



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

SMALL BUSINESS/Self-EMPLOYED DIVISION

February 7, 2012

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MEMORANDUM FOR DIRECTORS, CAMPUS COMPLIANCE OPERATIONS
(Brookhaven and Memphis)

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

SUBJECT: Initial Offer Actions and Contact Procedures in Offer in Compromise
Cases Worked in the Centralized Offer in Compromise Sites

The memorandum rescinds guidance in Interim Guidance Memorandum SBSE-05-0112-011, *Initial Offer Actions and Contact Procedures in Offer in Compromise Cases Worked in the Centralized Offer in Compromise Sites*, dated January 24, 2012. The revised and reissued guidance in this memorandum supersedes guidance under SBSE-05-0112-011. Please disseminate this information to all affected personnel within your organization.

The purpose of this memorandum is to provide guidance to offer examiners (OE) relative to the initial review of offer cases during an offer in compromise (OIC) investigation. The procedures will be incorporated in the next revision of Internal Revenue Manual (IRM) 5.8.4, *Investigation*, and are effective for one year from the date of this memorandum.

Upon issuance of this memorandum, a deviation is being granted to allow for initial screening of offer cases to determine the taxpayer's current compliance with return filing, current year estimated tax payments, and required payments. It will be up to the discretion of the Operation Manager of the COIC site to determine whether the screening for compliance will be completed first or at the same time as completing initial analysis. If initial analysis and compliance are completed in one action, it must be completed within the required 30 days.

If compliance is completed first, the OEs should review offers for current compliance with estimated tax payments, filing requirements and required TIPRA payments prior to initial financial analysis. If the internal verification indicates the taxpayer is not current, contact the taxpayer/representative by telephone to discuss and set a deadline for any tax returns or any

payments that must be submitted prior to proceeding with the offer investigation. If the taxpayer fails to comply, return the offer without further contact.

The established timeframe of 15 days is amended to 30 days to complete initial analysis and is extended to 45 days when compliance issues must be addressed upfront. If appropriate, additional time may be allowed for the taxpayer to become compliant, but the initial analysis must still be completed within the 45-day timeframe. If there are no compliance issues to resolve, the timeframe for initial analysis is 30 days. Offers will be worked as expeditiously as possible with no unwarranted delays.

All taxpayer/representative contacts for compliance issues and additional information must be made by telephone. Two attempts should be made within a 48 hour period. If contact is unsuccessful, an additional information letter will be sent with a deadline of 15 days (plus 15 days mailing time) to submit the return/payments.

NOTE: The OE is not limited to discussing compliance with the taxpayer/power of attorney. The OE may also address any obvious issues relative to the offer investigation.

If you have any questions, please contact me, or a member of your staff may contact Diane Morris, OIC Senior Program Analyst or Ilene Nodiff-Robinson, Senior Tax Analyst. COIC personnel should elevate their questions through the appropriate management chain.

cc: www.irs.gov
Director, Campus Compliance Services
Chief, Appeals
Chief Counsel
National Taxpayer Advocate