018)
Program Controls

(1) AOIC is used to track offers submitted by taxpayers and record case actions and history. The ability to take action on AOIC is limited to specific offer employees. Additional permissions are provided based on an employee's duties and responsibilities.

(2) AOIC is used by COIC employees for inventory control and history documentation.

(3) Offers are distributed and worked on a first-in, first out basis using IRS received date criteria.

(4) Managerial requirements for case approval are defined in Del. Order 5-1.

5.8.2.1.6
(09-02-2022)
Terms/Definitions/
Acronyms

(1) The following table is a list of common abbreviations, acronyms and definitions used throughout this IRM. Other common abbreviations can be found at: http://rnet.web.irs.gov/Resources/AcronymsDatabase.aspx *Acronym database*

Acronym	Definition
AOIC – Automated Offer in Compromise	Computer application where offers in compromise are recorded and monitored from receipt to closure. History of the offer investigations conducted by COIC employees and of actions taken by Monitoring OIC (MOIC) units are also maintained on this system.
CDP – Collection Due Process	Allows taxpayers a right to a hearing before Appeals regarding proposed collection enforcement actions or filed Notice of Federal Tax Lien.
COIC – Centralized Offer in Compromise	Employees located in Brookhaven and Memphis campuses that complete initial processing.
CSED – Collection Statute Expiration Date	The date the statutory period for collecting the tax expires.
DATC – Doubt as to Collectibility	Basis for acceptance of an offer where there is doubt that the tax can be paid in full.
DATL – Doubt as to Liability	Basis for acceptance of an offer where there is doubt that the liability is correct.

Acronym	Definition
ETA – Effective Tax Administration	Basis for acceptance of an offer where this is no doubt that the liability is correct or can be paid in full. However, requiring the taxpayer to fully pay the tax would either create an economic hardship or be a public policy/ equity issue.
IAT - Integrated Automation Technologies	IAT tools interact with IDRS to automate daily tasks.
ICS - Integrated Collection System	Computer application used by Compliance employees to monitor inventory. Histories of OIC investigations conducted by area office employees are maintained on this system.
MOIC – Monitoring OIC Unit	Tax Examiners located in Brookhaven and Memphis campuses that complete end processing and monitor accepted offers for payments and compliance for 5 years.
OE – Offer Examiner	An examiner appointed as an offer investigator and located in COIC.
OS – Offer Specialist	A revenue officer appointed as an offer investigator, generally located in an field office.
PE – Process Examiner	Completes initial processability determinations on offers and is located in COIC.
SCOIC	Speciality Collection Offer in Compromise
SRP - Shared Responsibility Payment	Beginning in 2014, IRC 5000A required all individuals to have qualifying health care coverage (called minimum essential coverage or MEC) in each month of the year, qualify for an exemption, or make an individual shared responsibility payment (SRP) when they file their tax return for the year.

Acronym	Definition
TFRP – Trust Fund Recovery Penalty	Assessments made on individual taxpayers for the withheld or trust fund portion of delinquent employment taxes.
TIPRA – Tax Increase Prevention and Reconciliation Act of 2005	Legislation enacted in May, 2006, which made major changes to the OIC program.

(2) Additional acceptable acronyms and abbreviations are found in the Reference Net Acronym Database, which may be viewed at . http://rnet.web.irs.gov/Resources/Acronymdb.aspx, Acronym Data base.

5.8.2.1.7
(09-02-2022)
Related Resources

(1) Additional resources can be found in:

- IRM 5.8, Offer in Compromise, for procedures collection employees follow when considering a taxpayer's proposal to compromise their tax liability.
- Document 12360, Embedded Quality Job Aid (Offer in Compromise), for case reviews.
- Document 12990, Records and Information Management Records Control Schedules, for record retention.
- The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803 (a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about TBOR, see *https://www.irs.gov/taxpayer-bill-of-rights*
- Taxpayers have the right to expect the tax system to consider facts and circumstances that might affect their underlying liabilities, ability to pay, or ability to provide information timely. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through its normal channels. See IRM 5.8.1.4, Fairness and Integrity in Enforcement Selection (Policy Statement 1-236) for more information.

(2) Employees can find helpful information on these websites:

- SERP - *http://serp.enterprise.irs.gov/*
- IMD site for IGM - *http://imdtrack.web.irs.gov/search.asp*

5.8.2.2
(09-22-2020)
Integrated Automation Technologies (IAT)

(1) Integrated Automation Technologies (IAT) tools must be used whenever possible. Some IAT tools are mandatory while others are suggested for use.

(2) A current list of mandated and suggested use tools can be found in Exhibit 5.8.2-1, IAT Tools That Work For You in COIC. Each tool on the list is linked to the IAT website at *https://organization.ds.irsnet.gov/sites/WiMttIat/home/default.aspx*. The website contains descriptions and job aids for each tool and should be checked periodically for new tools that may assist in case processing.

(3) When a mandated IAT tool is not used because it was not available, or determined not to be appropriate due to a specific situation, document AOIC Remarks with the corresponding reason. In these situations, complete case processing through IDRS following established procedures.

(4) After verifying compliance with estimated tax payments, federal tax deposits and filing requirements, if there is a year(s) where the taxpayer was not required to file or pay, you must annotate AOIC remarks with the reason why and input the TC 590 to close the filing requirement using the IAT tool.

5.8.2.3
(09-02-2022)
Initial Processing of Offers in Centralized Offers in Compromise Sites

(1) When an offer is received in the Centralized Offer in Compromise (COIC) site, date stamp the Form 656, Offer in Compromise, in the IRS Received Date Stamp block.

Note: If an offer was received in an IRS location other than the site that is loading the offer onto the Automated Offer in Compromise (AOIC) system, document AOIC Remarks with the initial IRS Date Stamp location.

Exception: If the offer was received in TAS, the IRS received date is the date the offer is received in COIC for processing. See IRM 13.6.1.18.1, Incoming U.S. mail Procedures.

(2) The Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA) was signed into law on May 17, 2006. See IRM 5.8.1.13, The Tax Increase Prevention and Reconciliation Act of 2005 for additional information.

(3) The law stipulates that, in addition to the application fee, an Offer in Compromise (OIC) received on or after July 16, 2006, must include one of the following based on the offer terms.

   a. **Lump Sum Cash** – The submission of any lump sum OIC shall be accompanied by 20% of the amount of the offer or the low-income certification box checked on Form 656. As a matter of policy, the term "lump sum" means any offer of payments made in 5 or fewer installments within five months of offer acceptance, unless an exception as noted in IRM 5.8.1 under Payments exists. Enter a "C" (Cash) on the Automated Offer in Compromise (AOIC) "Terms" screen if the payments will be made in 5 or **fewer** months. or a deferred "D" (Deferred) if the payments will be completed in **more** than 5 months.
   b. **Periodic Payment** – The submission of any periodic payment OIC shall be accompanied by the amount of the first proposed installment or the low-income certification box checked on Form 656 . As a matter of policy, the term "periodic payment" means any offer of payments in 6 to 24 months. Enter a "D" (Deferred) on the AOIC *Terms* screen.

Note: Taxpayers can forward offer payments through Electronic Federal Tax Payment System (EFTPS) and/or Direct Pay. The PE must verify the Designated Payment Code (DPC) code is correct for all payments. If the DPC is not correct, the PE must update the DPC with the correct code (DPC 33 - Application fee, DPC 34 TIPRA or DPC 35 Subsequent payment(s)). Once identified the taxpayer submitted the payment on EFTPS or Direct Pay, the

PE will annotate "EFTPS" or "DP" in the check number field on AOIC. The PE is to ensure the payments are posted correctly avoiding any erroneous refunds.

(4) The required initial payment and subsequent payments will be applied to the taxpayer's account, whether the offer is deemed processable or not processable. These funds are non-refundable, except for some situations, and should be immediately posted to the taxpayer's account (either as designated by the taxpayer or to the government's best interest if not designated). This does not include deposits or application fees. Effective with the Form 656 revision on 4/2022, deposits are no longer accepted if the taxpayer submits a deposit, draw a diagonal line across the check and write "Return" across the check and send back to the taxpayer with the return letter. Application fees may not be designated but may be refundable, in certain situations.

(5) Because a taxpayer may not specify how the application fee for processing an offer in compromise will be applied, the service will apply the application fee in the best interest of the government. See IRM 5.8.2.8.1, Processable Offers - Payment Processing.

(6) If COIC gets a new offer that was originally received in another IRS office, and none of the required payments are attached, research IDRS for recent payments corresponding to the required offer amounts. If found, consider the corresponding recent payments dated on or after the date the offer was received as meeting offer payment submission requirements. Load the payments on the AOIC Payment screen and, if necessary, update DPC codes.

(7) Sort in the following categories:

- Offers submitted with remittance
- Offers submitted without remittance
- Out of jurisdiction transfers

(8) Verify the jurisdiction of the offer.

If the office of jurisdiction is…	Then…
Collection	• Add the offer to AOIC. • Process payments in accordance with current guidelines.
Doubt as to Liability (DATL)	• Process any payments received with the offer using DPC 99. • Forward to the Brookhaven Centralized DATL Site.

If the office of jurisdiction is…	Then…
DATL Trust Fund Recovery Penalty (TFRP)(identified by MFT 55 with a TC 240 RC 618) and Personal Liability Excise Tax (PLET)(identified by MFT 45 on Non-Master File or by an assessment on an SSN for a BMF MFT 03) You can identify the EIN on IDRS on cc IMFOLT. It will be crossed referenced on the TC 240.	• Add the offer to AOIC AO 17/18 and transfer to the Field OIC. • To locate the EIN, research IMFOLT, locate the TC 240 and the EIN will be cross referenced to the right. Check INOLES for the entity type (INC, LLC, etc), there may be filing requirements listed here. Check BMFOLI for any liabilities, if you find any liabilities for 941, 940, 1120 or 1065, the offer will be transferred based on the filing requirements. • Process payments in accordance with current guidelines.
Appeals - CDP offers meeting COIC and Field criteria Identified by TC 971 AC 275/278/630 see SERP *http://serp.enterprise.irs.gov/databases/irm.dr/current/6209/section-8c-9.html*or TC 520 cc 76/77 or a -W freeze code. See SERP *http://serp.enterprise.irs.gov/databases/irm.dr/current/6209.dr/6209ch11.8.8.htm*	• Load offer onto AOIC. • Select Offer Category Code (OCC) 10 *Note:* If there is a joint offer and only one taxpayer has a pending CDP proceeding, the PE will request a new offer for the other spouse. If the liabilities were listed under the original submission, use the same waiver date. Only input a new waiver date if the liability was not on the original submission.

(9) COIC interoffice transfers based upon state mapping are no longer necessary.

(10) Research Integrated Data Retrieval System (IDRS) for entity verification, bankruptcy, cross reference Taxpayer Identification Numbers (TINs), and freeze codes. Research ACDS for any open CDP. Record TINs of any related or closely-held entities as cross reference TINs in AOIC and where you located the TIN (such as IDRS command code, 433-A(OIC), 433-B(OIC) etc.).

(11) Print the first page of Individual Master File Online Tax definer 'T' (IMFOLT) and Business Master File Online Tax definer 'T' (BMFOLT), as applicable, and include in every case file. These prints are necessary to aid the OE/OS for the CSED dates.

(12)   Complete the following actions on AOIC:

- Query AOIC to ensure the receipt is a new offer

   Note: If there is an existing offer for the same taxpayer TIN, additional research will be required, forward any correspondence received with the offer to the OE/OS .

- Only add new offers to AOIC, be sure to annotate the AOIC remarks section with the revision of the Form 656 , Offer in Compromise, and the date it was signed by the taxpayer.
- Load entity information with the social security number (SSN), Employer Identification Number (EIN) or Individual Taxpayer Identification Number (ITIN), and name control only
- Initiate Data Download
- If Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization, is included with the offer, review the form to ensure it includes required essential elements for validity as listed in IRM 21.3.7.5.1, Essential Elements for Form 2848 and Form 8821.
- The taxpayer must check the box on line 2 of Form 2848 in order for their representative to receive copies of all notices and communications. See Form 2848 instructions:*http://core.publish.no.irs.gov/instrs/pdf/ i2848--2021-09-00.pdf*
- The taxpayer must check the box on line 2 of the Form 8821 if they want their designee to receive copies of notices and communication sent by the IRS. See Form 8821 Instructions*http://core.publish.no.irs. gov/instrs/pdf/i8821--2021-09-00.pdf*
- If valid power of attorney (POA) information is found on Centralized Authorization File (CAF) via cc CFINK or provided with the offer, load the information on the AOIC POA screen. If multiple POAs are provided, load up to two on the AOIC POA screen. Update AOIC Remarks with the representative information for any valid Powers of Attorney not loaded on the AOIC POA screen.

   Note: If multiple POAs are listed on the drop-down menu, research IDRS for matching information and load up to two POAs with authority for all offer tax periods. Load the individual POA name. Do not load the company name. Form 2848, Power of Attorney and Declaration of Representative, takes precedence over Form 8821, Tax Information Authorization, when both are valid.

- Forms 2848/8821 (supplied with Form 656) must be loaded on AOIC POA screen, only if they are authorized for all years and forms for the offer. Only check the box on AOIC POA screen to receive notices if the POA is authorized for all periods and forms. Clearly annotate AOIC remarks with the tax years and forms the POA is authorized for to avoid unauthorized disclosure .
- Update the pre-qualifier tool field to" Y "when the taxpayer indicates the pre-qualifier tool was used prior to submitting the offer.
- Complete the "Update Processability" function of AOIC.

   Note: Multiple offers submitted with one remittance intended as the application fee(s) and/or payment(s) for all will be processed. Load the offers to the AOIC system. Clearly annotate AOIC remarks

for each offer and update the payment screen and the remarks with the check number, check type and amount of the check for an accurate audit trail.

(13)   Review Form 656, Section 1, to see if the taxpayer checked **yes** in the boxes next to (i) **Is this a new address** and/or (ii) **would you like us to update our records to this address**, if both are checked as **yes**, change the address on IDRS. If the taxpayer only checked one of the boxes as **yes** , the PE should contact the taxpayer to confirm the correct address and secure permission to update the address on IDRS before making any changes to the address on IDRS. Refer to IRM 3.13.5.29 Oral Statement/Telephone Contact Address Change Requirements

   Caution: When there is a joint entity on IDRS, ensure any address change input belongs to the offer taxpayer. Do not update the IDRS address without authorization from the taxpayer.

(14)   If research indicates the taxpayer has an accepted offer, and the Service Center status code on AOIC is other than C(X)(closed) , do not load the offer see IRM 5.19.7.1.6 (2), Terms/Definitions/Acronyms. Return the offer and any money received with the submission to the taxpayer. If the prior accepted offer is in status C(X), load the offer and process following established guidelines.

(15)   Follow procedures in IRM 5.8.2.4.1, Determining Processability, below to make a processability determination and IRM 5.8.2.8.1, Processable Offers - Payment Processing and IRM 5.8.2.9, Sorts and Payment Processing, for processing application fees and payments, .

5.8.2.4
(09-02-2022)
Processability

(1)   COIC Process Examiners (PEs) are responsible for determining processability on offers received and worked by the Service; including TFRP/PLET DATL offers. All other DATL offers are processed in Brookhaven COIC. (see IRM 5.8.2.3 (8) above).

(2)   If the offer is received with payment, processability must be made within 24-hours of IRS received date. Case building must then be completed within 20 calendar days of AO received date.

(3)   If no payment is submitted, and the low-income certification boxes on Form 656, Offer in Compromise, are checked, processability and case building must both be completed within 20 calendar days of AO received date. Update the processability code to 'U', Undetermined, on offers for which processability will not be completed within 24-hours.

(4)   If the taxpayer/POA provides a thumb drive with their offer, follow the if and then chart below for guidance. Thumb drives generally should not be accepted by SCOIC. Thumb drives will only be accepted if the IRS has pre-approved the need to submit documents via this method, typically only in a unique case where the volume of information warrants. If a thumb drive is required, strictly adhere to the IT security protocols in IRM 10.8.1, Information Technology (IT) Security, Policy and Guidance, and obtain the necessary approval before proceeding.

Note: Use the AOIC letter that applies (combo letter or additional information letter) to return the thumb drive and request the physical documents.

If	Then
A thumb drive is received in the mail room with an otherwise processable new Form 656	Return the thumb drive with the combo letter. Use the open paragraph to state: "We do not accept thumb drives, and are returning the one you provided. Supply photocopies of the requested supporting documents".
A thumb drive is received in the mail room addressed to an OE/OS, for an existing offer	Forward the thumb drive to the OE/OS. Unless the thumb drive was solicited by the OE/OS, the OE/OS will use letter 2844 to return the thumb drive and request the supporting documents, with an open paragraph.

(5)   Each new receipt will fall into one of the following categories:

- Not processable – The taxpayer does not meet one or more of the criteria for offer consideration.
- Processable – The taxpayer meets the minimum criteria for offer consideration.

5.8.2.4.1
(09-02-2022)
Determining
Processability

(1)   Situations where both the application fee and TIPRA payments will be returned to the taxpayer. The COIC sites are responsible for determining offer processability. If an offer is determined to be not processable, the application fee will be returned to the taxpayer and TIPRA payment will be applied to the outstanding liability in the best interest of the government. Apply the TIPRA payment to the oldest CSED and if paid in full, split the payment to the next oldest CSED.

Exception: Both the application fee and the TIPRA payment will be returned to the taxpayer in the following situations (A-E):

a.   **Taxpayer in Bankruptcy** – An offer will not be considered while a taxpayer is in bankruptcy. See IRM 5.8.2.4.6, IRM 5.8.2.4.6, Additional Research on Bankruptcy Cases, below for procedures on returning offers when a taxpayer files bankruptcy.

b.   **Department of Justice** - The IRS may not process any offer to compromise a liability previously referred to the Department of Justice (DOJ) for prosecution or defense. If **all** liabilities have been referred to DOJ, the offer is **not** processable. If the IRS retains jurisdiction on any tax liabilities, the offer **is** processable, refer the offer to the in-house RO for further research, and if applicable, it should be referred to the appropriate field offer group.

Note: The Form 656, must only include tax period(s) in which the IRS retains jurisdiction.

Note: This also applies if all modules are restitution based assessments (RBA), identified by TC 971 AC 102. If any period(s) are not under DOJ, continue processing. The OE/OS will contact the taxpayer to discuss and secure an amended offer. See IRM 5.8.2.4.8, Additional Restitution Bases Assessments (RBA) for more information.

c. **No Liabilities** - Offers submitted for which (1) there are no liabilities due on the taxpayer's account, and (2) IDRS does **not** indicate an Exam or AUR assessment is being worked, will be deemed not processable. *For example*: The taxpayer's refund paid the liability sought to be compromised and no other unpaid liabilities exist on the taxpayer's account.

d. **Offer submitted solely for tax period(s) with expired CSED(s)** - An offer will not be considered when the CSED(s) has expired for all liabilities sought to be compromised; as evidenced by a TC 608 on the taxpayer's account.

e. **Unassessed Liabilities** -Offers submitted solely to compromise a tax period or tax year for which (1) there are no liabilities assessed to the taxpayer's account, and (2) IDRS does not indicate a return has been received, will be deemed **not processable**. If IDRS indicates a return has been received, or has been received with the offer package, then process based on IRM 5.8.2.10, Offer Submitted Solely for Unassessed Liability(ies).

(2) **Return application fee and apply TIPRA in the below not processable situations** - If an offer is determined to be not processable in the situations below, the application fee will be returned and the TIPRA payment will be applied to the taxpayer's assessed liability in the circumstances below. Apply any TIPRA payment received to the taxpayer's liability with DPC 34 to the oldest CSED.

a. The taxpayer is **not in compliance** - Use the IAT tool to check for ES/FTD filing and payment compliance. You can also check INOLES for cross references and filing requirements. Use the ES worksheet to see if taxpayer is current with their ES payments. Research IDRS (BMFOLI) for Federal Tax Deposits (FTD), the taxpayer must have filed and paid for the two prior quarters and be in Status 10 or 12 and have payments in the current quarter in order to be in payment and filing compliance.

b. **Unfiled Tax Returns (Both IMF/BMF)** - Offers submitted where IDRS does not indicate a required return has been received will be deemed not processable.

Note: Generally, this will not exceed a 6-year look-back period without managerial approval. Internal research must validate a legal requirement to file the missing return. A Substitute for Return (SFR) assessment on Master File will be considered compliant for the corresponding tax period.

Caution: Consider the tax period as compliant if a valid extension is on file. This applies to an extension filed that has not expired and has not passed the 10- week processing time. For example, the taxpayer filed an extension until October 15th for the current year, it is now October 1st and the 10- week processing time has not passed, consider processable.

> *Reminder:* An unsigned tax return received with the offer for the required tax period will be considered as filed for offer purposes. Follow perfection instructions in IRM 5.8.3.6, Perfecting Offers.

c.   The taxpayer **did not submit** the application fee, and the low-income waiver box is **not** checked, apply any TIPRA payment to outstanding liability (Oldest CSED).

d.   The taxpayer **did not submit** the TIPRA payment, and the low-income waiver box is **not** checked. The taxpayer is required to submit either: (1) Lump Sum Cash offers that includes 20% of the offered amount or the low-income certification box checked in the applicable section of Form 656. (2) Periodic Payment offers must include initial proposed installment payment or the low-income certification box checked in the applicable section of Form 656.

> *Exception:* If the taxpayer submits the application fee and a portion (but not all) of the required TIPRA payment (either cash or periodic payment) the offer may be considered a processable offer. See IRM 5.8.2.8.1 for more information. Follow IRM 5.8.3 to perfect the offer.

e.   **Total amount of payment listed as a deposit and the taxpayer did not check the low-income certification box** - Beginning October 25, 2013, for offers where the taxpayer marked the total amount of the payment as a deposit, the entire amount will be considered a deposit and returned to the taxpayer, making the offer not processable for failure to submit the required TIPRA payment. This procedure does not apply if the taxpayer marked the box for low-income certification in Section 1 of Form 656.

Note: Effective with the Form 656 revision on 4/2022, deposits will no longer be accepted and will be returned to the taxpayer

f.   **Offer to compromise liability included in an open offer in compromise** - Offers will not be considered if there is an open offer that includes the same liability for compromise. Apply any TIPRA payment received to the taxpayer's open offer in compromise.

Note: This also applies if **all** modules are restitution based assessments (RBA), identified by TC 971 AC 102. If any period(s) are not under DOJ, continue processing. The OE/OS will contact the taxpayer to discuss and secure an amended offer. See IRM 5.8.2.4.8 , Additional Restitution Based Assessments (RBA) for more information.

g.   **965 Liabilities** - Taxpayers may be liable for taxes under IRC 965, which requires certain taxpayers to pay a transition tax on untaxed foreign earnings of specified foreign corporations. Certain provisions of section 965 allow the taxpayer to elect to pay the net tax liability in installments over 8 years (IRC 965(h)), or elect to defer the assessment until a triggering event occurs (IRC 965(i)). See chart below for Offer in Compromise involving IRC 965. PE will review IDRS tax modules for codes involving IRC 965 liabilities to see if any deferral elections have been made. If there is an IRC 965(i) net tax liability identified by TC 971, AC 114 for $0.0, yet there is currently no tax assessment on the module, the offer is not processable. See the chart for processability determination.

If	Then
Form 656 is received for processing which only includes tax years ending 12/31/2017 and/or 12/31/2018, and /or tax years ending within the year ended 12/31/2018. Note: A fiscal year filing may also occur. ***Note:*** PE to identify these types of offers by using the IAT tool.	* The PE will review the IDRS tax module for codes involving IRC 965 liabilities to see if any deferral elections have been made. • If there is an IRC 965(i) net tax liability, (TC 971 AC 114 for $0), yet there is currently no tax assessment on the module, the offer is not processable. • If the Form 656 includes both 12/31/2017 and 12/31/2018, yet only one year has issues relating to IRC 965 (h) or (i), the offer is processable. ***Note:*** The PE will verify with their lead or manager to see if the offer meets transfer criteria.
Form 656 received from processing which has tax periods in addition to tax years ending 12/31/2017 and/or 12/31/2018 and/or tax years ending within a year ended 12/31/2018.	The PE will complete normal processability determination.

    h.   If a taxpayer filed both **DATC and DATL simultaneously**, see IRM 5.8.10.14, Taxpayer Files both Doubt as to Liability and Doubt as to Collectibility Offers. The DATL offer will always take precedence over the DATC offer when submitted simultaneously. Process the DATL offer and return the DATC offer and application fee (if applicable) and apply the TIPRA payment to the outstanding liability.

  (3) **Return Integrity and Verification Operation (RIVO)** - These are returns with refunds that need to be verified prior to posting. RIVO will contact the taxpayer via 5071c letter (found on IMFOLT or ENMOD) requesting documentation from the taxpayer as to the validity of the return.

    a.   Research IRPTR to ensure the taxpayer has a filing requirement. For example, if the taxpayer only has social security income and is not required to file and is considered compliant, continue processing.

    b.   If not, research for unpostable codes(s) 126 0 and 147 0, indicating the taxpayer has to respond to the validity of the tax return. See IRM 25.25.6.2.1.1, The Identity Theft Return is Unpostable (UP) 126 Reason Code (RC) 0 (Letter Reply Procedures).

    c.   Research for MFT 32 on IMFOL/SUMRY/TXMOD. See IRM 25.25.6.7, MFT 32 Procedures for additional guidance.

    d.   Returns that have been moved to MFT 32 with no TC 971 AC 111 are IDT returns and are considered not compliant, return the offer as not processable.

    e.   Look for TC 971 AC 111 on the MFT 32 indicating the return is valid and will post (will post as an MFT 30), these are considered compliant. Annotate AOIC and continue processing.

    f.   If there is an unpostable 126 0 or 147 0 and no MFT 32, the offer is not processable.

    g.   If TRDBV shows GUF Perfected, see IRM 25.25.6.5.5.4, The Taxpayer's Return has been Archived/Deleted, and send Form 4442 to RIVO for electronic filed returns. Fax RIVO for paper returns. See IRM 25.25.6.5.5.4(3) 2nd box for fax number and mailing address.

(4) If an offer is received with a **deactivated ITIN**, **and** there is **no** indication the taxpayer has their own valid SSN, then return the offer. See IRM 3.21.263.2.1 How to Identify Expired/Deactivated ITINs. If the ITIN is expired or deactivated instruct the taxpayer using the return combo letter paragraph F-5, (other) and use open paragraph M and clearly state: "The Individual Taxpayer Identification Number (ITIN) you provided in Section 1 of Form 656 has expired or has been deactivated. You may file a Form W-7, Application for IRS Individual Taxpayer Identification Number, to reactivate your ITIN. Once it has been reactivated, you may file a new offer." If the taxpayer has a valid SSN, proceed with offer processing.

(5) If a Form 656 is received with an offer examiner's assignment number on the top of the Form 656, you must route that offer to the OE to be worked in conjunction with the IMF/BMF offer. If the offer is not-processable, notify the OE via e-mail.

(6) If the taxpayer checked the low-income certification box, determine if the taxpayer qualifies. The taxpayer may qualify under two different methods. First check to see if the taxpayer qualifies under AGI from their last filed return. Research IMFOLR for the AGI and/or ENMOD for the LII of 1. If the taxpayer does not qualify under AGI, determine if the taxpayer qualifies under monthly income and household size utilizing the Form 433-A (OIC).

- The low income certification applies to:
- Form 1040
- Form 940, 941 Sole Proprietor
- Disregarded single member LLC with employment taxes prior to 01/01/2009

Note: All other business entities including single member LLC with employment taxes due on or after 01/01/2009 are not eligible for the waiver.

Caution: If the taxpayer checked the box that they qualify based on AGI, but there is no indicator on ENMOD, review IMFOLR to see if they met the requirement under AGI and also review the file for a copy of an enclosed recently filed return.

    a.   If the taxpayer's adjusted gross income (AGI) does not exceed 250% of the applicable poverty level (as determined by the Secretary) or the taxpayer's household size and gross monthly income X 12 is equal to or less than the income shown in the table on the Form 656, see the If and Then chart below. If the taxpayer qualifies for the low-income certification the payment of the application fee and TIPRA payment are not required.

If Taxpayer Requests Consideration for Low-Income Certification and	Then	Action
Taxpayer selects one of both boxes on the F 656 (based on AGI of their most recent tax return or based on household size and income).	Review ENMOD LII and/or IMFOLR for AGI.	If LII is 1 - allow waiver. If LII is other than 1 - determine if the taxpayer qualified for waiver based on AGI from IMFOLR or gross household monthly income (from the Form 433-A (OIC) x 12).
Taxpayers submit a joint offer and last return filed was married filing separate.	Review ENMOD LII and IMFOLR for both taxpayers.	If LII is 1 for both taxpayers - allow the waiver. If LII is 1 for only one or neither of the taxpayers - check IMFOLR on both taxpayers and if one or neither qualify, calculate if the taxpayers qualify for the waiver based on household monthly income (from the Form 433-A (OIC) x 12).
Taxpayers submit a joint offer and last return filed was married filing jointly.	Review ENMOD LII and IMFOLR under primary SSN of the joint return.	If LII is 1 - allow waiver. If LII is other than 1 - check IMFOLR for AGI and if one or neither qualify, calculate if the taxpayers qualify for the waiver based on gross household monthly income (from the Form 433-A (OIC) x 12).

If Taxpayer Requests Consideration for Low-Income Certification and	Then	Action
Taxpayer submits an individual offer for joint liabilities and last return filed was married filing jointly.	Review ENMOD LII and IMFOLR for taxpayer submitting the offer.	LII is 1 for taxpayer submitting the offer - allow waiver. LII is other than 1 for the taxpayer, check IMFOLR for AGI and if the taxpayer does not qualify, calculate if the taxpayer qualifies for the waiver based on gross household monthly income (from the Form 433-A (OIC) x12).

Note: Offers submitted on behalf of a business other than a sole proprietor, are not considered for the low income waiver certification.

    b.   When determining household size, if the dependent listed on the Form 433-A(OIC) is claimed as a dependent on the return, include them. If the person is not claimed as a dependent, but the box is checked that they contribute to the household income and that income is included in Section 7 of the Form 433-A (OIC), include them in the household size. If neither box is checked (the person is not claimed as a dependent, nor are they contributing to the household income) do NOT include them.

    c.   If the taxpayer does not qualify for the LII and did not provide an application fee or a TIPRA payment, return the offer following procedures in IRM 5.8.2.5, Not Processable. No telephone call is required by the PE prior to returning the offer on this issue.

    d.   If you receive an offer for a single deceased taxpayer and the LIW box is checked, return the offer. The IRS cannot accept an offer after the taxpayer dies and deceased taxpayers do not qualify for the low income waiver.

        Note: If you receive a joint offer and one spouse is deceased, determine if the surviving spouse qualifies per Form 656 check box for type of qualification, the current household size/income or AGI. Follow all processability criteria. If not compliant, return the offer. If the taxpayer is compliant, continue processing and move to case building if there is no authorization on file or in the case file.

(7)   Research the case file for Form 14039, **Identity Theft Affidavit** or 6330(c), 6331(c)letter on ENMOD. If the form 14039 is located, follow IRM 5.8.4.23.5 **Identity Theft** for instructions on when and how to prepare form 4442 to send to the IDT liaison. If the letters are found on ENMOD, further research is needed to see if the taxpayer is a victim of IDT. See SERP Alert 21A0020 dated 01/08/2021.

(8) An OIC is considered pending when a delegated IRS official signs and dates the Form 656. This date is the official offer pending date. If the offer is determined to be processable, the PE must immediately sign and date the waiver on the Form 656. Signature stamps are acceptable as long as it is based on the actual employee's signature(image of a handwritten signature) and is controlled and used only by that person. For the use of electronic signatures, see IRM 5.8.8.5, Use of Electronic Signature of Offer Forms and Letters.

Note: The pending date entered on AOIC must match the date the delegated official signed the Form 656. This date must also match the Transaction Code (TC) 480 date when it posts to IDRS and the case file folder.

(9) No application fee, TIPRA payment or financial statement is required for DATL offers.

Note: An incomplete or missing information on a Form 656 Offer in Compromise, is not a reason for not processable return. See IRM 5.8.3.6, Perfecting Offers.

5.8.2.4.2
(09-02-2022)
**Incomplete Offer
Packages**

(1) If a TIN is provided, but the offer is not processable because no Form 656 was provided and:

   a. The taxpayer submits a check for the current application fee amount , or

   b. The check is labeled" to be applied to application fee", or

   c. The taxpayer otherwise indicates the money submitted with the offer is intended to cover the application fee

   d. Then refund the application fee for the "not-processable" offer.

   e. If the taxpayer sends only **one check** and there is nothing stating the payment is for the application fee, apply the entire amount to the oldest CSED. If the taxpayer does mention the application fee, return the application fee via manual refund and apply the remaining balance to the oldest CSED.

   f. If the check is labeled deposit, write "Return" across the check and return it to the taxpayer.

   g. Any payments that are received separately that are not associated with an open or an accepted offer should be applied to DPC 99 voluntary payment.

Note: Any payment not attached with an open or an accepted offer and annotated as **application fee**, must be returned to the taxpayer per IRM 5.8.2.5.

Note: If the Form 656, Offer in Compromise is incomplete, see IRM 5.8.3.6, Perfecting Offers.

(2) If there is no identifying information (EIN or SSN), then return all funds since we don't know where to apply the funds. See the "If and Then Chart" below for more information.

Note: The return letter can be found on the AOIC transmittal.

If	Then
Incomplete 656 without money, Low Income Waiver (LIW) is not checked and identifying TIN	Load on AOIC "N" and send not processable letter with Form 656-B.
Incomplete 656 with money and identifying TIN	Load on AOIC "Y"(if applicable) and annotate remarks what needs perfection during case building.
Complete 656 with money or LIW, but other deficiencies	Load on AOIC "Y" (if applicable) and annotate remarks what needs perfection during case building.
Part(s) of offer package (but no Form 656 and no money) but had identifying TIN	Load on AOIC "N" and return offer for no 656 or fees. Send Form 656-B and input "656B2TP on cc ENMOD and input reason for return on AMS, incomplete offer package received. .
Part(s) of offer package with money and identifying TIN	Load on AOIC "Y" (if applicable) and apply money and perfect during case building
No offer with money with no identifying TIN to apply	Do not load, stamp checks "Return" and send 278c letter with Form 656-B.
An incomplete offer is routed from Appeals, with money or LIW, with an identifying TIN or you receive an incomplete offer and there is a TC 520 with an open CDP on ACDS	Load on AOIC "Y" (if applicable). Contact the settlement officer, copy their manager, and advise of the incomplete package. We must notify Appeals if we return an offer for any reason.
An incomplete offer is routed from Appeals with no money or LIW, with an identifying TIN and there is a TC 520 with an open CDP on ACDS	Load on AOIC "N" and return offer for no payment and send Form 656-B. Contact the settlement officer, copy their manager, and advise of the reason for return.

5.8.2.4.3
(09-02-2022)
Forms 656, Offer in Compromise, without an Original Signature

(1) If a Form 656, Offer in Compromise has been scanned or electronically processed after it was signed, it may not contain an original signature. SCOIC must screen to ensure Forms 656 without an original signature are intended as an original contract and the IRS received date is clearly defined.

Reminder: Only SCOIC can solicit a faxed/electronic Form 656. These offers are typically submitted for processing via the Related Offer Cover Sheet and will not contain original signatures. Process following normal procedures.

(2) When a Form 656 is submitted to SCOIC for processing from internal sources and **does not** contain an original ink signature:

If the Form 656	Then
is received in the campus mail room with the application fee and the TIPRA payment and **no** prior IRS received date stamp	Consider this copy as a contract, and continue processing. See IRM 5.8.3.6, Perfecting Offers
is received in the campus mail room and the low income box is checked, and there is **no** prior IRS received date stamp	Consider this copy as a contract and continue processing. See IRM 5.8.3.6, Perfecting Offers
Contains a prior IRS received date stamp (received in the campus mail room or routed internally) and **does** include attached payments	Consider this copy as a contract and continue processing. See IRM 5.8.3.6, Perfecting Offers
Contains a prior IRS received date stamp (received in the campus mail room or routed internally) and IDRS **does not** reflect payments near the date of the IRS received date stamp	Return the offer as not process-able. Enclose a 656 booklet with the return letter or send it through the Enterprise Logistics Information Technology (Elite).

Note: Contact Collection Policy OIC if you have any instances where the validity is unclear.

5.8.2.4.4
(09-02-2022)
Processing Offers with Stale Checks

(1) Occasionally, offers are received in COIC with outdated or "stale" checks. The PE is required to conduct additional research to determine if the offer was delayed from the taxpayer/POA or another IRS location. If you receive an offer from the taxpayer/POA and the checks are stale (over 180 days), draw a line across the check and write "Return" across the face of the check and return the offer. As a matter of policy, we will not accept checks that are over 180 days old.

Note: Banks are not required to honor checks over 180 days old.

(2) All other types of payments such as cashier's checks and money orders must be reviewed closely for an expiration date. If the remittance does not contain an expiration date, read the back of the "check" to determine if service fees are imposed if the "check" is not cashed within a specific timeframe from the purchase date. If the "check" has an expiration date or reduction in value date, stamp it "Return" and return it to the taxpayer.

Example: The offer was misrouted and did not reach COIC until 18 months after it was submitted to the revenue officer, the back of the Western Union money order indicates a service charge will be imposed if not cashed within one year. The "check" should be stamped "Return" and returned to the taxpayer.

Caution: All certified checks and money orders deemed "Return" must be returned to the taxpayer via certified mail within 24 hours per IRM 3.8.45.5.9(2).

(3)   If the outdated or stale checks are submitted with a new offer, take the following actions:

- Load the offer on AOIC with the correct IRS received date. Post the payments on the payment screen. Complete all actions to process the offer and then code the payments as "bad check." Document the remarks. Retain copies of the stamped "checks".
- Issue a combo letter. In the open paragraph, type "The IRS does not accept checks received over 180 days from the date of the check. To proceed with offer processing, you must replace the payment(s) within 15 days of this notice".
- If the taxpayer does not send in the replacement checks, return the offer.

5.8.2.4.5
(09-02-2022)
Processing Offers with Postdated Checks

(1)   If the taxpayer submits a postdated check with their offer and the future date is beyond the week you are working the offer, write "Return - Postdated" across the check and return it with the offer. As a matter of policy, we do not accept postdated checks. See IRM 3.8.45.5.9.1, Postdated Checks.

(2)   Return the offer using combo letter and in the open paragraph type, "We cannot hold a postdated check".

5.8.2.4.6
(09-02-2022)
Additional Research on Bankruptcy Cases

(1)   If the taxpayer failed to indicate the date of dismissal or discharge on the Form 433-A (OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals, or Form 433-B (OIC), Collection Information Statement for Businesses, it may be necessary to conduct additional research to determine whether a taxpayer is still in bankruptcy or has been discharged or dismissed. Bankruptcy should be verified using IDRS, Automated Insolvency System (AIS), and Public Access to Court Electronic Records (PACER) before returning as not processable. The following table directs the next action to take when an open TC 520 or -V freeze (bankruptcy) is discovered.

Circumstance…	And…	Then…
Upon receipt of an initial offer with an application fee and TIPRA payment	IDRS research shows a -V freeze code or an open TC 520 with a bankruptcy closing code present on any liability	Follow current procedures to refund or return the application fee and TIPRA payment, as appropriate.

Circumstance…	And…	Then…
Upon receipt of a subsequent periodic payment, and there was previously no open -V freeze or TC 520 with a bank-ruptcy closing code present on any liability at the time the offer was deemed processable	IDRS research now shows a -V freeze or an open TC 520 with a bankruptcy closing code present on any liability (posted date is prior to waiver date)	Follow current proce-dures for not processable return to refund or return the application fee and TIPRA payment, as appropriate. *Note:* Field OS must contact the ap-propriate COIC site.

(2)   If a taxpayer files bankruptcy and the TC 520 has not posted to IDRS at the time of the processability determination and you later discover that one of the taxpayers has filed bankruptcy, you must stop processing the offer and return it. The IRS cannot violate the automatic stay of protection during the bank-ruptcy. Since the bankruptcy was discovered after the processability determination, you must refund the application fee and TIPRA payments. See IRM 5.8.10.2.2 Offer in compromise Before Bankruptcy for further instructions.

(3)   See IRM 5.8.3.17 (3), Fee/Refund Apply Listing Validation, 3rd "if and then" box for information on when to contact insolvency for Chapter 7 Bankruptcy.

(4)   A -V freeze on the taxpayer's account or the following TC 520 closing codes can be used to identify when a taxpayer has filed bankruptcy: 60-67, 81, 83-89. See Document 6209, IRS Processing Codes and Information, for additional information.

Note: Because closing codes 81 and 84 are litigation codes not exclusive to bank-ruptcy, it will be necessary to research PACER to determine if the taxpayer filed bankruptcy.

(5)   Document AOIC Remarks with any findings.

5.8.2.4.7
(09-02-2022)
**Additional Research on
Exam -L Freeze Codes**

(1)   Research IDRS and if you see a -L freeze code you must check AMDISA for the current status code/date, if:

- The current Status code is 80, it will have the description Non-Docketed Appeals. These are rare, however these will require in-house RO review

- The current Status Code is 82, it will have the description Docketed Appeals. These are more common and are generally tax court cases and will require in-house RO review.

5.8.2.4.8 (09-02-2022) **Additional Research on Restitution Based Assessments (RBA)**	(1)	Research TXMOD for TC 971 AC 102 and TC 971 AC 180-189 for RBA assessments, (most will be under MFT 31). If found, assign to 3050 in-house RO for additional research. The RO will assign to Group 2500 to be worked if applicable.
	(2)	If all periods are under DOJ, return the offer.
	(3)	If some periods are under DOJ, forward to in-house RO.
	(4)	Do not make any manual pen and ink changes to the Form 656 regarding MFT 31 RBA periods. Nor should you add or cross out any RBA periods. The OS will have a discussion and solicit an amended Form 656.

5.8.2.5 (09-02-2022) **Not Processable**	(1)	When returning the offer as not processable do not sign the offer.

- The IRS must return the application fee and the TIPRA payment in situations listed in, IRM 5.8.2.4.1 (1) A through E. , Determining Processability.
- In all other instances, apply the TIPRA payment to the oldest CSED.

(2) Checks must be stamped "Return" within 24-hours of receipt.

(3) Take the following actions:

a. Complete the AOIC *Payment* screen as applicable.
b. Stamp Form 656, Offer in Compromise, with "RETURN" and write the date that the offer was determined to be not processable.
c. Cross out all IRS received dates with an **"X."**
d. Document the AOIC Remarks with the payment information, specifying the reason(s) for the not processable determination.
e. If the offer is not processable due to required unfiled tax returns and the taxpayer submitted one check for the application fee and TIPRA payment, the check must be deposited to apply the TIPRA payment to the taxpayer's account using DPC 34 and a manual refund completed to refund the application fee, if applicable.

   Note: If less than the application fee is received return the money to the taxpayer.

f. If the payment(s) was processed through EFTPS or the Remittance Strategy for Paper Check Conversion (RS-PCC), prepare the Form 5792, Request for IDRS Generated Refund (IGR), for a manual refund only after the money has posted to IDRS. If the payment was dishonored, annotate the remarks on AOIC and no further action is necessary.

   Note: The Form 5792, Request for IDRS Generated Refund (IGR), on not processable offers will be processed according to normal manual refund procedures outlined in IRM 21.4.4, Manual Refunds.

(4) Prepare the return letter.

a. In addition to identifying the reason(s) for the determination, also address any issues concerning combined joint and separate liabilities, if appropriate; for example, individual and corporate or partnership liabilities on one Form 656, Offer in Compromise. In those cases, include option "AF" in the return letter.

      b.   Ensure signature on the return letter as defined in Delegation Order 5-1, per IRM 1.2.2.6.1 , Delegation Order 5-1 (Rev, 5), To Accept, Reject, Return, Terminate or Acknowledge Withdrawals of Offers in Compromise.

      c.   Close AOIC with a final disposition code of 10.

      d.   Send Form 656, Offer in Compromise, the return letter, Pub 1, Your Rights as a Taxpayer, and Pub 594, The IRS Collection Process, to the taxpayer with all original documents submitted with the offer. If a POA is present, send the representative a copy of the letter. If disclosure issues exist, use the appropriate paragraph to indicate this in the return letter, and do not send a copy to the representative.

      e.   Clear the AOIC letters and forms after they are generated. The AOIC remarks are populated with form/letter information on the date it is cleared, not the date it is generated.

> **Note:** Failure to clear the forms and letters timely will make it appear they were issued days or weeks after the fact.

(5) If the Form 656, Offer in Compromise, was forwarded by a Revenue Officer (RO) with a Form 657, Revenue Officer Report, and it is determined to be not processable, the COIC site should forward Form 657 and a copy of the not processable letter to the RO or approving official of Form 657. If Form 656 was forwarded by a revenue officer without Form 657, research IDRS for ST 26 to locate the RO number and forward a copy of the return letter to the RO assigned the collection case for informational purposes. See IRM 5.19.1.3.2.4, Revenue Officer (RO) Assignment on how to look up the RO by TSIGN/ZIP/STATE.

(6) Caution should be exercised to ensure that no IDRS prints or other internally generated research documents are sent to either the taxpayer or the POA. All internal documents should be destroyed.

Note: There is no requirement to retain any information or copies of documents on not processable cases.

Exception: Case files must be retained on accepted DOJ offers that were erroneously deemed processable. IRM 5.8.2.7(4), Erroneous Processability Determination, see Note regarding DOJ cases.

5.8.2.6
(09-22-2020)
Not Processable Offers Received with Payments

(1) The following procedures apply if the application fee and payment(s) were made with certified funds (money order, bank check, cashier's check, government check), and the processability determination and return package can be completed on an expedited basis, and the offer package with the certified funds payment instrument can be returned to the taxpayer within 24-hours of receipt.

- Hand-carry the certified funds payment instrument and return offer package to the Campus Support Mail Team within 24-hours of receipt. The Campus Support Mail Team is responsible for preparation and mailing of the certified package.
- The Form 3210, Document Transmittal, must be completed by annotating "$xxx amount Certified" to indicate the application fee and/or deposit payment(s) were returned via certified funds to the taxpayer.

Note: TIPRA payments will be refunded when meeting the criteria in IRM 5.8.2.4.1 (1) (a-e) above.

(2) The following procedures will only apply if processability cannot be completed within 24-hours of receipt of the application fee was made with certified funds (money order, bank check, cashier's check, government check).

- Certified funds will be deposited upon receipt and processed through the normal work stream for both the clerical and PE procedures.
- Request a manual refund of the application fee by preparing the Form 3753, Manual Refund Posting Voucher only after the funds have cleared.

    Note: Form 5792 manual refunds on not processable offers will be processed according to normal manual refund procedures outlined in IRM 21.4.4, Manual Refunds.

    Note: TIPRA payments will be refunded when meeting the criteria in IRM 5.8.2.4.1 (1) (a-e) above.

- Prepare the offer package to be returned to the taxpayer.

(3) The following procedures will only apply if processability cannot be completed within 24-hours of receipt of the application fee and the payment(s) was made with a personal check.

a. Complete a separate Form 3210, Document Transmittal, for those offers to be returned based on the receipt of **only** the application fee.
b. Enter no more than 5 offers on the Form 3210, Document Transmittal.
c. Load onto AOIC.
d. Hand-carry the Form 3210, Document Transmittal, to the Campus Support Mail Team to get personal checks stamped as "Return".

    Note: COIC will use a "Return" stamp on personal checks when the taxpayer's offer is deemed not processable. The Form 3210 will be issued for control purposes only and should be maintained as a record of the payment(s) received. The Form 3210 must also indicate the check(s) was stamped as "Return" and the date it was stamped.

e. Personal checks stamped "Return" will be returned to the designated COIC function employee housed in the Campus Support mail area and maintained in a locked file until the completion of the return package.
f. Personal checks stamped "Return" and the offer package should be returned to the taxpayer through normal mail-out procedures.
g. The AOIC history must be documented indicating the check was stamped "Return" and include the date it was stamped.

    Note: Once the checks have been stamped "Return" and handled according to the procedures above, the offer package should be assigned to a PE for completion of the return letter and offer package.

(4) Management must establish controls to ensure returned offer packages are associated with the "Return" payment instruments and processed in accordance with established procedures.

(5)   Effective 4/2022, the Form 656 will not allow deposits. If the taxpayer submitted a deposit and the offer is processable or not processable, the deposit must be returned to the taxpayer., Write "Return" across the check and return to the taxpayer.

5.8.2.7
(09-02-2022)
Erroneous
Processability
Determinations

(1)   The Service retains the application fee for processable offers. Except as provided in 26 CFR section 300.3(b)(2), as a general rule the application fee will not be refunded to the taxpayer when an offer is returned as not-processable after acceptance for processing.

(2)   If it is determined that the taxpayer was in bankruptcy at the time the offer was received, to avoid violation of the automatic stay in bankruptcy, the application fee and TIPRA payment(s) must be refunded to the taxpayer.

(3)   If the offer was originally determined processable, but it was later concluded that this determination was made in error, processing should stop. The case should be closed as a not processable return. In these cases, it is important to ensure AOIC is updated to "not processable" to reverse the TC 480(s). This will result in the generation of a TC 483 posting to the appropriate modules. If the TC 480 was manually input, the TC 483 must be manually input as well.

(4)   When the erroneous processability determination is corrected, prepare the return letter and correct the AOIC *Payment* screen record and follow IRM 5.8.2.6, Not Processable Offers Received with Payments, above, for refund procedures, if applicable.

Note: See *DOJ Controlled Cases* in IRM 5.8.9, Actions on Post-Accepted Offers, and IRM 5.8.9.3.1 Department of Justice Controlled Cases, for steps regarding erroneous processability of an accepted offer that is later determined to have been under the settlement jurisdiction of the Department of Justice (DOJ). Once the offer has been returned to the taxpayer as not processable, the case file must be retained in the Federal Records Center, FRC.

(5)   If the offer is not processable because a tax year has been referred to DOJ, and the user fee and TIPRA payment were applied to the taxpayer's assessed liability, contact area counsel via *My SBSE Counsel State Mapping* so it can supplement its suit letter to DOJ.

5.8.2.7.1
(09-02-2022)
Reconsideration for
Incorrect IRS
Determination on a
Not-Processable Offer

(1)   If the IRS makes an incorrect determination and returns the offer to the taxpayer as not-processable and the taxpayer/POA calls for a reconsideration due to IRS error, the PE will:

a.   Request the entire offer package back from the taxpayer. Request the original Form 656, Offer in Compromise Form 433-A (OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals or Form 433-B (OIC), Collection Information Statement for Businesses, along with the Application Fee back from the taxpayer. Have the taxpayer write resubmission on top of the Form 656. Give the taxpayer 15 days for mailing time.

b.   Once the Form 656, Offer in Compromise and Application Fee have been received, the PE will load the offer and apply the Application Fee. Do not reopen the offer, reload the offer.

    c.   Research IDRS for the TIPRA payment and ensure it is on the correct DPC 34. If the TIPRA payment is not on DPC 34, the PE will do a credit transfer and move the money to the correct DPC so there is no confusion about payments.

> *Note:* The taxpayer must have requested the reconsideration within 30 days, check AOIC remarks.

| 5.8.2.8 (09-02-2022) **Processable Offer Actions** | (1) Complete the AOIC Payment screen and generate Form 3244, Payment Posting Voucher, as appropriate. |

(1) Complete the AOIC Payment screen and generate Form 3244, Payment Posting Voucher, as appropriate.

(2) The application fee and all payments received with the processable offer will be applied to the taxpayer's liability.

(3) Effective 4/2022, the Form 656 no longer accepts deposits, if the taxpayer sends in a check clearly marked as a deposit, write "return" across the check and return to the taxpayer.

(4) Taxpayers may designate voluntary payments while the offer is under consideration. The specification must be made in writing when the payment is made, and must include a specific period(s) or type of liability i.e. income tax. The taxpayer may not designate the application fee.

(5) If a business taxpayer submits a payment with a blanket designation to "trust taxes," without also supplying a specific tax period(s), this is not a specific designation. If you receive a check that contains this instruction and no employment tax period specified, apply the check to oldest CSED **employment tax period** (usually MFT 01) using **DPC 02**. Document the designation in the AOIC remarks. Include an open paragraph in the Combo letter that states : **Payments annotated only "trust fund" without a specific tax period will be applied to employment tax periods. To designate a payment, you must supply the tax period(s).**

Note: **All tax payments should be applied to the oldest CSED, and if paid in full, the payment should be split as needed to the next earliest CSED**.

(6) Complete the *proposed Terms* screen on AOIC as stated on Form 656.

(7) *Verify Master File Tax* (*MFT*) screens are populated through Data Download or manually input all required information. If the taxpayer did not include a tax period with an outstanding liability on the original Form 656 and the entity is the same, add the periods to the AOIC MFT screen. If the taxpayer has a **separate entity** (such as a corporation, LLC (after 2009) or partnership) that was not included on the original Form 656, the PE will no longer be responsible for loading those periods on the AOIC MFT screen until such time the OE/OS secures the amended and associated Form 656. See chart below for additional information:

If the taxpayer	Then
Does not include all Form 1040 Liabilities	Pen and ink the F656 and add it to the MFT screen. When making pen and ink changes to the Form 656, the OE, OS or PE must initial and date each change on the form.
Has Form 2290 liabilities (x-ref. on INOLE)	Add to the MFT screen
Has a sole prop. (x-ref. on INOLE)	Add to the MFT screen
Has a LLC prior to January 1, 2009	Add to the MFT screen
Has a business which is not x-ref. on INOLE (CORP., Partnership or LLC after January 1, 2009).	Do NOT add to the MFT

a.   When manually adding tax periods to the AOIC MFT screen include: *MFT 35* and/or mirrored *MFT 65, Shared Responsibility Payment* liabilities assessed under IRC 5000A, *Individual Shared Responsibility Payment* as well as *MFT 74*, the penalty for late filing of Form 5500, Annual Return/Report of Employee Benefit Plan, and *MFT 76*, excise tax based on noncompliance with various statutes relating to employee benefit plans. See 5.8.10 regarding *Assessments Related to Employee Benefit Plans - MFT 74 and 76*. The uploaded MFT 74 and MFT 76 transactions will appear as errors on the AOIC Transaction Listing and must be corrected through manual posting of TC 480 and updating the module to status 71.

b.   When loading MFT 31 liabilities on a joint offer; load all liability amounts under the primary SSN modules and load the secondary SSN modules with zero liability amounts. This will avoid inflating the total liability amount.

c.   When loading Non-Master File (NMF) periods, the TC 480 will not systemically upload for NMF periods. NMF assessments post under SSN+N. NMF are maintained on a separate system, ANMF. Requests for TC 480 must be submitted to the ANMF Unit, but require attachment of a NMF transcript. Send the request for ANMF transcript(s) to *wi.kcspc.nonmaster.file.team@irs.gov*, and specify the periods needed. When updating the remarks on AOIC with actions taken, do not use names in the remarks. Simply state manager, analyst, RO etc. Upon receipt for each module, send a Form 3177, Notice of Action for Entry on Master File. (with the attached ANMF transcript) to the *wi.kcspc.nonmaster.file.team@irs.gov*. Per IRM 5.8.3.7(2) Note, and IRM 5.8.7.7.3(1)(f), write **TC** in red directly after the offer number on the outside of the case file and document the AOIC remarks to identify the need for a manual reversal. To alert MOIC that the file includes NMF periods, clearly mark the outside of the case file **NMF** with a large red marker. Document the closing remarks regarding the NMF so MOIC knows the manual TC reversal request to ANMF are required.

(8)   When the need for mirroring is identified, place a prominent red "**M**" directly after the OIC number on the case file. This could be caused by one spouse submitting an offer separately; one spouse appealing an offer rejection; or submission of separate offers by the spouses with different waiver dates for joint period(s).

(9)   On all Individual Master File (IMF) cases enter "P" if the offer is for the primary taxpayer of the controlling TIN on the entity, enter "S" if the offer is for the secondary taxpayer, or "B" if both spouses are filing a joint offer. If only one party of a joint liability is submitting the offer, remove the "Y" from the *MFT* screen. This will take the case out of Status 71.

Note: See IRM 5.8.2.13, Changing Status Codes, below for guidance on when it is appropriate to change the status code.

Note: See IRM 5.8.3.15, Input & Verification of TC 480, for the appropriate corrective actions when a related offer is received.

(10)   Research IDRS and notate AOIC remarks regarding any freeze codes such as: -Y (offer in compromise), -W (litigation), -Z (Criminal Investigation), -A (duplicate return), -V (bankruptcy), -L (Administrative Information Management Strategy, (AIMS)), F- (frivolous return), -E (tax shelter/rollback) as well as TC 520 (Litigation) and TC 971/065 (Innocent Spouse) as these may require special action. Freeze codes indicating Criminal Investigation Division (CID), bankruptcy, Exam issues (i.e. AIMS), duplicate return filed, innocent spouse claims, or other litigations should be worked in accordance with guidelines in this IRM.

(11)   Research cc INOLE for any cross-reference SSN, Employee Identification Number (EIN), and Individual Taxpayer Identification Numbers (ITINs) belonging to the taxpayer who submitted the offer. Input the cross ref TIN on the MFT Data Download if liabilities exist for the taxpayer who submitted the offer (This includes any Sole-Prop or 2290 filing requirements) If the cross-reference TIN is listed on the Form 656, but does not cross reference to the SSN, then annotate AOIC remarks with the TIN. Load the TIN as a cross reference only.

(12)   Verify the taxpayer has submitted the appropriate Form 656, Offer in Compromise, Form 433-A (OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals, and/or Form 433-B (OIC), Collection Information Statement for Businesses.

(13)   Verify the taxpayer has submitted the application fee, required TIPRA payment, or checked the box on Form 656 for the low-income certification for each offer submitted.

Note: Do not request a shortfall of less than a dollar when the taxpayer has rounded their initial payment to a whole dollar amount.

Note: When loading a related offer received by the OE/OS or Appeals, verify case remarks to see if they have addressed these payments and if they will be requesting a credit transfer to split the TIPRA payment from the original offer. If a credit transfer is needed, utilize the IAT tool.

(14)   Document the AOIC Remarks.

5.8.2.8.1
(09-02-2022)
**Processable Offers -
Payment Processing**

(1) If the taxpayer submits both the application fee and the required initial TIPRA payment (20 % or first installment) in one check, the application fee will be entered first and the remainder will be applied as the required TIPRA payment, follow the procedures to request the shortfall of the TIPRA payment if applicable..

Note: In November 2003, the Service began charging an application fee for submission of an offer in compromise. Periodically the fee will change and the service will grant a grace period of 30 days from the date of publishing the Form 656. During the grace period, the PE will be required to request the shortfall of the application fee. If the taxpayer does not pay the shortfall, then return the offer. Once the grace period is over, the PE will return the offer as not processable for lack of sufficient payment. This will be the only time you will request a shortfall of the application fee.

(2) Insufficient remittance of the initial TIPRA payment will be considered a perfection issue. See IRM 5.8.3, Centralized Offer in Compromise Transfers, Perfection, and Case Building, for more information regarding the perfection of incomplete offers.

(3) The required initial TIPRA payment (20% or first installment) will be applied to the taxpayer's liability in all instances. With the exception of specific offer submissions noted in IRM 5.8.2.4.1 (1) above, these monies are not refundable to the taxpayer.

(4) Prior to acceptance, taxpayers may designate how the required TIPRA payments are to be applied and payments will be applied in accordance with the taxpayer's designation. The designation applies only to the payment being processed.

Note: If the taxpayer wishes to have future payments applied to particular liabilities, each payment will need to be designated. Payments without designation will be applied to the taxpayer's tax liability in the best interest of the government.

(5) If no written payment designation was submitted with the offer, apply the payment(s) to the taxpayer's tax liability in the best interest of the government.

(6) For offers submitted from entities other than corporations, apply the TIPRA payment(s) to the tax liability(ies) with the earliest unexpired CSED(s). Payments should be applied to the oldest CSED, and if paid in full, the payment should be split as needed to the next priority period.

   a. To post initial payments, use IMFOL and BMFOL, which provide the approximate balance due
   b. To post subsequent payments, update interest on the AOIC MFT screen to obtain the balance(s) dues and apply to the oldest CSED, splitting if necessary.
   c. If any payments are designated to a specific period or to BMF trust fund (i.e. DPC 02), the Service must apply the payment accordingly.

Note: There may be instances when the earliest unexpired CSED is not the earliest tax period.

(7)   For offers submitted from corporations or other entities subject to the trust fund recovery penalty, involving trust fund taxes, apply payment(s) to all Forms 1120, 940, and any other non-trust fund liabilities (in earliest unexpired CSED order). Payments should be applied to the oldest period, and if paid in full, the payment should be split as needed to the next priority period.

Note: If a non-designated payment is applied to a trust fund module such as Forms 941, 943, 944, 945 or excise tax Form 720, the amount will be applied to tax, penalty, and interest, in that order, until the amount is absorbed (Rev. Proc. 2002-26, 2002-1 CB 746, Sec. 3.02).

   a.   To post initial payments, use IMFOL and BMFOL, which provide the approximate balance due
   b.   To post subsequent payments, update interest on the AOIC MFT screen to obtain the balance(s) dues and apply to the oldest CSED, splitting if necessary.
   c.   If any payments are designated to a specific period or to BMF trust fund (i.e. DPC 02), the Service must apply the payment accordingly.

(8)   It is possible the taxpayer may submit the application fee, the required initial TIPRA payment, and a deposit with the Form 656, Offer in Compromise. Effective 4/2022, the Form 656 no longer accepts deposits. If the check clearly states it is for a deposit, write "Return" across the check and return it to the taxpayer.

   •   If the application fee, required initial TIPRA payment, and deposit are submitted , write "Return" across the "deposit check" and return to the taxpayer. Enter the application fee and the TIPRA payments on separate lines on the Form 3210, Document Transmittal, and process through RS-PCC.

(9)   All checks must be deposited within 24-hours of receipt.

(10) If the amount submitted with the Form 656, Offer in Compromise, exceeds the amount required and all funds are on one check, the entire amount will be treated as a non-refundable payment of an application fee and the TIPRA payment. . See the If/Then chart in IRM 5.8.2.9, Sorts and Payment Processing.

(11) If the taxpayer sends one check, the amount submitted exceeds the required amounts, and the taxpayer indicated how the payment should be applied (for example, as an estimated tax payment), process the amount according to the taxpayer's designation. The application fee portion of the payment may not be designated, and will be applied in the best interest of the government. Any payments other than the application fee, required TIPRA payment, must be processed on Form 3244, Payment Posting Voucher, with the appropriate transaction code and Designated Payment Code (DPC).

Example: An estimated payment will be a TC 430 (for IMF) or TC 660 (for BMF), instead of TC 670. This determination will be made by the PE when making a processability determination and applying payments on the Form 3244, Payment Posting Voucher, using the IRS received date as the payment date.

(12) Subsequent payments must also be deposited within the 24-hour requirement as defined above.

Note: Subsequent installment payments of a periodic payment offer are non-refundable and should be applied to the earliest tax liability with the earliest CSED or as designated by the taxpayer. If the offer is submitted by an entity subject to the trust fund recovery penalty refer to (7) of this section for application of payments.

(13)   If the payment is submitted on Form 656-PPV, "Offer In Compromise Partial Payment Voucher":

- Process the payment as described above through RS-PCC or Paper Check Conversion (PCC) when applicable.
- Document the payment on AOIC Payment screen.

5.8.2.9
(09-02-2022)
Sorts and Payment Processing

(1)   The "If and Then" table below provides the criteria for processing payments: All payments should be clearly annotated in the AOIC remarks screen as well as the payment screen.

If you receive a...	Then ...
(1) Form 656, Offer in Compromise, the application fee, and required initial TIPRA payment	1. Load the offer on AOIC. 2. List payments on the AOIC Payment screen. 3. Prepare Form 3244, Payment Posting Voucher 4. Process payments through RS-PCC or PCC as applicable.
(2) Form 656, Offer in Compromise, with the application fee and no required initial TIPRA payment (20% or first installment payment)	Offers received with a check for the application fee **only** are deemed not processable upon receipt and will be sorted by the clerical function during the fine sort. 1. Load the offer in AOIC. 2. Update the AOIC Remarks documenting that the offer is not processable. 3. If the taxpayer submitted a personal check, COIC will stamp the check "Return" , generate the return letter, and send to the taxpayer. 4. If the taxpayer submitted certified funds (money order, certified check, etc.), COIC will generate the return letter, and the funds will be returned by certified mail via Campus Support.

If you receive a...	Then ...
(3) Form 656, Offer in Compromise, from an individual taxpayer with the application fee and/or required initial TIPRA payment, and the low-income certification box is checked.	1. Load the offer on AOIC. 2. Validate the low-income certification. 3. If the taxpayer **does not** qualify for the low-income certification, apply the application fee (DPC 33) and TIPRA (DPC 34) payment to the taxpayer's account. Complete the AOIC Payment screen. 4. If the taxpayer **does** qualify for the low-income certification, prepare the Form 3244, Payment Posting Voucher, to post the payment(s) to the taxpayer's account using DPC 34. 5. Process the payment(s) through RS-PCC or PCC as applicable. 6. Notate the payment information in AOIC Remarks if the AOIC Payment screen is not available.

(4) Form 656 , Offer in Compromise, from an individual taxpayer with any payment, and the low-income certification box checked and the taxpayer **has** clearly annotated the check as a deposit.	1. Load the offer on AOIC
	2. Validate the LIW
	3. If the taxpayer **does not** qualify for the low-income certification, return the offer per IRM 5.8.2.5, Not processable offers, .
	4. If the taxpayer **does** qualify for the low-income certification
	    a. Complete AOIC payment screen indicating a valid waiver.
	    b. If payments were received with the offer, apply the payments to DPC 34.
	    c. If the taxpayer sent in a deposit, write "Return" across the check and return it to the taxpayer and clearly annotate the date the check was returned to the taxpayer.
	
	  .

If you receive a...	Then ...
(5) Form 656, Offer in Compromise, from an individual taxpayer with only a low-income certification (in lieu of the application fee and required initial payment)	1. Load offer on AOIC. 2. Validate the waiver. 3. If the taxpayer qualifies for the waiver complete the AOIC Payment screen indicating valid waiver. 4. If the taxpayer does not qualify for the waiver follow IRM 5.8.2.5, Not Processable procedures.
(6) CDP Form 656, Offer in Compromise, COIC and Field criteria	• Load the offer on AOIC. • Load payments to AOIC Payment screen. • Complete the Form 3210, Document Transmittal, by entering the following: (1) Offer Number (2) SSN/EIN (3) Name Control (4) Check Amount (5) Check Number (6) Check Type (7) The application fee (8) Amount of the required initial TIPRA payment • Prepare the Form 3244, Payment Posting Voucher. • Update Case Category Code to 10 • Notify Appeals of the process-ability determination via e-mail.
(7) DATL offer (Form 656-L, Offer in Compromise (Doubt as to Liability))	DATL offers, Form 656-L, are exempt from application fees and all TIPRA payments. Any fee or payment will be treated as a voluntary payment and applied to the taxpayer's account in the best interest of the government. • Prepare Form 3244, Payment Posting Voucher • Process payments through RS-PCC or PCC as applicable.

(2) PEs must document the remarks on AOIC with the type of check (PC = Personal Check, MO = Money Order, CC= Cashiers Check, BC= Bank Check), the check number and clearly annotate if the taxpayer meets Low Income criteria and how you verified they met LI criteria. Any funds that came in as a deposit must be clearly annotated on AOIC remarks with the check type, check number and the date it was returned to the taxpayer stamped "Return".

5.8.2.10
(09-02-2022)
**Offer Submitted Solely
for Unassessed
Liability(ies)**

(1) An unassessed liability is a liability where no assessment has been made.

(2) If an offer is received that is **solely for an unassessed liability(ies)**, COIC will determine processability using the following procedures.

If…	Then…
(1) Research of IDRS indicates the return has been received, but has not posted and there is no prior assessment in the tax module:	1. Continue with offer processing. 2. Post the application fee and TIPRA payments to the taxpayer's account as applicable. *Note:* If there is a prior assessment in the tax module request input of a secondary TC 570 with "$.00 "to hold the payment in the taxpayer's account until the liability has been assessed.
(2) Research of IDRS shows **no** indication a return has been received and no return was submitted with the offer:	Return the offer per IRM 5.8.2.4.1 (1), Determining Processability, above.
(3) Research indicates the unassessed liability is being worked in Exam or AUR for example.	• Continue with offer processing. • Request input of a secondary TC 570 with "$.00" to hold the payment in the taxpayer's account until the liability has been assessed. • Input a TC 570 for $.00 on the current year tax module as well, to avoid erroneous refunds from going out.
(4) Review the case file for CP2000:	• Forward the signed CP2000 Notice to the AUR Coordinator found on SERP Who/Where, AUR Coordinator at: *AUR Coordinators*. Retain a copy in the case file. • If the CP2000 is not signed or located, forward to the in house RO for further research. Retain a copy in the case file.

If…	Then…
(5) Review the case file for Form 4549 Report of Income Tax Examination Changes:	• Forward the signed Form 4549 to the Exam Coordinator. Retain a copy for the case file. • You can find the coordinator by researching CC AMDISA to find the PBC and the EGC. Once you find the EGC, go to SERP Who/Where and click on Exam Contact List, then click on Exam Employee Group Code (EGC) Contacts, for the coordinator. Retain a copy for the case file.

5.8.2.10.1
(09-02-2022)
Payments Processed Using Remittance Strategy – Paper Check Conversion (RS-PCC)

(1) Most payments received for the OIC application fee and TIPRA payments will be processed by Campus Support utilizing Remittance Strategy Paper Check Conversion (RS-PCC).

(2) All payments regardless of whether scanned through PCC or RS-PCC must be delivered to Campus Support for processing within 24-hours of receipt. The 24-hour deposit standard must be met.

(3) COIC is responsible for completing the Form 3244, Payment Posting Voucher, with the following information:

- SSN/EIN
- MFT
- Tax Period
- Transaction received date
- Taxpayer name, address, and zip code
- Transaction code
- Transaction amount
- Remarks
- Prepared by (name and unit symbol)
- DPC code

DPC	Definition
33	Offer in Compromise application fee
34	Offer in Compromise 20% lump sum / initial periodic payment
35	Offer in Compromise subsequent payments made during the offer investigation

DPC	Definition
02	Trust Fund Liability Payments (i.e. 941, 943, 945 liabilities, NOT MFT 55). Payment is to be applied first to the trust fund portion of the tax. ***Caution:*** Only use DPC 02 when posting offer payments designated to the trust fund portion when the offer was submitted by a corporate taxpayer or LLC.
09	Offer in Compromise (Accepted Offer Payments)
99	Miscellaneous Payment

> ***Note:*** Any payment received after the offer has been closed other than acceptances should be applied to the taxpayer's liability using DPC 99.

(4)   Write "RS-PCC" on the Form 3210, Document Transmittal.

(5)   List Trust Fund liability designated payments (DPC 02) at the beginning of the Form 3210, Document Transmittal, and highlight for special handling.

(6)   Write the offer number on the Form 3210, Document Transmittal, for each payment processed through RS-PCC.

(7)   Payments should be listed on the AOIC Payment screen. If the taxpayer checked the box and qualified for the low-income certification notate the payment in the AOIC remarks if the AOIC payment screen is not available.

5.8.2.10.2
(09-02-2022)
Payment Processing through Paper Check Conversion (PCC)

(1)   The following payments cannot be processed through RS-PCC and must be processed through Paper Check Conversion (PCC):

a.   Any check that cannot be read by the RS-PCC scanner.

Definition	Abbreviation
Application Fee	App Fee
Payment	Pymt
Deposit	Dep
Estimated Payment	ES
Refund to Taxpayer (to be completed by MOIC) ***Note:*** To be used when COIC prepared the Form 5792, Manual Refund Posting Voucher, to refund the application fee and forwarded to Ogden for processing	RefTP
Designated Payment ***Note:*** Indicate MFT and Period	DesgP

a.   Document the AOIC Remarks with the payment type, application of the funds, and if the payment was applied per taxpayer's designation.

(2)   All payments regardless of whether scanned through PCC or RS-PCC must be delivered to Campus Support for processing within 24-hours of receipt. The 24-hour deposit standard must be met.

5.8.2.11
(09-02-2022)
Processing Forms 3210 after Processability Determinations

(1)   Form 3753, Manual Refund Posting Voucher, will be forwarded to COIC after processability determinations have been made.

(2)   Form 3210, Document Transmittal, will be returned to COIC for processing of all attached Form 3244, Payment Posting Voucher. All completed Form 3210 will be filed and retained in COIC for three years.

(3)   If the offer was determined to be not processable and payments were processed through PCC, forward the related Form 3753 to MOIC for processing with a copy of the Form 3210. The Form 3210 serves as the transfer transmittal.

Note: All forms should be forwarded to MOIC on an expedited basis.

(4)   Not processable offers (with the exception of offers returned because only the application fee was submitted with a personal check, not processable offers submitted solely for unassessed liabilities and offers submitted solely for a liability(ies) with an expired CSED(s)) will be returned to the clerical function with the associated Form 3210, and Form 3753. The PE will prepare the return letter and envelope for mail out. The following actions must be taken:

- Date and sign the return letter
- Include with the letter any other associated documents
- Seal the envelope for mail out
- Close with final disposition 10 on AOIC
- Include the Form 656, Offer in Compromise
- Return to the clerical function to be mailed

Note: If the offer is being returned for any reason and the taxpayer submitted payments with the offer, for example solely for an unassessed liability(ies) or an offer submitted solely for a liability(ies) with expired CSED(s) do not seal the envelope. The clerical function must associate the check(s) with the offer package before it is returned.

(5)   If the offer was determined to be processable and the payments processed through PCC, forward the related Form 2515 to MOIC for processing with a copy of the Form 3210. The Form 3210 serves as the transfer transmittal.

(6)   The COIC sites will retain processable offers for further OIC processing and assignment.

5.8.2.12
(09-02-2022)
**Determining
Processability for
Appeals Collection Due
Process Offers**

(1) If Collection files a Notice of Federal Tax Lien (NFTL) or serves a notice of intent to levy, and the taxpayer files a Collection Due Process (CDP) request in response, the taxpayer's offer in compromise falls under the jurisdiction of Appeals while the CDP is open.

(2) If the CDP is open (identified by a TC 520 cc 76/77 or TC 971 action code 275) change the case category code to 10.

(3) The same processability criteria will be applied to these cases.

Note: You must notify the Appeals settlement officer of the determination if the offer is deemed non-processable and e-mail appeals a copy of the return letter for their files whether the offer came from Appeals or directly from the taxpayer/ POA.

(4) Payment processing should be through RS-PCC or PCC as appropriate.

(5) Appeals will provide COIC with the processable determination letter containing all necessary information, including the Appeals contact information on Appeals Transmittal Form 3210, Document Transmittal. Appeals will provide two copies of the Appeals Transmittal Form 3210. One copy is for COIC clerical filing and the other copy will remain with Form 656, Offer in Compromise, and related documents. It is the responsibility of COIC to sign, date, and mail the applicable letter based on the processability determination.

If…	Then...
(1) The offer is not processable and a remittance was attached	1. Prepare the not processable letter and the Form 656, Offer in Compromise, to mail to the taxpayer in accordance to current IRM procedures. 2. Follow IRM 5.8.2.6 , Not Processable Offers Received with Payments 3. Send an e-mail to the SO/AO with the information as to why the offer was deemed not processable. The Appeals employee name and fax number should be noted on the Appeals Transmittal Form 3210, Document Transmittal. 4. Fax a copy of the not processable letter to the Appeals employee. ***Note:*** The Appeals Transmittal Form 3210 should remain with the case until a processability determination has been made. A copy should be retained by the Clerical staff in Appeals.
(2) The offer is not processable and no remittance was attached	1. Prepare the not processable letter and the Form 656 to mail to the taxpayer in accordance with current procedures. 2. Send an e-mail to the SO/AO with the information as to why the offer was deemed not processable. The Appeals employee name and fax number should be noted on the Appeals Transmittal Form 3210. 3. Fax a copy of the not processable letter to the Appeals employee.

If…	Then...
(3) If the offer is processable and a remittance is attached	1. Access the AOIC Payment screen and input the fee and payment data and process the payment through RS-PCC or PCC, as appropriate. 2. Mail the processability letter to the taxpayer. 3. Send a copy of the letter and the Form to the Appeals employee designated on the Appeals Transmittal Form 3210. The Appeals employee name and fax number should be noted on the Appeals Transmittal Form 3210. *Note:* The Appeals Transmittal Form 3210 should remain with the case until the processability determination has been made. A copy should be retained by the Clerical staff in Appeals.
(4) If the offer is processable and the taxpayer submitted and qualified for the low-income certification see IRM 5.8.2.4	1. Mail the processability letter to the taxpayer. 2. Send a copy of the letter and the Form 656 to the designated Appeals employee on Appeals Transmittal Form 3210. The Appeals employee name and fax number should be noted on the Appeals Transmittal Form 3210.

(6) See the below chart if the CDP condition is identified after processability has been completed.

If...	Then...
(1) It is determined that the case is under Appeals jurisdiction (identified by a TC 520 cc 76/77 or TC 971 AC 275/278 and no notice of deficiency (NOD))	• The COIC site CDP coordinator will advise the AO/SO of the processability determination. • The AO/SO will generate and transmit via encrypted e-mail to the COIC site CDP coordinator the appropriate appeals processable letter. • The COIC site will follow the current procedures to process the letter and application fee.
(2) It is determined the case is under Appeals jurisdiction but the CDP condition is identified **after** the offer has been deemed processable and moved to a workable inventory	The controlling area will: • Input CCC 10.

(7) It will be the responsibility of Appeals to resolve each TC 480 (e.g. input of TC 481, 482, 483) after Appeals makes a final determination.

5.8.2.13
(09-02-2022)
Changing Status Codes

(1) If the offer is determined to be processable, it may be necessary to change the status code to 71.

(2) If tax periods are in status 53, 61, 63, 72 or if the Form 657, Offer In Compromise/Revenue Officer Report, indicates that Tax Delinquent Accounts (TDAs) are to remain in the field, remove the "Y" on each tax period on the *MFT* screen. Only change to status 71 if the account is in Status 53 with Closing Code 03 (unable to locate) or Closing Code 12 (unable to contact).

(3) Offers in status 60 (installment agreement) – for offers with a status of 60 the indicator should be changed to Status 71. PE are to print IADIS for each TIN (if joint offer and each have their own IA) and place in the IDRS tab in the file folder prior to changing to ST 71. If the offer cannot be accepted, the installment agreement should be reinstated. In those cases, the reinstatement fee for the IA will be waived.

(4) If any periods are within 6 months of expiration, the status code cannot be updated in IDRS. This applies to changes both from and to status 71. The TC 480 will suspend the CSED until the offer investigation is complete. Revenue officers may find additional information in IRM 5.1.19.5.4, Expiration of a Collection Statute

(5) If a return is submitted with the offer, and it is for an SFR assessment (TC 150 SFR) input Status 71 to suppress notices.

5.8.2.14
(09-02-2022)
**Processing Related
Offers**

(1) Related offers and any corresponding payments received for loading onto the AOIC system should be processed following current procedures as soon as possible.

(2)   When you receive a related offer, make sure you read the remarks in AOIC and review the MFT screen prior to loading the offer. You need to be aware of what waiver dates you should be using. If the period(s) were on the original offer, then the waiver dates should remain the same on the related offer. If you are loading new period(s), then the waiver date would be the IRS received date you received the related offer.

(3)   When you receive a related offer and (1) it is for the same period(s) as the original offer and (2) it was split due to only one taxpayer having an open CDP and the other taxpayer does not , make sure the waiver and IRS received dates are the same as the original offer.

(4)   All related offers received via efax or electronically need to be loaded within 5 business days of receipt.

Note: If an imminent issue arises and a request is made to allow the offer special-ist or appeals officer to address a payment issue (shortfall, split) continue processing the offer and grant the request.

Reminder: The original waiver date and IRS received date applies to periods that were on the original offer.

If	Then
Any period(s) listed on the Related Form 656 are the same as the original Form 656	Use the IRS received date the OE/OS annotated on top of the new related offer. If the OE/OS omitted the IRS received date, use the IRS received date from the original offer. (The related F656 on OIC SharePoint has a date field for this purpose)
The related Form 656 contains all new period(s) (not listed on the original Form 656)	Use the IRS received date for the related offer
Any period(s) listed on the Related Form 656 are the same and there are additional periods	Use the IRS received date the OE/OS annotated on the top of the new Related offer. If the OE/OS omitted the IRS received date from the original offer, use the IRS received date from the original offer. (The Related Form 656 on SharePoint has a date field for this purpose).

(5) If the related offer was received from an OIC field offer specialist take the following actions:

   •   Load the related offer onto AOIC.

- Complete processability.
- Update the original offer as applicable.
- Prior to loading the TC 480's, the PE must print all IMFOLT/BMFOLT prints for the OS so they can calculate the CSED. Once the offer is loaded on AOIC, the PE manager will verify all OIC periods are on the correct MFT screen and appropriate codes (TC 480's and statute expirations) are input for both offers. If any tax periods cannot be on the AOIC MFT screen or the appropriate codes are not input in IDRS for both offers, then the remarks screen must be documented with information on any additional actions required by the OE/OS.
- Transfer the offer to the appropriate AO.
- E-mail the OS and GM to advise the Form 656 has been processed and is ready for transfer acceptance in the area. Include the new and related offer numbers in the e-mail.

    Note: If email or E-fax is available, use one of these methods to notify the OS.

- Mail or e-Fax the Form 656 (and any attachments including all IMFOLT/BMFOLT prints) directly to the OS using Form 3210.

(6) If the related offer was received from Appeals take the following actions:

- Load the related offer onto AOIC.
- Complete processability.
- Update the original offer as applicable.
- Once the offer is loaded on AOIC, the PE manager will verify all OIC periods are on the correct MFT screen and appropriate codes (TC 480's , assessed dates and statute expirations) are input for both offers. If any tax periods cannot be on the AOIC MFT screen or the appropriate codes are not input in IDRS for both offers, then the remarks screen must be documented with information on any additional actions required by the settlement officers (SO).
- If the original offer was worked in COIC assign the offer to the Offer Examiner that worked the original offer.
- If the original offer was worked in a field office: 1) Transfer the offer on AOIC to the AO where the original offer is controlled. 2) Send an e-mail with the offer number to the Appeals Officer and the group manager. 3) Return the 656 (and any attachments) directly to the Appeals Officer. DO NOT send any documents to the field.

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Exhibit 5.8.2-1 (07-28-2015)
IAT Tools That Work For You in COIC

IAT tools that *work for you* in COIC

Task Manager is *ITM 2.0*

Mandated Use:

When **moving one or more payments from one module to another**, use the **Credit Transfer tool** to simplify the process.

When **monitoring manual refunds** use the **Erroneous Manual Refund (EMT)** tool.

When **issuing a C letter** required by the IRM, use the **Letters Tool** to create the letter through easy to understand entries. English and Spanish versions are available. Open paragraphs include spell check and grammar check, and can be stored for use on similar letters in the future.

When **generating a manual refund request**, Form 5792, use the **Manual Refund** tool.

When **mirroring an account** use the **REQ54** tool.

When **manually updating a tax period to OIC status** use the **REQ77** tool.

Suggested Use:

The **Compliance Suite** tool can be used for a variety of functions including **researching compliance, payments, freeze codes, open control bases, CAF, etc.**

When **opening a call and not using AMS to clear the required disclosure probes**, use the **Disclosure** tool to meet the IRM disclosure requirements.

When **securing a return from files**, use the **ESTAB tool** to make the data entry simpler. To **return the document to files**, use the **Fill Forms** tool to generate F9856.

When **closing filing requirements** via TC590 and TC591 use the **FRM49** tool

When **researching IDRS** use the **Quick Command Code (QCC)** tool. The command code format is automatically populated. This will allow a search of, and the ability to print, multiple command codes and multiple tax periods at one time.

When **determining what an IDRS indicator or transaction code means**, use the **Search 6209 tool**; when in IDRS, highlight the entry in question, then click the tool to display the Doc 6209 explanation.

When **searching multiple modules for specific transaction codes** use the **Tracer** tool. For example, if looking for TC520(s), just input 520 in the transaction field and the system will show all TC520 on all modules.

IAT tool users can visit the IAT Website, where you can sign up to become a subscriber to the IAT newsletter. The iNews details all ongoing IAT activity with tool retirements and rollouts.

This list is just a sample of the IAT tools you can use to help process COIC casework. Please *explore on your own* by trying the tools available on your IAT task manager bar. Information on most tools is found on the Instructions portion of the IAT web site.

Mandated Use	Suggested Use
Credit Transfer	Compliance Suite
Erroneous Manual Refund (EMT)	Disclosure
Letters	ESTAB
Manual Refund	Fill Forms
REQ54	FRM49
REQ77	Quick Command Code (QCC)
	Search 6209
	Tracer

Exhibit 5.8.2-2 (02-09-2018)
COIC Procedures for Status 60 / Status 71 Changes

The below procedures have been established to assist the COIC sites taking a taxpayer account from Status (STAT) 60 to STAT 71 and placing the account back into STAT 60 if the offer is rejected, returned, or withdrawn.

<file filename="27841002"/>

EXHIBIT 5.8.2-2
COIC Procedures for Status 60 / Status 71 Changes

The below procedures have been established to assist the COIC sites taking a taxpayer account from Status 60 to Status 71 and placing the account back into Status 71 if the offer is rejected, returned, or withdrawn.

Step 1

COIC Procedures

This step will take the TP account from STAT 60 to STAT 71

- Input a "Y" on the AOIC MFT Screen

- Begin investigation of the offer.

- Monitor for the TC 480 to post

- If the offer is accepted, follow procedures in IRM 5.8.8, *Acceptance Processing*, to complete the actions. It will not be necessary to put the TP back into IA status.

- If the offer is to be returned, rejected, or withdrawn, then you must take the appropriate action to put the TP back into IA status. See Steps 2 and 3 below.

- If the taxpayer has a wage levy, this will need to be addressed on a case-by-case basis. If the wage levy is not released, the taxpayer will not be required to make the periodic payments. Document the case history indicating the reason for allowing no periodic payments. Do not remove account from Stat 60.

Exhibit 5.8.2-2   Internal Revenue Manual   Cat. No. 27841N (09-02-2022)

27841002

Exhibit 5.8.2-2 (Cont. 1) (02-09-2018)
COIC Procedures for Status 60 / Status 71 Changes

<file filename="27841003"/>

Step 2

This step will reverse the account from STAT 71 to STAT 60.

- Sign on to IDRS
- Go to SUMRY to verify that the status of the account is 71, and write down the name control.
- Press the Escape key. This will take the cursor to the top of the page.
- Overlay SUMRY or TXMODA (if only one module is present) with IADIS.
    - o *See Attachment 1 for IADIS format*
- Move the cursor to the end of the SSN using the arrow keys. Skip 2 spaces using the space bar.
- Enter the name control.
  Note: This MUST match the name control on IDRS.
- Press the "Enter" key
- Make a note of the payment date, payment amount.
- Overlay IADIS with IAGRE
    - o *See Attachment 2 for IAGRE format*
- Move the cursor to the end of the name control using the arrow keys.
- Press the "Enter" key.
  Note: Either IAORG or IAREV should generate next, depending on the account.
- Do not change the "User Fee Code"
- Input the TPs zip code. This will systemically generate an acceptance letter (3217C) confirming the payment amount and payment date.
- Input a letter indicator of E (English) or S (Spanish).
- Input an Agreement Balance Due of ●00. The use of the double zero will allow the agreement balance due to be input systemically.
  Note: You may change the payment date, based on the wishes of the taxpayer.

Exhibit 5.8.2-2 (Cont. 2) (02-09-2018)
COIC Procedures for Status 60 / Status 71 Changes

- Input the cycle of the payment using Document 6209, IRS Processing Codes and Information, Cat No. 614620. Refer to the GMF Campus Processing Cycles calendar on page 16-3 in Document 6209; find the payment due date, and input the correct cycle matching that date.
  Note: Do not change the Agreement Locator Number.

- Using the arrow keys, move the cursor down to the end of the page (around line 20 or lower) and press the "Enter" key.

- You must monitor the account for the TC 481 or 482 to post. Generally, it will be 2 cycles. You cannot put the TP back to STATUS 60 until the 481 or 482 has posted.

- Input Transaction Code 971 Action Code 671.
  Note: This transaction code will alert anyone looking at the module that an offer was not accepted, and no IA fee will be charged.

When rejecting, returning, or withdrawing a periodic payment offer that "suspended" a Direct Debit Installment Agreement (DDIA), COIC will:

- Secure a new Form 433-D to get current bank information and authorization

- Route the 433-D to CSCO on Form 3210 annotated as "Periodic Payment Offer denied – reestablish DDIA"

  o BSC cases will be routed to : Lucy Costa at Stop 661
  o MSC cases will be routed to: Joscelyn at Stop 81

Note: If the installment agreement is a payroll deduction, the payments will be stopped once the status is changed to 71. If the status 60 is to be resumed, and the taxpayer wants to be placed back into a payroll deduction, they will need to request that action after they get the first bill. COIC cannot perform that action.

Exhibit 5.8.2-2 (Cont. 3) (02-09-2018)
COIC Procedures for Status 60 / Status 71 Changes

<file filename="27841005"/>

Step 3

This step provides instruction to input a history item on Account Management Services (AMS).

- The history must also be input on AOIC.

  Note: You must be on IDRS to access AMS.

- Access AMS through:

  - The shortcut ICON on your desktop

- Under Case Management click on "Cases by TIN"

- Enter TIN, click "Go"

- Under "Functions" on the left hand side, Click on "History".

- Under the heading of ISSUE DESCRIPTION, select one of the lines with **INSTALLMENT AGREEMENT** "**bolded**". Click on the selected line item, and it will then be highlighted.

  - Note: If you cannot find "Installment Agreement" under "Issue Description": Click on "Add Issue", click on "Installment Agreement", click "Add Issue" again. It should now show under "Issue Description"

- Click on ADD NARRATIVE

- Type the following statement in the HISTORY:

  Note: *Use of the following language is mandatory, and must not be altered.*
  "TP had IA. Submitted OIC, which was (insert case resolution of Rejected, Returned, or Withdrawn). TP back to IA. Waive Fee. DO NOT ALTER FEE."

- Click on SAVE NARRATIVE

- Click EXIT ACCOUNT, unless you want to view your history entry.

- If you want to review the history entry

  - Click on VIEW DETAILS

  - Click EXIT ACCOUNT