



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

SMALL BUSINESS / SELF-EMPLOYED DIVISION

September 15, 2017

Control Number: SBSE-05-0917-0058
Expiration: September 15, 2018
Impacted: IRM 5.8.8.4
IRM 5.8.4.7
IRM 5.8.3.7

MEMORANDUM FOR FREDERICK W. SCHINDLER, DIRECTOR
SPECIALTY, OFFERS, LIENS AND ADVISORY

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

SUBJECT: Securing Related Offers

This memorandum revises procedures defined in IRM 5.8.8.2.1, *Amending Form 656*, IRM 5.8.8.4, *Securing Related Offers*, IRM 5.8.4.7, *Additional Initial Offer Actions*, and IRM 5.8.3.7, *Perfecting COIC Cases*. Please disseminate to all impacted personnel as appropriate.

IRM 5.8.8.2.1, *Amending Form 656*, discusses when it is appropriate to amend an offer. An amended Form 656 should only be secured when changes are being made to the entity, the taxpayer identification number, and/or to get an original signature. The amended and revised offer should be date stamped upon receipt. The receiving official will not sign the amended and related Forms 656 until the Process Examiner (PE) has determined processability.

IRM 5.8.8.4(3), *Securing Related Offers*, states that prior to an acceptance the Offer Examiner (OE)/Offer Specialist (OS) must secure a related offer when appropriate. Procedures in IRM 5.8.8.4(3) will be moved to IRM 5.8.4.7, *Additional Initial Offer Actions*. Effective with the issuance of this Interim Guidance Memorandum, the OE/OS will secure the required related offer and applicable payments *prior to* beginning the offer investigation. If the taxpayer fails to complete the requested actions, the offer will be returned with no further consideration. This section will include new guidance on the appropriate waiver date for any tax liability not included on the original offer. See attachment. When loading an offer on AOIC, the waiver date will depend on whether the original offer included all periods or if related periods were discovered during the offer investigation and not included on the original offer.

IRM 5.8.3.7(4), *Perfecting COIC Cases*, instructs the PE to add any periods with an amount due to the AOIC MFT screen and include them on the Form 656. The directive in this Interim Guidance Memorandum will change that process. If the taxpayer did not include a tax period with an outstanding liability on the original Form 656 and the entity is the same, the PE will add the periods to the AOIC MFT screen. If the taxpayer has a separate entity that was not included on the original Form 656, the PE will no longer be responsible for loading those periods on the AOIC MFT screen until such time the OE/OS secures the amended and related Forms 656.

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

Attachment: Initial Offer Actions

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

5.8.4.7 Additional Initial Offer Actions

5.8.4.7.1 Securing Related Offer

- (1) Taxpayers who owe joint and separate liabilities are required to file two [Forms 656](#). If one Form 656 was submitted including joint and separate liabilities or separate liabilities are identified during initial offer screening, the Offer Examiner (OE)/Offer Specialist (OS) must perfect the offer before continuing with case processing. In these cases, an amended [Form 656](#) and a related Form 656 will be required. An additional application fee and initial TIPRA payment must be secured for the related offer, unless the taxpayer qualifies for the low income certification.
- (2) There should be one amended [Form 656](#) for one taxpayer, which includes his or her joint and separate liabilities and one related [Form 656](#) for the remaining taxpayer, which includes his or her joint and separate liabilities. See [IRM 5.8.3.7\(2\)](#) for additional information.
- (3) In order to avoid disclosure issues when the taxpayers are not represented by a POA, requests for amended and revised Forms 656 must be made by phone.
 - Make two phone attempts to contact the taxpayers. If phone contact is made, discussion should be held with both taxpayers. When discussing the requirement for two separate offers, a discussion should be held regarding how the taxpayers want to treat the initial TIPRA payment; for example, splitting the original payment between the two offers or submitting a new payment.

Note: Advise the taxpayers that a separate Form 656 is required and two separate Forms 656 will be mailed; one to the primary spouse and one to the secondary spouse. If phone attempts are not successful, use the quick note (Additional Information letter with paragraph D) to request a call back.

- If neither taxpayer returns the new offer(s) or fails to respond to the request for a call back, the original offer will be returned with no further consideration.

Note: If only one taxpayer responds, the OE/OS should continue working the single offer and return the original offer to the non-responsive taxpayer without further consideration.

- When amended and related Forms 656 are mailed to the taxpayers after discussing the requirement, they should be mailed in two separate envelopes. If you mail the Forms 656 to both parties in one envelope, they should be placed in individual envelopes and placed in 1 larger envelope for mailing addressed to the joint parties.
- When the amended and related offers are received, follow established procedures for loading the cases onto AOIC.

- (4) Once the offer is loaded on AOIC, the OE/OS should verify the waiver dates which will depend on whether the original offer included all the periods or if related periods were discovered during the offer investigation and not included on the original offer. The table below provides guidance on when AOIC should reflect the original waiver date versus a new waiver date.

Note: The TIPRA Statute is established when the original Form 656 was received and is not impacted when the related/amended Forms 656 are secured.

If...	Then...	And...
<p>1) Two separate offers are received, each with their own joint and separate liabilities but an overlooked period must be added to one or both offers</p>	<p>1) Pen and ink the omitted period(s) after concurrence with the taxpayer.</p> <p>See IRM 5.8.8.3, <i>Pen and Ink Changes to Form 656</i>.</p>	<p>1) The waiver date of the overlooked period(s) will be the same as the date of the original offer.</p>
<p>2) One Form 656 is received with both joint and separate liabilities and there are no overlooked periods</p>	<p>2) Secure an “Amended” offer for one taxpayer to include their joint and separate liabilities and a “Related” offer for the remaining taxpayer to include their joint and separate liabilities, if applicable.</p>	<p>2) The waiver date for all liabilities will retain the original waiver date.</p>
<p>3) One joint offer is received with joint liabilities only and a separate liability(ies) are identified for one taxpayer during processing and must be added</p>	<p>3a) Secure an “Amended” offer with the joint and separate liabilities, removing one taxpayer from the offer.</p> <p>3b) Secure a “Related” offer for the other taxpayer with the joint liabilities only.</p>	<p>3a) The original periods that were included on the original offer will retain the original waiver dates.</p> <p>Load the new, separate liabilities on the same AOIC MFT screen as the original liabilities with a new waiver date.</p> <p>3b) The “Related” Form 656 will retain the original waiver date for the periods included on the original offer.</p>

If...	Then...	And...
		Load the new, separate liabilities on the same AOIC MFT Screen as the original liabilities with a new waiver date.
4) One joint offer is received with joint liabilities only and separate liabilities are identified during processing for both taxpayers and must be added	<p>4a) Secure an "Amended" offer to include the joint and separate liabilities, removing one taxpayer from the offer</p> <p>4b) Secure a "Related" offer for the remaining taxpayer to include the joint and separate liabilities</p>	<p>4a) The "Amended" offer will retain the original waiver dates on the periods that were included on the original offer.</p> <p>Load the new, separate liabilities on the same AOIC MFT Screen as the original liabilities</p> <p>4b) The "Related" Form 656 will retain the original waiver date for the periods included on the original offer.</p> <p>Load the new, separate liabilities on the same AOIC MFT Screen as the original liabilities with a new waiver date with a new waiver date.</p>

(5) For offers including liabilities of a single member owner of an LLC or a single member LLC that reports solely on a Schedule C with employment tax liabilities accrued after January 1, 2009, a related offer will be required regardless how the taxpayer reports their income. You must also request any related TIPRA payment and application fee.

Note: If the original offer was submitted with the low income waiver box checked and the taxpayer qualifies, the waiver would apply only to the original offer since the waiver cannot apply to a corporation.

Example: The taxpayer is a single member LLC that reports solely on a Schedule C. One Form 656 was submitted and included liabilities for Form 941 for 2007-03, 2007-06, 2008-03, 2009-06, and 2011-03. A related offer from the regarded LLC will be

required to compromise the 2009 and 2011 employment tax liabilities because they were accrued on or after January 1, 2009, and therefore were incurred by the single member LLC business entity instead of the individual. Any application fee and related TIPRA payments would also need to be collected, even if the original offer was submitted under (and the taxpayer qualified for) the low income waiver. After January 1, 2009, the business is regarded for employment taxes and therefore is treated as a corporation for tax purposes, therefore, cannot qualify for the waiver. The original offer would not require any payments if the taxpayer qualified for the waiver at the time of submission.

5.8.4.7.1.1, *Electronic Processing of Related Offers Secured by the Field Offer Specialist*

(1) Related offers secured by the field offer specialist (OS) should be sent to the dedicated e-fax mail box in Memphis COIC or Brookhaven COIC, as shown on the Related Offer Coversheet. This will result in the offer being loaded faster and properly associated on AOIC with the original offer. To load a related offer, COIC will need all the information that would have been submitted with the paper originals (including the remittance information).

(2) For Field Processing Only:

- a. Use the most current version of the Related Offer Coversheet, which can be found in the OIC SharePoint Library.
- b. Complete all fields of the Related Offer Cover Sheet.
- c. Process any payments received with the related, amended Form 656. Provide copies of the checks and the Form 3244, Payment Posting Vouchers. Ensure the payments are processed to the teller timely.
- d. If TIPRA payment(s) applied to the original offer need to be applied towards TIPRA of the new offer, clearly notate the information in the AOIC Remarks, as well as in the related offer fax package.
- e. If funds currently in the 4710 account need to be applied to TIPRA, send an e-mail request to Monitoring OIC (see [Deposit Disposition Request for MOIC](#)) and document AOIC Remarks regarding the request.
- f. E-fax the documents (cover sheet, Form 656, copies of check(s) and posting vouchers) to the COIC location that processed the original offer.

Note: Do not mail the paper documents and do not include copies of the original OIC in the fax request.

- g. Although COIC will send an e-mail notification when the offer is loaded, it is recommended to calendar a follow-up for 10 calendar days.
- h. Once loaded, accept transfer of the case promptly, and ensure assignment. If the offer is not promptly accepted and assigned, it will appear on the Transfer Not Accepted reports, which must be reconciled.

5.8.4.7.1.2, Centralized OIC Responsibilities When Related Offers Are Received Electronically

(1) Load the new offer and post applicable payments within two business day of receipt.

(2) Once the offer is loaded on AOIC, the PE manager should:

- a. Verify all OIC periods are on the MFT screen
- b. Transfer the offer to the appropriate Area Office
- c. Via email, provide the OS, GM, and Drop Point GM the offer number. The AO will then accept transfer and complete the investigation.