



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

February 27, 2012

Control Number: SBSE-05-0212-010
Expiration Date: February 27, 2013
Impacted: IRM 5.8

MEMORANDUM FOR DIRECTORS, COLLECTION AREA OPERATIONS
(CALIFORNIA, GULF STATES, AND SOUTH ATLANTIC)

FROM: Scott D. Reisher /s/ **Scott D. Reisher**
Director, Collection Policy

SUBJECT: Offer in Compromise Streamline Offer Processes for Field Offer
Specialists

The purpose of this memorandum is to provide instruction for streamline offer processing in the field. This guidance is effective immediately for all Offers in Compromise (OICs) meeting field streamline criteria and is effective for one year from the date of this memorandum.

As a result of a study conducted on the OIC program in 2009, a streamline offer program was implemented on June 28, 2010 in the Brookhaven and Memphis COIC Campuses. A decision was made to expand this process to certain field cases. In order for a case to meet field streamline criteria, the taxpayer must have liabilities of less than \$50,000 and gross income of \$100,000 or less and no employment tax liabilities. These offers will be worked with greater reliance on internal research, telephonic communication, and additional allowances for expenses and future income calculation.

If you have any questions, please feel free to contact me or a member of your staff may contact Diane Morris, OIC Senior Program Analyst.

Attachments

cc: www.irs.gov
Director, Field Collection
Chief Appeals
SBSE Assistant Division Counsel
National Taxpayer Advocate

Field Streamline Offer Specialist Procedures

Purpose

The procedures below were developed to provide the field offer specialists (OS) with an avenue to expeditiously work cases without unwarranted delays. These procedures are similar to those implemented in the Centralized OIC sites.

Initial Case Actions

If...	Then...
The total liability is less than \$50,000, the total annual gross income is less than \$100,000 and there are no employment tax liabilities	Assign the offer to OCC 14, <i>FIELD Streamline \$50K</i> .
Delinquent returns are identified and the taxpayer replied that they were not liable for a tax return, but internal research identifies taxable income requiring a tax return or if there were no prior requests for outstanding tax returns.	Make one phone attempt to secure the return. Note: The requirement to address all compliance issues has not changed with streamline processing.
The terms of the offer are periodic payments	The OS is still required to monitor periodic payments during the investigation.
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Initial Financial Analysis

- Financial information will be reviewed utilizing the dollar amounts the taxpayer supplied on the Form 433A and/or 433B.

Field Streamline Offer Specialist Procedures

- Internal research and/or documentation submitted with the offer will be reviewed to determine if these amounts are reasonable.
- The figures provided by the taxpayer should only be questioned and adjusted on the AET or IET analysis if there are significant discrepancies found.
- Any request for additional information will be made through phone contact. Fax responses are recommended, when possible.
- Follow IRM 5.8 guidelines for allowable standards and expenses.

If...	Then...								
Calculations result in a full pay	Call the taxpayer/POA to discuss the findings. Determine if there is additional information that may change determination.								
	<table border="1"> <thead> <tr> <th>If...</th> <th>Then...</th> </tr> </thead> <tbody> <tr> <td>there is no additional information</td> <td>proceed with rejection</td> </tr> <tr> <td>additional information changes the determination to an increase</td> <td>follow streamline process below</td> </tr> <tr> <td>additional information changes determination to an acceptance</td> <td>proceed with acceptance processing</td> </tr> </tbody> </table>	If...	Then...	there is no additional information	proceed with rejection	additional information changes the determination to an increase	follow streamline process below	additional information changes determination to an acceptance	proceed with acceptance processing
	If...	Then...							
	there is no additional information	proceed with rejection							
additional information changes the determination to an increase	follow streamline process below								
additional information changes determination to an acceptance	proceed with acceptance processing								
Calculations result in an acceptance	Proceed with acceptance processing. There is no need to apply Streamline exclusions.								
Calculation results in an increase	Follow streamline processing below								

Streamline Processing

Field Streamline Offer Specialist Procedures

General Verification Rules

- Verify taxpayer provided information through internal research.
- The use of oral testimony may be allowed and should be well documented, unless the information appears questionable.
- Complete internal record checks to determine ownership and equity in real and personal property, including motor vehicles.
- Low Income Waiver – Low Income Waivers will be considered valid if the taxpayer meets the low income guidelines as defined on the Form 656 at the time of submission or based on the taxpayer's current income, whichever is less. The taxpayer may provide the information on the Form 656-A, *Income Certification for Offer in Compromise Application Fee (For Individual Taxpayer Only)*, or by checking the box in Section 4 on the Form 656 (Revised 3-2011).

Streamline Financial Analysis

- Income reported by the taxpayer on the Form 433A and/or 433B will be used for the Income Expense Table (IET) unless a significant discrepancy is identified through pay stubs or internal research. This same income will be used when validating the Form 656-A.
- # [REDACTED]
[REDACTED]
[REDACTED]
- # [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- # [REDACTED]

Note: Other than the reductions above as stated in the Streamline Financial Analysis do not reduce equity in hard assets without conversation with the taxpayer.

Field Streamline Offer Specialist Procedures

Initial Analysis/Follow-Up Timeframes

- Offers worked under streamline processing are not subject to initial analysis and follow-up actions defined in IRM 5.8.4.7, Initial Offer Actions.
- Notice of Federal Tax Lien determinations in accordance with 5.8.4.13 is required.
- Offers will be worked as expeditiously as possible with no unwarranted delays.

General Taxpayer/POA Contact Rules

- Any request for additional information and/or communicating the preliminary findings of the offer evaluation will be made by phone, to the greatest extent possible. If additional information is required, all due consideration should be given in accepting oral testimony. When calling to share preliminary findings, clearly explain how the determination was made. Ask the taxpayer if there is anything further that should be considered and whether there may be special circumstances that were not conveyed in the original offer submission.
- Two phone attempts must be made at different times of the day over two business days. If you are able to leave a message on an identified answering or voice machine, request a call back within two business days. This is considered a successful call.

Note: Per IRM 11.3.2.6.1, *Leaving Information on Answering Machines/Voice Mail*, **detailed** information may **not** be left on an answering machine or voice mail **without prior approval** from the recipient. Without prior approval, leaving a detailed message could be considered unauthorized disclosure.

- If you are not able to reach the taxpayer/POA by phone within two business days or the taxpayer/POA does not return your call, send a quick note requesting a call back within 10 calendar days of the date of your letter.

Field Streamline Offer Specialist Procedures

- Phone contacts and attempted contacts must be documented in the case history.

Appropriate Use of Additional Information Letters

- Additional information letters will **NOT** be used to secure financial verification. They may be used for the following requests only after two unsuccessful phone attempts:
 1. Securing estimated tax payments
 2. Securing TIPRA periodic payments
 3. Securing an amended Form 656 needed to accept the offer

NOTE: The additional information letter should request the information 15 calendar days from the date of the letter. Allow an additional five calendar days for the response for a total of 20 calendar days. Extensions should be given upon request, as appropriate.

Case Determinations

1. Returns

- Cases should be returned for appropriate reasons, following established guidelines (compliance issues, failure to provide information considered necessary for case development, etc.).

2. Full Pay Rejections*

- Call the taxpayer to discuss the determination. Two attempts, within two business days, should be made.
- If phone contact cannot be made, send a quick note.
- Identify the reason for the full pay determination and discuss with the taxpayer/POA to see if there is additional information/special circumstances that would change the determination. Update the AET/IET as needed.
- If there is no change to the determination, send to the IAR and issue the rejection letter. Follow rejection procedures in IRM 5.8.7,

Field Streamline Offer Specialist Procedures

Offer in Compromise - Return, Terminate, Withdraw and Reject Processing.

Note: If no response to quick note, send rejection letter with the IET/AET. A predetermination letter (PDL) will not be issued. During conversation with the taxpayer about their ability to full pay, alternative resolution of the liabilities should be discussed.

3. Increase after Streamline is applied*

- Call the taxpayer to discuss the case decision. Two attempts, within two business days, should be made.
- If phone contact cannot be made, send the quick note.
- Determine if the taxpayer has additional information/special circumstances, which would change the determination and update AET/IET as needed.
- If there is no change to the determination and the taxpayer agrees to the increase, send the taxpayer an amended Form 656 or addendum to sign.
- If there is no change to the determination and the taxpayer does not agree to increase the offer, send to the IAR and issue the rejection letter.

Note: If there is no response to the quick note, send the rejection letter with IET/AET. The PDL will not be issued.

4. Acceptance

- Follow regular processing procedures
- It will not be necessary to create an acceptance closing report on streamline offers. Document the case history with all required information.
- Amended Forms 656 may be faxed.

Field Streamline Offer Specialist Procedures

* In the case of either two or three above, if the taxpayer provides new information with the rejection letter, before sending the case to Appeals, follow current procedures and review the new information to see if it changes the case decision.