



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

SMALL BUSINESS / SELF-EMPLOYED DIVISION

August 15, 2016

Control Number: SBSE-05-0816-0039
Expiration: August 15, 2017
Impacted: IRM 5.8

MEMORANDUM FOR MARCIA J. SMITH, ACTING DIRECTOR
SPECIALTY COLLECTION OFFERS, LIENS & ADVISORY

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

SUBJECT: Removal of Application Fee Shortfall Allowance for Offer in
Compromise

Effective January 1, 2014, the Department of the Treasury and Office of Management and Budget (OMB) approved an increase of the user fee imposed under Section 300.3 of the Treasury Regulations for processing an OIC from \$150 to \$186. The fee applies to certain OICs processed under Internal Revenue Code Section 7122 and does not apply to offers in settlement under the jurisdiction of the Department of Justice. A grace period for perfection of the application fee was established for offers received with at least \$150 but less than the required \$186. These offers were deemed processable and required perfection.

This memorandum removes the requirement to request the application fee shortfall amount as a perfection issue. Offers received with less than the required application fee of \$186, will revert back to meeting not processable criteria unless the low income certification box is checked.

The notes regarding submission of at least \$150 toward the application fee and references to the application fee shortfall in IRM 5.8.2.3.1(1), 5.8.3.6(1) and 5.8.3.7(1) will be removed.

This guidance will be incorporated into the Internal Revenue Manual within one year of issuance.

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 OIC

Analyst, Darlene Kosch-Garone. COIC personnel should direct any questions through the appropriate management chain.

cc: Director, Headquarters Collection
Director, Field Collection
Chief Counsel
Chief, Appeals
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