



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

Small Business/Self-Employed Division

DATE January 9, 2018

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MEMORANDUM FOR DIRECTOR, SPECIALTY COLLECTION OFFER IN  
COMPROMISE

FROM: Brian Best  
Acting Director, Collection Policy

Brian J. Best

Digitally signed by Brian J. Best DN:  
c=US, o=U.S. Government,  
ou=Department of the Treasury,  
ou=Internal Revenue Service,  
ou=People, serialNumber=391871,  
cn=Brian J. Best  
Date: 2018.01.11 07:39:43 -0500

SUBJECT: Terms Template for Accepted Offers

This Interim Guidance Memorandum is being issued to address inconsistencies in the terms written on accepted offers. To improve consistency in structure and reduce errors, use the below terms templates until AOIC programming has been completed. The terms templates should also be used for any [Form 7249](#) that is prepared from the Publishing Website outside the AOIC system. The next revision of IRM 5.8.8.7 will be updated to reflect this change.

It is recommended the templates be saved and copied and pasted into the Terms Screen on AOIC or on the Form 7249 from the Publishing Website.

**Lump Sum Cash:** Lump sum offer of \$XXX with \$XXX paid prior to acceptance. The remaining balance of \$XXX to be paid as follows: \$XXX paid 1 month after acceptance, \$XXX paid 2 months after acceptance, \$XXX paid 3 months after acceptance, \$XXX paid 4 months after acceptance and \$XXX paid 5 months after acceptance. After making all the payments, you must still comply with all the other contract provisions contained in Section 7, *Terms, Conditions, and Legal Agreement*, of Form 656.

*Note to user:* Payments cannot exceed 5 months from the date of acceptance.

Example: (1) Lump sum cash offer of \$500 with \$100 paid prior to acceptance. The remaining balance of \$400 to be paid as follows: \$100 paid 1 month after acceptance, \$100 paid 2 months after acceptance, \$100 paid 3 months after acceptance, \$100 paid 4 months and \$0 paid 5 months after acceptance. After making all the payments,

you must still comply with all other contract provisions as contained in Section 7, *Terms, Conditions, and Legal Agreement*, of Form 656.

Example: (2) Lump sum cash offer of \$500 with \$500 paid prior to acceptance. The remaining balance of \$0 to be paid as follows: \$0 paid 1 month after acceptance, \$0 paid 2 months after acceptance, \$0 paid 3 months after acceptance, \$0 paid 4 months after acceptance and \$0 paid 5 months after acceptance. After making all the payments, you must still comply with all the other contract provisions contained in Section 7, *Terms, Conditions, and Legal Agreement*, of Form 656.

Example: (3) Lump sum offer of \$500 with \$100 paid prior to acceptance. The remaining balance of \$400 to be paid as follows: \$0 paid 1 month after acceptance, \$0 paid 2 months after acceptance, \$0 paid 3 months after acceptance, \$400 paid 4 months after acceptance and \$0 paid 5 months after acceptance. After making all the payments, you must still comply with all the other contract provisions contained in Section 7, *Terms, Conditions, and Legal Agreement*, of Form 656.

**Periodic Payment:** Periodic payment offer of \$XXX with \$XXX paid prior to acceptance. The remaining balance of \$XXX to be paid as follows: \$XXX on the XX day of each month for a total of XX months with the final payment of \$XXX due on the XX day of the XX month. After making all the payments, you must still comply with all the other contract provisions contained in Section 7, *Terms, Conditions, and Legal Agreement*, of Form 656

*Note to user:* Payments must be within 6 to 24 months. Payments cannot exceed 24 months. The payment due date must be between the 1st and 28th day of the month only. Periodic payments are not required to be equal monthly payments. For example, if the taxpayer is employed seasonally or has seasonal income, then the payments may vary from month to month. Use appropriate suffix with the number i.e. 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 20<sup>th</sup> etc.

Example: Periodic payment offer of \$10,500 with \$2,000 paid prior to acceptance. The remaining balance of \$8,500 to be paid as follows: \$1,000 on the 20<sup>th</sup> day of each month for a total of 8 months with the final payment of \$500 due on the 20<sup>th</sup> day of the 9<sup>th</sup> month. After making all the payments, you must still comply with all of the other contract provisions contained in Section 7, *Terms, Conditions, and Legal Agreement*, of Form 656

If you have any questions, please contact me, or a member of your staff may contact Ledia Cohen, Program Analyst. COIC personnel should direct any questions through the appropriate management chain.

cc: Chief, Appeals  
Assistant Division Counsel, SBSE  
Director, Collection - Quality and Technical Support  
[www.irs.gov](http://www.irs.gov)