



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

January 4, 2017

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Impacted: IRM 5.8.4

MEMORANDUM FOR DIRECTOR, SPECIALTY COLLECTION OFFERS, LIENS &
ADVISORY

FROM: Kristen E. Bailey */s/ Kristen E. Bailey*
Director, Collection Policy

SUBJECT: Mandatory Use of Letters on Automated Offer in Compromise
(AOIC)

This memorandum reissues interim guidance memorandum number SBSE-05-0115-0003, dated January 14, 2015 which provides interim guidance (IG) for Specialty Collection employees and supplements the procedures found in Internal Revenue Manual (IRM) 5.8.4.8, *Taxpayer Contact*. This guidance will be incorporated in the IRM by the expiration date of this memorandum.

Background

A taxpayer is required to submit financial information and documentation with Form 656, *Offer in Compromise*. In some instances, the offer specialist (OS) or offer examiner (OE) may determine that additional information or documentation is necessary to complete the evaluation of the taxpayer's offer. IRM 5.8.4.8 (4) outlines what must be included in any written request provided to the taxpayer during the offer investigation.

The following revised procedures will assist the Internal Revenue Service in meeting the plain language requirements of the federal government through the consistent use of letters generated on the AOIC system.

Procedure

IRM 5.8.4.8

(3) If the OS/OE requested a call back using paragraph D in the AOIC additional information letter and the taxpayer or representative fails to respond within the allotted time frame, the offer will be returned without further consideration.

(4) If the written request is for other than (3) above, the correspondence must include:

- a. A list of specific items/information needed,
- b. A specific deadline for providing the information; if appropriate, different deadlines may be set for specific items in the request,
- c. A statement indicating that the offer will be returned without further consideration if all the information is not provided,
- d. The name, phone number, and employee number of the investigating employee,
- e. A statement regarding enclosure of Publication 1 and 594, if necessary, and
- f. A statement addressing any potential special circumstances (e.g., ETA or DATCSC), if appropriate.

Note: To maintain consistency, all correspondence requesting additional information or supporting documentation must be generated on the AOIC system.

Exception: It may be appropriate in unique instances, i.e. offers involving public policy or Non-Economic Hardship situations, for a document request to be composed outside the AOIC system. These requests should be limited to circumstances in which the requested information would be too involved to be included in the AOIC letter "open paragraph".

Summary

The guidance provided in this memorandum is intended to ensure consistency in written communication by the OS and OE when requesting additional information or supporting documentation. The uniformity of these requests should provide taxpayers and their representatives the ability to respond in a more efficient manner.

You may direct any questions regarding these procedures to Diana Estey, National Offer in Compromise Program Manager, or a member of your staff may contact Senior OIC Analyst, Thomas B. Moore.

cc: Director, Collection- Headquarters
Director, Field Collection
Director, Quality and Technical Support
Office of Chief Counsel
Chief, Appeals
National Taxpayer Advocate
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