



INDEPENDENT OFFICE
OF APPEALS

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

April 4, 2024

Control No. AP-08-0424-0007
Expiration Date: 4/4/2026
Affected IRMs: See below

MEMORANDUM FOR: Director, Account & Processing Support (APS) – Collection
Director, Collection Appeals

FROM: Patrick E. McGuire /s/ *Patrick E. McGuire*
Acting Director, Case and Operations Support

SUBJECT: Obsoleting Form 14640, Addendum to Form 656, and
amending offers in compromise

Purpose: This memorandum serves to provide guidance in amending offers in compromises, obsoleting Form 14640, Addendum to Form 656, and closing amended offers on the Automated Offer in Compromise (AOIC) system. Please ensure that this information is distributed to all affected employees within your organization.

Background/Source(s) of Authority: Currently, IRS solicits a Form 14640 when taxpayers agree to amend the terms of their previously processed Form 656. To improve consistency and reduce errors, SBSE Collection, as owner of Form 14640, will be obsoleting the form. Form 14640 will no longer be used to amend offer terms or change the offer basis. Instead, if an amended offer is required, IRS will solicit an amended Form 656.

Appeals will follow suit and no longer use Form 14640 to amend offer terms or change offer basis. If amended offer terms or a change to the offer basis is required, Appeals will solicit an amended Form 656. Pen and ink changes to the original Form 656 may still be made if the situation meets the criteria in IRM 5.8.8.3.

Procedural Change: When amending the terms or changing the basis of an OIC, Appeals Technical Employees (ATEs) will secure an amended Form 656 in the most current revision and write "AMENDED" and the last four digits of the AOIC assignment number on the top margin of Page 1 of the Form 656.

References to Form 14640 will be deleted from IRM Part 8 and replaced with "amended Form 656."

At closing, ATEs will document in Form 5402 “Remarks” to APS: 1) to update the AOIC Summary screen by inputting “A” (Amended) to reflect receipt of an amended Form 656, 2) to update the *Offer Amount* on AOIC, if applicable, and 3) to update the *Terms Type* (Cash/Deferred) on AOIC, if applicable.

Examples

1. Taxpayers originally offered \$5,000 and paid \$1,000 (20%) with the original offer. They are agreeing to increase the terms to \$10,000. ATE will secure amended Form 656 with an additional payment of \$1,000. The terms will be \$10,000; \$2,000 with the offer and the remaining \$8,000 paid over the agreed number of months.
2. Taxpayers originally offered \$5,000 and paid \$1,000 (20%) with the original offer. They are agreeing to increase the terms to \$10,000. They qualified for the low-income waiver. ATE will secure an amended Form 656. The terms will be \$10,000, with \$1,000 paid with the offer and the remaining \$9,000 paid over the agreed number of months.
3. Taxpayers originally offered \$5,000 and paid \$1,000 (20%) with the original offer. They are agreeing to increase the terms to \$10,000. They qualified for the low-income waiver but since the offer submission, made voluntary payments totaling \$500. The ATE will solicit the amended Form 656. The terms will be \$10,000 with \$1,500 paid with the offer and the remaining \$8,500 paid over the agreed number of months.
4. Taxpayers originally offered \$5,000 and paid \$1,000 (20%) with the original offer and paid periodic payments totaling \$2,000. They are agreeing to increase the terms to \$10,000 and to make periodic payments for the increased amended offer. The terms must be completed in 24 payments and the existing payments will be considered the first payment. The terms will be \$10,000; the first monthly payment of \$3,000 is included with this offer then \$300 will be paid for 22 payments with a final payment of \$400 on the 24th month.

Affected IRMs: 8.20.6, 8.20.7, 8.22.4, 8.22.7, 8.22.9, 8.23.3, 8.23.4

Effect on Other Documents: This guidance will be incorporated into all affected IRMs within two years from the date of this memorandum.

Effective Date: This guidance is effective as of April 22, 2024.

Contact: Appeals employees should follow existing procedures to elevate questions through their management chain and follow established procedures on [How to Contact an Analyst](#).

cc: www.irs.gov